

CITY OF BRYSON, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2023



**CITY OF BRYSON, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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Financial Section



Independent Auditor's Report on Financial Statements

Honorable Mayor, and City Council
City of Bryson, Texas
P.O. Box 2219
Bryson, Texas 76427

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bryson, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Bryson, Texas' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bryson, Texas, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, Texas Municipal Retirement System Schedule of Changes in Net Pension Liability and Related Ratios, and Texas Municipal Retirement System Schedule of Contributions on pages 3–9 and 33–36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of the City of Bryson, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bryson, Texas' 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 City of Bryson, Texas' internal control over financial reporting and compliance.

Respectfully submitted,

MWH Group, P.C.

MWH GROUP, P.C.

Wichita Falls, Texas
December 12, 2025

City of BRYSON

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Bryson, Texas, we offer readers of the City's Annual Financial Report this narrative overview and analysis of the City's financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

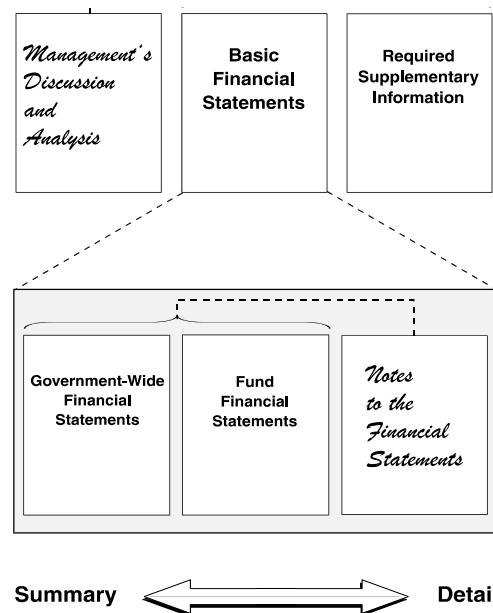
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$3,190,279 (net position). Of this amount, \$1,200,765 (unrestricted net position) may be used to meet the City's obligations.
- During the year, the City's total net position increased by \$59,193.
- The total cost of the City's programs increased by \$81,754, primarily due to an increase in street repairs, professional services, and sewer maintenance costs.
- The governmental funds reported a fund balance this year of \$402,637 which is an increase of \$46,042 in comparison with the prior year amount.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two 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.
- The *proprietary fund statements* offer *short- and long-term* financial information about the activities the government operates like businesses, such as the water and sewer.

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



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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the City's Government-Wide and Fund Financial Statements
Fund Statements

Type of Statements	Government-Wide	Governmental Funds	Proprietary Funds
Scope	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses - the water, sewer, and electric systems
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position - the difference between the City's assets and liabilities - is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City's tax base.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities.* Most of the City's basic services are included here, such as the street department, parks and recreation, cemetery, and general administration.
- Business-type activities.* The City charges fees to customers to help it cover the cost of certain services it provides. The City's water, sewer, sanitation, and electric systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds* - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Commission establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds* - Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. In fact, the City's proprietary funds are the same as its business-type activities, but provide more detail and information, such as cash flows.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's net position, the amount that the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources, was \$3,190,279 (\$645,358 for Governmental Activities and \$2,544,921 for Business-type Activities) at September 30, 2023 (See Table A-1).

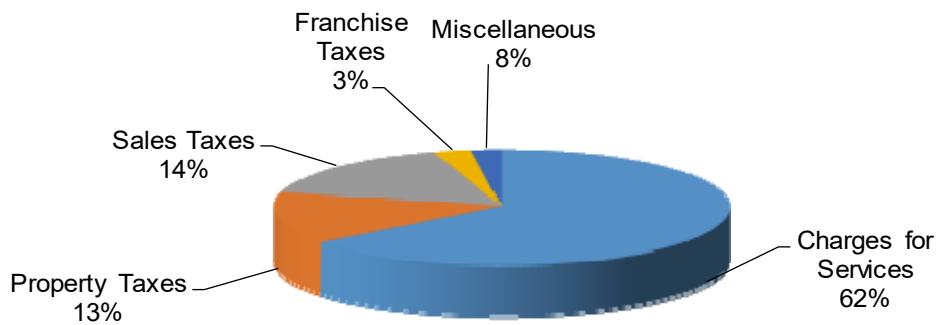
Table A-1
City's Net Position

	Governmental Activities	Governmental Activities	Percentage Change	Business-type Activities	Business-type Activities	Percentage Change
	2022	2023		2022	2023	
Current and other assets	\$ 548,417	\$ 534,189	-2.59%	\$ 838,065	\$ 839,166	0.13%
Capital assets, net	112,675	108,235	-3.94%	2,007,923	1,962,279	-2.27%
Total assets	661,092	642,424	-2.82%	2,845,988	2,801,445	-1.57%
Total deferred outflow of resources	161	68,685	42561.49%	127	48,566	38140.94%
Current liabilities	26,397	19,380	-26.58%	181,467	182,392	0.51%
Noncurrent liabilities	2,661	3,003	12.85%	86,458	86,767	0.36%
Total liabilities	29,058	22,383	-22.97%	267,925	269,159	0.46%
Total deferred Inflow of resources	43,368	43,368	0.00%	35,931	35,931	0.00%
Net position:						
Net investment in capital assets	112,675	108,235	-3.94%	1,924,923	1,881,279	-2.27%
Unrestricted	476,152	537,123	12.80%	617,336	663,642	7.50%
Total net assets	\$ 588,827	\$ 645,358	9.60%	\$ 2,542,259	\$ 2,544,921	0.10%

The \$537,123 and \$663,642 of unrestricted net position at September 30, 2023, represents resources available to fund the programs of the City next year if sufficient resources are not derived from future resources. The restricted net position is required to be set aside for retirement of long-term debt.

