

# **CITY OF BRADY, TEXAS**

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**Annual Financial Report**

**September 30, 2019**



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## INTRODUCTORY SECTION





CITY OF BRADY, TEXAS

City Officials

Anthony Groves ..... Mayor  
Jane Huffman ..... Mayor Pro-Tem  
Missi Davis ..... Council Member  
Jeffrey Sutton ..... Council Member  
Rey Garza..... Council Member  
Jay May ..... Council Member  
Dennis Jobe ..... City Manager  
Lisa Remini ..... Director of Finance



## FINANCIAL SECTION



## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2019, and the related notes to the financial statements, which collectively comprise the City of Brady, Texas basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

## **Independent Auditor's Report (Continued)**

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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 units, each major fund, and the aggregate remaining fund information of the City of Brady, Texas, as of September 30, 2019, 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.

### ***Emphasis of a Matter***

As described in Note 18, management determined that an airport hangar was duplicated in the records. Accordingly, fund balance has been restated as of October 1, 2018 for the financial statements to conform to accounting principles generally accepted in the United States of America. In addition, the City also adopted new accounting guidance from *GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This resulted in an adjustment to net position beginning balance. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the 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 98-108, 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.

## **Independent Auditor's Report (Continued)**

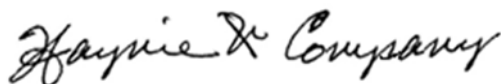
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The proprietary fund and Economic Development Corporation budgetary comparison information is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The proprietary fund and Economic Development Corporation – Type A and Economic Development Corporation – Type B budgetary comparison information and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 proprietary fund, Economic Development Corporation – Type A, and Economic Development Corporation – Type B budgetary comparison information and the schedule of expenditures of federal awards 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 April 17, 2020, on our consideration of the City of Brady, Texas 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 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 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 of Brady, Texas internal control over financial reporting and compliance.



San Antonio, Texas  
April 17, 2020





# **CITY OF BRADY, TEXAS**

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

### **September 30, 2019**

This section of the City of Brady, Texas (the City) and Brady Economic Development Corporation (both Type A and Type B, which will be referred to as the EDC throughout this report) 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 units, during the fiscal year ended September 30, 2019. 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, 2019 by \$64,249,795 . Of this amount \$12,238,070 or 19.0% 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 \$24,508,766 during the year.
- ❑ The total cost of all the City's programs was \$18,876,871 , representing a slight increase from last year by \$1,346,807 or 7.1%.
- ❑ The City was successful in receiving in fiscal year 2019 \$22,325,000 in grant funding and issuing \$21,265,000 in below market interest rate debt all from the Texas Water Development Board (TWDB) (total funding \$43,590,000) to support compliance with Texas Commission on Environmental Quality mandates and replacing the City's 50 plus year-old Waste Water Treatment Plant.
- ❑ During the year, the City had operating expenses of \$8,388,399 for governmental activities, which was \$21,213,150 less than the \$29,601,549 generated in program and general revenues, which includes the one-time \$22,325,000 grant contributions from the TWDB received in fiscal year 2019. Once budgeted transfers from business-type activities of \$2,021,009 are recognized, governmental net position reflects an increase of 67.4% as compared to prior year.
- ❑ The City's business-type activities, after transfers to the general fund, reflect an increase in business-type net assets by \$1,047,062 .
- ❑ Although the City decreased its historical long-term debt by \$841,217, adding the new debt issuances from the TWDB in the amount of \$21,265,000, the City increased its total long-term debt obligations by \$20,423,783 or 320.06%.
- ❑ During the year EDC Type A was terminated and a newly formed EDC Type B ended the fiscal year with a net position of \$24,494 that resulted primarily from the transfer of remaining assets from Type A to the City then from the City to Type B, upon Type B Board of Directors executing a 380 agreement with the City.

# CITY OF BRADY, TEXAS

## Management's Discussion and Analysis

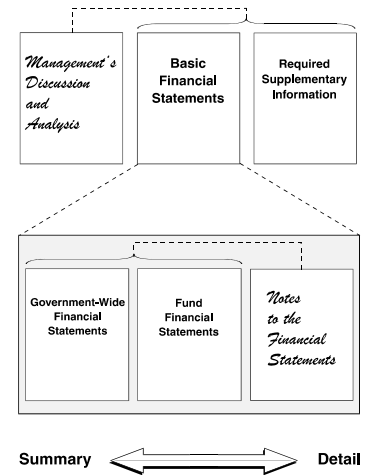
### September 30, 2019

#### 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, 2019**

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

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

- ❑ Governmental activities – Most of the City's basic services are reported here, including the Police Department, EMS, Fire Department, Public Parks, Animal Control, Lake, Building Inspections and Permits, Golf Course, Airport, Streets, Communications, Municipal Court, and General Administration. Property Taxes, Sales Taxes, Hotel Occupancy Taxes, Franchise Taxes, Service Fees, and budgeted transfers from Business-type activities financially support these activities.
- ❑ Business-type activities – The City charges a rate per unit sold to customers to help cover all or most of the cost of certain services it provides. The City's Electric, Water & Sewer, Gas, Utility Support, 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 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 2018, as its net position increased by \$24,508,766 or 38.1%. 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, 2019**

**Statement of Net Position (continued)**

Approximately 64% 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 \$3,425,824 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 \$64,249,795 as of September 30, 2019. The City's total unrestricted net position of \$12,238,070 , the amount that can be used to finance day-to-day operations, increased by 16.3% compared to last year's balance.

*This section is intentionally left blank*

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2019**

The following reflects a comparative condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2019	2018	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 3,569,756	\$ 3,353,687	\$ 9,671,180	\$ 9,559,379	\$ 13,240,936	\$ 12,913,066	\$ 601,685	\$ 551,584
Capital and Other Long-term Assets	54,552,301	10,225,485	26,489,171	26,524,789	81,041,472	36,750,274	101,975	331,126
Total Assets	<u>58,122,057</u>	<u>13,579,172</u>	<u>36,160,351</u>	<u>36,084,168</u>	<u>94,282,408</u>	<u>49,663,340</u>	<u>703,660</u>	<u>882,710</u>
Deferred Pension Related Outflows	397,836	-	173,480	-	571,316	-	-	-
Total Deferred Outflows	<u>397,836</u>	<u>-</u>	<u>173,480</u>	<u>-</u>	<u>571,316</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current Liabilities	652,204	565,563	1,155,946	1,346,734	1,808,150	1,912,297	-	39,065
Non-Current Liabilities	23,381,343	1,630,439	5,391,543	5,746,269	28,772,886	7,376,708	679,166	-
Total Liabilities	<u>24,033,547</u>	<u>2,196,002</u>	<u>6,547,489</u>	<u>7,093,003</u>	<u>30,581,036</u>	<u>9,289,005</u>	<u>679,166</u>	<u>39,065</u>
Deferred Pension Related Inflows	-	446,625	-	186,681	-	633,306	-	-
Deferred OPEB Related Inflows	15,942	-	6,951	-	22,893	-	-	-
Total Deferred Inflows	<u>15,942</u>	<u>446,625</u>	<u>6,951</u>	<u>186,681</u>	<u>22,893</u>	<u>633,306</u>	<u>-</u>	<u>-</u>
Net Position:								
Net Investment in Capital Assets	8,916,954	8,154,601	19,934,616	19,293,414	28,851,570	27,448,015	64,905	253,747
Restricted	22,127,626	734,772	1,032,529	1,032,529	23,160,155	1,767,301	-	-
Unrestricted	3,425,824	2,047,172	8,812,246	8,478,541	12,238,070	10,525,713	(40,411)	595,898
TOTAL NET POSITION	<u>\$ 34,470,404</u>	<u>\$ 10,936,545</u>	<u>\$ 29,779,391</u>	<u>\$ 28,804,484</u>	<u>\$ 64,249,795</u>	<u>\$ 39,741,029</u>	<u>\$ 24,494</u>	<u>\$ 849,645</u>

# CITY OF BRADY, TEXAS

## Management's Discussion and Analysis

### September 30, 2019

#### Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Revenues</b>								
Program Revenues:								
Charges for Services	\$ 3,713,887	\$ 1,971,303	\$ 13,319,850	\$ 13,859,375	\$ 17,033,737	\$ 15,830,678	\$ 507,612	\$ 10,521
Grants and Contributions	22,866,142	291,801	-	-	22,866,142	291,801	-	-
General Revenues:								
Property Taxes	932,437	1,005,391	-	-	932,437	1,005,391	-	-
Sales Taxes	1,210,521	1,247,940	-	-	1,210,521	1,247,940	237,305	264,653
Other Taxes	235,517	285,728	-	-	235,517	285,728	-	-
Investment Earnings	635,249	247,572	21,645	32,143	656,894	279,715	14,889	17,052
Other Revenue	6,403	1,014	-	-	6,403	1,014	1,000	15
Gain(Loss) on Disposal of Assets	1,286	-	85	35,100	1,371	35,100	(590)	-
Donated Assets	107	135	-	-	107	135	-	-
<b>TOTAL REVENUES</b>	<b>29,601,549</b>	<b>5,050,884</b>	<b>13,341,580</b>	<b>13,926,618</b>	<b>42,943,129</b>	<b>18,977,502</b>	<b>760,216</b>	<b>292,241</b>
<b>Expenses</b>								
Utility Enterprises	-	-	10,488,472	8,936,275	10,488,472	8,936,275	-	-
General Government	1,875,368	1,362,924	-	-	1,875,368	1,362,924	-	-
Public Safety	3,188,814	3,521,799	-	-	3,188,814	3,521,799	-	-
Streets	755,462	827,814	-	-	755,462	827,814	-	-
Recreation and Leisure	1,791,166	1,977,545	-	-	1,791,166	1,977,545	-	-
Community Development	504,354	866,368	-	-	504,354	866,368	-	-
Cemetery	35,859	-	-	-	35,859	-	-	-
Hotel/Motel	202,839	-	-	-	202,839	-	-	-
Interest and Amortization	34,537	37,339	-	-	34,537	37,339	-	-
Component Units	-	-	-	-	-	-	691,238	215,991
<b>TOTAL EXPENSES</b>	<b>8,388,399</b>	<b>8,593,789</b>	<b>10,488,472</b>	<b>8,936,275</b>	<b>18,876,871</b>	<b>17,530,064</b>	<b>691,238</b>	<b>215,991</b>
Excess (Deficiency) before Transfers	21,213,150	(3,542,905)	2,853,108	4,990,343	24,066,258	1,447,438	68,978	76,250
Transfers	2,021,009	4,020,902	(1,806,046)	(3,947,824)	214,963	73,078	(214,963)	(73,078)
<b>Increase (Decrease) in Net Position</b>	<b>23,234,159</b>	<b>477,997</b>	<b>1,047,062</b>	<b>1,042,519</b>	<b>24,281,221</b>	<b>1,520,516</b>	<b>(145,985)</b>	<b>3,172</b>
Net Position - Beginning	10,936,545	10,412,877	28,804,484	28,471,945	39,741,029	38,884,822	849,645	784,360
Prior Period Adjustments	299,700	45,671	(72,155)	(709,980)	227,545	(664,309)	(679,166)	62,113
Net Position - Beginning as Restated	11,236,245	10,458,548	28,732,329	27,761,965	39,968,574	38,220,513	170,479	846,473
Net Position - Ending	<b>\$ 34,470,404</b>	<b>\$ 10,936,545</b>	<b>\$ 29,779,391</b>	<b>\$ 28,804,484</b>	<b>\$ 64,249,795</b>	<b>\$ 39,741,029</b>	<b>\$ 24,494</b>	<b>\$ 849,645</b>

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2019**

**Total Primary Government Activities**

Overall, total primary government revenues for fiscal year 2019 were more than fiscal year 2018 by \$23,965,627 or 126.3%. Charges for services and grants experienced increases. During fiscal year 2019, the City received grants for the construction of the City's Clean Water and Drinking Water projects totaling \$22,325,000. In addition, the General Fund, beginning with fiscal year 2019, now records the collection of administrative and right-of-way fees from the Utility Funds (\$1,796,440) instead of labeling these fees as transfers as in the previous fiscal years.

Overall, total primary government expenditures increased by \$1,346,807 or 7.7%; primarily as the result of utility costs which increased by \$1,552,197 to accommodate the new fee structure charged for costs associated with General Fund services provided to the Utility Fund and right-of-way fees charged to more clearly denote the utility's obligation to contribute to the upkeep of municipal property.

**Governmental Activities**

The result of fiscal year 2019 governmental activity records an increase in net position of \$23,234,159 , after a \$2,021,009 transfer from proprietary funds, in net position, to \$34,470,404 . Of the total governmental activities' net position, \$8,916,954 is invested in capital assets, net of related debt, and \$3,425,824 is unrestricted, that is, having no legal commitment.

Governmental activities reflect a 486.1% increase or \$24,550,665 in total revenues. The majority of the increase came from grants and contributions, which recorded \$22,574,341 more than compared to last year.

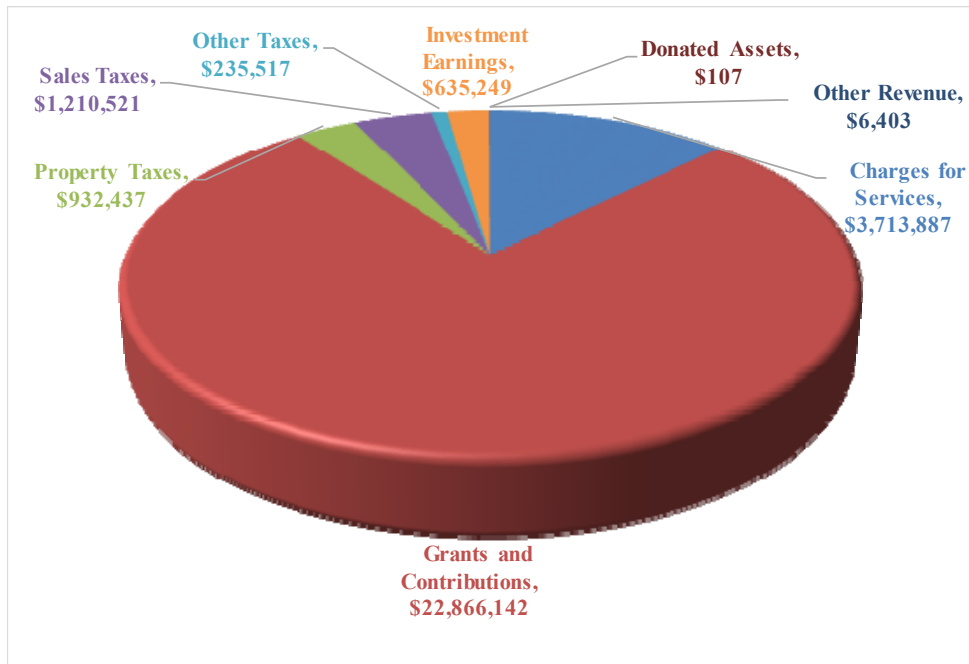
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# CITY OF BRADY, TEXAS

## Management's Discussion and Analysis

### September 30, 2019

#### Revenues – Governmental Activities Fiscal Year Ending September 30, 2019



For fiscal year 2019, the majority of governmental revenues were derived from four revenue sources: charges for services, sales and other taxes, property taxes, and grants/contributions. Collectively, they provided for 97.8% of the governmental program revenues mix.

Charges for services are fee collections set by the City Council for specific activities by the end-user. Administration now records fees collected from each city-owned Utility for administrative services and right-of-way obligations. These fees totaled \$1,796,440. A \$500,084 payment from the EDC Type A was also received upon its termination. Total service fees recorded to Administration were \$2,330,407 and make up 63% of the \$3,713,887 total amount collected for services this year. Airport services make up \$316,108 or 9% of the \$3,713,887 total amount collected for services this year. Fuel sales to the military continue to comprise a significant portion of the airport revenues. EMS services generated \$308,008 or 8% of the total dollars charged for services this year. The lake department generated rental fees and donations in the amount of \$195,709 or 5% 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 22% of total service charge revenues.

The City received \$1,210,521 in sales tax revenues, which is a 3% decrease from last year's total collections. Included in other taxes are hotel occupancy tax collections of \$205,531 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 \$0.409609 per \$100 of 2018 values; and collected \$932,437 in property tax revenue. Two cents (\$0.02), or \$75,203 of the tax rate is dedicated to cemetery maintenance.

