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PRELIMINARY OFFICIAL STATEMENT
Dated May 29, 2026

RATING:
S&P: “AA+”
See “OTHER INFORMATION – Rating” herein.

NEW ISSUE – Book-Entry-Only

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates. See “TAX MATTERS.”



\$65,430,000*
CITY OF BRYAN, TEXAS
(A Home Rule City located in Brazos County, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

Dated Date: June 1, 2026

Due: February 15, as shown on inside cover

Interest Accrues from Delivery Date (as defined below)

PAYMENT TERMS . . . Interest on the \$65,430,000* City of Bryan, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) will accrue from the date of initial delivery (the “Delivery Date”), will be payable February 15 and August 15 of each year, commencing February 15, 2027, until maturity or earlier redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “THE CERTIFICATES – Book-Entry-Only System” herein. The initial Paying Agent/Registrar is Wilmington Trust, N.A., Dallas, Texas. See “THE CERTIFICATES – Paying Agent/Registrar”.

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C, Chapter 271, Texas Local Government Code, as amended (“Chapter 271”), and are direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, as provided in the ordinance authorizing the Certificates (the “Ordinance”). The Certificates are additionally secured by a limited pledge (not to exceed \$1,000) of the surplus revenues of the City’s waterworks and sewer system. See “THE CERTIFICATES – Authority for Issuance.”

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (i) constructing, acquiring, improving, renovating, expanding and developing parks and recreation facilities and infrastructure, vehicles and equipment related thereto, including improvements to Travis Bryan Midtown Park; (ii) constructing, improving, renovating, extending, expanding, and developing streets and infrastructure, including drainage, traffic signalization, lighting, sidewalks, soundwalls and landscaping, and acquiring right-of-way, vehicles and equipment related thereto; (iii) constructing, improving, repairing, renovating, enlarging, extending and equipping the drainage utility system, and acquiring right-of-way, vehicles and equipment related thereto; (iv) constructing, acquiring, improving, renovating, expanding and developing an animal shelter and infrastructure, vehicles and equipment related thereto; (v) purchasing fire-fighting equipment, including fire trucks; and (vi) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance of the Certificates.

CUSIP PREFIX: 117566
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the initial purchaser(s) (the “Purchaser”) and subject to the approving opinion of the Attorney General of Texas and the legal opinion of Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel. See “APPENDIX C – Form of Bond Counsel’s Opinion”.

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on or about July 9, 2026.

BIDS ON THE CERTIFICATES DUE TUESDAY, JUNE 9, 2026 AT 9:30 AM, CENTRAL TIME

* Preliminary, subject to change (see “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts” in the Notice of Sale and Bidding Instructions for the Certificates).

MATURITY SCHEDULE*

<u>Maturity</u> <u>February 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>	<u>CUSIP</u> <u>Suffix</u> ⁽¹⁾
2028	\$ 405,000			
2029	1,880,000			
2030	2,505,000			
2031	2,610,000			
2032	2,775,000			
2033	2,870,000			
2034	2,885,000			
2035	3,085,000			
2036	3,100,000			
2037	2,905,000			
2038	2,935,000			
2039	3,145,000			
2040	3,185,000			
2041	3,320,000			
2042	3,480,000			
2043	3,650,000			
2044	3,835,000			
2045	4,120,000			
2046	4,335,000			
2047	1,510,000			
2048	1,590,000			
2049	1,675,000			
2050	1,765,000			
2051	1,865,000			

(Interest Accrues from Delivery Date)

* Preliminary, subject to change (see “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts” in the Notice of Sale and Bidding Instructions for the Certificates).

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OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. The Certificates may be subject to mandatory redemption in the event the Purchaser elects to aggregate two or more maturities as Term Certificates (see “THE CERTIFICATES – Redemption Provisions”).

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document may be treated as an Official Statement of the City with respect to the Certificates described herein that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Certificates in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Purchaser. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE ISSUE AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE AGREEMENTS OF THE CITY AND OTHERS RELATED TO THE CERTIFICATES ARE CONTAINED SOLELY IN THE CONTRACTS DESCRIBED HEREIN. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER STATEMENT MADE IN CONNECTION WITH THE OFFER OR SALE OF THE CERTIFICATES IS TO BE CONSTRUED AS CONSTITUTING AN AGREEMENT WITH THE PURCHASERS OF THE CERTIFICATES. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and no opinions, estimates and assumptions, whether or not expressly identified as such, should be considered statements of fact.

None of the City, the Purchaser, or the Financial Advisor makes any representation or warranty with respect to the information contained in this Official Statement regarding DTC or its Book-Entry-Only System.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

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OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

- THE CITY**..... The City of Bryan, Texas (the “City”) is a political subdivision and a home rule municipal corporation of the State of Texas (the “State”), located in Brazos County. The City encompasses approximately 43.7 square miles in area.
- THE CERTIFICATES** The \$65,430,000 City of Bryan, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) are issued to mature as set forth on page 2 hereof. See “THE CERTIFICATES - Description of the Certificates.”
- PAYMENT OF INTEREST** Interest on the Certificates will accrue from the Delivery Date and will be payable February 15 and August 15 of each year, commencing February 15, 2027, until maturity or earlier redemption. See “THE CERTIFICATES - Description of the Certificates.”
- AUTHORITY FOR ISSUANCE** The Certificates are issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C, Chapter 271, Texas Local Government Code, as amended (“Chapter 271”), and an ordinance (the “Ordinance”), adopted by the City Council of the City (see “THE CERTIFICATES – Authority for Issuance”).
- SECURITY FOR THE CERTIFICATES**..... The Certificates constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City. The Certificates are additionally secured by a limited pledge (not to exceed \$1,000) of the surplus revenues of the City’s waterworks and sewer system (see “THE CERTIFICATES - Security and Source of Payment”).
- REDEMPTION PROVISIONS**..... The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES – Redemption Provisions”). The Certificates may be subject to mandatory redemption in the event the Purchaser elects to aggregate two or more maturities as Term Certificates.
- TAX EXEMPTION** In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates. See “TAX MATTERS.”
- USE OF PROCEEDS**..... Proceeds from the sale of the Certificates will be used for (i) constructing, acquiring, improving, renovating, expanding and developing parks and recreation facilities and infrastructure, vehicles and equipment related thereto, including improvements to Travis Bryan Midtown Park; (ii) constructing, improving, renovating, extending, expanding, and developing streets and infrastructure, including drainage, traffic signalization, lighting, sidewalks, soundwalls and landscaping, and acquiring right-of-way, vehicles and equipment related thereto; (iii) constructing, improving, repairing, renovating, enlarging, extending and equipping the drainage utility system, and acquiring right-of-way, vehicles and equipment related thereto; (iv) constructing, acquiring, improving, renovating, expanding and developing an animal shelter and infrastructure, vehicles and equipment related thereto; (v) purchasing fire-fighting equipment, including fire trucks; and (vi) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance of the Certificates.
- RATING** The Certificates are rated “AA+” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”). See “OTHER INFORMATION – Rating.”

* Preliminary, subject to change (see “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts” in the Notice of Sale and Bidding Instructions for the Certificates).

BOOK-ENTRY-ONLY SYSTEM..... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “THE CERTIFICATES – Book-Entry-Only System.”

PAYMENT RECORD The City has never defaulted in payment of its tax-supported indebtedness.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population	Taxable Assessed Valuation ⁽¹⁾	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt ⁽²⁾	Per Capita G.O. Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation	% of Total Collections
2022	85,713	\$ 6,862,998,053	\$ 80,070	\$ 235,445,000	\$ 2,747	3.43%	99.40%
2023	90,442	7,860,221,682	86,909	221,920,000	2,454	2.82%	99.17%
2024	92,251	9,432,338,726	102,246	251,875,000	2,730	2.67%	99.26%
2025	95,793	10,046,806,166	104,880	238,005,000	2,485	2.37%	97.87%
2026	95,793	11,169,394,514	116,599	291,835,000 ⁽³⁾	3,047 ⁽³⁾	2.61% ⁽³⁾	90.58% ⁽⁴⁾

- (1) As reported by the Brazos Central Appraisal District on City’s annual State Property Tax Reports; subject to change during the ensuing year.
- (2) Includes self-supporting debt. See “Table 1 – Valuation, Exemptions and General Obligation Debt”.
- (3) Projected, includes the Certificates. Preliminary subject to change.
- (4) As of April 30, 2026.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Beginning Balance	\$ 52,570,547	\$ 52,156,870	\$ 63,121,630	\$ 50,937,189	\$ 46,211,970
Total Revenue	96,555,554	87,625,566	79,000,411	80,227,702	64,702,484
Total Expenditures	(116,311,682)	(100,830,795)	(95,350,711)	(82,928,453)	(77,018,315)
Net Transfers/Other	14,947,868	13,618,906	5,385,540	14,885,192	17,041,050
Net Funds Available	(4,808,260)	413,677	(10,964,760)	12,184,441	4,725,219
Ending Balance	<u>\$ 47,762,287</u>	<u>\$ 52,570,547</u>	<u>\$ 52,156,870</u>	<u>\$ 63,121,630</u>	<u>\$ 50,937,189</u>

For additional information regarding the City, please contact:

Andrew Nelson
City Manager
City of Bryan
300 South Texas Avenue
Bryan, Texas 77803
(979) 209-5100

or

Steven A. Adams, CFA
Paul N. Jasin
Specialized Public Finance Inc.
4925 Greenville Ave., Suite 1350
Dallas, Texas 75206
(214) 373-3911

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Start of Service</u>	<u>Term Expires</u>
Bobby Gutierrez Mayor	November, 2022	November, 2026
James Edge Mayor Pro Tem	May, 2022	November, 2028
Paul Torres Councilmember	November, 2022	November, 2026
Ray Arrington Councilmember	November, 2022	November, 2026
Jared Salvato Councilmember	November, 2022	November, 2028
Marca Ewers-Shurtleff Councilmember	December, 2022	November, 2028
Kevin Boriskie Councilmember	November, 2022	November, 2028

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Start of Service</u>
Andrew Nelson	City Manager	November, 2025
Alicia Kenney	Interim, Chief Financial Officer	June, 2015
Hugh Walker	Deputy City Manager - Support Services	April, 1995
Joseph Dunn	Deputy City Manager - Community Services	April, 2006
Thomas Leeper	City Attorney	January, 2016
Melissa Brunner	City Secretary	August, 2024

CONSULTANTS AND ADVISORS

Auditors	Weaver & Tidwell LLP Houston, Texas
Bond Counsel	Orrick, Herrington & Sutcliffe LLP Austin, Texas
Financial Advisor	Specialized Public Finance Inc. Dallas, Texas

OFFICIAL STATEMENT
RELATING TO
\$65,430,000*
CITY OF BRYAN, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$65,430,000* City of Bryan, Texas Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the issuance of the Certificates (the “Ordinance”), except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City’s Financial Advisor, Specialized Public Finance Inc., Dallas, Texas.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of the final Official Statement will be filed with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” herein for a description of the City’s undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State of Texas (the “State”), duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City was incorporated in 1871, and first adopted its Home Rule Charter in 1941. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers. The terms of office of the Mayor and Councilmembers are shown under “CITY OFFICIALS, STAFF AND CONSULTANTS.” Following a transitional period, the term of office for Councilmembers and the Mayor will be four years, with general elections being held in even-numbered years only. Following such period, the Mayor and two Councilmembers will be elected in one election cycle, and four Councilmembers will be elected in the other cycle. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police, fire and emergency medical services), streets, health, culture, parks and recreation, planning, public improvements, general administrative services, electrical, water, sewer and solid waste systems. The 2020 Census population for the City was 83,980 and the 2026 estimate is 95,793. The City covers approximately 43.7 square miles.