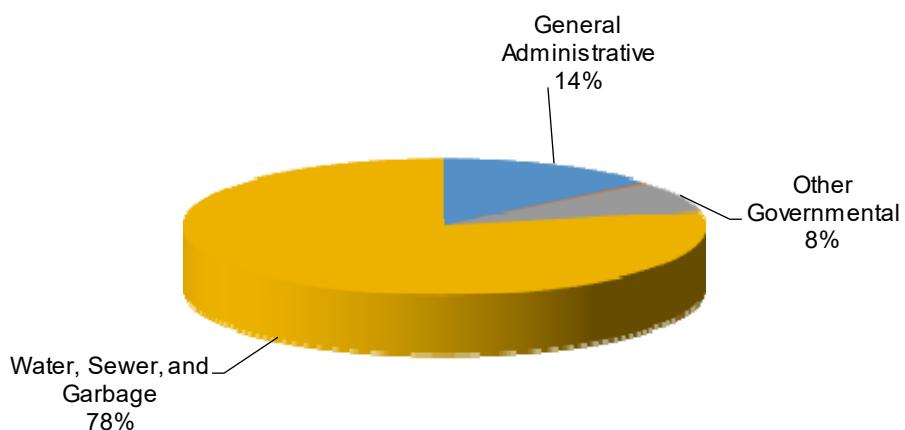
Changes in net position. The City's total revenues, both program and general, were \$636,576. A significant portion, 62%, of the City's revenue comes from charges for services (See Figure A-3). 13% comes from property taxes, 14% from sales taxes, 3% from franchise fees, and 3% from grant revenue. Other minor categories combined make up 5% of the City's total revenues.

Figure A-3
Sources of Revenue for Fiscal Year 2023



The total cost of all programs and services was \$577,383; 78% of these costs are for water, sewer, and garbage expenses. The City's other expenses include general administration (14%), and other governmental expenses (8%) (See Figure A-4).

Figure A-4
Functional Expenses for Fiscal Year 2023



Governmental Activities

Table A-2 presents the various revenue categories and gross costs of each of the City's functional areas for the current year.

Table A-2
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Revenues						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 368,077	\$ 394,887	\$ 368,077	\$ 394,887
Capital grants	-	-	-	19,500	-	19,500
General revenues:						
Property taxes	82,776	81,254	-	-	82,776	81,254
Sales taxes	92,147	90,391	-	-	92,147	90,391
Franchise fees	12,132	12,794	3,110	5,186	15,242	17,980
Investment earnings	1,039	6,965	1,760	13,415	2,799	20,380
Miscellaneous	221	2,783	9,285	9,401	9,506	12,184
Total revenues	188,315	194,187	382,232	442,389	570,547	636,576
Expenses						
General administration	95,827	79,675	-	-	95,827	79,675
Street repairs	33,007	1,950	-	-	33,007	1,950
Insurance	33,950	35,349	-	-	33,950	35,349
Miscellaneous	5,963	8,366	-	-	5,963	8,366
Water, sewer, and garbage	-	-	326,882	452,043	326,882	452,043
Total expenses	168,747	125,340	326,882	452,043	495,629	577,383
Transfers	6,012	(12,316)	(6,012)	12,316	-	-
Increase (decrease) in net assets	\$ 25,580	\$ 56,531	\$ 49,338	\$ 2,662	\$ 74,918	\$ 59,193

Explanations for the large and/or unusual variances between 2023 and 2022 are as follows:

- Charges for services increased by \$26,810, or 7%, in 2023, primarily due to increases in water and sanitation revenue. Water revenue increased with usage, while sanitation revenue increased from higher rates.
- Interest revenue increased by \$17,581, or 628%, primarily due to interest rates increasing.
- Expenses increased \$81,754, or 16%, in 2023 primarily due to an increase in water purchases expenses and garbage collection expenses, and sewer maintenance costs for cleaning of tanks at the wastewater treatment plant.

Table A-3 presents the cost of each of the City's functions as well as each function's net cost (total cost less fees generated by the activities). The net cost reflects what was funded by local tax dollars and other revenues.

Table A-3
Net Cost of Governmental Activities

	Governmental Activities		Percentage Change	Net Cost of Services		Percentage Change
	2022	2023		2022	2023	
General administration	\$ 95,827	\$ 79,675	-16.86%	\$ 95,827	\$ 79,675	-16.86%
Street repairs	33,007	1,950	-94.09%	33,007	1,950	-94.09%
Insurance	33,950	35,349	4.12%	33,950	35,349	4.12%
Miscellaneous	5,963	8,366	40.30%	5,963	8,366	40.30%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

General Fund Budgetary Highlights

Actual expenditures were \$121,189 below final budgeted amounts. The City budgeted \$121,618 for general government expenditures, but expended \$79,904. The City budgeted \$21,000 for street repair expenditures, but expended \$1,950. The City budgeted \$65,000 for miscellaneous expenditures, but only expended \$13,496. There were no other significant variances in other departments.