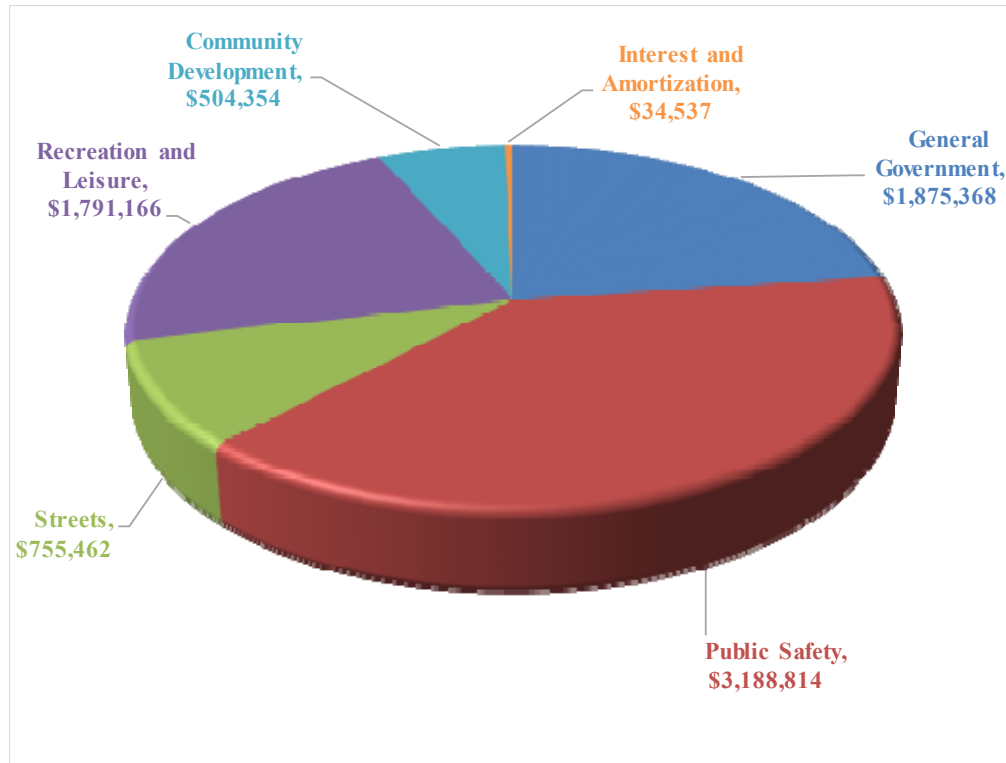


# CITY OF BRADY, TEXAS

## Management's Discussion and Analysis

### September 30, 2019

#### Expenses – Governmental Activities Fiscal Year Ending September 30, 2019



The relative mix of governmental expenditure activities remains similar to last fiscal year. Public safety and general government continue to be the largest governmental activities expending, \$3,188,814 and \$1,791,166 , respectively, of the \$8,388,399 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, and are 9% less than last fiscal year. Administration, council, finance, purchasing and repair shop are included in the general government category, and exceeded recreation and leisure costs this year due to the payment issued to the new EDC Type B in the amount of \$500,084 and higher than normal payroll costs associated with the exist of the city manager.

The remaining 41% of expenditures is closely divided among recreation and leisure costs totaling \$1,875,368 , community development totaling \$504,354 , street maintenance totaling \$755,462 , and interest and amortization totaling \$34,537 .

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2019**

**Business-Type Activities**

The business-type activities increased the City's net position by \$1,047,062 .

Of the total business-type activities' net position, \$19,934,616 is invested in capital assets, net of related debt, and \$8,812,246 is unrestricted, that is, having no legal commitment. In addition, it maintains a restricted fund balance of \$1,032,529 .

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

The cost of all business-type activities this year increased by 17.37% to \$10,488,472 . As shown in the statement of activities, the amounts charged to users of the utility services totaled \$13,319,850 and are 4% or \$539,525 less than last fiscal year. Factors that contributed to the decrease in revenues was primarily due from weather conditions. Additional revenue sources included investment earnings of \$21,645 . In total, excess revenues over expenditures for the year was \$2,853,108 .

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 \$1,806,046 were posted this fiscal year to provide for the City's governmental program costs.

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# **CITY OF BRADY, TEXAS**

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

### **September 30, 2019**

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

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

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

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

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2019**

**FUND FINANCIAL STATEMENT ANALYSIS**

**Governmental Type Funds**

The City reports a combined governmental fund balance of \$46,983,144, reflecting an increase of \$43,149,922 in comparison with the previous year. The increase in fund balance resulted from the delivery of funds from the Texas Water Development Board in fiscal year 2019 for the construction of Water System improvements and the new Wastewater Treatment Plant. These funds are considered governmental due to the restricted use for such funds. Once construction is complete, the new assets will transfer to the Water/Sewer Fund.

Unassigned governmental fund balance equals \$3,283,313 a 7% or \$220,404 increase from last year, 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 five months of operating expenditures.

**Business Type Funds**

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

All funds recorded a positive net change in assets for fiscal year 2019 and all funds continue to maintain a healthy level of unrestricted fund balances ranging from 5 to 19 months of operating expenditures.

**COMPONENT UNIT**

Component units are legally separate entities from the City but were organized to benefit the City. There is one component unit, the Brady Economic Development Corporation, Type B (EDC-B), at September 30, 2019, 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, 2019**

**COMPONENT UNIT (Continued)**

In May 2018 a voter referendum passed to dissolve the previous Brady Economic Development Corporation, Type-A (EDC-A) and create an EDC Type B. The EDC-A was dissolved, and EDC-B was placed in to service during fiscal year 2019, respectively.

All debts of the EDC-A were extinguished and the remaining assets transferred to the City. The EDC-B successfully executed a 380 agreement with the City to receive the remaining fund balance to Type A upon the commitment to take responsibility of reimbursing the City for the cost Civic Center improvements made in 2017 due to an EDC-A voter approved referendum.

**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, 2019 \$34,391,497, net of accumulated depreciation. The majority, 76%, 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, 2019:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Units	
	2019	2018	2019	2018	2019	2018	2019	2018
Land	\$ 756,484	\$ 756,484	\$ 154,730	\$ 94,948	\$ 911,214	\$ 851,432	\$ 12,803	\$ 13,643
Buildings	7,331,124	7,497,824	15,627,493	15,627,493	22,958,617	23,125,317	53,868	452,953
Equipment	2,697,978	2,693,930	2,984,890	2,865,221	5,682,868	5,559,151	-	-
Vehicles	1,281,031	1,421,786	884,316	886,512	2,165,347	2,308,298	-	-
Infrastructure	12,325,255	11,866,762	15,219,170	14,821,825	27,544,425	26,688,587	-	-
Construction in Progress	1,780,752	663,804	5,666,992	5,302,187	7,447,744	5,965,991	-	-
Less:								
Accumulated Depreciation	<u>(16,010,373)</u>	<u>(15,369,061)</u>	<u>(16,308,345)</u>	<u>(15,300,530)</u>	<u>(32,318,718)</u>	<u>(30,669,591)</u>	<u>(1,766)</u>	<u>(173,886)</u>
Total	\$ <u>10,162,251</u>	\$ <u>9,531,529</u>	\$ <u>24,229,246</u>	\$ <u>24,297,656</u>	\$ <u>34,391,497</u>	\$ <u>33,829,185</u>	\$ <u>64,905</u>	\$ <u>292,710</u>

**Debt Administration**

At September 30, 2019, the City's total bonds, notes and capital leases outstanding reflect an increase of \$20,423,783 compared to prior year. In reviewing the Governmental Activities, there were three certificates of obligation issued during the fiscal year associated with the City's Clean Water and Drinking Water projects. In reviewing the Business-type Activities, no notes were issued. All scheduled payments were met according to terms.

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2019**

**Debt Administration (continued)**

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, 2019:

	Governmental Activities		Business-Type Activities		Total Primary Government		Component Unit	
	2019	2018	2019	2018	2019	2018	2019	2018
General Obligation Refunding Bonds	\$ 607,600	\$ 798,700	\$ 12,400	\$ 16,300	\$ 620,000	\$ 815,000	\$ -	\$ -
Certificates of Obligations	21,265,000	-	3,325,000	3,690,000	24,590,000	3,690,000	-	-
Notes to Financial Institutions	-	-	777,559	1,002,135	777,559	1,002,135	-	38,963
Equipment Capital Leases	637,725	578,228	179,671	295,809	817,396	874,037	-	-
Total Bonds, Notes, and Capital Leases	<u>\$ 22,510,325</u>	<u>\$ 1,376,928</u>	<u>\$ 4,294,630</u>	<u>\$ 5,004,244</u>	<u>\$ 26,804,955</u>	<u>\$ 6,381,172</u>	<u>\$ -</u>	<u>\$ 38,963</u>

Total compensated absences for Governmental Funds are \$128,229 and \$47,648 for Business activities.

**General Fund Budgetary Highlights**

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

Final budget comparisons to actual performance are considered reasonable and reflect that final budget projections were favorably over budget compared to total general fund revenues by \$471,437 and total expenditures were under budget by \$392,522, resulting in a net variance to the final budget of \$863,959 before transfers.

The original revenue projections for the general fund budget were increased at the mid-year budget review by \$82,961 primarily to recognize better than expected sales collections and the award of grant funding for projects in the airport and police divisions.

The original expenditure projections for the general fund budget were also adjusted by increasing expenditures by \$670,216. The budget was increased mid-year to reflect approved capital asset purchases in fiscal year 2019. Overall, year-end actual performance was more than the final budget numbers, as operational cost projections did not fully materialize.

**CITY OF BRADY, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2019**

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

The City's elected and appointed officials considered many factors when setting the fiscal year 2020 budget, tax rates, and fees that will be charged. One of those factors is the economy.

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

Late 2018 the city's primary sand plant customer announced that it would be permanently closing. This will have a direct impact on utility revenues and property taxes. This fact has prompted staff and City Council to review the current budget for cost saving measures and take a closer look at future budgeting efforts.

Implementing federally mandated infrastructure improvements to the City's wastewater and water systems continues as a top priority. Funding for construction improvements to conclude the two projects has been acquired and plans for construction will begin in fiscal year 2020. Rate increases for the water and wastewater systems were adopted to support these capital costs.

These factors were considered when adopting the General Fund budget for fiscal year 2020. Council adopted utility rate increases for the electric, and sanitation distribution systems. Cost efficiencies to support the fiscal year 2020 Budget were prompted by limiting capital expenditures. The Council adopted a balanced budget to ensure a stable fund balance position is maintained.

The EDC Type A was terminated in May 2019, and the EDC Type B became the only Brady EDC supported by City sales tax collections. The EDC Type B, adopted a fiscal year 2020 budget that addresses Director services, training and funding a USDA supported loan program for qualified businesses.

**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 Remini or Dennis Jobe at City of Brady 201 East Main, 325-597-2152.





## **Financial Statements**



**CITY OF BRADY, TEXAS**  
**Statement of Net Position**  
**September 30, 2019**

	PRIMARY GOVERNMENT			Component Units
	Governmental Activities	Business-Type Activities	TOTAL	
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 3,363,823	\$ 8,720,815	\$ 12,084,638	\$ 596,310
Receivables, Net of Allowances	152,963	824,067	977,030	-
Inventory	52,970	123,951	176,921	-
Note Receivable, Current Portion	-	-	-	5,375
Prepaid Expenses	-	2,347	2,347	-
Total Current Assets	<u>3,569,756</u>	<u>9,671,180</u>	<u>13,240,936</u>	<u>601,685</u>
Noncurrent Assets				
Restricted Cash and Cash Equivalents	43,710,884	2,259,925	45,970,809	-
Note Receivable, Non-Current Portion	679,166	-	679,166	37,070
Land	756,484	154,730	911,214	12,803
Construction in Progress	1,780,752	5,666,992	7,447,744	-
Property and Equipment, Net of Depreciation	7,625,015	18,407,524	26,032,539	52,102
Total Noncurrent Assets	<u>54,552,301</u>	<u>26,489,171</u>	<u>81,041,472</u>	<u>101,975</u>
Total Assets	<u>58,122,057</u>	<u>36,160,351</u>	<u>94,282,408</u>	<u>703,660</u>
<b>DEFERRED OUTFLOWS</b>				
Deferred Pension Related Outflows	397,836	173,480	571,316	-
Total Deferred Outflows	<u>397,836</u>	<u>173,480</u>	<u>571,316</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	255,253	461,592	716,845	-
Accrued Expenses	4,571	-	4,571	-
Interest Payable	1,247	7,212	8,459	-
Other Payables	-	14,540	14,540	-
Bonds, Notes, and Leases Payable	391,133	672,602	1,063,735	-
Total Current Liabilities	<u>652,204</u>	<u>1,155,946</u>	<u>1,808,150</u>	<u>-</u>
Noncurrent Liabilities				
Accrued Compensated Absences	128,229	47,648	175,877	-
Landfill Closure	-	529,857	529,857	-
Customer Deposits	-	697,539	697,539	-
Net Pension Liability	963,715	420,239	1,383,954	-
Other Postemployment Benefit Liability	170,235	74,232	244,467	-
Bonds, Notes, and Leases Payable	22,119,164	3,622,028	25,741,192	679,166
Total Noncurrent Liabilities	<u>23,381,343</u>	<u>5,391,543</u>	<u>28,772,886</u>	<u>679,166</u>
Total Liabilities	<u>24,033,547</u>	<u>6,547,489</u>	<u>30,581,036</u>	<u>679,166</u>
<b>DEFERRED INFLOWS</b>				
Deferred Other Postemployment Benefit Related Inflows	15,942	6,951	22,893	-
Total Deferred Inflows	<u>15,942</u>	<u>6,951</u>	<u>22,893</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	8,916,954	19,934,616	28,851,570	64,905
Restricted	22,127,626	1,032,529	23,160,155	-
Unrestricted	3,425,824	8,812,246	12,238,070	(40,411)
Total Net Position	<u>\$ 34,470,404</u>	<u>\$ 29,779,391</u>	<u>\$ 64,249,795</u>	<u>\$ 24,494</u>

# CITY OF BRADY, TEXAS

## Statement of Activities

### September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Administration	\$ 1,341,205	\$ 2,330,407	\$ -	\$ -
Airport	619,320	316,108	-	64,292
Public Property Maintenance	468,144	48,746	-	-
Mayor and Council	57,674	-	-	-
Golf Course	303,205	91,199	4	-
Swimming Pool	94,197	15,229	-	-
Fire Department	299,863	450	-	-
Police Department	970,355	77,536	100	-
Emergency Operations	14,722	15,000	-	-
Communications	212,452	-	-	-
Community Services Administration	93,109	18,200	-	-
Street Department	755,462	6,886	-	-
Civic Center	91,029	83,326	-	-
Municipal Court	119,503	75,423	-	-
Community Services	1,401	-	-	-
Repair Shop	61,785	101	-	-
Animal Control	100,722	830	-	-
EMS	1,350,252	308,008	-	-
Lake Department	206,073	195,709	-	-
Cemetery Maintenance	35,859	75,203	-	-
Hotel/Motel	202,839	-	-	-
Financial Administration	264,085	14,031	-	-
Building Inspection and Permits	120,945	16,831	-	-
G. Rollie White Complex	9,198	-	-	-
Purchasing	57,510	-	-	-
Special Revenue Fund	502,953	24,664	72,996	403,750
Water & Sewer Construction	-	-	-	22,325,000
Interest on Long-Term Debt	34,537	-	-	-
<b>Total Governmental Activities</b>	<b>8,388,399</b>	<b>3,713,887</b>	<b>73,100</b>	<b>22,793,042</b>
<b>Business-Type Activities</b>				
Electric	5,370,535	7,193,562	-	-
Water & Sewer	2,287,799	3,626,030	-	-
Gas	1,011,783	1,060,358	-	-
Solid Waste	1,189,423	1,206,264	-	-
Utility Support	628,932	233,636	-	-
<b>Total Business-Type Activities</b>	<b>10,488,472</b>	<b>13,319,850</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 18,876,871</b>	<b>\$ 17,033,737</b>	<b>\$ 73,100</b>	<b>\$ 22,793,042</b>
<b>Total Component Units</b>	<b>\$ 691,238</b>	<b>\$ 507,612</b>	<b>\$ -</b>	<b>\$ -</b>

#### General Revenues

Taxes
Property Taxes, Levied for General Purposes
Sales Taxes
Franchise Taxes
Mixed Beverage Taxes
Hotel Occupancy Taxes
Interest Revenue
Reimbursements
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
Prior Period Adjustments
Net Position - Beginning as Restated
Net Position - Ending