THE CERTIFICATES

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (i) constructing, acquiring, improving, renovating, expanding and developing parks and recreation facilities and infrastructure, vehicles and equipment related thereto, including improvements to Travis Bryan Midtown Park; (ii) constructing, improving, renovating, extending, expanding, and developing streets and infrastructure, including drainage, traffic signalization, lighting, sidewalks, soundwalls and landscaping, and acquiring right-of-way, vehicles and equipment related thereto; (iii) constructing, improving, repairing, renovating, enlarging, extending and equipping the drainage utility system, and acquiring right-of-way, vehicles and equipment related thereto; (iv) constructing, acquiring, improving, renovating, expanding and developing an animal shelter and infrastructure, vehicles and equipment related thereto; (v) purchasing fire-fighting equipment, including fire trucks; and (vi) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance of the Certificates.

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated June 1, 2026 (the “Dated Date”). The Certificates mature on February 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest on the Certificates will be computed on the basis of a 360-day year of twelve 30 day months, will accrue from the date of initial delivery (the “Delivery Date”), and is payable February 15 and August 15 of each year, commencing February 15, 2027, until maturity or earlier redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity or earlier redemption and will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See “- Book-Entry-Only System” herein.

* Preliminary, subject to change (see “CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts” in the Notice of Sale and Bidding Instructions for the Certificates).

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C, Chapter 271, Texas Local Government Code, as amended (“Chapter 271”), and an Ordinance adopted by the City Council of the City.

SECURITY AND SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from a continuing, direct annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City. The Certificates are additionally secured by a limited pledge (not to exceed \$1,000) of the surplus revenues of the City’s waterworks and sewer system.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 taxable assessed valuation for all City purposes. The Home Rule Charter of the City limits its tax rate to \$1.50 per \$100 taxable assessed valuation. The Texas Attorney General has adopted an administrative policy that prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from \$1.00 of the foregoing \$1.50 maximum tax rate. For purposes of this policy, the Attorney General currently assumes that taxes will be collected at a rate of 90% unless the City certifies to a higher average collection rate for the prior three year period. The issuance of the Certificates will not exceed the above-described limits or violate the Texas Attorney General’s administrative policy.

REDEMPTION PROVISIONS . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. At least forty five (45) days prior to a redemption date for the Certificates (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Certificates, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the City to exercise the right to redeem Certificates shall be entered in the minutes of the governing body of the City.

If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any Stated Maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall treat such Certificates as representing the number of Certificates Outstanding which is obtained by dividing the principal amount of such Certificates by \$5,000 and shall determine by lot or other customary random selection method the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

The Certificates may be subject to mandatory redemption in the event the Purchaser (as defined herein) elects to aggregate two or more maturities as “Term Certificates”.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the Paying Agent/Registrar shall give notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. Any notice so mailed shall be conclusively presumed to have been duly given irrespective of whether or not the registered owner receives such notice.

With respect to any optional redemption of the Certificates, unless all prerequisites to such redemption required by the Ordinance have been met, including monies sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed having been received by the Paying Agent/Registrar prior to the giving of notice of such redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of all prerequisites and receipt of such monies by the Paying Agent/Registrar on or prior to the date fixed for such redemption, and if such prerequisites to the redemption and sufficient monies are not received, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

DTC NOTICE AND REDEMPTION PROVISIONS . . . The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce

the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "Book-Entry-Only System" herein.

AMENDMENTS TO THE ORDINANCE . . . The City may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, except as provided in the next succeeding paragraph, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding and affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; provided that, without the consent of the registered owners of all of the Certificates, no such amendment, addition, or rescission may (i) extend the time or times on which the principal of, premium, if any, or any installment of interest on any Certificate is due and payable, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (ii) give any preference to any Certificate over any other Certificate, or (iii) reduce the aggregate principal amount of the Certificates required to be held by the registered owners for consent to any amendment, addition, or rescission.

The City may also amend the Ordinance with respect to its continuing disclosure obligations as described under "CONTINUING DISCLOSURE OF INFORMATION – Limitations and Amendments."

DEFEASANCE . . . The Ordinance provides for the defeasance of the Certificates in any manner now or hereafter permitted by law, including, but not limited to, by depositing with the Paying Agent/Registrar, a trust company or commercial bank other than the Paying Agent/Registrar, or with the Comptroller of Public Accounts of the State of Texas either: (a) cash in an amount equal to the principal amount of such Certificates and premium, if any, and interest thereon to the date of maturity or redemption or (b) pursuant to an escrow or trust agreement, cash and/or Government Securities (as defined below), which (in the case of Government Securities) may be in book-entry form, and the principal of and interest on which will, when due or redeemable at the option of the holder, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, provide money in an amount which, together with other moneys, if any, held in such escrow at the same time and available for such purpose, shall be sufficient to provide for the timely payment of the principal of and interest thereon to the date of maturity or earlier redemption. The term "Government Securities" shall mean (1) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date City Council adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, which, in the case of (1), (2) or (3), may be in book-entry form.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding obligations for purposes of applying any limitation on indebtedness or for purposes of taxation.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

Neither the City nor the Purchaser can or does give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement: In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Purchaser.

Effect of Termination of Book-Entry-Only System: In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE CERTIFICATES – Transfer, Exchange and Registration" below.

So long as Cede & Co. is the registered owner of the Certificates, the City will have no obligation or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Certificates is Wilmington Trust, N.A., Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid.

In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the City must be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve and perform the duties of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City will promptly cause a notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice will give the address of the Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in authorized denominations, having the same stated maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "THE CERTIFICATES – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates.

RECORD DATE FOR INTEREST PAYMENT . . . The date for determining the person to whom the interest is payable on the Certificates on any interest payment date means the close of business on the last business day of the month next preceding such interest payment date ("Record Date").

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest, which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each holder of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

CERTIFICATEHOLDERS' REMEDIES . . . The Ordinance does not provide for the appointment of a trustee to represent the interests of the Certificate holders upon any failure of the City to perform in accordance with the terms of the Ordinance or upon any other condition and, in the event of any such failure to perform, the registered owners would be responsible for the initiation and cost of any legal action to enforce performance of the Ordinance. Furthermore, the Ordinance does not establish specific events of default with respect to the Certificates and, under State law, there is no right to the acceleration of maturity of the Certificates upon the failure of the City to observe any covenant under the Ordinance. A registered owner of Certificates could seek a judgment against the City if a default occurred in the payment of principal of or interest on any such Certificates; however, such judgment could not be satisfied by execution against any property of the City and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City to levy, assess and collect an annual ad valorem tax (and, in the case of the Certificates, surplus revenues of the waterworks and sewer system in the limited amount desired herein) sufficient to pay principal of and interest on the Certificates as it becomes due or perform other material terms and covenants contained in the Ordinance. In general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Texas law provides that, following their approval by the Attorney General and issuance, the Certificates are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. The City is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Surplus Revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

USE OF PROCEEDS . . . The proceeds from the sale of the Certificates will be applied as follows:

SOURCES OF FUNDS	
Par Amount of the Certificates	\$ -
Bid Premium	-
Total Sources	<u>\$ -</u>
USES OF FUNDS	
Deposit to Project Construction Fund	\$ -
Costs of Issuance/Rounding Amount	-
Total Uses	<u>\$ -</u>

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INVESTMENT CONSIDERATIONS

CYBER SECURITY . . . Computer networks and data transmission and collection are vital to the operations of the City. Information technology and infrastructure of the City may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the City. To mitigate these risks, the City continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture.

TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Brazos Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised. See Table 1 for the reduction in taxable valuation attributable to the 10% Homestead Cap.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land. See Table 1 for the reduction in taxable valuation attributable to valuation by Productivity Value.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "TAX INFORMATION – Issuer and Taxpayer Remedies."

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See Table 1 for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the market value of all homesteads (but not less than \$5,000) and (2) an additional exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. See Table 1 for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased

except for certain improvements, and such freeze cannot be repealed or rescinded. See Table 1 for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days (“Goods-in-Transit”), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer’s retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See Table 1 for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code.

TAX INCREMENT FINANCING ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment financing zones (“TIRZ”) within its boundaries, and other overlapping taxing units may agree to contribute taxes levied against the “Incremental Value” in the TIRZ to finance or pay for project costs, as defined in Chapter 311, Texas Government Code, general located within the TIRZ. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “Incremental Value”, and during the existence of the TIRZ, all or a portion of the taxes levied by each participating taxing unit against the Incremental Value in the TIRZ are restricted to paying project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See “TAX INFORMATION” City Application of Property Tax Code” for descriptions of any TIRZ created in the City.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See Table 1 for the reduction in taxable valuation, if any, attributable to tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the City, see “TAX INFORMATION – City Application of Property Tax Code” herein.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code. Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of one million or more (which does not currently include Brazos County), may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$62,883,169 for the 2026 calendar year, and is adjusted annually by the State Comptroller to reflect the inflation rate. The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “Tax Information – Public Hearing and Maintenance and Operations Tax Rate Limitations”). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and generally become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See “TAX INFORMATION – Temporary Exemption for Qualified Property Damaged by a Disaster” for further information related to a discussion of the applicability of this section of the Property Tax Code.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the cumulative difference between a city’s voter-approval tax rate and its actual tax rate for each of the tax years 2023 through 2025, which may be applied to a city’s tax rate in the proceeding three tax years without impacting the voter-approval tax rate.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate.”

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its “voter-approval tax rate” and “no-new-revenue tax rate” (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its “de minimis rate”, an election must be held to determine whether or not to reduce the adopted tax rate to the voter approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its “voter-approval tax rate” using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred. 21 State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

DEBT TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

CITY’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all State and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each local taxing unit, including the City, having power to tax the property. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE

The City does not grant a local option exemption of the market value of all residence homesteads.

The City does grant a local option exemption of the market value of the residence homestead of persons 65 years of age or older.