Resources available were \$75,277 below the final budgeted amount, including the amount transferred from reserves. The City budgeted \$88,000 for sales taxes, but received \$90,391. The City anticipated a transfer from reserves of \$64,719, but the transfer was not required to fund current year operations. There were no other significant variances between budgeted revenues and actual.

There was one budget adjustment during the year ended September 30, 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, the City had invested in a broad range of capital assets totaling \$2,070,514, net of accumulated depreciation (See Table A-4). Capital assets added in 2023 include a sewer jetter, sewer pumps, and a mower.

Table A-4
Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Land	\$ 67,706	\$ 67,706	\$ 56,828	\$ 56,828	\$ 124,534	\$ 124,534
Buildings, systems and improvements, net	16,918	20,101	1,948,891	1,903,809	1,965,809	1,923,910
Furniture and equipment, net	28,051	20,428	2,204	1,642	30,255	22,070
Totals	\$ 112,675	\$ 108,235	\$ 2,007,923	\$ 1,962,279	\$ 2,120,598	\$ 2,070,514

Long-term Liabilities

At year-end the City had \$89,771 in long-term liabilities, as shown in Table A-5. More detailed information about the City's long-term liabilities is presented in the notes to the financial statements as well as in the supplemental schedules.

Table A-5
Long-term Liabilities Outstanding

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Bonds payable	\$ -	\$ -	\$ 83,000	\$ 81,000	\$ 83,000	\$ 81,000
Compensated absences	2,661	3,003	3,458	5,767	6,119	8,771
Totals	<u>\$ 2,661</u>	<u>\$ 3,003</u>	<u>\$ 86,458</u>	<u>\$ 86,767</u>	<u>\$ 89,119</u>	<u>\$ 89,771</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Total taxable value used for the 2022-2023 budget preparation was approximately \$14,654,760, an increase of 35% from last year's value.

This indicator was taken into account when adopting the General Fund budget for 2023-2024. Amounts available for appropriation in the General Fund budget are \$238,713, a decrease of 7% from the final 2022-2023 budget of \$257,018. The City anticipates needing \$40,913 in transfers from reserves to meet current year expenditures. General Fund expenditures are budgeted for \$238,713.

If these estimates are realized, the City's budgetary General Fund's fund balance is not expected to change by the close of 2023-2024.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City'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 for additional financial information, should be addressed to the City's administration office at P.O. Box 219, Bryson, Texas 76027.

Basic Financial Statements

CITY OF BRYSON, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 400,962	\$ 734,765	\$ 1,135,727
Receivables, net of allowances:			
Customer receivables	-	30,466	30,466
Sales taxes	12,639	89	12,728
Franchise tax	2,948	-	2,948
Interfund balances	5,468	(5,468)	-
Net pension asset	112,172	79,314	191,486
Capital assets not being depreciated	67,706	56,828	124,534
Capital assets being depreciated, net	40,529	1,905,451	1,945,980
Total assets	642,424	2,801,445	3,443,869
Deferred Outflows of Resources			
Related to pensions	27,406	18,182	45,588
Liabilities			
Accounts payable	10,064	17,169	27,233
Other accrued liabilities	9,316	3,995	13,311
Accrued interest payable	-	456	456
Customer meter deposits	-	27,827	27,827
Unearned revenues	-	132,945	132,945
Noncurrent Liabilities:			
Accrued compensated absences	3,003	5,767	8,770
Portion due or payable within one year	-	2,000	2,000
Portion due or payable after one year	-	79,000	79,000
Total liabilities	22,383	269,159	291,542
Deferred Inflows of Resources			
Related to pensions	2,089	5,547	7,636
Net Position			
Net investment in capital assets	108,235	1,881,279	1,989,514
Unrestricted	537,123	663,642	1,200,765
Total net position	\$ 645,358	\$ 2,544,921	\$ 3,190,279

The accompanying notes are an integral part of this statement.

CITY OF BRYSON, TEXAS**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General administrative	\$ 79,675	\$ -	\$ -	\$ (79,675)	\$ -	\$ (79,675)
Street repairs	1,950	-	-	(1,950)	-	(1,950)
Insurance	35,349	-	-	(35,349)	-	(35,349)
Miscellaneous	8,366	-	-	(8,366)	-	(8,366)
Total governmental activities	125,340	-	-	(125,340)	-	(125,340)
Business-type activities:						
Water, sewer, and garbage	452,043	394,887	19,500	-	(37,656)	(37,656)
Total Business-type activities	452,043	394,887	19,500	-	(37,656)	(37,656)
Total primary government	\$ 577,383	\$ 394,887	\$ 19,500	\$ (125,340)	\$ (37,656)	\$ (162,996)
General revenues:						
Taxes				79,658	-	79,658
Penalty and interest				1,596	-	1,596
City sales tax				90,391	-	90,391
Franchise fees and permits				12,794	5,186	17,980
Miscellaneous				2,783	9,401	12,184
Interest				6,965	13,415	20,380
Transfers				(12,316)	12,316	-
Total general revenues and transfers				181,871	40,318	222,189
Change in net position				56,531	2,662	59,193
Net position, beginning				588,827	2,542,259	3,131,086
Net position, ending				\$ 645,358	\$ 2,544,921	\$ 3,190,279