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

**CITY OF BRADY, TEXAS**  
**Statement of Activities (Continued)**  
**September 30, 2019**

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Total Component Units
\$ 989,202	\$ -	\$ 989,202	\$ -
(238,920)	-	(238,920)	-
(419,398)	-	(419,398)	-
(57,674)	-	(57,674)	-
(212,002)	-	(212,002)	-
(78,968)	-	(78,968)	-
(299,413)	-	(299,413)	-
(892,719)	-	(892,719)	-
278	-	278	-
(212,452)	-	(212,452)	-
(74,909)	-	(74,909)	-
(748,576)	-	(748,576)	-
(7,703)	-	(7,703)	-
(44,080)	-	(44,080)	-
(1,401)	-	(1,401)	-
(61,684)	-	(61,684)	-
(99,892)	-	(99,892)	-
(1,042,244)	-	(1,042,244)	-
(10,364)	-	(10,364)	-
39,344	-	39,344	-
(202,839)	-	(202,839)	-
(250,054)	-	(250,054)	-
(104,114)	-	(104,114)	-
(9,198)	-	(9,198)	-
(57,510)	-	(57,510)	-
(1,543)	-	(1,543)	-
22,325,000	-	22,325,000	-
(34,537)	-	(34,537)	-
<u>18,191,630</u>	<u>-</u>	<u>18,191,630</u>	<u>-</u>
-	1,823,027	1,823,027	-
-	1,338,231	1,338,231	-
-	48,575	48,575	-
-	16,841	16,841	-
-	(395,296)	(395,296)	-
-	<u>2,831,378</u>	<u>2,831,378</u>	<u>-</u>
<u>\$ 18,191,630</u>	<u>\$ 2,831,378</u>	<u>\$ 21,023,008</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (183,626)</u>
932,437	-	932,437	-
1,210,521	-	1,210,521	237,305
23,729	-	23,729	-
6,257	-	6,257	-
205,531	-	205,531	-
635,249	21,645	656,894	14,889
-	-	-	1,000
6,403	-	6,403	-
1,286	85	1,371	(590)
107	-	107	-
2,021,009	(1,806,046)	214,963	(214,963)
<u>5,042,529</u>	<u>(1,784,316)</u>	<u>3,258,213</u>	<u>37,641</u>
23,234,159	1,047,062	24,281,221	(145,985)
10,936,545	28,804,484	39,741,029	849,645
299,700	(72,155)	227,545	(679,166)
<u>11,236,245</u>	<u>28,732,329</u>	<u>39,968,574</u>	<u>170,479</u>
<u>\$ 34,470,404</u>	<u>\$ 29,779,391</u>	<u>\$ 64,249,795</u>	<u>\$ 24,494</u>

**CITY OF BRADY, TEXAS**  
**Balance Sheet – Governmental Funds**  
**September 30, 2019**

		Capital Projects Funds	
	General Fund	Water Construction Fund	WWTP Construction Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,385,359	\$ 28,822,147	\$ 14,417,810
Receivables, Net of Allowances:			
Property Taxes	48,114	-	-
Accounts Receivables	32,814	-	-
Inventory	52,970	-	-
Total Assets	\$ 3,519,257	\$ 28,822,147	\$ 14,417,810
<b>LIABILITIES</b>			
Accounts Payable	\$ 119,195	\$ 37,000	\$ 8,342
Accrued Expenses	4,571	-	-
Total Liabilities	123,766	37,000	8,342
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	37,672	-	-
	37,672	-	-
<b>FUND BALANCES</b>			
Fund Balance:			
Nonspendable	52,970	-	-
Restricted	21,536	28,785,147	14,409,468
Unassigned	3,283,313	-	-
Total Fund Balance	3,357,819	28,785,147	14,409,468
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,519,257	\$ 28,822,147	\$ 14,417,810

**CITY OF BRADY, TEXAS**  
**Balance Sheet – Governmental Funds (Continued)**  
**September 30, 2019**

Special Revenue Funds					Total
Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund		Governmental Funds
\$ 171,055	\$ 121,395	\$ 129,497	\$ 27,444	\$	47,074,707
-	363	-	-	-	48,477
11,845	-	59,827	-	-	104,486
-	-	-	-	-	52,970
\$ 182,900	\$ 121,758	\$ 189,324	\$ 27,444	\$	47,280,640
\$ 33,869	\$ 11	\$ 56,836	\$ -	\$	255,253
-	-	-	-	-	4,571
33,869	11	56,836	-	-	259,824
-	-	-	-	-	37,672
-	-	-	-	-	37,672
-	-	-	-	-	52,970
149,031	121,747	132,488	27,444	-	43,646,861
-	-	-	-	-	3,283,313
149,031	121,747	132,488	27,444	-	46,983,144
\$ 182,900	\$ 121,758	\$ 189,324	\$ 27,444	\$	

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

**CITY OF BRADY, TEXAS**  
**Balance Sheet – Governmental Funds (Continued)**  
**September 30, 2019**

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

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

Capital Assets, Net of Accumulated Depreciation of \$16,001,256	\$ 10,162,251
Note Receivable	679,166

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

Pension Related Deferred Outflows	397,836
Deferred Other Postemployment Benefit Related Inflows	(15,942)
Net Pension Liability	(963,715)
Other Postemployment Benefit Liability	(170,235)

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

37,672

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

Notes, Bonds, and Capital Leases	(22,510,297)
Interest Payable	(1,247)
Accrued Compensated Absences	(128,229)

Net Position of Governmental Activities

\$ 34,470,404



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**CITY OF BRADY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2019**

	General Fund	Capital Projects Funds	
		Water Construction Fund	WWTP Construction Fund
<b>REVENUES</b>			
Property Tax	\$ 929,412	\$ -	\$ -
Sales Tax	973,215	-	-
Franchise Tax	23,729	-	-
Hotel Occupancy Tax	-	-	-
Mixed Beverage Tax	6,257	-	-
Interest Income	359,705	257,684	17,860
Miscellaneous Revenue	6,403	-	-
Reimbursed Expenses	49,591	-	-
Administrative	2,330,389	-	-
Airport	316,096	-	-
Public Property Maintenance	48,704	-	-
Golf Course	91,199	-	-
Swimming Pool	15,229	-	-
Fire Department	450	-	-
Police Department	70,725	-	-
Emergency Operations	15,000	-	-
Community Services Administration	18,200	-	-
Street Department	5,328	-	-
Civic Center	83,326	-	-
Pass-Through Services	-	-	-
Senior Citizen Program	-	-	-
Municipal Court	75,205	-	-
Animal Control	830	-	-
City/County EMS	308,008	-	-
Lake Department	157,602	-	-
Community Development	-	-	-
Cemetery Maintenance	-	-	-
Financial Administration	8,000	-	-
Building Inspection and Permits	16,676	-	-
Donations	104	-	-
Water & Sewer Construction	-	18,075,000	4,250,000
Grant Revenues	8,006	-	-
<b>Total Revenues</b>	<b>\$ 5,917,389</b>	<b>\$ 18,332,684</b>	<b>\$ 4,267,860</b>

**CITY OF BRADY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Governmental Funds**  
**Year Ended September 30, 2019**

Special Revenue Funds				Total
Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund	Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 929,412
237,306	-	-	-	1,210,521
-	-	-	-	23,729
-	-	205,531	-	205,531
-	-	-	-	6,257
-	-	-	-	635,249
-	-	-	-	6,403
77	-	-	-	49,668
-	-	-	-	2,330,389
-	-	-	-	316,096
-	-	-	-	48,704
-	-	-	-	91,199
-	-	-	-	15,229
-	-	-	-	450
-	-	-	3,462	74,187
-	-	-	-	15,000
-	-	-	-	18,200
-	-	-	-	5,328
-	-	-	-	83,326
11	-	-	-	11
24,576	-	-	-	24,576
-	-	-	-	75,205
-	-	-	-	830
-	-	-	-	308,008
-	-	-	-	157,602
460,036	-	-	-	460,036
-	75,203	-	-	75,203
-	-	-	-	8,000
-	-	-	-	16,676
-	-	-	-	104
-	-	-	-	22,325,000
72,996	-	-	-	81,002
<u>\$ 795,002</u>	<u>\$ 75,203</u>	<u>\$ 205,531</u>	<u>\$ 3,462</u>	<u>\$ 29,597,131</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, 2019**

	General Fund	Capital Projects Funds	
		Water Construction Fund	WWTP Construction Fund
<b>EXPENDITURES</b>			
Current:			
Administration	\$ 1,328,441	\$ -	\$ -
Airport	384,099	-	-
Public Property Maintenance	377,539	-	-
Mayor and Council	57,674	-	-
Golf Course	274,112	-	-
Swimming Pool	94,197	-	-
Fire Department	267,547	-	-
Police Department	930,042	-	-
Emergency Operations	4,102	-	-
Communications	230,463	-	-
Community Services Administration	103,269	-	-
Street Department	523,252	-	-
Civic Center	22,521	-	-
Pass-Through Services	-	-	-
Senior Citizens Program	-	-	-
Municipal Court	116,517	-	-
Community Services	1,401	-	-
Repair Shop	64,926	-	-
Animal Control	106,030	-	-
City/County EMS	1,407,336	-	-
Lake Department	178,983	-	-
G.R. White Complex	4,610	-	-
Purchasing	63,203	-	-
Financial Administration	281,739	-	-
Community Development	-	-	-
Cemetery Maintenance	-	-	-
Hotel/Motel Expenses	-	-	-
Building Inspection and Permits	122,406	-	-
Capital Outlay	433,121	377,537	293,392
Debt Service:			
Principal	396,253	-	-
Interest	43,005	-	-
Total Expenditures	<u>7,816,788</u>	<u>377,537</u>	<u>293,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,899,399)	17,955,147	3,974,468
<b>Other Financing Sources (Uses)</b>			
Bond Proceeds	264,622	10,830,000	10,435,000
Donated Assets	107	-	-
Sale of Fixed Assets	1,286	-	-
Transfers In	1,869,381	-	-
Transfers Out	(31,989)	-	-
Total Other Financing Sources (Uses)	<u>2,103,407</u>	<u>10,830,000</u>	<u>10,435,000</u>
Change in Fund Balances	204,008	28,785,147	14,409,468
Total Fund Balances - Beginning of Year	3,153,811	-	-
Total Fund Balances - End of Year	\$ <u>3,357,819</u>	\$ <u>28,785,147</u>	\$ <u>14,409,468</u>

**CITY OF BRADY, TEXAS**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**(Continued)**  
**Governmental Funds**  
**Year Ended September 30, 2019**

Special Revenue Funds					Total Governmental Funds
Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	1,328,441
-	-	-	-	-	384,099
-	-	-	-	-	377,539
-	-	-	-	-	57,674
-	-	-	-	-	274,112
-	-	-	-	-	94,197
-	-	-	-	-	267,547
-	-	-	8,007	-	938,049
-	-	-	-	-	4,102
-	-	-	-	-	230,463
-	-	-	-	-	103,269
-	-	-	-	-	523,252
-	-	-	-	-	22,521
237,317	-	-	-	-	237,317
215,496	-	-	-	-	215,496
-	-	-	-	-	116,517
-	-	-	-	-	1,401
-	-	-	-	-	64,926
-	-	-	-	-	106,030
-	-	-	-	-	1,407,336
-	-	-	-	-	178,983
-	-	-	-	-	4,610
-	-	-	-	-	63,203
-	-	-	-	-	281,739
56,286	-	-	-	-	56,286
-	33,847	-	-	-	33,847
-	-	202,839	-	-	202,839
-	-	-	-	-	122,406
744,005	13,720	-	-	-	1,861,775
-	-	-	-	-	396,253
-	-	-	-	-	43,005
<u>1,253,104</u>	<u>47,567</u>	<u>202,839</u>	<u>8,007</u>		<u>9,999,234</u>
(458,102)	27,636	2,692	(4,545)		19,597,897
-	-	-	-	-	21,529,622
-	-	-	-	-	107
-	-	-	-	-	1,286
152,185	94,111	129,796	31,989		2,277,462
(224,463)	-	-	-		(256,452)
<u>(72,278)</u>	<u>94,111</u>	<u>129,796</u>	<u>31,989</u>		<u>23,552,025</u>
(530,380)	121,747	132,488	27,444		43,149,922
679,411	-	-	-		3,833,222
<u>\$ 149,031</u>	<u>\$ 121,747</u>	<u>\$ 132,488</u>	<u>\$ 27,444</u>	<u>\$</u>	<u>\$ 46,983,144</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, 2019**

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	\$	43,149,922
<p>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.</p>		
Capital Outlay		1,861,775
Depreciation Expense		(1,024,308)
<p>Transfers of capital assets between the governmental activities and business-type activities are not a use of financial resources and are therefore not reported in the governmental funds.</p>		
		(2,136)
<p>Lease and bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and note principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.</p>		
Lease Proceeds		(264,622)
Bond Proceeds		(21,265,000)
Bond and Lease Principal Payments		396,254
Amortization of Bond Insurance Premium		8,468
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>		
Property Tax Revenue		3,024
<p>The change in net position liability and deferred inflows and outflows related to the City's TMRS pension liability and other postemployment benefits:</p>		
		392,541
<p>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:</p>		
Accrued Compensated Absences		(21,759)
Change in Net Position of Governmental Activities	\$	23,234,159

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**CITY OF BRADY, TEXAS**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2019**

	<u>Electric</u>	<u>Water &amp; Sewer</u>	<u>Gas</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 3,935,510	\$ 3,594,174	\$ 596,738
Receivables:			
Accounts, Net	469,886	252,856	14,817
Inventory	-	-	-
Prepaid Expenses	2,347	-	-
Total Current Assets	<u>4,407,743</u>	<u>3,847,030</u>	<u>611,555</u>
Noncurrent Assets			
Restricted Assets:			
Cash and Cash Equivalents	-	920,286	-
Capital Assets:			
Land	14,397	10,814	2,337
Construction in Progress	77,094	5,526,162	44,587
Property & Equipment	4,374,559	23,197,414	2,528,661
Accumulated Depreciation	<u>(3,274,136)</u>	<u>(9,582,986)</u>	<u>(1,252,978)</u>
Total Noncurrent Assets	<u>1,191,914</u>	<u>20,071,690</u>	<u>1,322,607</u>
Total Assets	<u>5,599,657</u>	<u>23,918,720</u>	<u>1,934,162</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Pension Related Outflows	<u>36,512</u>	<u>48,998</u>	<u>23,513</u>
Total Deferred Outflows	<u>36,512</u>	<u>48,998</u>	<u>23,513</u>
<b>LIABILITIES</b>			
Current			
Accounts Payable	322,301	39,832	21,035
Interest Payable	2,383	3,163	1,372
Other Payables	-	-	-
Bonds, Notes and Leases Payable	<u>55,487</u>	<u>486,911</u>	<u>63,952</u>
Total Current Liabilities	<u>380,171</u>	<u>529,906</u>	<u>86,359</u>
Noncurrent			
Accrued Compensated Absences	14,194	8,212	7,942
Landfill Closure	-	-	-
Utility Deposits	-	-	-
Net Pension Liability	128,696	81,581	50,012
Other Postemployment Benefit Liability	15,624	20,966	10,061
Bonds, Notes and Leases Payable	<u>131,127</u>	<u>3,247,044</u>	<u>139,229</u>
Total Noncurrent Liabilities	<u>289,641</u>	<u>3,357,803</u>	<u>207,244</u>
Total Liabilities	<u>669,812</u>	<u>3,887,709</u>	<u>293,603</u>
<b>DEFERRED INFLOWS</b>			
Deferred Other Postemployment Benefit Related Inflows	<u>1,463</u>	<u>1,963</u>	<u>942</u>
Total Deferred Inflows	<u>1,463</u>	<u>1,963</u>	<u>942</u>
<b>NET POSITION</b>			
Net Position, Net Investment in Capital Assets	1,005,300	15,417,449	1,119,426
Restricted Net Position	-	920,286	-
Unrestricted Net Position	<u>3,959,594</u>	<u>3,740,311</u>	<u>543,704</u>
Total Net Position	<u>\$ 4,964,894</u>	<u>\$ 20,078,046</u>	<u>\$ 1,663,130</u>



**CITY OF BRADY, TEXAS**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**September 30, 2019**

	Solid Waste	Utility Support	Totals
\$	435,728	\$ 158,665	\$ 8,720,815
	55,932	30,576	824,067
	-	123,951	123,951
	-	-	2,347
	<u>491,660</u>	<u>313,192</u>	<u>9,671,180</u>
	642,100	697,539	2,259,925
	67,400	59,782	154,730
	-	19,149	5,666,992
	1,616,796	2,998,438	34,715,868
	<u>(1,453,038)</u>	<u>(745,206)</u>	<u>(16,308,344)</u>
	<u>873,258</u>	<u>3,029,702</u>	<u>26,489,171</u>
	<u>1,364,918</u>	<u>3,342,894</u>	<u>36,160,351</u>
	42,575	21,882	173,480
	<u>42,575</u>	<u>21,882</u>	<u>173,480</u>
	8,048	70,376	461,592
	294	-	7,212
	-	14,540	14,540
	<u>66,252</u>	<u>-</u>	<u>672,602</u>
	<u>74,594</u>	<u>84,916</u>	<u>1,155,946</u>
	11,847	5,453	47,648
	529,857	-	529,857
	-	697,539	697,539
	104,934	55,016	420,239
	18,218	9,363	74,232
	104,628	-	3,622,028
	<u>769,484</u>	<u>767,371</u>	<u>5,391,543</u>
	<u>844,078</u>	<u>852,287</u>	<u>6,547,489</u>
	1,706	877	6,951
	<u>1,706</u>	<u>877</u>	<u>6,951</u>
	60,278	2,332,163	19,934,616
	112,243	-	1,032,529
	<u>389,188</u>	<u>179,449</u>	<u>8,812,246</u>
\$	<u>561,709</u>	<u>\$ 2,511,612</u>	<u>\$ 29,779,391</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, 2019**