The City does grant a local option freeze on taxes for persons 65 years of age or older or disabled persons.

The City does permit split payments, and discounts are not allowed.

The City does not tax Freeport Property.

The City has not taken action to tax Goods-in-Transit.

The City does participate in TIRZs other than the TRIZ that it has created.

The City does offer tax abatements.

ECONOMIC DEVELOPMENT MATTERS AFFECTING THE CITY . . . The City has aggressively pursued economic development within the City. The City expects all projects to ultimately provide cash returns to the City, including repayment of cash invested in projects and repayment of funds used to pay debt service during the start-up phase of each project. Currently, the City has four major economic development projects underway that are funded in part by self-supporting debt. Each project includes an investment in cash, the investment of proceeds of certificates of obligation, and the creation of tax increment reinvestment zones ("TIRZ"). The projects are described below.

TAX INCREMENT REINVESTMENT ZONE NUMBER TEN . . . In 2000, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Ten, City of Bryan, Texas" ("Zone Ten"). Zone Ten encompasses a portion of the west side of the City in the area known as Traditions. The development includes a Jack Nicklaus designed golf course and an 800-acre high end housing development. Through the fiscal year ended September 30, 2025, the City estimates that it has funded \$29.7 million in public infrastructure improvements and associated costs within Zone Ten. Combination Tax and Surplus Utility System Revenue Certificates of Obligation, Series 2000A, in the aggregate principal amount of \$17,000,000 were issued by the City to provide funds to commence certain of the public infrastructure improvements. In 2005, the Series 2000A bonds were refunded through the City's issuance of \$13,696,712 of General Obligation refunding bonds. In 2015, the 2005 GO Ref bonds were refunded through the City's issuance of \$12,150,000 of General Obligation refunding bonds of which \$7,965,728 was assigned to Zone Ten. All outstanding debt balances were paid in FY 2025. The City contributes all of its incremental tax revenues to Zone Ten. Brazos County has agreed to allow 80% of its maintenance and operations rate to be diverted to Zone Ten through 2025. Incremental ad valorem property taxes provided sufficient funds to cover the entirety of debt service obligations in FY 2025.

TAX INCREMENT REINVESTMENT ZONE NUMBER NINETEEN . . . In 2005, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Nineteen, City of Bryan, Texas" ("Zone Nineteen"). The development consists of 122 acres in the central portion of the City of Bryan in the vicinity of Nash Street. Through the fiscal year ended September 30, 2025, the City estimates that it has funded \$2.8 million in public infrastructure improvements and associated costs within Zone Nineteen. Tax and Revenue Certificates of Obligation, Series 2005, in the aggregate principal amount of \$1,747,642 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Nineteen. Subsequently, in 2007, the City issued Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$200,000 for TIRZ Nineteen projects. In 2013 and 2014, the Series 2005 bonds were refunded through the City's issuance of \$1,534,542 of General Obligation refunding bonds. In 2016, the 2007 CO Ref bonds were refunded through the City's issuance of \$7,755,000 of General Obligation refunding bonds of which \$108,803 was assigned to Zone Nineteen. The outstanding debt balance as of September 30, 2025 is \$273,737 with debt service payments through 2031. The City contributes all of its incremental tax revenues to Zone Nineteen. Brazos County agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Nineteen through 2013. Incremental ad valorem property taxes provided sufficient funds to cover the entirety of debt service

obligations in FY 2025. TIRZ zone #19 closed at the end of calendar year 2024. The remaining debt service obligations will be paid by the General Fund through the proceeds of the fund balance transfer from TIRZ #19 that occurred at closure.

TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-ONE . . . In 2006, the City approved an ordinance creating a TIRZ known as “Reinvestment Zone Number Twenty-One, City of Bryan, Texas” (“Zone Twenty-One”). Zone Twenty-One is located in Downtown Bryan and was created to support the re-development of the Downtown district. In 2022, the City issued \$27,425,000 in Certificates of Obligation, \$5,517,000 of which was allocated to TIRZ Zone #21. The outstanding debt balance as of September 30, 2025 is \$5,306,781 with debt service payments through 2052. As of September 30, 2025, \$1.4 million has been spent on projects in the TIRZ #21 zone. Incremental ad valorem property taxes provided sufficient funds to cover the entirety of debt service obligations in FY 2025. Brazos County will begin participating in the TIRZ in Fiscal Year 2027.

TAX INCREMENT REINVESTMENT ZONE NUMBER TWENTY-TWO . . . In 2007, the City approved an ordinance creating a TIRZ known as “Reinvestment Zone Number Twenty-Two, City of Bryan, Texas” (“Zone Twenty-Two”). Zone Twenty-Two is a retail development on the east side of the City of Bryan in the vicinity of Bryan Towne Center. Through the fiscal year ended September 30, 2025, the City estimates that it has funded \$9.8 million in public infrastructure improvements and associated costs within Zone Twenty-Two. Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$3,721,414 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Twenty-Two. Subsequently, in 2008, the City issued Tax and Revenue Certificates of Obligation, Series 2008, in the aggregate principal amount of \$287,914 for TIRZ Twenty-Two projects. In September 2013, bond funds of \$1,481,500 were assigned to Zone Twenty-Two from Tax and Revenue Certificates of Obligation, Series 2010. In 2016, the 2007 CO Ref bonds were refunded through the City’s issuance of \$7,755,000 of General Obligation refunding bonds of which \$2,404,981 was assigned to Zone Twenty-Two. In 2018, the 2008 CO bonds were refunded through the City’s issuance of \$6,265,000 of General Obligation refunding bonds of which \$162,649 was assigned to Zone Twenty-Two. In 2020, the 2010 CO bonds were refunded through the City’s issuance of \$7,125,000 of General Obligation refunding bonds of which \$927,209 was assigned to Zone Twenty-Two. The outstanding debt balance as of September 30, 2025 is \$792,474 with debt service payments through 2030. The City contributes all of its incremental tax revenues to Zone Twenty-Two. Incremental ad valorem property taxes provided sufficient funds to cover the entirety of debt service obligations in FY 2025.

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TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2025/26 Market Valuation of Taxable Property Established by Brazos County Appraisal District (excluding totally exempt property)		\$ 12,062,924,110
Less Exemptions:		
Over 65 or Disabled Exemptions	\$ 79,844,426	
Homestead Cap Adjustment	179,026,988	
Disabled Veterans Exemptions	143,746,373	
Agricultural Land Use Reductions	103,327,404	
Pollution Control	8,129,888	
Solar Panels	525,696	
Freeport Exemptions	78,878,349	
Member of Armed Services Surviving Spouse	408,414	
Community Housing Development	15,249,854	
Tax Abatement Reductions	2,796,670	
Miscellaneous	<u>281,595,534</u>	<u>893,529,596</u>
2025/26 Net Taxable Assessed Valuation		\$ 11,169,394,514
General Obligation Funded Debt Payable From Ad Valorem Taxes (as of 4/30/2026)		\$ 237,395,000
The Certificates		65,430,000 ⁽¹⁾
Less Self-Supporting Debt		<u>63,669,260 ⁽²⁾</u>
Net General Obligation Debt Payable from Ad Valorem Taxes		\$ 239,155,740
I&S Fund Balance (as of 4/30/2026)		\$ 19,021,457
Ratio Funded Debt Payable from Ad Valorem Taxes to Net Taxable Assessed Valuation		2.14%

2026 Estimated Population - 95,793
Per Capita Taxable Assessed Valuation - \$116,599
Per Capita Debt Payable from Ad Valorem Taxes - \$2,497

(1) Preliminary, subject to change.

(2) Refers to general obligation debt that is paid from revenues derived from sources other than ad valorem tax receipts (including revenues derived from the following City enterprise and special funds: airport, electric utility, water and wastewater utility, Tax Increment Reinvestment Zones 10, 19 and 22, street improvements, golf course, hotel and landfill, and payments received from Brazos County). There is no guarantee that the discretionary payments in respect of such self-supporting debt will be made by the City in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes.

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TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 6,959,768,940	57.70%	\$ 6,565,961,885	60.52%	\$ 6,000,079,994	58.65%
Real, Residential, Multi-Family	1,199,403,431	9.94%	1,069,817,946	9.86%	1,100,210,464	10.75%
Real, Vacant Lots/Tracts	209,749,760	1.74%	189,628,597	1.75%	174,692,380	1.71%
Real, Acreage (Land Only)	195,697,368	1.62%	168,105,243	1.55%	158,555,710	1.55%
Real, Farm and Ranch Improvements	520,688	0.00%	463,361	0.00%	254,214	0.00%
Real, Commercial and Industrial	2,211,305,195	18.33%	1,720,497,031	15.86%	1,675,920,662	16.38%
Real, Oil, Gas and Other Mineral Reserves	32,800,585	0.27%	44,512,953	0.41%	45,756,931	0.45%
Real and Tangible Personal, Utilities	98,760,904	0.82%	90,266,560	0.83%	83,143,289	0.81%
Tangible Personal, Business	1,026,963,177	8.51%	872,014,456	8.04%	871,350,469	8.52%
Tangible Personal, Other	48,955,000	0.41%	59,416,646	0.55%	55,743,688	0.54%
Real, Inventory and Special Inventory	78,999,062	0.65%	69,440,234	0.64%	64,761,687	0.63%
Total Appraised Value Before Exemptions	\$ 12,062,924,110	100.00%	\$ 10,850,124,912	100.00%	\$ 10,230,469,488	100.00%
Less: Total Exemptions/Reductions	893,529,596		803,318,746		798,130,762	
Taxable Assessed Value	<u>\$ 11,169,394,514</u>		<u>\$ 10,046,806,166</u>		<u>\$ 9,432,338,726</u>	

Category	Taxable Appraised Value Fiscal Year Ended September 30,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 4,791,196,946	57.29%	\$ 3,902,657,842	54.35%
Real, Residential, Multi-Family	912,546,468	10.91%	830,095,979	11.56%
Real, Vacant Lots/Tracts	141,827,941	1.70%	140,104,490	1.95%
Real, Acreage (Land Only)	145,658,207	1.74%	147,006,548	2.05%
Real, Farm and Ranch Improvements	253,868	0.00%	258,896	0.00%
Real, Commercial and Industrial	1,349,157,470	16.13%	1,224,953,780	17.06%
Real, Oil, Gas and Other Mineral Reserves	45,176,769	0.54%	30,807,403	0.43%
Real and Tangible Personal, Utilities	71,902,076	0.86%	60,022,659	0.84%
Tangible Personal, Business	787,427,168	9.42%	734,611,828	10.23%
Tangible Personal, Other	34,469,609	0.41%	35,067,812	0.49%
Real, Inventory and Special Inventory	83,888,484	1.00%	75,373,025	1.05%
Total Appraised Value Before Exemptions	\$ 8,363,505,006	100.00%	\$ 7,180,960,262	100.00%
Less: Total Exemptions/Reductions	503,283,324		317,962,209	
Taxable Assessed Value	<u>\$ 7,860,221,682</u>		<u>\$ 6,862,998,053</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Brazos Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated City Population	Taxable Assessed Valuation ⁽¹⁾	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt ⁽²⁾	Per Capita G.O. Tax Debt	Ratio G.O. Tax Debt to Taxable Assessed Valuation
2022	85,713	\$ 6,862,998,053	\$ 80,070	\$ 235,445,000	\$ 2,747	3.43%
2023	90,442	7,860,221,682	86,909	221,920,000	2,454	2.82%
2024	92,251	9,432,338,726	102,246	251,875,000	2,730	2.67%
2025	95,793	10,046,806,166	104,880	238,005,000	2,485	2.37%
2026	95,793	11,169,394,514	116,599	291,835,000 ⁽³⁾	3,047	2.61%