CITY OF BRYSON, TEXAS**BALANCE SHEET - GOVERNMENTAL FUNDS**
SEPTEMBER 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash	\$ 390,835	\$ 10,127	\$ 400,962
Receivables:			
Ad valorem taxes	6,181	-	6,181
Sales taxes	12,639	-	12,639
Franchise tax	2,948	-	2,948
Uncollectible taxes	(6,181)	-	(6,181)
Due from other funds	5,468	-	5,468
Total assets	<u>\$ 411,890</u>	<u>\$ 10,127</u>	<u>\$ 422,017</u>
Liabilities:			
Accounts payable	\$ 10,064	\$ -	\$ 10,064
Other accrued liabilities	9,316	-	9,316
Total liabilities	<u>19,380</u>	<u>-</u>	<u>19,380</u>
Fund balances:			
Unassigned	<u>392,510</u>	<u>10,127</u>	<u>402,637</u>
Total fund balances	<u>392,510</u>	<u>10,127</u>	<u>402,637</u>
Total liabilities and fund balances	<u>\$ 411,890</u>	<u>\$ 10,127</u>	<u>\$ 422,017</u>

The accompanying notes are an integral part of this statement.

CITY OF BRYSON, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

Total fund balances - governmental funds balance sheet (Exhibit A-3)	\$ 402,637
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Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. Capital assets at year-end consist of:

Gross capital assets	\$ 276,921
Less accumulated depreciation	<u>(168,686)</u>
	108,235

The City's proportionate share of net pension asset as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Net pension asset	112,172
Deferred outflows of resources from pensions	27,406
Deferred inflows of resources from pensions	<u>(2,089)</u>
	137,489

Some long-term liabilities are not due and payable in the current period and therefore not reported in the funds. Those assets and liabilities at year-end consist of:

Compensated absences	<u>(3,003)</u>	(3,003)
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Net position of governmental activities - statement of net position	<u>\$ 645,358</u>
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The accompanying notes are an integral part of this statement.

CITY OF BRYSON, TEXAS**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 79,658	\$ -	\$ 79,658
Penalty and interest	1,596	-	1,596
City sales tax	90,391	-	90,391
Franchise tax and permits	12,794	-	12,794
Interest	6,835	130	6,965
Miscellaneous	2,783	-	2,783
Total revenues	194,057	130	194,187
Expenditures:			
General government	79,904	-	79,904
Street repairs	1,950	-	1,950
Insurance	35,349	-	35,349
Miscellaneous	13,496	-	13,496
Capital outlay	5,130	-	5,130
Total expenditures	135,829	-	135,829
Excess (deficiency) of revenues over (under) expenditures before transfers	58,228	130	58,358
Other financing sources:			
Transfers	(12,316)	-	(12,316)
Total other financing sources	(12,316)	-	(12,316)
Excess (deficiency) of revenues over (under) expenditures before transfers	45,912	130	46,042
Fund balance, beginning of the year	346,598	9,997	356,595
Fund balance, ending	\$ 392,510	\$ 10,127	\$ 402,637

The accompanying notes are an integral part of this statement.

CITY OF BRYSON, TEXAS

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023*

Net change in fund balances - total governmental funds (Exhibit A-5) \$ 46,042

Amounts reported for governmental activities in the statement of activities (Exhibit A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their useful lives as depreciation expense. The net difference between the two is as follows:

Capital outlay during the year	\$ 5,130
Depreciation expense during the year	<u>(9,570)</u>
	(4,440)

Accrued compensated absences 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. Compensated absences increased this year by: (342)

Changes in the proportionate share of net pension liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. The net effect of these transactions is: 15,271

Change in net position of governmental activities - statement of activities \$ 56,531

The accompanying notes are an integral part of this statement.

CITY OF BRYSON, TEXAS
STATEMENT OF NET POSITION
ENTERPRISE FUND
SEPTEMBER 30, 2023

	<u>Enterprise</u> <u>Fund</u>
Assets	
Current assets:	
Cash	\$ 734,765
Customer receivables	30,466
Sales taxes receivable	89
Interfund balances	(5,468)
Total current assets	<u>759,852</u>
Non-current assets:	
Net pension asset	79,314
Capital assets:	
Capital assets not being depreciated	56,828
Capital assets being depreciated, net	<u>1,905,451</u>
Total assets	<u>2,801,445</u>
Deferred Inflows of Resources	
Related to pensions	<u>18,182</u>
Liabilities	
Current liabilities:	
Accounts payable	17,169
Other accrued liabilities	3,995
Accrued interest payable	456
Customer meter deposits	27,827
Unearned revenues	132,945
Noncurrent liabilities:	
Compensated absences	5,767
Bonds payable-portion due and payable within one year	2,000
Bonds payable-portion due and payable after one year	<u>79,000</u>
Total liabilities	<u>269,159</u>
Deferred Inflows of Resources	
Related to pensions	<u>5,547</u>
Net Position	
Net investment in capital assets	1,881,279
Unrestricted	663,642
Total net position	<u>\$ 2,544,921</u>

The accompanying notes are an integral part of this statement.