	<u>Electric</u>	<u>Water &amp; Sewer</u>	<u>Gas</u>
<b>OPERATING REVENUES</b>			
Charges for Services:			
Electrical Distribution	\$ 7,192,599	\$ -	\$ -
Wastewater	-	1,242,237	-
Water Department	-	2,323,788	-
Gas Department	-	-	1,059,403
Solid Waste	-	-	-
Street Sanitation	-	-	-
Utility Support	-	-	-
Reimbursed Expenses	963	60,005	955
Total Operating Revenues	<u>7,193,562</u>	<u>3,626,030</u>	<u>1,060,358</u>
<b>OPERATING EXPENSES</b>			
Sewer and Electric Department			
Power Plant	5,547	-	-
Electrical Distribution	5,241,901	-	-
Wastewater	-	501,543	-
Water Department			
Public Works Administration	-	94,145	-
Water	-	1,045,864	-
Gas Department			
Gas	-	-	879,509
Solid Waste Department			
Solid Waste	-	-	-
Street Sanitation	-	-	-
Utility Support:			
Administration	-	-	-
Meter Shop	-	-	-
Billing-Collection	-	-	-
Bad Debt Expense	24,000	11,100	1,750
Depreciation	115,503	591,746	122,764
Total Operating Expenses	<u>5,386,951</u>	<u>2,244,398</u>	<u>1,004,023</u>
Operating Income (Loss)	1,806,611	1,381,632	56,335
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain (Loss) on the Disposal of Capital Assets	-	-	-
Interest Income	-	17,445	-
Interest Expense	(7,584)	(19,401)	(7,760)
Total Non-Operating Revenues (Expenses)	<u>(7,584)</u>	<u>(1,956)</u>	<u>(7,760)</u>
Income (Loss) Before Transfers	1,799,027	1,379,676	48,575
Transfers In			
Transfers In	-	-	-
Transfers Out	<u>(1,566,863)</u>	<u>(440,000)</u>	<u>(197,000)</u>
Change in Net Position	232,164	939,676	(148,425)
Total Net Position - Beginning	<u>4,747,916</u>	<u>19,158,750</u>	<u>1,821,335</u>
Prior Period Adjustment	(15,186)	(20,380)	(9,780)
Total Net Position - Beginning as Restated	<u>4,732,730</u>	<u>19,138,370</u>	<u>1,811,555</u>
Total Net Position - Ending	<u>\$ 4,964,894</u>	<u>\$ 20,078,046</u>	<u>\$ 1,663,130</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, 2019**

<u>Solid Waste</u>	<u>Utility Support</u>	<u>Totals</u>
\$ -	\$ -	\$ 7,192,599
-	-	1,242,237
-	-	2,323,788
-	-	1,059,403
1,131,533	-	1,131,533
74,651	-	74,651
-	233,566	233,566
80	70	62,073
<u>1,206,264</u>	<u>233,636</u>	<u>13,319,850</u>
-	-	5,547
-	-	5,241,901
-	-	501,543
-	-	94,145
-	-	1,045,864
-	-	879,509
1,014,945	-	1,014,945
54,870	-	54,870
-	202,777	202,777
-	60,875	60,875
-	255,308	255,308
4,107	3,700	44,657
108,235	106,278	1,044,526
<u>1,182,157</u>	<u>628,938</u>	<u>10,446,467</u>
24,107	(395,302)	2,873,383
85	-	85
4,200	-	21,645
(7,266)	6	(42,005)
<u>(2,981)</u>	<u>6</u>	<u>(20,275)</u>
21,126	(395,296)	2,853,108
-	440,002	440,002
<u>(42,185)</u>	<u>-</u>	<u>(2,246,048)</u>
(21,059)	44,706	1,047,062
600,476	2,476,007	28,804,484
(17,708)	(9,101)	(72,155)
582,768	2,466,906	28,732,329
<u>\$ 561,709</u>	<u>\$ 2,511,612</u>	<u>\$ 29,779,391</u>

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

**CITY OF BRADY, TEXAS**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2019**

	<u>Electric</u>	<u>Water &amp; Sewer</u>	<u>Gas</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 7,182,570	\$ 3,490,366	\$ 1,069,004
Payments to Suppliers	(4,922,872)	(1,348,241)	(642,975)
Payments to Employees for Services	(231,963)	(290,191)	(149,766)
Payments on Behalf of Employees for Benefits	(36,516)	(69,863)	(54,101)
Receipts (Refunds) of Customer Deposits	-	-	-
Receipts from Grants	-	11,080	-
Other Receipts (Payments)	-	(10,297)	-
Net Cash Provided (Used) by Operating Activities	<u>1,991,219</u>	<u>1,782,854</u>	<u>222,162</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating Subsidies and Transfers to Other Funds	(1,566,863)	(440,000)	(197,000)
Operating Subsidies and Transfers from Other Funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,566,863)</u>	<u>(440,000)</u>	<u>(197,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from Sale of Fixed Assets	-	-	-
Purchases of Capital Assets and Construction in Progress	(143,405)	(706,440)	(29,315)
Gain on Disposal of Capital Assets	-	9,748	-
Principal Paid on Capital Debt	(59,601)	(497,494)	(67,837)
Interest Paid on Capital Debt	(7,493)	(20,772)	(8,581)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(210,499)</u>	<u>(1,214,958)</u>	<u>(105,733)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and Dividends	-	17,445	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>17,445</u>	<u>-</u>
Net Increase (Decrease) In Cash & Cash Equivalents	213,857	145,341	(80,571)
Balances - Beginning of the Year	<u>3,800,166</u>	<u>4,458,404</u>	<u>722,488</u>
Balances - End of the Year	<u>\$ 4,014,023</u>	<u>\$ 4,603,745</u>	<u>\$ 641,917</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ 1,806,611	\$ 1,381,632	\$ 56,335
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	115,503	591,746	122,764
Bad Debt Expense	24,000	11,100	1,750
Change In Assets & Liabilities:			
Accounts Receivable	(3,684)	(85,956)	9,600
Inventories	-	-	-
Accounts Payable	3,241	(173,061)	2,144
Other Payables	-	-	-
Net Pension Liability	42,427	56,936	27,323
Other Postemployment Benefit Liability	438	586	281
Compensated Absences	2,683	(128)	1,965
Customer Deposits Payable	-	-	-
Landfill Closure/Post Closure Costs	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,991,219</u>	<u>\$ 1,782,855</u>	<u>\$ 222,162</u>
Reconciliation to Statement of Net Position - Proprietary Funds:			
Cash and Cash Equivalents - Unrestricted	\$ 3,935,510	\$ 3,594,174	\$ 596,738
Cash and Cash Equivalents - Restricted	-	920,286	-
Total Cash and Cash Equivalents - Proprietary Funds	<u>\$ 3,935,510</u>	<u>\$ 4,514,460</u>	<u>\$ 596,738</u>
<b>SCHEDULE OF NONCASH ACTIVITIES</b>			
Actuarial Calculation of Net Pension Liability	\$ (78,513)	\$ (100,870)	\$ (45,179)
Total Noncash Activities	<u>\$ (78,513)</u>	<u>\$ (100,870)</u>	<u>\$ (45,179)</u>

**CITY OF BRADY, TEXAS**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended September 30, 2019**

	Solid Waste	Utility Support	Total
\$	1,199,198	\$ 225,231	\$ 13,166,369
	(609,530)	(281,524)	(7,805,142)
	(276,546)	(166,545)	(1,115,011)
	(95,973)	(16,235)	(272,688)
	-	(18,844)	(18,844)
	-	-	11,080
	-	-	(10,297)
	217,149	(257,917)	3,955,467
	(42,185)	-	(2,246,048)
	-	440,002	440,002
	(42,185)	440,002	(1,806,046)
	85	-	85
	-	(118,285)	(997,445)
	-	-	9,748
	(83,730)	(952)	(709,614)
	(7,636)	(5)	(44,487)
	(91,281)	(119,242)	(1,741,713)
	4,200	-	21,645
	4,200	-	21,645
	87,883	62,843	429,353
	1,076,426	835,528	10,893,012
\$	1,164,309	\$ 898,371	\$ 11,322,365
\$	24,107	\$ (395,302)	\$ 2,873,383
	108,235	106,278	1,044,526
	4,107	3,700	44,657
	(6,987)	(8,335)	(95,362)
	-	(6,162)	(6,162)
	(16,542)	32,154	(152,064)
	-	626	626
	49,472	25,427	201,585
	510	262	2,077
	2,609	2,279	9,408
	-	(18,844)	(18,844)
	51,638	-	51,638
\$	217,149	\$ (257,917)	\$ 3,955,468
\$	435,728	\$ 158,665	\$ 8,720,815
	642,100	697,539	2,259,925
\$	1,077,828	\$ 856,204	\$ 10,980,740
\$	(86,481)	\$ (42,167)	\$ (353,210)
\$	(86,481)	\$ (42,167)	\$ (353,210)

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**CITY OF BRADY, TEXAS**  
**Statement of Net Position**  
**Discretely Presented Component Units**  
**September 30, 2019**

	Brady Economic Development Corporation - Type A	Brady Economic Development Corporation - Type B	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ -	\$ 596,310	\$ 596,310
Notes Receivable, Current Portion	-	5,375	5,375
Total Current Assets	-	601,685	601,685
Noncurrent Assets			
Notes Receivable, Non-Current Portion	-	37,070	37,070
Land	-	12,803	12,803
Other Capital Assets, Net of Depreciation	-	52,102	52,102
Total Noncurrent Assets	-	101,975	101,975
Total Assets	-	703,660	703,660
<b>LIABILITIES</b>			
Noncurrent Liabilities			
Note Payable	-	679,166	679,166
Total Noncurrent Liabilities	-	679,166	679,166
Total Liabilities	-	679,166	679,166
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	64,905	64,905
Unrestricted	-	(40,411)	(40,411)
Total Net Position	\$ -	\$ 24,494	\$ 24,494

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

**CITY OF BRADY, TEXAS**  
**Statement of Activities**  
**Discretely Presented Component Units**  
**Year Ended September 30, 2019**

<b>Functions/Programs</b>	Expenses	Program Revenues
		Charges for Services
Economic Development Corporation - A		
General Government		
Rental Income	\$ -	\$ 4,310
Professional/Legal Fees	10,874	-
Contract for Services	14,000	-
Community Development	10,329	-
Meeting Provisions	300	-
Manufacturing Business Grant - TWS	30,000	-
380 Agreement	500,084	-
Interest Expense	693	-
Depreciation Expense	10,236	-
Total Economic Development Corporation - A	576,516	4,310
Economic Development Corporation - B		
General Government		
380 Agreement	\$ -	\$ 500,084
Rental Income	-	3,218
Professional/Legal Fees	5,802	-
Contract for Services	30,619	-
Community Development	53,868	-
Travel and Training	12,954	-
Marketing	9,518	-
Meeting Provisions	195	-
Depreciation Expense	1,766	-
Total Economic Development Corporation - B	114,722	503,302
Total Component Units	691,238	507,612

General Revenues
Taxes
Sales Taxes
Interest Revenue
Reimbursements
Transfers
Gain on Sale of Assets
Total General Revenues, Special Items, and Transfers
Change in Net Position
Net Position - Beginning
Prior Period Adjustment
Net Position - Beginning (As Restated)
Net Position - Ending

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



**CITY OF BRADY, TEXAS**  
**Statement of Activities**  
**Discretely Presented Component Units**  
**Year Ended September 30, 2019**

Net (Expense) Revenue and Change in Net Position			
Economic Development Corporation - Type A	Economic Development Corporation - B	Total	
\$	4,310	\$	-
	(10,874)		-
	(14,000)		-
	(10,329)		-
	(300)		-
	(30,000)		-
	(500,084)		-
	(693)		-
	(10,236)		-
	(572,206)		-
			4,310
			(10,874)
			(14,000)
			(10,329)
			(300)
			(30,000)
			(500,084)
			(693)
			(10,236)
			(572,206)
\$	-	\$	500,084
	-		3,218
	-		(5,802)
	-		(30,619)
	-		(53,868)
	-		(12,954)
	-		(9,518)
	-		(195)
	-		(1,766)
	-	388,580	388,580
	(572,206)	388,580	(183,626)
			237,305
	41,313		14,889
	9,227		1,000
	-		1,000
	351,777		(214,963)
	(590)		(590)
	401,727	(364,086)	37,641
	(170,479)	24,494	(145,985)
	849,645	-	849,645
	(679,166)	-	(679,166)
	170,479	-	170,479
\$	-	\$	24,494
			24,494

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

# CITY OF BRADY, TEXAS

## Notes to Financial Statements

### September 30, 2019

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#### 1. Summary of Significant Accounting Policies

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##### 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 two component units, the Brady Economic Development Corporation – Type A (EDC-A) and the Brady Economic Development Corporation - Type B (EDC-B). Additionally, the City is not a component unit of any other reporting entity as defined by the GASB Statement No. 14.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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**Financial Reporting Entity (Continued)**

The EDC-A and EDC-B are non-profit corporations 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. During fiscal year 2019, the City terminated EDC-A and established EDC-B.

**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-A activities, the EDC-B 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, 2019**

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

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**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 units. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

*Basis of Presentation - Fund Accounting*

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

*Fund Financial Statements*

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

**GOVERNMENTAL FUNDS**

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

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

---

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

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**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.

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

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

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

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

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

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

There are no non-major governmental funds.

Revenue Recognition:

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

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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**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, 2019**

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**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 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 – This fund is used to account for trash collection services provided to the residential and commercial users of the City, and the operation of the City landfill.

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.

**Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments*, 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.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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**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 \$28,911 at September 30, 2019 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 EDCs 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 EDCs records an allowance for accounts it deems to be uncollectible. Management has deemed EDCs accounts receivable fully collectible as of September 30, 2019, and therefore, has not established a reserve for uncollectible receivables.

**Capital Assets**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City and EDCs 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.

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

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



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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**Inventory of Supplies**

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

**Interest Capitalization**

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

**Equity Classifications**

*Government-Wide Financial Statement Equity*

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

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

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

*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.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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*Fund Statement Equity (Continued)*

- *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, 2019.
- *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, 2019.
- *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 EDCs, 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 EDCs strive to maintain an unassigned fund balance to be used for operations.

**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*.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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**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.

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**2. Discretely Presented Component Units**

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The component unit column on the government-wide financial statements include the financial data of the City's component units. 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.

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**3. Compliance and Accountability**

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**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.

Amendments to the appropriation ordinance during the fiscal year ending September 30, 2019 were approved by City Council as provided by the Charter.

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

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

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, 2019:

	Transfers In	Transfers Out	Net Transfers In/Out
<b>Governmental Activities</b>			
General Fund	\$ 1,869,381	\$ 31,989	\$ 1,837,392
Special Revenue Fund	152,185	224,463	(72,278)
Cemetery Fund	94,111	-	94,111
Hotel/Motel Fund	129,796	-	129,796
Special Purpose Fund	31,989	-	31,989
Total Governmental Transfers	<u>2,277,462</u>	<u>256,452</u>	<u>2,021,010</u>
<b>Business-Type Activities</b>			
Electric	-	1,566,863	(1,566,863)
Water & Sewer	-	440,000	(440,000)
Gas	-	197,000	(197,000)
Solid Waste	-	42,185	(42,185)
Utility Support	440,001	-	440,001
Total Business-Type Transfers	<u>440,001</u>	<u>2,246,048</u>	<u>(1,806,047)</u>
<b>Component Unit</b>			
EDC-A	-	(351,777)	351,777
EDC-B	(516,740)	50,000	(566,740)
Total Component Unit Transfers	<u>(516,740)</u>	<u>(301,777)</u>	<u>(214,963)</u>
	<u>\$ 2,200,723</u>	<u>\$ 2,200,723</u>	<u>\$ -</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2019**

**4. Deposits and Investments**

**Policies and Practices**

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

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

The EDCs' Board of Directors has the authority to choose the types of deposits and investments made by the EDCs. 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 EDCs. The EDCs do not enter into reverse repurchase agreements.