- (1) As reported by the Brazos Central Appraisal District on City’s annual State Property Tax Reports; subject to change during the ensuing year.
 (2) Includes self-supporting debt. See “Table 1 – Valuation, Exemptions and General Obligation Debt”.
 (3) Projected, includes the Certificates. Preliminary subject to change.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Adjusted Tax Levy	% of Current Collections	% of Total Collections
2022	\$ 0.6290	\$ 0.4190	\$ 0.2100	\$ 41,729,547	98.70%	99.40%
2023	0.6240	0.4130	0.2110	47,136,025	98.89%	99.17%
2024	0.6240	0.4308	0.1932	56,155,467	97.60%	99.26%
2025	0.6240	0.4636	0.1604	59,349,681	97.87%	97.87%
2026	0.6240	0.4528	0.1712	65,908,845	90.58% ⁽¹⁾	90.58% ⁽¹⁾

- (1) Collections as of April 30, 2026.

TABLE 5 – TEN LARGEST TAXPAYERS

Name of Taxpayer	2025/2026 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Axis Pipe & Tube Inc.	\$ 259,839,081	2.33%
Sanderson Farms Inc.	104,711,080	0.94%
Liquidpower Specialty Products Inc.	65,204,727	0.58%
West Shore Traditions LLC	55,200,000	0.49%
SZ College Station Cottages LLC	50,000,000	0.45%
Comcapp Willowick LLC	46,251,710	0.41%
ATMOS Energy/Mid-Tex Distribution	41,439,225	0.37%
JamesPoint Management Co.	40,679,908	0.36%
Fem N State Highway 6 LLC et al	37,360,943	0.33%
SHP-The Callaway House LP	35,067,080	0.31%
	<u>\$ 735,753,754</u>	<u>6.59%</u>

GENERAL OBLIGATION DEBT LIMITATION

No general obligation debt limitation is imposed on the City under current State law or the City’s Home Rule Charter. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City limits its tax rate to \$1.50 per \$100 Taxable Assessed Valuation. The Texas Attorney General has adopted an administrative policy that prohibits the issuance of debt by a municipality, such as the City, if its issuance produces debt service requirements exceeding that which can be paid from \$1.00 of the foregoing \$1.50 maximum tax rate. For purposes of this policy, the Attorney General currently assumes that taxes will be collected at a rate of 90% unless the City certifies to a higher average collection rate for the prior three year period. See “THE CERTIFICATES – Tax Rate Limitation”.

ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax obligations (“Tax Debt”) was developed from information contained in “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	Total Funded Debt <u>As of 4/30/2026</u>	Estimated % <u>Applicable</u>	City's Overlapping Funded Debt <u>As of 4/30/2026</u>
City of Bryan	\$ 239,155,740 ⁽¹⁾	100.00%	\$ 239,155,740 ⁽¹⁾
Brazos County	81,235,000	32.35%	26,279,523
Bryan ISD	212,050,000	85.00%	<u>180,242,500</u>
Total Direct and Overlapping Tax Supported Debt			<u>\$ 445,677,763</u>
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation			3.99%
Per Capita Overlapping Tax Supported Debt			\$ 4,653

(1) Projected, includes the Certificates and excludes self-supporting debt. Preliminary subject to change.

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DEBT INFORMATION

TABLE 6 – PROFORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Year Ending 9/30	Outstanding Debt Service			The Certificates ⁽¹⁾			Less:	Total Tax
	Principal	Interest	Total	Principal	Interest	Total	Self-Supporting ⁽²⁾	Debt Service
2026	\$ 11,600,000	\$ 7,860,479	\$ 19,460,479	\$ -	\$ -	\$ -	\$ 5,998,426	\$ 13,462,053
2027	11,365,000	7,448,593	18,813,593	-	3,103,769	3,103,769	5,586,839	16,330,522
2028	11,930,000	7,039,627	18,969,627	405,000	2,814,521	3,219,521	5,632,376	16,556,772
2029	11,605,000	6,603,016	18,208,016	1,880,000	2,774,533	4,654,533	5,476,716	17,385,833
2030	11,245,000	6,199,005	17,444,005	2,505,000	2,697,796	5,202,796	5,092,968	17,553,832
2031	11,185,000	5,808,949	16,993,949	2,610,000	2,608,283	5,218,283	5,083,472	17,128,760
2032	11,260,000	5,461,128	16,721,128	2,775,000	2,514,046	5,289,046	4,997,049	17,013,125
2033	11,770,000	5,110,292	16,880,292	2,870,000	2,415,258	5,285,258	5,061,584	17,103,966
2034	11,875,000	4,743,605	16,618,605	2,885,000	2,314,546	5,199,546	4,701,456	17,116,694
2035	11,925,000	4,371,146	16,296,146	3,085,000	2,208,142	5,293,142	4,763,146	16,826,142
2036	12,460,000	3,991,456	16,451,456	3,100,000	2,094,102	5,194,102	4,817,290	16,828,268
2037	12,410,000	3,586,317	15,996,317	2,905,000	1,977,877	4,882,877	4,801,830	16,077,364
2038	12,995,000	3,172,070	16,167,070	2,935,000	1,861,077	4,796,077	4,865,332	16,097,815
2039	12,645,000	2,736,000	15,381,000	3,145,000	1,739,477	4,884,477	4,893,575	15,371,902
2040	11,155,000	2,301,910	13,456,910	3,185,000	1,612,877	4,797,877	2,851,959	15,402,828
2041	6,370,000	1,940,931	8,310,931	3,320,000	1,482,611	4,802,611	936,131	12,177,411
2042	6,580,000	1,725,856	8,305,856	3,480,000	1,329,045	4,809,045	935,925	12,178,976
2043	6,815,000	1,503,031	8,318,031	3,650,000	1,150,795	4,800,795	939,764	12,179,062
2044	7,035,000	1,272,231	8,307,231	3,835,000	963,670	4,798,670	937,147	12,168,754
2045	5,585,000	1,067,156	6,652,156	4,120,000	764,795	4,884,795	933,703	10,603,248
2046	5,070,000	888,606	5,958,606	4,335,000	553,420	4,888,420	936,302	9,910,724
2047	5,235,000	721,456	5,956,456	1,510,000	405,068	1,915,068	933,380	6,938,144
2048	5,410,000	548,481	5,958,481	1,590,000	322,995	1,912,995	935,423	6,936,053
2049	5,590,000	366,081	5,956,081	1,675,000	236,554	1,911,554	935,987	6,931,648
2050	4,095,000	211,075	4,306,075	1,765,000	145,480	1,910,480	292,315	5,924,240
2051	1,370,000	84,400	1,454,400	1,865,000	49,376	1,914,376	292,577	3,076,199
2052	1,425,000	28,500	1,453,500	-	-	-	292,396	1,161,104
	<u>\$ 238,005,000</u>	<u>\$ 86,791,400</u>	<u>\$ 324,796,400</u>	<u>\$ 65,430,000</u>	<u>\$ 40,140,108</u>	<u>\$ 105,570,108</u>	<u>\$ 83,925,068</u>	<u>\$ 346,441,440</u>

(1) Interest on the Certificates has been calculated as of the posted date of the Preliminary Official Statement for purposes of illustration. Preliminary, subject to change.

(2) Refers to general obligation debt that is paid from revenues derived from sources other than ad valorem tax receipts (including revenues derived from the following City enterprise and special funds: airport, electric utility, water and wastewater utility, Tax Increment Reinvestment Zones 10, 19 and 22, golf course, hotel and landfill, and payments received from Brazos County). There is no guarantee that the discretionary payments in respect of such self-supporting debt will be made in the future from the sources indicated. If such payments are not made from such sources, or if payments from such sources are insufficient, the City is obligated to provide funding for any shortfall through the levy of ad valorem taxes.

TABLE 7 – INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2026		\$ 13,462,053 ⁽¹⁾
Interest and Sinking Fund Balance at 9/30/2025	\$ 6,908,474	
2026 Interest and Sinking Fund Tax Levy Collection	16,571,500	
Delinquent Tax Collections	50,000	
Budget Transfers	2,331,800	
Estimated Investment and Other Income	429,800	26,291,574
Projected Interest and Sinking Fund Balance at 9/30/2026		<u>\$ 12,829,521</u>

(1) Projected, includes the Certificates and excludes self-supporting debt. Preliminary, subject to change.

TABLE 8 – COMPUTATION OF SELF-SUPPORTING DEBT

Net City System Revenue Available, as of 9/30/2025	\$ 134,783,967
Less: Requirements for Revenue Bonds for Fiscal Year 2026	<u>33,740,836</u>
Balance Available for Other Purposes	<u>\$ 101,043,131</u>
General Obligation Self-Supported Debt for Fiscal Year 2026	\$ 5,998,426
Percentage of System General Obligation Bonds Self-Supporting	100%

TABLE 9 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount	Unissued Balance
			Previously Issued	
Street	1/24/1984	\$ 14,525,000	\$ 6,300,000	\$ 8,225,000
Park	1/24/1984	7,100,000	5,325,000	1,775,000
Railroad	1/24/1984	3,200,000	350,000	2,850,000
Landfill	1/24/1984	1,000,000	800,000	200,000
		<u>\$ 25,825,000</u>	<u>\$ 12,775,000</u>	<u>\$ 13,050,000</u>

In addition to voted ad valorem tax-supported debt, the City may incur non-voted evidences of indebtedness payable from or secured by its collection of taxes and other sources of revenue, including certificates of obligation, tax notes, public property finance contractual obligations, and leases for various purposes.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City anticipates the issuance of additional general obligation debt within the next twelve months, see “FINANCIAL INFORMATION – Capital Improvement Program.” The City may issue general obligation refunding bonds from time to time as it produces an economic benefit to the City.

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TABLE 10 – OTHER OBLIGATIONS

As of April 30, 2026, the City does not have any other outstanding obligations.

RETIREMENT PLAN

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System (“TMRS”), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense.