CITY OF BRYSON, TEXAS**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Enterprise Fund
	Water and Sewer Fund
Operating revenues:	
Water and sewer services	\$ 290,627
Garbage services	104,260
Miscellaneous	14,587
Total operating revenues	409,474
 Operating expenses:	
Salaries and fringe benefits	113,806
Insurance	17,483
Water purchases	52,991
Garbage services	86,200
Contract service	1,614
Supplies and repairs	78,565
Vehicle expense	2,650
Utilities	15,802
Miscellaneous	6,679
Depreciation	71,277
Total operating expenses	447,067
 Operating income	 (37,593)
 Non-operating revenues (expenses):	
Interest revenue	13,415
Debt interest expense	(4,976)
Grant revenue	19,500
Transfers	12,316
Total non-operating revenues (expenses)	40,255
 Change in net position	 2,662
Net position, beginning of year	2,542,259
Net position, end of year	\$ 2,544,921

The accompanying notes are an integral part of this statement.

CITY OF BRYSON, TEXAS
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Totals</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 408,725
Cash payments to employees for services	(127,178)
Cash payments to other suppliers for goods and services	(241,623)
Net cash provided by operating activities	<u>39,924</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers from other funds	12,316
Net cash provided by non-capital financing activities	<u>12,316</u>
Cash Flows from Capital and Related Financing Activities:	
Principal paid	(2,000)
Interest paid	(4,987)
Grants received for capital outlay	19,500
Acquisition or construction of capital assets	(25,633)
Net cash used by capital and related financing activities	<u>(13,120)</u>
Cash Flows from Investing Activities:	
Interest on investments	13,415
Net cash provided by investing activities	<u>13,415</u>
Net increase in cash and cash equivalents	52,535
Cash and cash equivalents at beginning of year	682,230
Cash and cash equivalents at end of period	<u>\$ 734,765</u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating income	\$ (37,593)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	71,277
Bad debt expense	154
(Increase) decrease in assets and deferred outflows of resources:	
Receivables	1,039
Net pension asset	50,241
Deferred outflows of resources	(18,055)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable and other accrued liabilities	2,724
Deposit payable	(1,788)
Compensated absences	2,309
Deferred inflows of resources	(30,384)
Total adjustments	77,517
Net cash provided by operating activities	<u>\$ 39,924</u>

The accompanying notes are an integral part of this statement.

CITY OF BRYSON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2023

A. Summary of Significant Accounting Policies

The accompanying financial statements of the City of Bryson, Texas (City) have been prepared in conformity with accounting principles applicable to governmental units which are generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Financial Reporting Model

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement, known as the "Reporting Model" statement, affects the way the City prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes:

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of a "management's discussion and analysis" (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared governmental fund financial statements which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the City's General Fund, the City's major governmental fund, is similar to that presented in the City's financial statements, although the format of the financial statements has been modified by GASB Statement No. 34.

Statement of Net Position - The statement of net position is designed to display the financial position of the primary government (government and business-type activities). Governments report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories, 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

CITY OF BRYSON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2023

2. Reporting Entity

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an Amendment of GASB Statement No. 14, includes whether:

- the organization is legally separate
- 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 organization would result in misleading or incomplete financial statements

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Based on these criteria, the City does not have a component unit.

3. Basis of Presentation and Basis of Accounting

a. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The City does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds. The City has one nonmajor funds for Park related expenses.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The general fund is the only major governmental fund. This is the City's primary operating fund. It accounts for all financial resources of the City.

The utility fund is the only major enterprise fund. This fund accounts for electrical, water, and sewer utility services to residents of the City. Activities necessary to provide such services are accounted

CITY OF BRYSON, TEXAS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2023

for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The largest fiduciary fund is the Main Street Organization. The funds' activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. They are not reflected in the government-wide financial statements because the resources are not available to support the City's own programs.

b. Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Assigned fund balance indicates the intent of the City to use resources for a specific purpose. The City Commission is authorized to assign amounts for specific purposes. When the City incurs an expenditure or expense for which both assigned and unassigned resources may be used, it is the City's policy to use assigned resources first, then unassigned resources.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The City has chosen to apply future FASB standards.

4. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

CITY OF BRYSON, TEXAS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023****b. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

On January 1 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 when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General Fund are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

At September 30, 2023, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$ 6,181
Allowance for uncollectible taxes	<u>(6,181)</u>
Net property taxes receivable	\$ <u>—</u>

c. Inventories and Prepaid Items

Inventory items are recorded as expenditures when they are purchased.