The carrying amount of the City's cash held with financial institutions was \$14,652,714 and the bank balance was \$14,674,669 . 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.	14,424,669
Total Bank Balance	\$ <u><u>14,674,669</u></u>

The carrying amount of the EDCs' cash held with financial institutions was \$546,298 and the bank balance was \$597,957 . 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.	347,957
Total Bank Balance	\$ <u><u>597,957</u></u>

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

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2019**

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

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**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, 2019:

Restricted For:	Governmental Activities	Business-Type Activities	Total
State, Local and Federally Funded Programs	\$ 43,411,014	\$ -	\$ 43,411,014
Police Activities	27,442	-	27,442
Debt Service	21,536	116,054	137,590
Cemetery	121,395	-	121,395
Hotel/Motel	129,497	-	129,497
Clean Water Project	-	510,898	510,898
Drinking Water Project	-	73,334	73,334
Street Sanitation	-	112,243	112,243
Texas Water Development Board Covenant	-	220,000	220,000
Utility Customer Deposits	-	697,539	697,539
Landfill Closure Reserve	-	529,857	529,857
Total Restricted Cash	<u>\$ 43,710,884</u>	<u>\$ 2,259,925</u>	<u>\$ 45,970,809</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2019**

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**5. Property Taxes**

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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 2019, the City of Brady had property with an assessed valuation of \$239,390,970 . The tax rate was \$0.409609 per \$100 valuation.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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**6. Capital Assets and Depreciation**

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Capital asset activity for the year ended September 30, 2019 was as follows:

<b>Governmental Activities</b>	Balance 10/1/2018	Additions	Deletions	Transfers	Balance 9/30/2019
Capital assets not being depreciated:					
Land	\$ 756,484	\$ -	\$ -	\$ -	\$ 756,484
Construction in progress	663,804	1,545,578	(1,800)	(426,830)	1,780,752
Subtotal	<u>1,420,288</u>	<u>1,545,578</u>	<u>(1,800)</u>	<u>(426,830)</u>	<u>2,537,236</u>
Capital assets being depreciated:					
Buildings and improvements	7,497,824	-	(166,700)	-	7,331,124
Infrastructure	11,866,762	47,050	-	411,443	12,325,255
Vehicles	1,421,786	39,810	(180,565)	-	1,281,031
Equipment	2,693,930	14,374	(29,326)	19,000	2,697,978
Subtotal	<u>23,480,302</u>	<u>101,234</u>	<u>(376,591)</u>	<u>430,443</u>	<u>23,635,388</u>
Accumulated depreciation	(15,369,061)	(1,024,308)	392,113	(9,117)	(16,010,373)
Net capital assets being depreciated	<u>8,111,241</u>	<u>(923,074)</u>	<u>15,522</u>	<u>421,326</u>	<u>7,625,015</u>
Net capital assets	<u>\$ 9,531,529</u>	<u>\$ 622,504</u>	<u>\$ 13,722</u>	<u>\$ (5,504)</u>	<u>\$ 10,162,251</u>



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

<b>Business-Type Activities</b>	Balance 10/1/2018	Additions	Deletions	Transfers	Balance 9/30/2019
Capital assets not being depreciated:					
Land	\$ 94,948	\$ 59,782	\$ -	\$ -	\$ 154,730
Construction in progress	5,302,187	688,086	-	(323,281)	5,666,992
Subtotal	5,397,135	747,868	-	(323,281)	5,821,722
Capital assets being depreciated:					
Buildings and improvements	15,627,493	-	-	-	15,627,493
Infrastructure	14,821,825	74,064	-	323,281	15,219,170
Vehicles	886,512	25,837	(28,033)	-	884,316
Equipment	2,865,221	149,594	(29,925)	-	2,984,890
Subtotal	34,201,051	249,495	(57,958)	323,281	34,715,869
Accumulated depreciation	(15,300,530)	(1,044,526)	36,711	-	(16,308,345)
Net capital assets being depreciated	18,900,521	(795,031)	(21,247)	323,281	18,407,524
Net capital assets	\$ 24,297,656	\$ (47,163)	\$ (21,247)	\$ -	\$ 24,229,246

<b>Economic Development Corporation - Type A</b>	Balance 10/1/2018	Additions	Deletions	Balance 9/30/2019
Capital assets not being depreciated:				
Land	\$ 13,643	\$ -	\$ (13,643)	\$ -
Subtotal	13,643	-	(13,643)	-
Capital assets being depreciated:				
Buildings and improvements	452,953	-	(452,953)	-
Subtotal	452,953	-	(452,953)	-
Accumulated depreciation	(173,886)	(10,236)	184,122	-
Net capital assets being depreciated	279,067	(10,236)	(268,831)	-
Net capital assets	\$ 292,710	\$ (10,236)	\$ (282,474)	\$ -

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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<b>Economic Development Corporation - Type B</b>	<u>Balance 10/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2019</u>
Capital assets not being depreciated:				
Land	\$ -	\$ 12,803	\$ -	\$ 12,803
Subtotal	<u>-</u>	<u>12,803</u>	<u>-</u>	<u>12,803</u>
Capital assets being depreciated:				
Buildings and improvements	-	53,868	-	53,868
Subtotal	<u>-</u>	<u>53,868</u>	<u>-</u>	<u>53,868</u>
Accumulated depreciation	-	(1,766)	-	(1,766)
Net capital assets being depreciated	<u>-</u>	<u>52,102</u>	<u>-</u>	<u>52,102</u>
Net capital assets	<u>\$ -</u>	<u>\$ 64,905</u>	<u>\$ -</u>	<u>\$ 64,905</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2019**

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

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

<b>Governmental Activities</b>	
Administration	\$ 47,900
Airport	243,749
Public Property Maintenance	109,972
Golf Course	35,862
Fire Department	41,403
Police Department	98,518
Emergency Operations Center	10,620
Communications	3,625
Street Department	256,586
Civic Center	68,508
Senior Citizens Program	1,271
Municipal Court	8,085
Repair Shop	1,078
Animal Control	506
EMS Department	49,919
Lake Department	32,653
G. Rollie White Complex	4,588
Code Enforcement	6,515
Cemetery	2,950
Total Depreciation Expense	\$ <u><u>1,024,308</u></u>
 <b>Business-Type Activities</b>	
Electric	\$ 115,503
Sewer	60,235
Water	531,511
Gas	122,764
Solid Waste	68,057
Street Sanitation	40,178
Utility Support	106,278
Total Depreciation Expense	\$ <u><u>1,044,526</u></u>
 <b>Economic Development Corporation-A</b>	
Buildings & Improvements	\$ <u>10,236</u>
Total Depreciation Expense	\$ <u><u>10,236</u></u>
 <b>Economic Development Corporation-B</b>	
Buildings & Improvements	\$ <u>1,766</u>
Total Depreciation Expense	\$ <u><u>1,766</u></u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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**7. Defined Benefit Pension Plans**

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**Plan Description**

The City of Brady participates as one of the 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmr.com](http://www.tmr.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 benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2018</u>
Inactive employees or beneficiaries currently receiving benefits	54
Inactive employees entitled to but not yet receiving benefits	112
Active employees	<u>98</u>
	<u><u>264</u></u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employees gross earnings, 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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Brady were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City of Brady were 10.54% and 10.24% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2019, were \$455,008, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of September 30, 2018, 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, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
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, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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**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, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and the Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.46%
Private Equity	5.0%	7.75%
Total	100.0%	

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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**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/ 2017	\$ 9,953,612	\$ 9,211,844	\$ 741,768
Changes for the year:			
Service Cost	601,139	-	601,139
Interest	679,809	-	679,809
Change of benefit terms	-	-	-
Difference between expected and actual experience	(232,070)	-	(232,070)
Change of assumptions	-	-	-
Contributions - employer	-	438,477	(438,477)
Contributions - employee	-	249,608	(249,608)
Net investment income	-	(275,782)	275,782
refunds of employee contributions	(365,873)	(365,873)	-
Administrative expense	-	(5,333)	5,333
Other Changes	-	(279)	279
Net changes	683,005	40,818	642,187
Balance at 12/31/ 2018	\$ 10,636,617	\$ 9,252,662	\$ 1,383,955

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

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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**Net Pension Liability (Continued)**

*Changes in the Net Pension Liability (Continued)*

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Decrease in Discount Rate (7.75%)
City's Net Pension Liability	\$ 2,926,602	\$ 1,383,955	\$ 130,082

*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](http://www.tmr.com).



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2019**

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

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

For the year ended September 30, 2019, the city recognized pension expense of \$455,008 .

At September 30, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$	(146,750)
Difference in Actual Assumptions	-		-
Differences Between Projected and Actual Investment Earnings	718,066		-
Contributions Subsequent to the Measurement Date	329,110		-
	\$ 1,047,176	\$	(146,750)

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

\$329,110 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, 2019. 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
2019	\$ (11,878)
2020	6,526
2021	68,004
2022	179,518
Total	\$ 242,170

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**8. Other Postemployment Benefits**

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**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, 2019**

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

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**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, 2018 is summarized below:

	2018
Inactive employees or beneficiaries currently receiving benefits	<u>34</u>
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>98</u>
	<u><u>147</u></u>

**Total OPEB Liability**

The City's total OPEB liability of \$244,467 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2019**

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

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**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the December 31, 2018 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 10.5% including inflation
Discount rate*	3.71%
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	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality

\*The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2018.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2019**

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

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The actuarial assumptions used in the December 31, 2018 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	\$ 16,225
Interest	8,551
Change of benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience	(2,580)
Changes in assumptions or other inputs	328
Total OPEB expense	\$ 22,524

\* 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 (2.71%)	Discount Rate (3.71%)	1% Decrease in Discount Rate (4.71%)
Total OPEB Liability	\$ 288,767	\$ 244,468	\$ 209,713

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between Expected and Actual Experience	\$ (9,883)	\$ -
Changes in Assumptions and Other Inputs	(2,471)	-
Contributions Subsequent to the Measurement Date	-	7,537
	\$ (12,354)	\$ 7,537

\$22,893 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, 2019.

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
2019	\$ (2,252)
2020	(2,252)
2021	(2,887)
2022	(4,963)
Total	\$ (12,354)

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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**9. Other Employee Benefits**

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**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 \$175,877 at September 30, 2019.

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**10. Risk Management**

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

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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**11. Leases**

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The City leases property and equipment through various operating and capital leases. Capital lease obligations are discussed in Note 12. All operating leases, including leases of office equipment, golf equipment, and landfill heavy equipment, were determined to be non-cancelable. Total expenditures for operating leases for the fiscal year ended September 30, 2019 were \$35,419 for governmental activities and \$205,015 for business-type activities.

Future minimum lease payments for operating leases are as follows:

Year Ended September 30,	Amount
2020	\$ 254,029
2021	209,388
2022	187,537
2023	154,996
2024	<u>16,175</u>
Total	<u>\$ 822,125</u>

The assets acquired through capital leases have a capitalized cost of \$3,885,624 . Accumulated depreciation at year-end was \$477,766 . Capital lease obligations are discussed in Note 12.



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

**12. Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2019 includes the following:

Governmental Activities	Balance 10/1/2018	Additions	Reductions	Balance 9/30/2019	Amount Due Within One Year
<b>General:</b>					
General Obligation Refunding Bonds, Series 2012	\$ 798,700	\$ -	\$ (191,100)	\$ 607,600	\$ 196,000
Government Capital *	6,089	-	(6,089)	-	-
Government Capital *	16,189	-	(7,298)	8,891	7,567
Government Capital *	3,691	-	(3,691)	-	-
Government Capital *	15,803	-	(9,575)	6,228	6,228
Government Capital *	27,150	-	(9,293)	17,857	9,592
Government Capital *	7,370	-	(4,583)	2,787	2,787
Government Capital *	67,968	-	(21,947)	46,021	22,649
Government Capital *	47,904	-	(31,665)	16,239	16,239
Government Capital *	14,088	-	(9,311)	4,777	4,777
Government Capital *	11,026	-	(11,026)	-	-
Government Capital *	73,140	-	(30,621)	42,519	31,704
Government Capital *	7,316	-	(7,316)	-	-
Government Capital *	216,623	-	(22,372)	194,251	23,210
Government Capital *	63,871	-	(18,482)	45,389	19,056
Government Capital *	-	39,810	(2,772)	37,038	9,440
Government Capital *	-	224,812	(9,084)	215,728	41,884
<b>Capital Project - Drinking Water:</b>					
Certificate of Obligation, Series 2019	-	10,830,000	-	10,830,000	-
<b>Capital Project - WWTP Construction:</b>					
Certificate of Obligation, Series 2019A	-	8,400,000	-	8,400,000	-
Certificate of Obligation, Series 2019B	-	2,035,000	-	2,035,000	-
Total Bonds, Notes, and Capital Leases Payable	1,376,928	21,529,622	(396,225)	22,510,325	391,133
Compensated Absences	106,470	21,759	-	128,229	-
Total Governmental Activities	\$ 1,483,398	\$ 21,551,381	\$ (396,225)	\$ 22,638,554	\$ 391,133

\*denotes capital lease

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

<b>Business-Type Activities</b>	<u>Balance 10/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2019</u>	<u>Amount Due Within One Year</u>
<b>Electric:</b>					
Texas Bank *	\$ 240,284	\$ -	\$ (53,670)	\$ 186,614	\$ 55,487
Government Capital *	5,932	-	(5,932)	-	-
	<u>246,216</u>	<u>-</u>	<u>(59,602)</u>	<u>186,614</u>	<u>55,487</u>
<b>Water &amp; Sewer:</b>					
Certificates of Obligation, Series 2000	2,730,000	-	(210,000)	2,520,000	210,000
Certificates of Obligation, Series 2013	210,000	-	(35,000)	175,000	35,000
Certificates of Obligation - WWTP, Series 2012	750,000	-	(120,000)	630,000	120,000
General Obligation Refunding Bonds, Series 2012	16,300	-	(3,900)	12,400	4,000
Government Capital *	14,545	-	(14,545)	-	-
Texas Bank *	510,603	-	(114,048)	396,555	117,911
	<u>4,231,448</u>	<u>-</u>	<u>(497,493)</u>	<u>3,733,955</u>	<u>486,911</u>
<b>Gas:</b>					
Government Capital *	6,026	-	(6,026)	-	-
Texas Bank *	250,296	-	(55,906)	194,390	57,800
Government Capital *	14,697	-	(5,906)	8,791	6,152
	<u>271,019</u>	<u>-</u>	<u>(67,838)</u>	<u>203,181</u>	<u>63,952</u>
<b>Utility Support:</b>					
Government Capital - Forklift *	952	-	(952)	-	-
	<u>952</u>	<u>-</u>	<u>(952)</u>	<u>-</u>	<u>-</u>
<b>Solid Waste:</b>					
Government Capital *	107,343	-	(19,180)	88,163	19,916
Government Capital *	5,579	-	(5,579)	-	-
Government Capital *	53,855	-	(33,700)	20,155	20,155
Government Capital *	87,832	-	(25,270)	62,562	26,181
	<u>254,609</u>	<u>-</u>	<u>(83,729)</u>	<u>170,880</u>	<u>66,252</u>
Total Bonds, Notes, and Capital Leases Payable	5,004,244	-	(709,614)	4,294,630	672,602
Compensated Absences	38,240	9,408	-	47,648	-
Total Business-Type Activities	<u>\$ 5,042,484</u>	<u>\$ 9,408</u>	<u>\$ (709,614)</u>	<u>\$ 4,342,278</u>	<u>\$ 672,602</u>

\* denotes capital lease

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

<b>Economic Development Corporation - Type A</b>	Balance 10/1/2018	Additions	Reductions	Balance 9/30/2019	Amount Due Within One Year
Commercial National Bank	\$ 38,963	\$ -	\$ (38,963)	\$ -	\$ -
Total Bonds, Notes, and Capital Leases Payable	<u>\$ 38,963</u>	<u>\$ -</u>	<u>\$ (38,963)</u>	<u>\$ -</u>	<u>\$ -</u>

<b>Economic Development Corporation - Type B</b>	Balance 10/1/2018	Additions	Reductions	Balance 9/30/2019	Amount Due Within One Year
City of Brady Civic Center Improvements	\$ -	\$ 679,166	\$ -	\$ 679,166	\$ -
Total Bonds, Notes, and Capital Leases Payable	<u>\$ -</u>	<u>\$ 679,166</u>	<u>\$ -</u>	<u>\$ 679,166</u>	<u>\$ -</u>

**Description of Debt and Maturity Schedules**

*General Obligation Refunding Bonds, Series 2012*

On April 11, 2012, the City issued the General Obligation Refunding Bonds, Series 2012, in the amount of \$1,560,000. These bonds were issued to advance refund a portion of the outstanding General Obligation Refunding Bonds, Series 2003, advance refund a portion of the outstanding Combination Tax and Revenue Certificates of Obligation, Series 2004, and advance refund a portion of the outstanding Tax Note, Series 2007, prior to their maturities. Principal amounts on these bonds are due and payable annually beginning September 1, 2012. Interest is due and payable semi-annually beginning September 1, 2012 at rates ranging from 1.000% to 2.875%. The bonds mature on September 1, 2022. Bond premium costs are amortized over a period of ten (10) years. The principal amount outstanding at September 30, 2019 was \$620,000. The balance is allocated between the general fund and water fund, which are \$607,600 and \$12,400 respectively.