Employees for the City of Bryan were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.46% and 9.81% in calendar years 2024 and 2025, respectively. The City opted to fund at a rate of 9.75% and 10.00%, respectively, which is over the actuarial determined required rate. The City’s contributions to TMRS for the year ended September 30, 2025 were \$8,742,300, and were more than the required contributions by \$185,746.

For more detailed information concerning the Retirement Plan, see APPENDIX B, “Excerpts from the City of Bryan, Texas Annual Financial Report” – Note #9.

OTHER POST-EMPLOYMENT BENEFITS . . . In addition to providing pension benefits through the TMRS, the City has opted to provide eligible retired employees with the following post-employment benefits:

- Eligible retirees may purchase health insurance from the City’s healthcare provider at the City’s cost to cover current employees.
- Eligible retirees may purchase health insurance from the City’s healthcare provider at the City’s cost to cover current employees for dependents if the dependents were covered at the point of retirement.

For the year ended September 30, 2025, the City’s contribution rate was \$1,436,147, or 1.63% of covered-employee payroll. (See the Required Supplementary section of this report for more information on contributions to the Plan). Employees are not required to contribute to the plan.

Prior to January 1, 2010, all retirees electing health plan coverage received a health premium subsidy averaging 40%. Beginning January 1, 2010, the City implemented new eligibility requirements for subsidized retiree premiums. The new eligibility requirements require retirees to meet the ‘Rule of 80’ (sum of age plus years of service at retirement must equal to at least 80), in order to receive the subsidized retiree premium. Retirees not meeting the ‘Rule of 80’ may still elect the City’s retiree health plan coverage, but will not receive a subsidy.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition and display of other postemployment benefit expenditures and related liabilities, and note disclosures in the financial report. Basically, public-sector employers must accrue the cost of other postemployment benefits (OPEB) over the active service life of benefiting employees. This statement was effective for the City for the fiscal year ending September 30, 2008.

For more detailed information concerning the City’s Other Post-Employment Benefits, see APPENDIX B, “Excerpts from the City of Bryan, Texas Annual Financial Report” – Note #11.

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FINANCIAL INFORMATION

TABLE 11 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
<u>Revenues</u>					
Taxes	\$ 74,722,115	\$ 68,776,999	\$ 62,070,648	\$57,857,497	\$54,270,342
Licenses and Permits	1,223,549	1,399,275	1,022,262	1,587,507	1,382,111
Grants	7,105,869	2,237,891	1,784,174	11,607,390	1,364,282
Charges for Services	7,182,025	6,322,227	6,621,617	6,054,751	4,353,023
Interest Revenue	2,282,883	4,112,447	2,700,002	(907,930)	95,373
Fines and Forfeitures	1,876,127	1,644,583	1,797,735	1,624,498	1,256,660
Miscellaneous	2,162,986	3,132,144	3,003,973	2,403,989	1,980,693
Total Revenues	<u>\$ 96,555,554</u>	<u>\$ 87,625,566</u>	<u>\$ 79,000,411</u>	<u>\$80,227,702</u>	<u>\$64,702,484</u>
<u>Expenditures</u>					
General Government	\$ 22,749,978	\$ 22,258,552	\$ 17,368,400	\$17,434,862	\$16,735,476
Public Safety	58,216,202	54,664,171	48,589,847	45,328,599	43,443,049
Development Services	5,514,218	5,276,279	4,698,701	4,580,259	4,289,061
Public Works	4,171,779	3,950,791	3,830,704	3,882,875	3,548,004
Community Services	8,915,004	8,401,279	8,516,334	7,470,181	6,877,350
Capital Outlay	16,174,186	5,450,767	11,609,943	3,952,597	2,125,375
Debt Service	570,315	828,956	736,782	279,080	-
Total Expenditures	<u>\$ 116,311,682</u>	<u>\$ 100,830,795</u>	<u>\$ 95,350,711</u>	<u>\$82,928,453</u>	<u>\$77,018,315</u>
<u>Other Financing Sources (Uses)</u>					
Sale of Fixed Assets	\$ 140,434	\$ 16,357	\$ 462,000	\$ 26,996	\$ 105,467
Lease Financing	635,766	-	2,108,520	-	-
Operating Transfers In	18,382,297	20,604,620	19,915,360	19,722,779	18,707,421
Operating Transfers Out	(4,210,629)	(7,002,071)	(17,100,340)	(4,864,583)	(1,771,838)
Total Other Financing Sources and Uses	<u>14,947,868</u>	<u>13,618,906</u>	<u>5,385,540</u>	<u>14,885,192</u>	<u>17,041,050</u>
Net Change in Fund Balances	<u>(4,808,260)</u>	<u>413,677</u>	<u>(10,964,760)</u>	<u>12,184,441</u>	<u>4,725,219</u>
Beginning Fund Balance	<u>\$ 52,570,547</u>	<u>\$ 52,156,870</u>	<u>\$ 63,121,630</u>	<u>\$50,937,189</u>	<u>\$46,211,970</u>
Ending Fund Balance	<u>\$ 47,762,287</u>	<u>\$ 52,570,547</u>	<u>\$ 52,156,870</u>	<u>\$63,121,630</u>	<u>\$50,937,189</u>

Source: The City's Annual Comprehensive Financial Reports.

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TABLE 11A – CHANGES IN NET POSITION

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
<u>Revenues:</u>					
Program Revenues:					
Charges for Services	\$ 16,843,214	\$ 14,225,911	\$ 12,911,079	\$ 11,720,062	\$ 7,018,000
Operating Grants and Contributions	9,490,180	2,514,089	3,024,264	13,380,520	4,020,453
Capital Grants and Contributions	13,895,565	8,203,032	9,860,741	11,244,886	7,740,216
General Revenues:					
Property Taxes	60,630,220	57,344,591	48,823,436	43,305,764	41,610,800
Other Taxes	45,286,425	44,177,339	43,240,842	41,744,977	36,880,531
Miscellaneous	9,672,311	13,110,839	7,918,240	1,113,952	8,555,261
Total Revenues:	<u>\$ 155,817,915</u>	<u>\$ 139,575,801</u>	<u>\$ 125,778,602</u>	<u>\$ 122,510,161</u>	<u>\$ 105,825,261</u>
<u>Expenses:</u>					
General Government & Administration	\$ 27,179,830	\$ 26,970,212	\$ 24,174,546	\$ 14,590,813	\$ 17,129,907
Development Services	7,788,940	6,298,537	5,856,843	6,333,102	6,746,206
Public Works Services	20,981,024	18,187,714	14,639,232	16,010,652	13,186,070
Public Safety	62,086,689	57,697,310	49,622,658	47,773,925	45,774,029
Culture and Recreation	22,946,833	18,699,205	16,568,038	12,850,552	10,779,452
Interest on Long-Term Debt	7,697,257	6,440,302	6,015,107	5,611,708	5,689,781
Total Expenses:	<u>\$ 148,680,573</u>	<u>\$ 134,293,280</u>	<u>\$ 116,876,424</u>	<u>\$ 103,170,752</u>	<u>\$ 99,305,445</u>
Increase (Decrease) in Net Position before Transfers	\$ 7,137,342	\$ 6,282,521	\$ 8,902,178	\$ 19,339,409	\$ 6,519,816
Net Transfers	16,302,356	15,464,401	8,106,294	14,054,602	12,136,417
Increase (Decrease) in Net Position	\$ 23,439,698	\$ 21,746,922	\$ 17,008,472	\$ 33,394,011	\$ 18,656,233
Net Position-Beginning Balance	267,180,447 ⁽¹⁾	247,528,544	230,520,072	197,126,061 ⁽¹⁾	175,861,575
Net Position-Ending Balance	<u>\$ 290,620,145</u>	<u>\$ 269,275,466</u>	<u>\$ 247,528,544</u>	<u>\$ 230,520,072</u>	<u>\$ 194,517,808</u>

Source: The City's Annual Comprehensive Financial Reports.

(1) Restated.

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TABLE 12 – MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In addition, the Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year.

Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any area to 8¼% and the State sales and use tax rate is 6¼%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2%.

In addition to the one percent (1%) local sales and use tax referred to above, voters of the City approved an additional sales and use tax of one-half of one percent (½ of 1%) for property tax reduction effective October 1, 1990. The following table sets forth the City’s historical collections of sales and uses taxes.

Fiscal Year Ended 9/30	Total Collected ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2021	\$ 25,477,704	63.92%	\$ 0.4027	\$ 266
2022	29,581,453	70.89%	0.4466	309
2023	30,712,088	65.16%	0.4066	321
2024	31,179,227	55.52%	0.3465	325
2025	31,961,976	53.85%	0.3360	334
2026	17,972,869 ⁽²⁾	26.00% ⁽²⁾	0.0016 ⁽²⁾	188 ⁽²⁾

(1) Includes Sales and Use Tax collections dedicated to property tax reduction.

(2) Unaudited as of April 30, 2026.

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CAPITAL IMPROVEMENT PROGRAM

Each year, the City prepares a Five-Year Financial Forecast which includes anticipated capital improvements. Over the five-year period, the plan calls for approximately \$225.2 million of capital improvements from the funds listed below.

	FY2026	FY2027	FY2028	FY2029	FY2030
	Projected	Projected ⁽¹⁾	Projected	Projected	Projected
Streets and Drainage	\$ 13,200,000	\$ -	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000
Public Facilities	7,430,000	-	-	-	-
Other Projects	8,370,000	-	2,000,000	2,000,000	2,000,000
	<u>\$ 29,000,000</u>	<u>\$ -</u>	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>
Airport	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BTU - City	\$ -	\$ -	\$ 25,000,000	\$ 25,000,000	\$ 25,000,000
BTU - Rural	25,248,000	-	-	-	-
Water Utility	-	-	-	-	-
Wastewater Utility	-	-	-	-	-
	<u>\$ 25,248,000</u>	<u>\$ -</u>	<u>\$ 25,000,000</u>	<u>\$ 25,000,000</u>	<u>\$ 25,000,000</u>
Bonds					
General Obligation	\$ 29,000,000	\$ -	\$ 32,000,000	\$ 32,000,000	\$ 32,000,000
Airport	-	-	-	-	-
Water Utility	-	-	-	-	-
Wastewater Utility	-	-	-	-	-
Electric Utility	25,248,000	-	25,000,000	25,000,000	25,000,000
	<u>\$ 54,248,000</u>	<u>\$ -</u>	<u>\$ 57,000,000</u>	<u>\$ 57,000,000</u>	<u>\$ 57,000,000</u>

(1) No general obligation debt anticipated to be issued.

FINANCIAL POLICIES

Basis of Accounting . . . All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements represent increases and decreases in net total assets. Proprietary fund types are accounted for using the accrual basis of accounting.

General Fund Balance . . . It is the City's policy to maintain an unencumbered fund balance equal to at least 60 days of expenditures. If the fund balance is drawn down in any one year, the fund balance will be restored in the following year.