Certain payments to vendors may reflect costs applicable to future accounting periods and therefore may be recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used. Interest has been capitalized during the construction period for proprietary capital assets.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and improvements	40
Vehicles and equipment	5

e. Receivable and Payable Balances

The City believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid obscuring significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All

CITY OF BRYSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The City reports three categories of net position, as follows:

- Net investment in capital assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position - net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the City's bonds. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position - consists of all other net position that does not meet the definition of the above two components and is available for general use by the City.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The City's policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expenditure.

h. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

i. Governmental Fund Balances

Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive fund balance classification first when more than one classification is available.

j. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates.

CITY OF BRYSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

The City's cash deposits exceeded insurance coverage as of September 30, 2023. See note C for additional information.

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The City does not have any funds with a deficit fund balance or deficit fund net position.

C. Deposits and Investments

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

1. Cash Deposits:

At September 30, 2023, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$1,135,727 and the bank balance was \$1,141,056. The City's cash deposits at September 30, 2023, exceeded FDIC insurance coverage by \$673,324. The City's depository contract was canceled and not replaced by the City's bank.

2. Investments:

The Public Funds Investment Act (Act) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent, but not in the City's name. At year end, the City was exposed to custodial credit risk as deposits exceeded FDIC coverage by \$673,324.

CITY OF BRYSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

c. Concentrations of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

D. Capital Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 67,706	\$ -	\$ -	\$ 67,706
Capital assets being depreciated:				
Buildings, systems, and improvements	86,229	5,130	-	91,359
Furniture and equipment	117,856	-	-	117,856
Total capital assets being depreciated	204,085	5,130	-	209,215
Less accumulated depreciation for:				
Buildings, systems, and improvements	69,311	1,947	-	71,258
Furniture and equipment	89,805	7,623	-	97,428
Total accumulated depreciation	159,116	9,570	-	168,686
Total capital assets being depreciated, net	44,969	(4,440)	-	40,529
Governmental activities capital assets, net	\$ 112,675	\$ (4,440)	\$ -	\$ 108,235
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 56,828	\$ -	\$ -	\$ 56,828
Capital assets being depreciated:				
Buildings, systems, and improvements	3,397,908	25,633	-	3,423,541
Furniture and equipment	144,630	-	-	144,630
Total capital assets being depreciated	3,542,538	25,633	-	3,568,171
Less accumulated depreciation for:				
Buildings, systems, and improvements	1,449,017	70,715	-	1,519,732
Furniture and equipment	142,426	562	-	142,988
Total accumulated depreciation	1,591,443	71,277	-	1,662,720
Total capital assets being depreciated, net	1,951,095	(45,644)	-	1,905,451
Business type activities capital assets, net	\$ 2,007,923	\$ (45,644)	\$ -	\$ 1,962,279

CITY OF BRYSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	<u>\$ 9,570</u>
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Total	<u>\$ 9,570</u>
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Business-type Activities:

Water, sewer, and garbage	<u>\$ 71,277</u>
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Total	<u>\$ 71,277</u>
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E. Interfund Balances and Activity

Transfers to and from other funds at September 30, 2023 consisted of the following:

1. Due To and From Other Funds

Balances due from or to other funds at September 30, 2023 consisted of the following:

Due to	Due from	Amount
General Fund	Water Fund	\$ 5,468

2. Transfers To and From Other Funds

For the year ending September 30, 2023, the Enterprise Fund transferred \$12,316 to the General Fund.

F. Long-Term Liabilities

1. Long-Term Liabilities Activity

Long-term liabilities include debt and other long-term liabilities. Changes in long-term liabilities for the year ended September 30, 2023, are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
Business-type activities:					
Certificates of obligation - series 2006	\$ 83,000	\$ -	\$ 2,000	\$ 81,000	\$ 2,000
Total	<u>\$ 83,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 81,000</u>	<u>\$ 2,000</u>

CITY OF BRYSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2. Debt Service Requirements

Combined debt service requirements on long-term debt at September 30, 2023, are as follows:

Year ending September 30,	Principal	Interest	Total
2024	2,000	3,600	5,600
2025	2,000	3,510	5,510
2026	2,000	3,420	5,420
2027	2,000	3,330	5,330
2028-2032	14,000	14,940	28,940
2033-2037	17,000	11,498	28,498
2038-2042	21,000	7,178	28,178
2043-2046	21,000	1,958	22,958
Totals	\$ 81,000	\$ 49,434	\$ 130,434

3. Bonds

In 2006, the City issued Certificates of Obligation, Series 2006, with the U.S. Department of Agriculture in the amount of \$105,000 for the purpose of constructing a waterline into the City to supply water needs to residents. The interest on these bonds is 4.50%. The final maturity date is February 15, 2046. The annual series principal payments range from \$5,240 to \$6,135.

The City's current year payments for debt service included \$4,976 of interest.

G. Defined Benefit Pension Plans

1. Plan Description

The City of Bryson participates as one of 901 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 (Title 8, Subtitle G, Texas Government Code) 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 (ACFR) that can be obtained at www.tmrs.com.