Year Ended September 30,	Principal	Interest	Total
2020	\$ 200,000	\$ 17,063	\$ 217,063
2021	210,000	11,813	221,813
2022	210,000	6,038	216,038
	<u>\$ 620,000</u>	<u>\$ 34,914</u>	<u>\$ 654,914</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

**Description of Debt and Maturity Schedules**

*Government Capital*

On February 15, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a police vehicle. This lease is due and payable in 48 monthly payments of \$872 beginning May 1, 2015. Payments include interest of 3.965%. This lease was paid in full during fiscal year 2019.

*Government Capital*

On November 4, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of ambulance cots. This lease is due and payable in 72 monthly payments of \$647 beginning December 8, 2014. Payments include interest of 3.62%. This lease will be paid in full on November 8, 2020.

Year Ended September 30,	Principal	Interest	Total
2020	\$ 7,567	\$ 196	\$ 7,763
2021	1,324	6	1,330
	\$ 8,891	\$ 202	\$ 9,093

*Government Capital*

On May 5, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of four new trucks. This lease is due and payable in 48 monthly payments of \$3,357 beginning July 1, 2015. Payments include interest of 2.987%. This lease was paid in full during fiscal year 2019.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Government Capital*

On March 17, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a trailer and tank. This lease is due and payable in 60 monthly payments of \$790 beginning June 1, 2015. Payments include interest of 3.926%. This lease will be paid in full on May 1, 2020.

Year Ended September 30,	Principal	Interest	Total
2020	\$ 6,228	\$ 92	\$ 6,320
	\$ 6,228	\$ 92	\$ 6,320
	\$ 6,228	\$ 92	\$ 6,320

*Government Capital*

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 9,592	\$ 427	\$ 10,019
2021	8,265	120	8,385
	\$ 17,857	\$ 547	\$ 18,404
	\$ 17,857	\$ 547	\$ 18,404

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Government Capital*

On February 3, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a tractor. This lease is due and payable in 60 monthly payments of \$399 beginning May 1, 2015. Payments include interest of 3.751%. This lease will be paid in full on April 1, 2020.

Year Ended September 30,	Principal	Interest	Total
2020	\$ 2,787	\$ 35	\$ 2,822
	\$ 2,787	\$ 35	\$ 2,822

*Government Capital*

On August 18, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of law enforcement software. This lease is due and payable in 4 annual payments of \$24,119 beginning October 15, 2015. Payments include interest of 3.195%. This lease will be paid in full on October 15, 2020.

Year Ended September 30,	Principal	Interest	Total
2020	\$ 22,649	\$ 1,470	\$ 24,119
2021	23,372	747	24,119
	\$ 46,021	\$ 2,217	\$ 48,238

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Government Capital*

On February 15, 2016, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of three police vehicles. This lease is due and payable in 48 monthly payments of \$2,733 beginning April 15, 2016. Payments include interest of 3.391%. This lease will be paid in full on March 15, 2020.

Year Ended September 30,	Principal	Interest	Total
2020	\$ 16,239	\$ 161	\$ 16,400
	\$ 16,239	\$ 161	\$ 16,400
	\$ 16,239	\$ 161	\$ 16,400

*Government Capital*

On February 15, 2016, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a street department vehicle. This lease is due and payable in 48 monthly payments of \$804 beginning April 15, 2016. Payments include interest of 3.391%. This lease will be paid in full on March 15, 2020.

Year Ended September 30,	Principal	Interest	Total
2020	\$ 4,777	\$ 47	\$ 4,824
	\$ 4,777	\$ 47	\$ 4,824
	\$ 4,777	\$ 47	\$ 4,824

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Government Capital*

On March 1, 2016, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a drum roller. This lease is due and payable in 36 monthly payments of \$1,856 beginning April 15, 2016. Payments include interest of 3.418%. This lease was paid in full during fiscal year 2019.

*Government Capital*

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 31,704	\$ 978	\$ 32,682
2021	10,815	78	10,893
	\$ 42,519	\$ 1,056	\$ 43,575
	\$ 42,519	\$ 1,056	\$ 43,575

*Government Capital*

On April 18, 2016, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a heart monitor and related equipment. This lease is due and payable in 36 monthly payments of \$932 beginning April 15, 2016. Payments include interest of 5.015%. This lease was paid in full during fiscal year 2019.



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Government Capital*

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 23,210	\$ 6,756	\$ 29,966
2021	24,078	5,888	29,966
2022	24,978	4,987	29,965
2023	25,913	4,053	29,966
2024	26,882	3,083	29,965
2025-2027	69,190	3,227	72,417
	<u>\$ 194,251</u>	<u>\$ 27,994</u>	<u>\$ 222,245</u>

*Government Capital*

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 19,056	\$ 5,123	\$ 24,179
2021	19,649	532	20,181
2022	6,684	43	6,727
	<u>\$ 45,389</u>	<u>\$ 5,698</u>	<u>\$ 51,087</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Government Capital*

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 9,440	\$ 1,636	\$ 11,076
2021	9,922	1,153	11,075
2022	10,429	646	11,075
2023	7,247	136	7,383
	\$ 37,038	\$ 3,571	\$ 40,609
	\$ 37,038	\$ 3,571	\$ 40,609

*Government Capital*

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 41,884	\$ 8,339	\$ 50,223
2021	43,695	6,528	50,223
2022	45,584	4,639	50,223
2023	47,555	2,669	50,224
2024	37,010	657	37,667
	\$ 215,728	\$ 22,832	\$ 238,560
	\$ 215,728	\$ 22,832	\$ 238,560

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

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

On March 21, 2019, the City issued the Combination Tax & Surplus Waterworks & Sewer System Revenue Certificates of Obligation, Series 2019 in the amount of \$10,830,000. The City filed an application for financial assistance in the amount of \$13,375,000 with the Texas Water Development Board (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
2020	\$ -	\$ -	\$ -
2021	330,000	-	330,000
2022	330,000	-	330,000
2023	330,000	-	330,000
2024	330,000	-	330,000
2025-2050	9,510,000	-	9,510,000
	<u>\$ 10,830,000</u>	<u>\$ -</u>	<u>\$ 10,830,000</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

**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
2020	\$ -	\$ 43,358	\$ 43,358
2021	150,000	40,755	190,755
2022	155,000	40,755	195,755
2023	150,000	40,755	190,755
2024	155,000	40,755	195,755
2025-2050	7,790,000	730,724	8,520,724
	<u>\$ 8,400,000</u>	<u>\$ 937,102</u>	<u>\$ 9,337,102</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

**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
2020	\$ -	\$ -	\$ -
2021	70,000	-	70,000
2022	70,000	-	70,000
2023	70,000	-	70,000
2024	70,000	-	70,000
2025-2050	1,755,000	-	1,755,000
	<u>\$ 2,035,000</u>	<u>\$ -</u>	<u>\$ 2,035,000</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Texas Bank*

On October 15, 2012, the City entered a capital lease agreement with Texas Bank. This lease was for the purchase of various Water, Electric and Gas System meters and equipment. This lease is due and payable in 40 quarterly payments of \$63,595 beginning January 15, 2013. Payments include interest of 3.339%. This lease will be paid in full on October 22, 2022. This lease is allocated between the electric, water & sewer and gas funds, which balances are \$186,614 , \$396,555 , and \$194,390 , respectively.

Year Ended September 30,	Principal	Interest	Total
2020	\$ 231,198	\$ 23,182	\$ 254,380
2021	239,015	15,365	254,380
2022	247,096	7,284	254,380
2023	60,250	526	60,776
	\$ 777,559	\$ 46,357	\$ 823,916

*Government Capital*

On March 17, 2016, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a freightliner. This lease is due and payable in 36 monthly payments of \$756 beginning June 15, 2016. Payments include interest of 5.137%. This lease was paid in full during fiscal year 2019.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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**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
2020	\$ 210,000	\$ -	\$ 210,000
2021	210,000	-	210,000
2022	210,000	-	210,000
2023	210,000	-	210,000
2024	210,000	-	210,000
2025-2031	1,470,000	-	1,470,000
	<u>\$ 2,520,000</u>	<u>\$ -</u>	<u>\$ 2,520,000</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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*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
2020	\$ 35,000	\$ 4,288	\$ 39,288
2021	35,000	3,626	38,626
2022	35,000	2,825	37,825
2023	35,000	1,943	36,943
2024	35,000	1,001	36,001
	\$ 175,000	\$ 13,683	\$ 188,683



**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

**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
2020	\$ 120,000	\$ 12,964	\$ 132,964
2021	125,000	10,888	135,888
2022	125,000	8,450	133,450
2023	130,000	5,850	135,850
2024	130,000	2,964	132,964
	\$ 630,000	\$ 41,116	\$ 671,116

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Government Capital*

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 6,152	\$ 246	\$ 6,398
2021	2,639	27	2,666
	\$ 8,791	\$ 273	\$ 9,064
	\$ 8,791	\$ 273	\$ 9,064

*Government Capital*

On October 15, 2013, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a forklift. This lease is due and payable in 60 monthly payments of \$479 beginning December 15, 2013. Payments include interest of 3.976%. This lease was paid in full during fiscal year 2019.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Government Capital*

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 19,917	\$ 2,980	\$ 22,897
2021	20,680	2,216	22,896
2022	21,472	601	22,073
2023	22,295	18	22,313
2024	3,799	18	3,817
	\$ 88,163	\$ 5,833	\$ 93,996

*Government Capital*

On February 3, 2015, the City entered a capital lease agreement with Government Capital. This lease was for the purchase of a commercial truck. This lease is due and payable in 60 monthly payments of \$2,915 beginning May 1, 2015. Payments include interest of 3.751%. This lease will be paid in full on April 1, 2020.

Year Ended September 30,	Principal	Interest	Total
2020	\$ 20,155	\$ 253	\$ 20,408
	\$ 20,155	\$ 253	\$ 20,408

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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

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

*Government Capital*

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

Year Ended September 30,	Principal	Interest	Total
2020	\$ 26,181	\$ 1,795	\$ 27,976
2021	27,124	852	27,976
2022	9,257	68	9,325
	\$ 62,562	\$ 2,715	\$ 65,277

*Commercial National Bank of Brady*

On February 1, 2016, the EDC-A entered into a note payable agreement with Commercial National Bank of Brady in the amount of \$105,919. This note is in renewal and extension of promissory note dated February 4, 2013, executed by the EDC in the amount of \$172,722, which was a renewal and extension of promissory note dated January 31, 2011 in the amount of \$200,000. This note is due and payable in 36 monthly payments of \$2,500 beginning February 1, 2016. Payments include interest of 5.5%. This note payable was paid in full during fiscal year 2019 upon termination of EDC-A.

*City of Brady Civic Center Improvements*

On March 19, 2019, the City approved a performance agreement with EDC – Type B 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, 2019. 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 – Type B donating an airport hangar to the City to be applied as credit towards the note payable.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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**13. Landfill Closure and Postclosure Costs**

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

The estimated liability for landfill closure and postclosure care costs was \$529,857 as of September 30, 2019, which was based on 29.24% usage (filled) of the landfill. It is estimated that an additional \$1,267,152 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity. The estimated total current cost of the landfill closure and postclosure care ( \$1,797,009 ) 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, 2019. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The remaining capacity of the facility based on fiscal year 2018 disposal is in excess of 100 years. The current estimated liability of \$529,857 is reported in the Solid Waste Fund as a long-term liability. The City of Brady is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The City is in compliance with these requirements.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

**14. Net Position**

**Deferred Outflows/Inflows of Resources**

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

**15. Restricted Net Position**

The City reported the following restricted net position at September 30, 2019:

Restricted For:	Governmental Activities	Business-Type Activities	Total Governmental Funds
Debt Service	\$ 21,536	\$ 105,432	\$ 126,968
State, Local, and Federally Funded Programs	22,078,646	814,854	22,893,500
Street Sanitation	-	112,243	112,243
Police Activities	27,444	-	27,444
Total Restricted	<u>\$ 22,127,626</u>	<u>\$ 1,032,529</u>	<u>\$ 23,160,155</u>

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

**16. Fund Balances**

The City reported the following fund balance designations at September 30, 2019:

	General Fund	Water Construction Fund	WWTP Construction Fund	Special Revenue Fund	Cemetery Fund	Hotel/Motel Fund	Special Purpose Fund	Total Governmental Funds
<b>Nonspendable:</b>								
Inventory	\$ 52,970	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,970
Total Nonspendable	52,970	-	-	-	-	-	-	52,970
<b>Restricted For:</b>								
Debt Service	21,536	-	-	-	-	-	-	21,536
State and Federally Funded Programs	-	28,785,147	14,409,468	149,031	-	-	-	43,343,646
Police Activities	-	-	-	-	-	-	27,444	27,444
Cemetery	-	-	-	-	121,747	-	-	121,747
Hotel/Motel	-	-	-	-	-	132,488	-	132,488
Total Restricted	21,536	28,785,147	14,409,468	149,031	121,747	132,488	27,444	43,646,861
Unassigned	3,283,313	-	-	-	-	-	-	3,283,313
Total Fund Balances	\$ 3,357,819	\$ 28,785,147	\$ 14,409,468	\$ 149,031	\$ 121,747	\$ 132,488	\$ 27,444	\$ 46,983,144

**17. TWDB Compliance**

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

**18. Restatement**

During fiscal year 2019, the City adopted the following Governmental Accounting Standard Board (GASB) Statements:

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was implemented as required by GASB. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended", and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB." Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," establishes new accounting and financial reporting requirements for OBEP plans. The implementation of GASB Statement No. 75 resulted in a restatement of the City's net position at September 30, 2018 for the recording of the beginning total OPEB liability.

**CITY OF BRADY, TEXAS**  
**Notes to Financial Statements (continued)**  
**September 30, 2019**

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**18. Restatement (Continued)**

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In addition to the implementation of GASB No. 75, the City noted that an airport hangar was duplicated in the City's records. The prior period adjustment is to remove the duplicate entry made in years prior.

During fiscal year 2019, the City and EDC – Type B formalized an agreement for the EDC-Type B to repay the City for Civic Center remodeling and expansion costs that were incurred by EDC-Type A. The note receivable and note payable associated with the remodel was not reflected in the financial statements as the agreement was not previously formalized.

The following table reflects the net effect of the restatement on the prior year statement of net position:

Fund	Governmental Activities	Business-Type Activities	Total Primary Government	Component Units
Net Position at 9/30/2018, as previously reported	\$ 10,936,545	\$ 28,804,484	\$ 39,741,029	\$ 849,645
Restated Other Postemployment Benefit Liability under GASB 75	(164,504)	(72,155)	(236,659)	-
Airport Hangar duplicate	(214,962)	-	(214,962)	-
Note Receivable for Civic Center Improvements	679,166	-	679,166	-
Note Payable for Civic Center Improvements	-	-	-	(679,166)
Net Position at 9/30/2018, restated	<u>\$ 11,236,245</u>	<u>\$ 28,732,329</u>	<u>\$ 39,968,574</u>	<u>\$ 170,479</u>

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**19. Subsequent Events**

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

The City has evaluated subsequent events through April 17, 2020, the date which the financial statements were available to be issued. No such events have occurred subsequent to the balance sheet date and through the date of the City's evaluation that that would require adjustment to, or disclosure in, the financial statements.