Use of Bond Proceeds . . . It is the City's policy that debt will only be issued to finance long-term capital projects, that debt will not be issued to fund current expenditures, and that debt will not be issued with a maturity longer than the estimated life of the project.

Budgetary Procedures . . . It is the City's policy that a five-year financial forecast shall be prepared annually, to be used as a planning tool in developing the following year's operating budget. The budget is developed by the City staff and presented to the City Council for consideration.

Fund Investments . . . It is the City's policy to invest funds with the foremost objective of safety of principal, followed by liquidity and yield. Eligible investment instruments include U.S. government and agency securities, collateralized or insured certificates of deposit, collateralized repurchase agreements, and other instruments authorized by State law, excluding bankers acceptances, commercial paper, and reverse repurchase agreements.

Cost of Service . . . It is the City's policy to maintain a full cost of service philosophy concerning rates within the Enterprise Fund. Rates of each utility (electric, water and sewer) shall be designed in a manner that will separate the full costs of each utility, provide debt service coverage and other requirements placed on the utilities by revenue bond covenants and separate sufficient funds to ensure adequate and appropriate levels of working capital.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the City in compliance with the PFIA (as defined herein), (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the City's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the City appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the City is explicitly prohibited from investing in described below, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party designated by the City, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers’ with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City’s investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity’s entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in non-money market mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in non-money market mutual funds; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (9) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said ordinance or resolution; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 13 – CURRENT INVESTMENTS

As of April 30, 2026, the City’s investable funds were invested in the following categories:

Description	Book Value	% of Total
Pooled Funds	\$ 518,779	0.23%
Agency Securities	122,459,753	53.68%
Term Investment	17,500,000	7.67%
Truist Operating (non-interest bearing)	6,069,028	2.66%
Truist Sweep (interest bearing)	81,596,495	35.77%
Total Investments	\$ 228,144,055	100.00%

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TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is of the further opinion that interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

To the extent the issue price of any maturity of the Certificates is less than the amount to be paid at maturity of such Certificates (excluding amounts stated to be interest and payable at least annually over the term of such Certificates), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Certificates which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Certificates is the first price at which a substantial amount of such maturity of the Certificates is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Certificates accrues daily over the term to maturity of such Certificates on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Certificates to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Certificates. Beneficial Owners of the Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of Beneficial Owners who do not purchase such Certificates in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Certificates purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Certificates”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Certificates, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Certificate, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Certificates. The City has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Certificates being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Certificates. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Certificates may adversely affect the value of, or the tax status of interest on, the Certificates. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Certificates is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Certificates may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Certificates to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Certificates. Prospective purchasers of the Certificates should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The City has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Certificates ends with the issuance of the Certificates, and unless separately engaged, Bond Counsel is not obligated to defend the City or the Beneficial Owners regarding the tax-exempt status of the Certificates in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Certificates for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Certificates, and may cause the City or the Beneficial Owners to incur significant expense.

Payments on the Certificates generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Certificates and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Certificates. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, as described below. The City will provide the updated information to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, as further described below under "Availability of Information."

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 13 and in APPENDIX B. The City will update and provide this information within six months after the end of each fiscal year ending in and after 2026.

The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide audited financial statements when and if such audited financial statements become available and unaudited financial statements within 12 months after fiscal year end, unless audited financial statements are sooner provided. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, it must provide updated financial information and operating data by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB.

NOTICES OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a

source of payment for, an existing or planned debt obligation of the City, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under “Annual Reports”.

For these purposes, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

For the purposes of the above described event notices (15) and (16), the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION FROM MSRB . . . The City has agreed to provide the foregoing information only as described above. The information will be available free of charge via the MSRB’s Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of material events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates.

If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years the City has complied in all material respects with its prior continuing disclosure agreements entered into pursuant to the Rule.

OTHER INFORMATION

RATING . . . The Certificates are rated “AA+” by S&P Global Ratings, a division of S&P Global Inc. (“S&P”). The rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating company, if in the judgment of the company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price of the Certificates.

LITIGATION . . . It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE . . . The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (V.T.C.A., Chapter 1201, Texas Government Code, as amended) provides that the Certificates are negotiable instruments governed by V.T.C.A., Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, V.T.C.A., Chapter 2256, Texas Government Code, as amended (the "PFIA"), requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states. No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

LEGAL MATTERS . . . The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificates and to the effect that the Certificates are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The form of such opinion is attached hereto as APPENDIX C. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. The legal opinion will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System.

The legal opinion to be delivered concurrently with the delivery of the Certificates expresses the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

NO LITIGATION CERTIFICATE . . . The City will furnish to the Purchaser, dated as of the Delivery Date, executed by an authorized officer of the City, substantially to the effect that, except as disclosed in this Official Statement, no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Certificates; restraining or enjoining the issuance, execution or delivery of the Certificates; affecting the provisions made for the payment of or security for the Certificates; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Certificates; or affecting the validity of the Certificates.

CERTIFICATION OF THE OFFICIAL STATEMENT . . . At the time of payment for and delivery of the Certificates, the City will furnish a certificate, executed by one or more proper officials, acting in their official capacity, substantially to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of such Certificates and the acceptance of the best bid therefor, and on the date of their delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION . . . The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Specialized Public Finance Inc., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER . . . After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the "Purchaser") to purchase the Certificates at the interest rates shown on the inside cover page of the Official Statement at a price of approximately ____% of par. The Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

FORWARD-LOOKING STATEMENTS DISCLAIMER . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

The Ordinance authorizing the issuance of the Certificates will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

/s/ _____
Mayor
City of Bryan, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

LOCATION

The City of Bryan is located in Brazos County in East Central Texas, the center of a triangle formed by the Cities of Houston, Austin and Waco and approximately 90 miles from each. Bryan is the county seat and together with the adjacent City of College Station, forms the nucleus of a Standard Metropolitan Statistical Area (SMSA) of seven counties.

POPULATION

The City of Bryan's 2010 Census population was 76,201, the 2020 Census population was 83,980, and the 2026 estimate is 95,793.

ECONOMY

The area offers an urban atmosphere with roots in agricultural industry and a diversified economy. These economic factors include:

- Higher Education - Texas A&M University, among the fastest growing universities in the country, is within five minutes of Bryan's historic Downtown, a Texas Cultural District. With approximately 75,000 students and 17,000 employees on the College Station campus, the University is a major contributor to the area in construction activity and in retail sales.
- Petroleum - Crude oil and natural gas production in the seven-county Brazos Valley area is an important part of the local economy. Activity has stabilized at present, at significantly lower levels than during the early 1980's period.
- Light Industry - Manufacturing activity in the area is diverse with products including aluminum and other building products, electronics, oil well tubing, concrete, furniture, drilling tools, business forms, food and drink products, custom aluminum and bronze engravings, and sheet metal products.
- Agriculture and Livestock - Several large working ranches are located in Brazos County with Bryan serving as a marketing center for livestock and for agricultural output from the productive farm land in the area. Agricultural income amounts to more than \$28 million annually.
- Foreign Trade Zone - Texas Triangle Park, a 1,000+ acre inland port developed and owned in cooperation with the Bryan Brazos County Economic Development Foundation Inc., offers rail access, is the market's regional industrial park, and is home to Bryan's largest industrial property, Axis Pipe and Tube.
- Municipally-Owned Electric Utility - Bryan Texas Utilities (BTU) provides electricity for more than 60,000 customers in the Brazos Valley, maintaining the Reliable Public Power Provider (RP3) Diamond designation by the American Public Power Association (APPA). Continued efforts to increase reliability, safety, and proficiency in workforce development and system improvement have earned BTU this accolade since 2013.

LABOR FORCE

The City of Bryan employment figures are as follows:

	March	Average Annual			
	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Civilian Labor Force	49,177	48,725	47,628	46,010	44,102
Total Employed	47,568	47,040	46,046	44,446	42,582
Total Unemployed	1,609	1,685	1,582	1,564	1,520
% Unemployed	3.3%	3.5%	3.3%	3.4%	3.4%

The Brazos County employment figures are as follows:

	March	Average Annual			
	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Civilian Labor Force	138,112	137,097	134,148	129,497	125,111
Total Employed	133,713	132,227	129,607	125,103	120,908
Total Unemployed	4,399	4,870	4,541	4,394	4,203
% Unemployed	3.2%	3.6%	3.4%	3.4%	3.4%

Source: Labor Market Information Department of Texas Workforce Commission.

EDUCATION

Public education in the City is provided by Bryan Independent School District, which also serves a rural part of northern Brazos County and a small part of College Station. The school district operates fifteen elementary schools, two intermediate schools, two middle schools and four high schools (three traditional high schools and one early college high school).

Texas A&M University, with the main campus located in College Station, has six additional institutions of higher education within 100 miles of the City. RELLIS campus, a premier, high-tech research, technology development, and education campus of the Texas A&M University System located in Bryan, has been strategically designed to provide collaborative efforts between companies and higher education. New space will be available to accommodate private, independently-managed businesses and a multi-institutional Gateway Education Center to allow Texas A&M System member institutions and Blinn College to offer a variety of curricula, enhancing the economy through companies and students alike. In addition, one of eight campuses that comprise the Texas A&M Health Science Center is in Bryan. This state agency serves as the most comprehensive health science center in Texas, addressing health care needs through medical research, service, and health professions education.

Blinn College operates a campus on a 72-acre site in Bryan which provides higher education, technical and trade education, and other continuing education and certification programs to 12,000+ students annually. The campus provides a unique joint collaborative effort with Texas A&M University. The TEAM program allows students to take courses at both campuses and then transition into full-time students at Texas A&M.

MEDICAL FACILITIES

The CHI St. Joseph Regional Health Center employs about 1,560 and is accredited as a Primary Stroke Center and Chest Pain Center. The regional health center offers the only Level II Trauma Center in the region. Other highly ranked centers of CHI St. Joseph include the Cancer Center, one of the few associated with the M.D. Anderson Cancer manager program; the Rehabilitation Center, the only one of its kind in the area; and the Emergency Center, providing 24-hour service. In 2004, a four-story tower addition added a new 36-bed critical care unit, a 36-bed medical surgery unit and a new outpatient services area.

The Physicians Centre Hospital is a 16-bed, physician-owned inpatient facility with six operating rooms and two endoscopy suites. Located in Bryan, patients have access to inpatient pharmacy services, diagnostic imaging, and a diabetic education team.

College Station Medical Center (CSMC) provides a full array of medical services including occupational and physical therapy, general surgery, and cancer treatment. Recognized as having the number one rated surgery program in the state, CSMC proves to aid in the growth of the local economy as well with an economic impact of over \$25 million.

Texas A&M University provides health services for its students at the University Health Center. The Center includes a 44-bed hospital, a complete physiotherapy department, a laboratory and X-ray department, a pharmacy, ambulance service and an urgent-care treatment center.