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

2. 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 payments 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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

CITY OF BRYSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Plan Year 2021</u>	<u>Plan Year 2022</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25	60/5, 0/25
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>3</u>
Total	<u>8</u>

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee 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 Bryson were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bryson were 0% and 0% in calendar years 2022 and 2023, respectively. The city's contributions to TMRS for the year ended September 30, 2023, were \$410, and exceeded the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

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

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

CITY OF BRYSON, TEXAS**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014, to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (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 in fiscal year 2023 Bryson are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35%	7.70%
Core Fixed Income	6%	4.90%
Non-Core Fixed Income	20%	8.70%
Other Public & Private markets	12%	8.10%
Real Estate	12%	5.80%
Hedge Funds	5%	6.90%
Private Equity	<u>10%</u>	11.80%
Total	100%	

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 employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive 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.

CITY OF BRYSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2021	\$ 442,390	\$ 737,370	\$ (294,980)
Changes for the year:			
Service cost	14,046	-	14,046
Interest	29,369	-	29,369
Change of benefit terms	-	-	-
Difference between expected and actual experience	13,835	-	13,835
Changes of assumptions	-	-	-
Contributions – employer	-	374	(374)
Contributions – employee	-	6,983	(6,983)
Net investment income	-	(53,692)	53,692
Benefit payments, including refunds			
of employee contributions	(28,633)	(28,633)	-
Administrative expense	-	(466)	466
Other changes	-	557	(557)
Net changes	<u>28,617</u>	<u>(74,877)</u>	<u>103,494</u>
Balance at 12/31/2022	<u>\$ 471,007</u>	<u>\$ 662,493</u>	<u>\$ (191,486)</u>

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

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

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
City's net pension liability	<u>\$ (133,102)</u>	<u>\$ (191,486)</u>	<u>\$ (240,101)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the city recognized pension income of \$13,062.

CITY OF BRYSON, TEXAS**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED SEPTEMBER 30, 2023

At September 30, 2023, 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	\$ -	\$ 7,619
Changes in actuarial assumptions	- -	17
Difference between projected and actual investment earnings	45,269	-
Contributions subsequent to the measurement date	<u>319</u>	-
 Total	 <u>\$ 45,588</u>	 <u>\$ 7,636</u>

\$319 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31,	
2023	\$ (7,703)
2024	12,384
2025	12,259
2026	20,693
2027	-
Thereafter	-
 Total	 <u>\$ 37,633</u>

H. Health Care Coverage

The City belongs to the Texas Municipal League Intergovernmental Risk Pool from which it receives liability, property, and workers' compensation insurance coverage. The City also belongs to the Texas Municipal League Group Benefits Risk Pool from which it receives employee life, accidental death and dismemberment, health, and dental insurance. The Plans establish and guarantee their premiums for twelve months, at the end of which time the Plan evaluates the premiums for the coming year based on claims submitted and trends during the previous period. The Plan then establishes and guarantees their premiums for the next twelve months.

I. Risk Management

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City maintains general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the state as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance

CITY OF BRYSON, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

J. Commitments and Contingencies

1. Contingencies

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

The City is a party to various legal actions normally associated with local governments, the aggregate of which, in the City's and legal counsel's opinion, would not be material to the financial statements of the City.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CITY OF BRYSON, TEXAS**GENERAL FUND****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Positive (Negative)	
Revenues:					
Ad valorem taxes	\$ 76,600	\$ 77,000	\$ 79,658	\$ 2,658	
Penalty and interest	3,500	3,100	1,596	(1,504)	
City sales tax	88,000	88,000	90,391	2,391	
Franchise tax and permits	12,000	12,000	12,794	794	
Interest	400	400	6,835	6,435	
Miscellaneous	500	500	2,783	2,283	
Transfer from reserves	11,299	11,299	-	(11,299)	
Total revenues	192,299	192,299	194,057	1,758	
Expenditures:					
General government	121,618	121,618	79,904	41,714	
Street repairs	21,000	21,000	1,950	19,050	
Insurance	49,400	49,400	35,349	14,051	
Miscellaneous	65,000	65,000	13,496	51,504	
Capital outlay	-	-	5,130	(5,130)	
Total expenditures	257,018	257,018	135,829	121,189	
Transfers	64,719	64,719	(12,316)	(77,035)	
Net change in fund balance	\$ -	\$ -	45,912	\$ 45,912	
Fund balance, beginning				<u>346,598</u>	
Fund balance, ending				<u>\$ 392,510</u>	

CITY OF BRYSON, TEXAS
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Budget and Budgetary Accounting

The City Council adopts an annual budget for the general and utility funds. The general fund budget is legally adopted on a modified accrual basis. The budget for the utility fund is adopted under a basis consistent with GAAP, except that amortization and depreciation are not considered (working capital basis).

The following procedures are followed in establishing the budgetary data reflected in the Basic Financial Statements:

Prior to the beginning of the fiscal year, the City prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them. A meeting of the City Council is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City Council.

Once a budget is approved, it can only be amended by approval of a majority of the members of City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of City Council and are not made after fiscal year end. All budget appropriations lapse at year end.

Budget Amendments

There was one amendment to the budget during the year ended September 30, 2023.