## **Required Supplementary Information**



# CITY OF BRADY, TEXAS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Tax	\$ 928,000	\$ 928,000	\$ 929,412	\$ 1,412
Sales Tax	945,000	960,000	973,215	13,215
Franchise Taxes	25,000	25,000	23,729	(1,271)
Mixed Beverage Tax	5,000	5,000	6,257	1,257
Interest Income	201,300	326,300	359,705	33,405
Miscellaneous Revenue	-	-	6,403	6,403
Reimbursed Expenses	-	43,756	49,591	5,835
Administrative Services	1,835,941	1,835,941	2,330,389	494,448
Airport Revenue	448,450	456,800	316,096	(140,704)
Public Property Maintenance	34,000	30,665	48,704	18,039
Golf Course	90,600	78,600	91,199	12,599
Swimming Pool	21,000	21,000	15,229	(5,771)
Fire Department	2,500	2,500	450	(2,050)
Police Department	700	118,100	70,725	(47,375)
Emergency Op Center	15,000	15,000	15,000	-
Community Services Administration	58,500	18,200	18,200	-
Street Department	3,000	3,000	5,328	2,328
Civic Center	88,500	88,500	83,326	(5,174)
Municipal Court	96,000	61,000	75,205	14,205
Animal Control	300	300	830	530
City/County EMS	405,500	284,590	308,008	23,418
Lake Department	133,700	118,700	157,602	38,902
Financial Administration	4,500	4,500	8,000	3,500
Building & Permitting	20,500	20,500	16,676	(3,824)
Donations	-	-	104	104
Grant Revenue	-	-	8,006	8,006
<b>Total Revenues</b>	<b>\$ 5,362,991</b>	<b>\$ 5,445,952</b>	<b>\$ 5,917,389</b>	<b>\$ 471,437</b>

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and**  
**Actual (Continued)**  
**General Fund**  
**Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
Administration	\$ 610,584	\$ 863,680	\$ 1,328,441	\$ (464,761)
Airport	515,597	512,789	384,099	128,690
Public Property Maintenance	435,464	410,240	377,539	32,701
Mayor and Council	55,199	53,499	57,674	(4,175)
Golf Course	337,164	303,860	274,112	29,748
Swimming Pool	107,048	110,418	94,197	16,221
Fire Department	355,073	338,126	267,547	70,579
Police Department	980,336	1,049,632	930,042	119,590
Emergency Op Center	12,800	12,800	4,102	8,698
Communications	276,518	267,998	230,463	37,535
Community Services Administration	186,689	130,458	103,269	27,189
Street Department	606,999	598,479	523,252	75,227
Civic Center	44,500	44,500	22,521	21,979
Municipal Court	135,704	137,500	116,517	20,983
Special Services	1,600	56,600	1,401	55,199
Repair Shop	68,795	67,091	64,926	2,165
Animal Control	120,809	119,401	106,030	13,371
City/County EMS	1,405,593	1,441,285	1,407,336	33,949
Lake Department	198,263	192,355	178,983	13,372
G.R. White Complex	11,000	11,000	4,610	6,390
Purchasing	65,812	64,108	63,203	905
Financial Administration	302,371	300,409	281,739	18,670
Building & Permitting	213,176	145,776	122,406	23,370
Capital Outlay	68,200	536,506	433,121	103,385
Debit Service				
Principal	394,300	409,300	396,253	13,047
Interest	29,500	31,500	43,005	(11,505)
Total Expenditures	<u>7,539,094</u>	<u>8,209,310</u>	<u>7,816,788</u>	<u>392,522</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(2,176,103)	(2,763,358)	(1,899,399)	863,959
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	2,033,863	1,653,863	1,869,381	215,518
Donated Assets	-	-	107	107
Lease Proceeds	43,000	268,410	264,622	(3,788)
Transfers Out	(32,000)	(32,000)	(31,989)	11
Total Other Financing Sources (Uses)	<u>2,044,863</u>	<u>1,890,273</u>	<u>2,103,407</u>	<u>213,134</u>
Excess Revenues and Other Sources Over				
(Under) Expenditures and Other Uses	(131,240)	(873,085)	204,008	1,077,093
Fund Balance - Beginning, GAAP Basis	<u>3,153,811</u>	<u>3,153,811</u>	<u>3,153,811</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 3,022,571</u>	<u>\$ 2,280,726</u>	<u>\$ 3,357,819</u>	<u>\$ 1,077,093</u>

# CITY OF BRADY, TEXAS

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

### Water Construction Fund Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Water & Sewer Construction Revenue	\$ 28,700,000	\$ 28,905,000	\$ 28,905,000	\$ -
Interest Income	-	-	257,684	257,684
Total Revenues	<u>28,700,000</u>	<u>28,905,000</u>	<u>29,162,684</u>	<u>257,684</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>28,700,000</u>	<u>13,685,537</u>	<u>377,537</u>	<u>13,308,000</u>
Total Expenditures	<u>28,700,000</u>	<u>13,685,537</u>	<u>377,537</u>	<u>13,308,000</u>
Excess (Deficiency) of Revenues Over Expenditures	-	15,219,463	28,785,147	13,565,684
Fund Balance - Beginning, GAAP Basis	-	-	-	-
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ -</u>	<u>\$ 15,219,463</u>	<u>\$ 28,785,147</u>	<u>\$ 13,565,684</u>

# CITY OF BRADY, TEXAS

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

### WWTP Construction Fund Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Water & Sewer Construction Revenue	\$ 14,705,000	\$ 14,685,000	\$ 14,685,000	\$ -
Interest Income	-	-	17,860	17,860
Total Revenues	<u>14,705,000</u>	<u>14,685,000</u>	<u>14,702,860</u>	<u>17,860</u>
<b>EXPENDITURES</b>				
Capital Outlay	14,705,000	4,250,000	293,392	3,956,608
Total Expenditures	<u>14,705,000</u>	<u>4,250,000</u>	<u>293,392</u>	<u>3,956,608</u>
Excess (Deficiency) of Revenues Over Expenditures	-	10,435,000	14,409,468	3,974,468
Fund Balance - Beginning, GAAP Basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ -</u>	<u>\$ 10,435,000</u>	<u>\$ 14,409,468</u>	<u>\$ 3,974,468</u>

# CITY OF BRADY, TEXAS

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

### Special Revenue Fund Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Sales Taxes	\$ 230,000	\$ 230,000	\$ 237,306	\$ 7,306
Senior Citizen Revenues	22,000	22,000	24,576	2,576
Pass-Through Services Revenue	3,000	3,000	11	(2,989)
Reimbursed Expenses	-	-	77	77
Community Development	-	486,209	460,036	(26,173)
Grant Revenues	68,400	668,400	72,996	(595,404)
Total Revenues	<u>323,400</u>	<u>1,409,609</u>	<u>795,002</u>	<u>(614,607)</u>
<b>EXPENDITURES</b>				
Pass-Through Services	233,000	233,000	237,317	(4,317)
Senior Citizens Program	231,783	231,783	215,496	16,287
Community Development	-	66,119	56,286	9,833
Capital Outlay	-	1,409,234	744,005	665,229
Total Expenditures	<u>464,783</u>	<u>1,940,136</u>	<u>1,253,104</u>	<u>687,032</u>
Excess (Deficiency) of Revenues Over Expenditures	(141,383)	(530,527)	(458,102)	72,425
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	142,183	152,183	152,185	2
Operating Transfers Out	(118,550)	(189,946)	(224,463)	(34,517)
Total Other Financing Sources and Uses	<u>23,633</u>	<u>(37,763)</u>	<u>(72,278)</u>	<u>(34,515)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(117,750)	(568,290)	(530,380)	37,910
Fund Balance - Beginning, GAAP Basis	<u>679,411</u>	<u>679,411</u>	<u>679,411</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 561,661</u>	<u>\$ 111,121</u>	<u>\$ 149,031</u>	<u>\$ 37,910</u>



# CITY OF BRADY, TEXAS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Cemetery Fund Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Cemetery Maintenance	\$ 45,950	\$ 45,950	\$ 75,203	\$ 29,253
Total Revenues	<u>45,950</u>	<u>45,950</u>	<u>75,203</u>	<u>29,253</u>
<b>EXPENDITURES</b>				
Cemetery Maintenance	78,940	55,910	33,847	22,063
Total Expenditures	<u>78,940</u>	<u>92,110</u>	<u>33,847</u>	<u>58,263</u>
Excess (Deficiency) of Revenues Over Expenditures	(32,990)	(46,160)	41,356	87,516
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	60,150	60,150	94,111	33,961
Operating Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>60,150</u>	<u>60,150</u>	<u>94,111</u>	<u>33,961</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	27,160	13,990	135,467	121,477
Fund Balance - Beginning, GAAP Basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 27,160</u>	<u>\$ 13,990</u>	<u>\$ 135,467</u>	<u>\$ 121,477</u>

# CITY OF BRADY, TEXAS

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

### Hotel/Motel Fund Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Hotel Occupancy Taxes	\$ 250,000	\$ 180,000	\$ 205,531	\$ 25,531
Total Revenues	<u>250,000</u>	<u>180,000</u>	<u>205,531</u>	<u>25,531</u>
<b>EXPENDITURES</b>				
Hotel/Motel	308,400	244,900	202,839	42,061
Total Expenditures	<u>308,400</u>	<u>244,900</u>	<u>202,839</u>	<u>42,061</u>
Excess (Deficiency) of Revenues Over Expenditures	(58,400)	(64,900)	2,692	67,592
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	58,400	129,796	129,796	-
Total Other Financing Sources and Uses	<u>58,400</u>	<u>129,796</u>	<u>129,796</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	64,896	132,488	67,592
Fund Balance - Beginning, GAAP Basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ -</u>	<u>\$ 64,896</u>	<u>\$ 132,488</u>	<u>\$ 67,592</u>

# CITY OF BRADY, TEXAS

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

### Special Purpose Fund Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Police Department	\$ 2,700	\$ 2,700	\$ 3,462	\$ 762
Total Revenues	<u>2,700</u>	<u>2,700</u>	<u>3,462</u>	<u>762</u>
<b>EXPENDITURES</b>				
Police Department	7,000	7,000	8,007	(1,007)
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>8,007</u>	<u>(1,007)</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,300)	(4,300)	(4,545)	(245)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	32,000	32,000	31,989	(11)
Total Other Financing Sources and Uses	<u>32,000</u>	<u>32,000</u>	<u>31,989</u>	<u>(11)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	27,700	27,700	27,444	(256)
Fund Balance - Beginning, GAAP Basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending, GAAP and Budgetary Basis	<u>\$ 27,700</u>	<u>\$ 27,700</u>	<u>\$ 27,444</u>	<u>\$ (256)</u>

**CITY OF BRADY, TEXAS**  
**Notes to the Budgetary Comparison Schedules**  
**September 30, 2019**

**Budget Requirements, Accounting, and Reporting**

The budget requirements for all funds are as follows:

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

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

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

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

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

**Expenditures Exceeding Budget**

The City's General, Water Construction, WWTP Construction, Special Revenue, Cemetery, and Hotel/Motel Funds had no expenditures in excess of budgeted amounts for the fiscal year ending September 30, 2019.

The Special Purpose Fund, however, did have expenditures in excess of budget (\$1,007) for fiscal year ending September 30, 2019.

**CITY OF BRADY, TEXAS**  
**Schedule of Changes in Net Pension Liability and Related Ratios –**  
**Last 10 Years\***  
**September 30, 2019**

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service Cost	\$ 601,139	\$ 540,688	\$ 521,298	\$ 464,500	\$ 407,549
Interest (on the Total Pension Liability)	679,809	641,623	588,735	577,768	540,559
Difference between expected and actual experience	(232,070)	(285,297)	15,972	(375,588)	(123,488)
Change of assumptions	-	-	-	123,568	-
Benefit payments, including refunds of employee contributions	(365,873)	(357,154)	(347,221)	(353,720)	(289,341)
<b>Net Change in Total Pension Liability</b>	<u>683,005</u>	<u>539,860</u>	<u>778,784</u>	<u>436,528</u>	<u>535,279</u>
<b>Total Pension Liability - Beginning</b>	<u>9,953,612</u>	<u>9,413,752</u>	<u>8,634,968</u>	<u>8,198,440</u>	<u>7,663,161</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 10,636,617</u>	<u>\$ 9,953,612</u>	<u>\$ 9,413,752</u>	<u>\$ 8,634,968</u>	<u>\$ 8,198,440</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 438,477	\$ 403,616	\$ 365,382	\$ 370,043	\$ 351,829
Contributions - Employee	249,608	227,818	218,574	212,262	194,223
Net Investment Income	(275,782)	1,087,822	482,335	10,197	360,294
Benefit payments, including refunds of employee contributions	(365,873)	(357,154)	(347,221)	(353,720)	(289,341)
Administrative Expense	(5,333)	(5,642)	(5,451)	(6,211)	(3,761)
Other	(279)	(286)	(294)	(308)	(309)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>40,818</u>	<u>1,356,174</u>	<u>713,325</u>	<u>232,263</u>	<u>612,935</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>9,211,844</u>	<u>7,855,670</u>	<u>7,142,345</u>	<u>6,910,082</u>	<u>6,297,147</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 9,252,662</u>	<u>\$ 9,211,844</u>	<u>\$ 7,855,670</u>	<u>\$ 7,142,345</u>	<u>\$ 6,910,082</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 1,383,955	\$ 741,768	\$ 1,558,082	\$ 1,492,623	\$ 1,288,358
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	86.99%	92.55%	83.45%	82.71%	84.29%
<b>Covered Employee Payroll</b>	\$ 4,160,130	\$ 3,796,968	\$ 3,642,893	\$ 3,537,699	\$ 3,178,565
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	33.27%	19.54%	42.77%	42.19%	40.53%

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

**CITY OF BRADY, TEXAS**  
**Schedule of Changes in Postemployment Benefits Other Than Pensions (OPEB)**  
**Liability and Related Ratios –**  
**Last 10 Years\***  
**September 30, 2019**

	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 16,225	\$ 13,289
Interest (on the Total OPEB Liability)	8,551	8,326
Difference between expected and actual experience	(12,463)	-
Change of assumptions	(16,408)	17,990
Benefit payments, including refunds of employee contributions	<u>(3,328)</u>	<u>(2,658)</u>
<b>Net Change in Total OPEB Liability</b>	<b>(7,423)</b>	<b>36,947</b>
<b>Total OPEB Liability - Beginning</b>	<u>251,891</u>	<u>214,944</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 244,468</u>	<u>\$ 251,891</u>
<b>Covered Employee Payroll</b>	\$ 4,160,130	\$ 3,796,968
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	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, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Electrical Distribution	\$ 7,345,410	\$ 7,295,410	\$ 7,192,599	\$ (102,811)
Reimbursed Expenses	-	-	963	963
Total Revenues	<u>7,345,410</u>	<u>7,295,410</u>	<u>7,193,562</u>	<u>(101,848)</u>
<b>EXPENDITURES</b>				
Power Plant	20,200	29,800	5,547	24,253
Electrical Distribution	5,306,647	5,384,947	5,274,866	110,081
Bad Debt Expense	25,000	25,000	24,000	1,000
Capital Outlay	350,000	1,144,780	143,404	1,001,376
Debt Service				
Principal Payments	60,000	60,000	59,601	399
Interest Payments	7,500	7,500	7,493	7
Total Expenditures	<u>5,769,347</u>	<u>6,652,027</u>	<u>5,514,911</u>	<u>1,137,116</u>
Excess Revenues Over (Under)				
Expenditures	1,576,063	643,383	1,678,651	1,035,268
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(1,946,863)	(1,566,863)	(1,566,863)	-
Total Other Financing Sources (Uses)	<u>(1,946,863)</u>	<u>(1,566,863)</u>	<u>(1,566,863)</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(370,800)	(923,480)	111,788	1,035,268
Net Position - Beginning, GAAP Basis	4,747,916	4,747,916	4,747,916	-
Prior Period Adjustment	(15,186)	(15,186)	(15,186)	-
Net Position - Beginning, GAAP Basis - As Restated	<u>4,732,730</u>	<u>4,732,730</u>	<u>4,732,730</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	<u>\$ 4,361,930</u>	<u>\$ 3,809,250</u>	4,844,518	<u>\$ 1,035,268</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(115,503)	
Accrued Compensated Absences - The City does not budget for compensated leave			32,965	
Principal Payments - The City budgets for principal debt payments			59,601	
Capital Outlay - The City budgets for capital outlay			143,404	
Net Position- Ending, GAAP Basis			<u>\$ 4,964,985</u>	

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Water & Sewer Fund**  
**Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Water Department	\$ 2,483,500	\$ 2,494,450	\$ 2,345,035	\$ (149,415)
Wastewater	1,275,000	1,275,000	1,242,237	(32,763)
Interest Revenue	2,000	2,000	6,365	4,365
Grant Revenue	-	-	11,080	11,080
Reimbursed Expenses	-	50,175	60,005	9,830
Total Revenues	<u>3,760,500</u>	<u>3,821,625</u>	<u>3,664,722</u>	<u>(156,903)</u>
<b>EXPENDITURES</b>				
Water Department	2,223,791	2,196,591	1,685,028	511,563
Bad Debt Expense	8,000	8,000	11,100	(3,100)
Capital Outlay	446,500	1,323,429	706,354	617,075
Debt Service				
Principal Payments	497,000	497,000	497,494	(494)
Interest Payments	190,000	190,000	20,773	169,227
Total Expenditures	<u>3,365,291</u>	<u>4,215,020</u>	<u>2,920,749</u>	<u>1,294,271</u>
Excess Revenues Over (Under) Expenditures	395,209	(393,395)	743,973	1,137,368
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(440,000)	(440,000)	(440,000)	-
Total Other Financing Sources (Uses)	<u>(440,000)</u>	<u>(440,000)</u>	<u>(440,000)</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(44,791)	(833,395)	303,973	1,137,368
Net Position - Beginning, GAAP Basis	19,158,750	19,158,750	19,158,750	-
Prior Period Adjustment	(20,380)	(20,380)	(20,380)	-
Net Position - Beginning, GAAP Basis - As Restated	<u>19,138,370</u>	<u>19,138,370</u>	<u>19,138,370</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	\$ <u>19,093,579</u>	\$ <u>18,304,975</u>	19,442,343	\$ <u>1,137,368</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(591,746)	
Accrued Compensated Absences - The City does not budget for compensated leave			43,476	
Principal Payments - The City budgets for principal debt payments			497,494	
Capital Outlay - The City budgets for capital outlay			706,354	
Gain (Loss) on Disposal of Capital Assets - The City does not budget gains or losses from disposals of capital assets			(21,247)	
Net Position - Ending, GAAP Basis			<u>\$ 20,076,674</u>	