Baylor Scott and White Medical Center is a five-story, 143-bed hospital and is nationally accredited as a Chest Pain Center and Level III Trauma Center. This medical center is located in College Station, offering comprehensive services in a variety of specialties including pediatrics, endocrinology, orthopedics, and more.

Among other health care facilities located in the area are a psychiatric center, a mental health-mental retardation center and four retirement and convalescent homes.

The Texas A&M Health Science Center is located on the Research Valley BioCorridor. Established in December 2011, the BioCorridor is an interlocal agreement between the Cities of Bryan and College Station designed to attract bio-related industries that develop life-changing medical technologies, build tax base, and attract high-paying jobs and investment to the Cities. The agreement applies to four tracts of land totaling approximately 196 acres owned by Bryan Commerce and Development, of which, approximately 147 acres are located in College Station. The agreement provides for the joint construction and cost-sharing of HSC Parkway, the major roadway within the BioCorridor; creation of joint development standards; ad valorem revenue sharing on real and personal properties; sanitary sewer service provided by Bryan; water service provided by College Station; and a swap of exclusive sanitary sewer service territories that enables each City to more effectively provide service due to terrain and proximity to existing systems.

TRANSPORTATION

The City is traversed by U.S. Highway 190 and State Highways 6, 30, and 21. Two major railroads serve the City as well as seven motor freight lines. Two bus services provide transportation facilities for area citizens. Passenger air service is available at Easterwood Airport, two miles west of College Station. Easterwood is owned by Texas A&M University and has two 5,150-foot and one 7,000-foot paved all-weather runways. The 7,000-foot and one of the 5,150-foot runways are lighted. Coulter Field, located three miles east of Bryan, is owned by the City of Bryan and offers one 4,000-foot lighted, paved runway. Coulter offers private hangar access, 100 LL and Jet A fuel, AWOS, and other full service amenities for general and corporate aviation. Commercial air freight services are available daily and one service provides 24-hour parcel priority package service.

LARGEST EMPLOYERS

A partial listing of area employers is as follows:

<u>Company</u>	<u>Product</u>	<u>Estimated Number of Employees</u>
Texas A&M University	Higher Education; Government Services	17,000+
Bryan Independent School District	Local School District	2,000+
College Station Independent School District	Local School District	2,000+
Texas A&M Health Science Center	Higher Education; Government Services	2,000+
Blinn College	Higher Education	2,000+
Reynolds & Reynolds	Computer Hardware/Software	1,500+
Sanderson Farms	Food Manufacturing	1,000+
CHI St. Joseph Health System	Medical Facility	1,000+
Walmart	Retail	1,000+
HEB Grocery	Retail	1,000+

Source: The City of Bryan.

APPENDIX B

EXCERPTS FROM THE CITY OF BRYAN, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2025

The information contained in this APPENDIX consists of excerpts from the City of Bryan, Texas Annual Financial Report for the Year Ended September 30, 2025, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.



CITY OF BRYAN

The Good Life, Texas Style.™

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Independent Auditor's Report

To the Honorable Mayor and
Members of City Council of
City of Bryan, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bryan, Texas (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, 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.

We did not audit the financial statements of City of Bryan, Texas and Brazos County Economic Development Foundation, Inc. (BBCEDF), a joint venture of the City, which represents 1%, 2%, and 0% respectively, of the assets, net position and revenues of the governmental activities; the financial statements of Bryan Business Council, Inc. (BBC), a discretely presented component unit of the City, which represents 100% of the assets, net position and revenues of the discretely presented component unit; and the financial statements of Brazos Valley Solid Waste Management Agency (BVSWMA), a joint venture of the City, which represent 18%, 17%, and 3%, respectively, of the assets, fund balance/net position and revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as it relates to the amounts included for BBCEDF, BBC, and BVSWMA, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audit contained in *Government Auditing Standards* (GAS), issued by the Comptroller general of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of BBCEDF, BBC, BVSWMA and Destination Bryan, a blended component unit of the City, were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter – Implementation of New Accounting Standard

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement issuance 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 GAAS and GAS 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 GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information, as listed in the table of contents, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory, statistical section and continuing financial disclosure tables, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable Mayor and
Members of City Council of
City of Bryan, Texas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
March 24, 2026

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

As management of the City of Bryan, Texas (the "City"), we offer readers of the City's financial statements this narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

Government-Wide Financial Statements

- Assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$1,173,629,498 (net position).
- Unrestricted net position was \$271,362,116; these funds may be used to meet ongoing obligations to citizens and creditors.
- Total net position increased by \$99,992,500 due to operations during FY 2025; see discussion below in the "Government-Wide Financial Analysis" section for details on the increase in net position.
- Deferred outflows include amounts related to pensions, other post-employment benefits, unamortized loss on refunded debt, and accumulated decrease in fair value of hedging derivatives. Deferred outflows decreased by \$10,729,410, primarily due to changes in pensions (see Note 9 on page 87 of this document for more information).
- Deferred inflows include amounts related to unamortized gain on refunding debt, pensions, other post-employment benefits, deferred regulatory liability, and deferred lease receivable. Deferred inflows increased by \$3,543,302, due to changes in pensions.
- Total debt, net of premiums and discounts, increased by \$5,783,138, or 0.9% (see Note 5 on page 78 of this document for more information).
 - \$36,330,000 in revenue bonds were issued for the Waterworks and Sewer System in FY 2025. The proceeds from the sale of these bonds are restricted to the acquisition or construction of improvements, additions, or extensions of the Waterworks and Sewer System.
 - \$32,438,391 in net outstanding debt was retired during FY 2025.
 - \$29,085,000 of outstanding debt (principal) is due within one year as of September 30, 2025.

Fund Financial Statements

- Total Governmental Funds reported combined ending fund balances of \$138,085,005.
 - Governmental fund balances decreased in FY 2025 compared to FY 2024 by \$17,731,158.
 - The General Fund fund balance decreased by \$4,808,260. See general fund highlights below on page 23.
 - The Debt Service Fund fund balance decreased by \$1,726,863 primarily due to a spend down of fund balance for current year debt.
 - Other governmental funds balances of \$65,285,147 decreased by \$11,196,035 from the prior year due to ongoing capital projects.
 - The unassigned fund balance of \$24,267,663, or 17.6%, is available for spending at the City's discretion for ongoing expenditures.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

- General Fund unassigned fund balance was \$24,283,019, or 20.9% of total General Fund expenditures during FY 2025. This represents 81 days of cash based on the FY 2026 budgeted expenditures. Combined with the amounts assigned for encumbrances, the General Fund fund balance available for operations is \$41,668,993 representing 139 days of cash at September 30, 2025.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. While these financial statements are not particularly useful for the users and stakeholders of the financials, they are required by GASB standards and are therefore included in the financials.

The Statement of Net Position presents all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The Statement of Activities presents information showing how the City'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 reported in this statement may be for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities describe services provided by the City and include general government, development services, public works (streets and drainage), public safety, cultural and recreational (parks and recreation, library service and other community service activities) and interest on long-term debt. The business-type activities of the City include electric generation, distribution and transmission, water supply and distribution, wastewater collection and treatment, solid waste collection, a general purpose airport, and Bryan Commerce and Development, which encompasses the city's economic development activities.

The government-wide financial statements include not only the City itself (known as the "primary government"), but also Bryan Business Council, Inc., a legally separate economic development corporation, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Bryan Texas Utilities' qualified scheduling entity (BTU QSE Services, Inc.), Destination Bryan, and Bryan Commerce and Development, Inc. are also legally separate functions, but for all practical purposes

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

operate as departments of the City of Bryan, and therefore have been included as an integral part of the primary government. For reporting purposes, BTU QSE Services, Inc. is combined with the City Electric System. Included in Note 1 of the financial statements are the Condensed Statement of Net Position and Condensed Statement of Revenues, Expenses, and Changes in Net Position for BTU QSE Services, Inc.

The government-wide financial statements can be found on pages 32-34 of this report.

Fund Financial Statements. The fund financial statements are prepared on the basis of funds. A fund is a grouping of related accounts that is used to report and maintain control over resources that have been segregated for specific activities or objectives. The City of Bryan, like other state and local governments, uses fund accounting to demonstrate and ensure compliance with finance-related legal and local policy requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available to meet obligations at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial activities. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City currently maintains thirty-two (32) individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Debt Service Fund, both of which are considered to be major funds (2). Data from seventeen (17) special revenue funds, four (4) capital project funds, and nine (9) permanent funds have been combined into one single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary section of this report.

The City of Bryan adopts an annual appropriation budget for its General Fund, Debt Service Fund and Special Revenue Funds. Individual fund budgetary comparison schedules are provided in the Required Supplementary and the Supplementary sections of this report (starting on page 123).

The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary Funds. The City maintains two (2) different types of proprietary funds, enterprise funds and internal service funds, and adopts an annual appropriation budget for each. The City's ten (10) proprietary

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses seven (7) enterprise funds to account for its city electric, rural electric, water, wastewater, solid waste, economic development corporation and airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three (3) internal service funds to account for its warehouse operations, self-insurance operations and employee benefits activities.

Proprietary funds provide the same types of information as the government-wide financial statements. The proprietary fund financial statements provide separate information in the Proprietary Fund Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows for the city electric, rural electric, water and wastewater systems, all of which are considered major funds of the City. Data from three (3) non-major enterprise funds have been combined into one single, aggregated presentation in the proprietary fund financial statements. All internal service funds are also combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the aggregated proprietary funds and the internal service funds is provided in the form of combining statements in the Supplementary section of this report (starting on page 159).

The basic proprietary fund financial statements can be found on pages 40-45 of this report.

Fiduciary Funds. The City maintains two (2) fiduciary funds, the other post-employment benefits trust fund ("OPEB Trust Fund") and the custodial funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 47-49 of this report.

Notes to the Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 51-122 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and retiree health benefits to its employees. This presentation of the City's pension asset is based on the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*. The City's other post-employment benefits ("OPEB") liability is based on the adoption of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB)*. Ultimately ten (10) years of data for both the pension liability and the OPEB liability will be displayed in the Required Supplementary section of this report. Also included in the Required Supplementary section is a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. Required supplementary information can be found on pages 123-128 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds are presented following the required supplementary

City of Bryan, Texas

Management’s Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

information. Combining and individual statements and schedules can be found on pages 133-168 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$1,173,629,498 as of September 30, 2025.