CITY OF BRYSON, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

EXHIBIT B-2

	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability							
Service cost	\$ 6,520	\$ 6,904	\$ 6,973	\$ 12,005	\$ 12,087	\$ 13,697	\$ 14,046
Interest (on the Total Pension Liability)	28,921	29,170	29,432	30,578	31,471	29,722	29,369
Changes of benefit terms	-	-	-	9,084	-	-	-
Difference between expected and actual experience	1,674	(1,027)	(2,396)	(519)	(41,630)	(19,001)	13,835
Change of assumptions	-	-	-	(1,445)	-	-	-
Benefit payments, including refunds of employee contributions	(33,490)	(33,747)	(28,633)	(28,633)	(26,247)	(31,019)	(28,633)
Net Change in Total Pension Liability	3,625	1,300	5,376	21,070	(24,319)	(6,601)	28,617
Total Pension Liability - Beginning	441,939	445,564	446,864	452,240	473,310	448,991	442,390
Total Pension Liability - Ending (a)	\$ 445,564	\$ 446,864	\$ 452,240	\$ 473,310	\$ 448,991	\$ 442,390	\$ 471,007
Plan Fiduciary Net Position							
Contributions - Employer	\$ 340	\$ 361	\$ 521	\$ 341	\$ 343	\$ 390	\$ 374
Contributions - Employee	4,478	4,748	4,563	4,490	6,338	7,188	6,983
Net investment income	38,027	79,209	(18,611)	89,443	48,840	87,644	(53,692)
Benefit payments, including refunds of employee contributions	(33,490)	(33,747)	(28,633)	(28,633)	(26,247)	(31,019)	(28,633)
Administrative expenses	(430)	(411)	(359)	(506)	(317)	(406)	(466)
Other	(23)	(20)	(18)	(15)	(12)	3	557
Net Change in Plan Fiduciary Net Position	8,902	50,140	(42,537)	65,120	28,945	63,800	(74,877)
Plan Fiduciary Net Position - Beginning	563,000	571,902	622,042	579,505	644,625	673,570	737,370
Plan Fiduciary Net Position - Ending (b)	\$ 571,902	\$ 622,042	\$ 579,505	\$ 644,625	\$ 673,570	\$ 737,370	\$ 662,493
Net Pension Asset - Ending (a) - (b)	\$ (126,338)	\$ (175,178)	\$ (127,265)	\$ (171,315)	\$ (224,579)	\$ (294,980)	\$ (191,486)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	128.35%	139.20%	128.14%	136.20%	150.02%	166.68%	140.65%
Covered Employee Payroll	89,560	94,968	91,266	89,793	90,537	102,680	99,757
Net Pension Asset as a Percentage of Covered Employee Payroll	-141.07%	-184.46%	-139.44%	-190.79%	-248.05%	-287.28%	-191.95%

CITY OF BRYSON, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2023

EXHIBIT B-3

	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 344	\$ 356	\$ 353	\$ 338	\$ 357	\$ 383	\$ 375	\$ 410
Contribution in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-
Contribution excess	<u>\$ 344</u>	<u>\$ 356</u>	<u>\$ 353</u>	<u>\$ 338</u>	<u>\$ 357</u>	<u>\$ 383</u>	<u>\$ 375</u>	<u>\$ 410</u>
Covered employee payroll	\$ 90,911	\$ 89,560	\$ 94,968	\$ 91,266	\$ 89,793	\$ 89,531	\$ 104,175	\$ 110,860
Contributions as a percentage of covered employee payroll	0.38%	0.40%	0.37%	0.37%	0.40%	0.43%	0.36%	0.37%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	N/A
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP
Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year.

Internal Control and Compliance



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

City Commission
City of Bryson, Texas
P.O. Box 2219
Bryson, Texas 76427

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, each major fund, and the aggregate remaining fund information of the City of Bryson, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Bryson, Texas' basic financial statements and have issued our report thereon dated December 12, 2025.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See findings 2023-1 and 2023-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bryson, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Bryson, Texas' Response to Findings

City of Bryson, Texas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Bryson, Texas' 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 City of Bryson, Texas' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bryson, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



MWH GROUP, P.C.

December 12, 2025

**CITY OF BRYSON, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

A. Summary of Auditor's Results - Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	<input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No
Significant deficiency identified that is not considered to be material weaknesses?	<input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No

B. Financial Statement Findings

Finding 2023-1: Segregation of Duties

Condition and Criteria: Internal controls are not optimal due to the lack of segregation of duties.

Cause: The size of the City's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough in number to provide optimum segregation of duties.

Effect: There is a possibility that misstatements would not be detected or prevented by management or employees in a timely manner while performing their normal functions.

Recommendations: We recommend that the City always be aware of their deficiencies in internal control resulting from their small number of business office and administrative staff. We recommend that the City be open to opportunities to improve their internal controls as the opportunities present themselves.

Response: We are aware and have discussed the City's internal controls. We are always looking for ways to improve.

Finding 2023-2: Account Coding

Condition and Criteria: During our review, we noted inconsistencies in account coding for revenues and expenses. Transactions should be consistently recorded in the proper account to provide for accurate and useful financial statements.

Cause: There has been turnover in the city secretary's position, who is in charge of recordkeeping.

Effect: Monthly financial reports could be inaccurate or misleading.

Recommendations: We recommend that the City provide additional training for the city secretary on bookkeeping and maintaining a general ledger.

Response: We are aware and have discussed the City's internal controls. We are always looking for ways to improve.