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Gas Fund**  
**Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Gas Distribution	\$ 1,099,000	\$ 1,085,800	\$ 1,059,403	\$ (26,397)
Reimbursed Expenses	-	-	955	955
Total Revenues	<u>1,099,000</u>	<u>1,085,800</u>	<u>1,060,358</u>	<u>(25,442)</u>
<b>EXPENDITURES</b>				
Gas Department	1,007,880	1,007,880	895,119	112,761
Bad Debt Expense	3,000	3,000	1,750	1,250
Capital Outlay	40,000	35,000	29,314	5,686
Debt Service				
Principal Payments	68,000	68,000	67,838	162
Interest Payments	8,300	8,300	8,581	(281)
Total Expenditures	<u>1,127,180</u>	<u>1,122,180</u>	<u>1,002,602</u>	<u>119,578</u>
Excess Revenues Over (Under)				
Expenditures	(28,180)	(36,380)	57,756	94,136
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(187,000)	(197,000)	(197,000)	-
Total Other Financing Sources (Uses)	<u>(187,000)</u>	<u>(197,000)</u>	<u>(197,000)</u>	<u>-</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(215,180)	(233,380)	(139,244)	94,136
Net Position - Beginning, GAAP Basis	1,821,335	1,821,335	1,821,335	-
Prior Period Adjustment	(9,780)	(9,780)	(9,780)	-
Net Position - Beginning, GAAP Basis - As Restated	<u>1,811,555</u>	<u>1,811,555</u>	<u>1,811,555</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	<u>\$ 1,596,375</u>	<u>\$ 1,578,175</u>	<u>\$ 1,672,311</u>	<u>\$ 94,136</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(122,764)	
Accrued Compensated Absences - The City does not budget for compensated leave			15,610	
Principal Payments - The City budgets for principal debt payments			67,838	
Capital Outlay - The City budgets for capital outlay			29,314	
Net Position - Ending, GAAP Basis			<u>\$ 1,662,309</u>	

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Solid Waste Fund**  
**Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Solid Waste	\$ 1,130,000	\$ 1,130,000	\$ 1,131,533	\$ 1,533
Street Sanitation	74,000	74,000	74,651	651
Interest Revenue	4,000	4,000	4,200	200
Reimbursed Expenses	-	-	80	80
Total Revenues	<u>1,208,000</u>	<u>1,208,000</u>	<u>1,210,464</u>	<u>2,464</u>
<b>EXPENDITURES</b>				
Solid Waste	1,095,689	1,097,189	1,047,383	49,806
Street Sanitation	81,156	88,156	56,323	31,833
Bad Debt Expense	6,500	6,500	4,107	2,393
Capital Outlay	-	2,100	-	2,100
Debt Service				
Principal Payments	83,500	83,500	83,730	(230)
Interest Payments	8,300	8,300	7,636	664
Total Expenditures	<u>1,275,145</u>	<u>1,285,745</u>	<u>1,199,179</u>	<u>86,566</u>
Excess Revenues Over (Under)				
Expenditures	(67,145)	(77,745)	11,285	89,030
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain (Loss) on the Sale of Capital Assets	-	-	85	85
Transfers Out	(42,183)	(42,183)	(42,185)	(2)
Total Other Financing Sources (Uses)	<u>(42,183)</u>	<u>(42,183)</u>	<u>(42,100)</u>	<u>83</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(109,328)	(119,928)	(30,815)	89,113
Net Position - Beginning, GAAP Basis	600,476	600,476	600,476	-
Prior Period Adjustment	<u>(17,708)</u>	<u>(17,708)</u>	<u>(17,708)</u>	<u>-</u>
Net Position - Beginning, GAAP Basis - As Restated	<u>582,768</u>	<u>582,768</u>	<u>582,768</u>	
Net Position - Ending, Budgetary Basis	<u>\$ 473,440</u>	<u>\$ 462,840</u>	<u>551,953</u>	<u>\$ 89,113</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(108,235)	
Accrued Compensated Absences - The City does not budget for compensated leave			33,891	
Principal Payments- The City budgets for principal debt payments			83,730	
Net Position - Ending, GAAP Basis			<u>\$ 561,339</u>	

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Utility Support Fund**  
**Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Utility Support	\$ 220,100	\$ 220,100	\$ 233,566	\$ 13,466
Interest Revenue	500	500	-	(500)
Reimbursed Expenses	-	-	70	70
Total Revenues	<u>220,600</u>	<u>220,600</u>	<u>233,636</u>	<u>13,036</u>
<b>EXPENDITURES</b>				
Administration	229,400	227,400	202,777	24,623
Meter Shop	69,395	69,395	62,571	6,824
Billing-Collection	278,258	278,258	267,811	10,447
Bad Debt Expense	3,500	3,500	3,700	(200)
Capital Outlay	53,000	121,475	118,286	3,189
Debt Service				
Principal Payments	1,000	1,000	952	48
Interest Payments	5	5	5	-
Total Expenditures	<u>634,558</u>	<u>701,033</u>	<u>656,102</u>	<u>44,931</u>
Excess of Revenues Over (Under)				
Expenditures	(413,958)	(480,433)	(422,466)	57,967
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	440,000	440,000	440,002	2
Total Other Financing Sources (Uses)	<u>440,000</u>	<u>440,000</u>	<u>440,002</u>	<u>2</u>
Excess Revenues and Other Sources Over				
(Under) Expenditures and Other Uses	26,042	(40,433)	17,536	57,969
Net Position - Beginning, GAAP Basis	<u>2,466,906</u>	<u>2,466,906</u>	<u>2,466,906</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	\$ <u>2,492,948</u>	\$ <u>2,426,473</u>	2,484,442	\$ <u>57,969</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The City does not budget for depreciation expense			(106,278)	
Accrued Compensated Absences - The City does not budget for compensated leave			14,199	
Principal Payments- The City budgets for principal debt payments			952	
Capital Outlay - The City budgets for capital outlay.			118,286	
Net Position - Ending, GAAP Basis			<u>\$ 2,511,601</u>	

**CITY OF BRADY, TEXAS**  
**Notes to the Budgetary Comparison Schedules**  
**Proprietary Funds**  
**September 30, 2019**

**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 Proprietary Funds had no expenditures in excess of budgeted amounts for the fiscal year ending September 30, 2019.

**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Economic Development Corporation – Type A (EDC-A)**  
**Year Ended September 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General Revenues				
Sales Tax Collections	\$ 230,000	\$ 41,000	\$ 41,312	\$ 312
Interest Income	6,000	6,000	9,227	3,227
Loan Income	6,600	3,300	3,863	563
Charges for Services				
Rent Income	7,700	3,800	4,310	510
Total Revenues	<u>250,300</u>	<u>54,100</u>	<u>58,712</u>	<u>4,612</u>
<b>EXPENDITURES</b>				
Current				
Marketing	23,000	-	-	-
Professional/Legal Fees	1,000	15,000	10,874	4,126
Contract for Services	63,000	14,000	14,000	-
Community Development	57,500	10,330	10,329	1
Annual Land Lease	250	-	-	-
Travel and Training	4,000	-	-	-
Membership Dues and Fees	1,000	-	-	-
Insurance	100	6,000	-	6,000
Office Supplies	250	-	-	-
Office Equipment	250	-	-	-
Meeting Provisions	300	300	300	-
Building Repairs & Maintenance	1,000	-	-	-
Manufacturing Business Grant - TWS	-	30,000	30,000	-
380 Agreement	-	485,088	500,084	(14,996)
Debt Service				
Principal Payments	30,000	39,660	39,653	7
Total Expenditures	<u>181,650</u>	<u>600,378</u>	<u>605,240</u>	<u>(4,862)</u>
Excess of Revenues Over (Under)				
Expenditures	68,650	(546,278)	(546,528)	(250)
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain (Loss) on the Sale of Capital Assets	-	-	250	250
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	68,650	(546,278)	(546,278)	-
Net Position - Beginning	<u>546,278</u>	<u>546,278</u>	<u>546,278</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	<u>\$ 614,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF BRADY, TEXAS**  
**Schedule of Revenues, Expenses, and Changes in Net Position – Budget and**  
**Actual**  
**Economic Development Corporation – Type B (EDC-B)**  
**Year Ended September 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
General Revenues				
Sales Tax Collections	\$ -	\$ 180,000	\$ 195,992	\$ 15,992
380 Agreement	-	485,088	500,084	14,996
Grant Income	-	50,000	-	(50,000)
Interest Income	-	11,000	5,662	(5,338)
Loan Income	-	3,300	3,310	10
Reimbursed Expenses	-	1,000	1,000	-
Charges for Services				
Rent Income	-	3,800	3,217	(583)
Total Revenues	<u>-</u>	<u>734,188</u>	<u>709,265</u>	<u>(24,923)</u>
<b>EXPENDITURES</b>				
Current				
Marketing	-	18,000	9,518	8,482
Professional/Legal Fees	-	14,500	5,802	8,698
Audit Expense	-	4,500	-	4,500
Contract for Services	-	52,200	30,619	21,581
Community Development	-	50,000	53,868	(3,868)
Travel and Training	-	20,000	12,954	7,046
Membership Dues and Fees	-	1,000	-	1,000
Insurance	-	5,000	-	5,000
Office Supplies	-	250	-	250
Office Equipment	-	250	-	250
Meeting Provisions	-	750	195	555
Qualified Loans	-	25,000	-	25,000
Total Expenditures	<u>-</u>	<u>191,450</u>	<u>112,956</u>	<u>78,494</u>
Excess of Revenues Over (Under)				
Expenditures	-	542,738	596,309	53,571
Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Ending, Budgetary Basis	\$ <u>-</u>	\$ <u>542,738</u>	596,309	\$ <u>53,571</u>
Adjustments to Reconcile the Budgetary Amounts to GAAP:				
Depreciation - The EDC does not budget for depreciation expense			(1,766)	
Capital and Notes Receivable Contributions from EDC-A to EDC-B as a result of the 380 agreement			(566,739)	
Loan Income - The EDC normally budgets for loan income			(3,310)	
Net Position - Ending, GAAP Basis			<u>\$ 24,494</u>	

**CITY OF BRADY, TEXAS**  
**Notes to the Budgetary Comparison Schedules**  
**Economic Development Corporation – Type A & B**  
**September 30, 2019**

**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, 2019.

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 EDCs are presented as Supplemental Information.

**Expenditures Exceeding Budget**

EDC-A had expenditures in excess of budget in the amount of \$4,862. This is primarily related to the 380 agreement which terminated EDC-A during fiscal year 2019.

EDC-B had no expenditures in excess of budgeted amounts for the fiscal year ending September 30, 2019.

**CITY OF BRADY, TEXAS**  
**Single Audit Compliance Information**  
**Schedule of Expenditures of Federal and State Awards**  
**September 30, 2019**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
U.S. Department of Health and Human Services				
Passed Through the Concho Valley Council of Governments				
Title III, Part B - Nutrition Services	93.045	N/A	\$ 34,970	\$ -
Nutrition Services Incentive Program	93.053	N/A	<u>35,382</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>70,352</u>	<u>-</u>
U.S. Environmental Protection Agency				
Passed Through the Texas Water Development Board				
Capitalization Grants For Clean Water State Revolving Funds - Loan	66.458	#L100011	424,943	-
Capitalization Grants For Clean Water State Revolving Funds - Loan	66.458	#L1001004	144,472	-
Capitalization Grants For Clean Water State Revolving Funds - Loan	66.458	#L1001005	130,578	-
Capitalization Grants For Clean Water State Revolving Funds - Loan	66.458	#L1001006	18,342	-
Capitalization Grants For Drinking Water State Revolving Funds - Grant	66.468	GT #G1000424	49,740	-
Capitalization Grants For Drinking Water State Revolving Funds - Grant	66.468	G1000916	67,000	-
Capitalization Grants For Drinking Water State Revolving Funds - Grant	66.468	LF1000917	305,537	-
Capitalization Grants For Drinking Water State Revolving Funds - Loan	66.468	L1000918	5,000	-
Total U.S. Environmental Protection Agency			<u>1,145,612</u>	<u>-</u>
Total Federal Awards Expended			<u>1,215,964</u>	<u>-</u>
<b>State Grantor/Program or Grant Title</b>				
Texas Department of Transportation				
RAMP Grant	N/A	M1823BRAD	-	16,013
Master Plan Development		1723BRADY	-	56,286
Total Texas Department of Transportation			<u>-</u>	<u>72,299</u>
Texas Parks and Wildlife Department				
BRADY Richards Park III	N/A	50-000464	-	337,322
BRADY Willie Washington Park	N/A	54-000159	-	360
Total Texas Parks and Wildlife Department			<u>-</u>	<u>337,682</u>
Texas Department of Agriculture				
Home-Delivered Meal Grant Program	N/A	HDM-18-3213	-	2,644
Total Texas Department of Agriculture			<u>-</u>	<u>2,644</u>
Total State Awards Expended			<u>-</u>	<u>412,625</u>
Total Federal and State Awards Expended			<u>\$ 1,215,964</u>	<u>\$ 412,625</u>

**CITY OF BRADY, TEXAS**  
**Single Audit Compliance Information**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**September 30, 2019**

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, 2019. 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 Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* or cost principles contained in Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, 2019. The loans made during the year are included in the SEFSA in the federal expenditures presented in the schedule. Balances and transactions related to these programs are included in the City of Brady’s financial statements.

<u>Program Name</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Amount Outstanding</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	GT #L1000115	\$ 175,000
Capitalization Grants for Clean Water State Revolving Funds	66.458	#L1000011	\$ 630,000

**CITY OF BRADY, TEXAS**  
**Single Audit Compliance Information**  
**Schedule of Findings and Questioned Costs**  
**September 30, 2019**

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

<b>Financial Statements</b>	
Type of Auditor's Report Issued on Financial Statements	Unmodified
Internal Control over Financial Reporting:	
Material Weakness	None
Significant Deficiencies Identified that are not Considered to be Material Weaknesses	Yes
Noncompliance Material to Financial Statements	None
<b>Federal Awards</b>	
Internal Control over Major Programs:	
Material Weakness	None
Significant Deficiencies Identified that are not Considered to be Material Weaknesses	None
Type of Auditor's Report Issued on Compliance for Major Programs	Unmodified
Findings and Questioned Costs for Federal Awards as Defined by the Uniform Guidance:	None
Identification of Major Programs:	Capitalization Grants for Clean Water State Revolving Funds. CFDA 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**

Refer to the City’s Schedule of Findings, finding [2019-01] on page 127.

**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, 2019**


No prior year findings.



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## 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 units, each major fund, and the aggregate remaining fund information of the City of Brady, Texas (the City), increase as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Brady, Texas basic financial statements, and have issued our report thereon dated April 17, 2020.

### **Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies [2019-01].

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* (Continued)

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.

**Compliance and Other Matters**

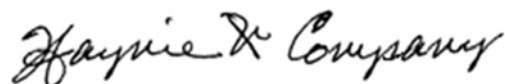
As part of obtaining reasonable assurance about whether the City of Brady, Texas financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items: 2019-01.

**City of Brady's Response to Findings**

The City's response to the findings identified in our audit is described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.





San Antonio, Texas  
April 17, 2020






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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**

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, 2019. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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

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, 2019.

**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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.

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

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  
April 17, 2020

## SCHEDULE OF FINDINGS

**CITY OF BRADY, TEXAS**  
**Schedule of Findings**  
**September 30, 2019**

**2019-01 – Capital Asset Duplication**

*Criteria:*

Under governmental accounting principles generally accepted in the United States of America (GAAP), the City is required to report its capital assets within the government-wide statement of net position and other required footnotes.

*Condition:*

City management discovered an airport hangar was duplicated in the City and EDC Type-A's records.

*Context:*

During fiscal year 2019, the EDC-Type A was terminated, and an airport hangar was to be transferred to the City. City management discovered that this airport hangar was already recorded in the City's books prior to the transfer from EDC-Type A. The duplication of the airport hangar occurred more than 10 years ago when the EDC-Type A's financial records were maintained by an outside party. A miscommunication occurred which resulted in the duplication. The City has since corrected the duplication in the City's records.

*Cause and Effect:*

A misstatement on the government-wide statement of net position and the required capital asset disclosures would be possible.

*Recommendation:*

We recommend City management review the capital asset reports and other financial reports associated with all component units in order to ensure complete and accurate reporting.

*Views of Responsible Official(s) and Planned Corrected Actions:*

Management concurs with the finding and recommendation. The City will attempt to coordinate with the component unit(s) to perform a review of the component unit(s) financial records at the minimum on an annual basis to ensure complete and accurate reporting. Management anticipates this to be resolved during fiscal year 2020.