The largest portion of the City’s net position, \$823,146,192, or 70.1%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and improvements), less any outstanding debt used to acquire those assets. The City uses these capital 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. An additional portion of the City’s net position, \$79,121,189, or 6.7%, represents resources that are subject to external restrictions on their usage. The remaining balance of unrestricted net position, \$271,362,117, or 23.2%, may be used to meet the government’s ongoing obligations to citizens and creditors. At the end of FY 2025, the City of Bryan was able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 177,318,193	\$ 195,705,772	\$ 420,531,914	\$ 386,687,720	\$ 597,850,107	\$ 582,393,492
Capital Assets	361,385,507	333,692,062	996,667,974	925,509,442	1,358,053,481	1,259,201,504
Total Assets	<u>538,703,700</u>	<u>529,397,834</u>	<u>1,417,199,888</u>	<u>1,312,197,162</u>	<u>1,955,903,588</u>	<u>1,841,594,996</u>
Deferred Outflows	13,871,000	20,436,447	8,394,949	12,558,912	22,265,949	32,995,359
Long-Term Liabilities	210,411,001	225,797,426	411,099,621	399,061,631	621,510,622	624,859,057
Other Liabilities	40,845,953	45,768,845	103,744,259	92,848,822	144,590,212	138,617,667
Total Liabilities	<u>251,256,954</u>	<u>271,566,271</u>	<u>514,843,880</u>	<u>491,910,453</u>	<u>766,100,834</u>	<u>763,476,724</u>
Deferred Inflows	10,697,601	8,992,544	27,741,604	25,903,359	38,439,205	34,895,903
Net Position:						
Net Investment in						
Capital Assets	219,388,858	194,616,700	603,757,334	540,684,620	823,146,192	735,301,320
Restricted	32,794,364	29,570,348	46,326,825	39,644,884	79,121,189	69,215,232
Unrestricted	38,436,923	45,088,418	232,925,194	226,612,758	271,362,117	271,701,176
Total Net Position	<u>\$ 290,620,145</u>	<u>\$ 269,275,466</u>	<u>\$ 883,009,353</u>	<u>\$ 806,942,262</u>	<u>\$ 1,173,629,498</u>	<u>\$ 1,076,217,728</u>

The \$99,992,500, or 9.3%, increase to \$1,173,629,498 in total net position is due to increases in both governmental activities and business-type activities.

The net position of business-type activities increased \$76,552,802, or 9.5%, due primarily to the excess of operating revenues over expenses in the City Electric, Rural Electric, Water, Wastewater, and Solid Waste funds.

City of Bryan, Texas

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The implementation of GASB 101, Compensated Absences decreased governmental activities in the amount of \$2,095,019 and business-type in the amount of \$485,711. This is an overall decrease in net position of \$2,580,730.

Net investment in capital assets for both governmental and business-type activities increased by \$87,844,872, or 11.9%, at September 30, 2025.

Unrestricted net position for governmental activities decreased by \$6,651,495 to \$38,436,923 during FY 2025. Unrestricted net position of business-type activities increased by \$6,312,436 to \$232,925,194. These increases were primarily due to the operating revenues over expenses in multiple funds.

City of Bryan's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 16,843,214	\$ 14,225,911	\$ 336,324,974	\$ 327,891,181	\$ 353,168,188	\$ 342,117,092
Operating Grants and Contributions	9,490,180	3,514,089	-	-	9,490,180	3,514,089
Capital Grants and Contributions	13,895,565	8,203,032	5,679,008	6,386,224	19,574,573	14,589,256
General Revenues:						
Property Taxes	60,630,220	57,344,591	-	-	60,630,220	57,344,591
Other Taxes	37,483,671	36,502,326	-	-	37,483,671	36,502,326
Other	17,475,065	20,785,852	18,537,360	27,598,062	36,012,425	48,383,914
Total Revenues	155,817,915	140,575,801	360,541,342	361,875,467	516,359,257	502,451,268
Expenses:						
General Government	27,179,830	26,970,212	-	-	27,179,830	26,970,212
Development Services	7,788,940	6,298,537	-	-	7,788,940	6,298,537
Public Works Services	20,981,024	18,187,714	-	-	20,981,024	18,187,714
Public Safety	62,086,689	57,697,310	-	-	62,086,689	57,697,310
Cultural and Recreational	22,946,833	18,699,205	-	-	22,946,833	18,699,205
Interest on Long-Term Debt	7,697,257	6,440,302	-	-	7,697,257	6,440,302
City Electric	-	-	177,064,855	178,568,948	177,064,855	178,568,948
Rural Electric	-	-	50,478,647	48,290,033	50,478,647	48,290,033
Water	-	-	14,942,532	13,742,920	14,942,532	13,742,920
Wastewater	-	-	14,537,832	14,126,752	14,537,832	14,126,752
Other	-	-	10,662,318	11,059,851	10,662,318	11,059,851
Total Expenses	148,680,573	134,293,280	267,686,184	265,788,504	416,366,757	400,081,784
Increase in Net Position Before Transfers	7,137,342	6,282,521	92,855,158	96,086,963	99,992,500	102,369,484
Net Transfers	16,302,356	15,464,401	(16,302,356)	(15,464,401)	-	-
Increase in Net Position	23,439,698	21,746,922	76,552,802	80,622,562	99,992,500	102,369,484
Net Position - October 1	269,275,466	245,648,963	806,942,262	730,996,268	1,076,217,728	976,645,231
Implementation of GASB 101, Compensated Absences (See note 1)	(2,095,019)	1,879,581	(485,711)	(4,676,568)	(2,580,730)	(2,796,987)
Net Position - October 1 as restated	267,180,447	247,528,544	806,456,551	726,319,700	1,073,636,998	973,848,244
Net Position - September 30	\$ 290,620,145	\$ 269,275,466	\$ 883,009,353	\$ 806,942,262	\$ 1,173,629,498	\$ 1,076,217,728

Governmental Activities. Total governmental activities revenues increased in FY 2025 from FY 2024 by \$15,242,114, or 10.8%, to \$155,817,915. Several factors contributed to this increase in FY 2025. Operating grants and contributions increased by \$5,976,091, or 170.1%, capital grants and contributions increased by \$5,692,533, or 69.4%, property taxes increased by \$3,285,629, or 5.7%, and charges for services increased in by \$2,617,303, or 18.4%. The increase was partially offset by a decrease in other revenues (including transportation and drainage assessments, investment earnings, and miscellaneous items) in total by \$3,310,787, or 15.9%.

The government-wide presentation of expenses consolidates all revenues and expenses on a basis similar to a private business. This presentation removes capital spending and principal payments on debt (see Note 4 for capital assets of the governmental activities and Note 5 for long term debt) and allocates

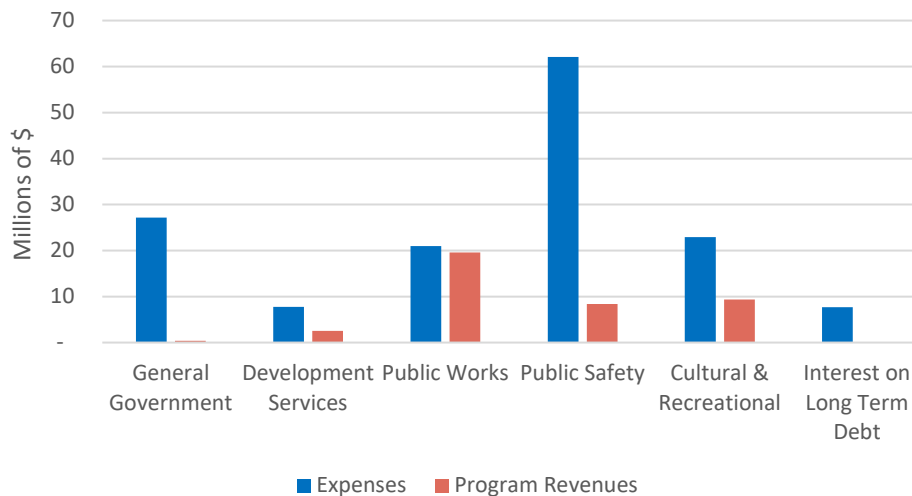
City of Bryan, Texas

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expenses of internal service activities to all related parties. Governmental activities expenses increased in FY 2025 compared to FY 2024 by \$14,387,293 to \$148,680,573. The major changes in this category were:

- Public Safety expenses increased by \$4,389,379, or 7.6%, due to the increases in police and fire personnel costs.
- Cultural and Recreational expenses increased \$4,247,628, or 22.7%, in FY 2025 compared to FY 2024. This increase was primarily due to increase in operations at parks facilities.
- Public Works expenses increased \$2,793,310, or 15.4%. This increase is primarily due to the increase in street and drainage improvements.
- Development Services expenses increased by \$1,490,403, or 23.7%. This increase was primarily due to increased activity in community development and TIRZ activities.
- Interest on long-term debt increased \$1,256,955, or 19.5%, primarily due to the first interest payment on the 2024 bonds and an increase in arbitrage rebate liability.
- General Government expenses increased by \$209,618, or 0.8%. This increase was primarily due to the increase in destination marketing.
- The implementation of GASB 101, Compensated Absences (See Note 1) decreased governmental activities by \$2,095,019.

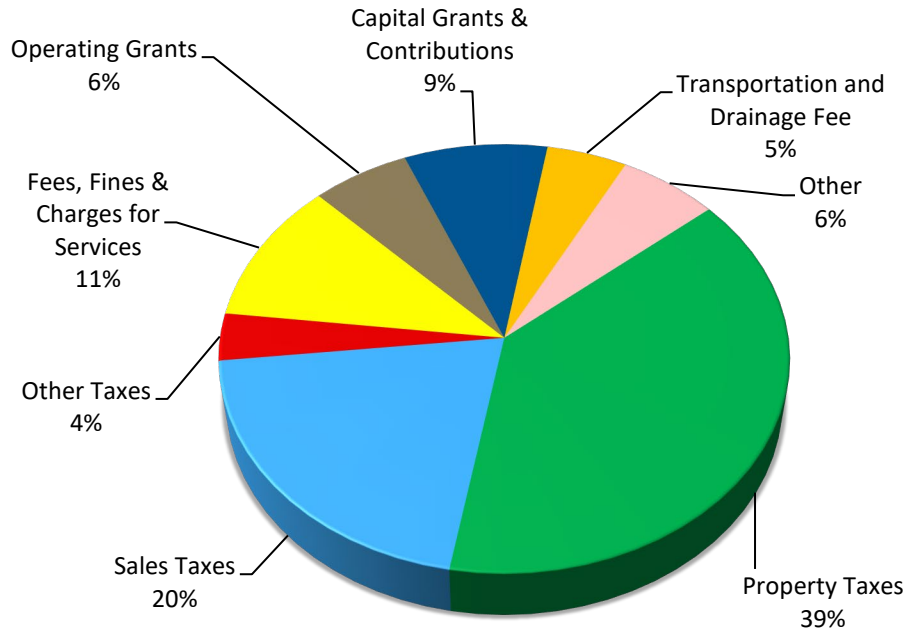
Expenses and Program Revenues - Governmental Activities



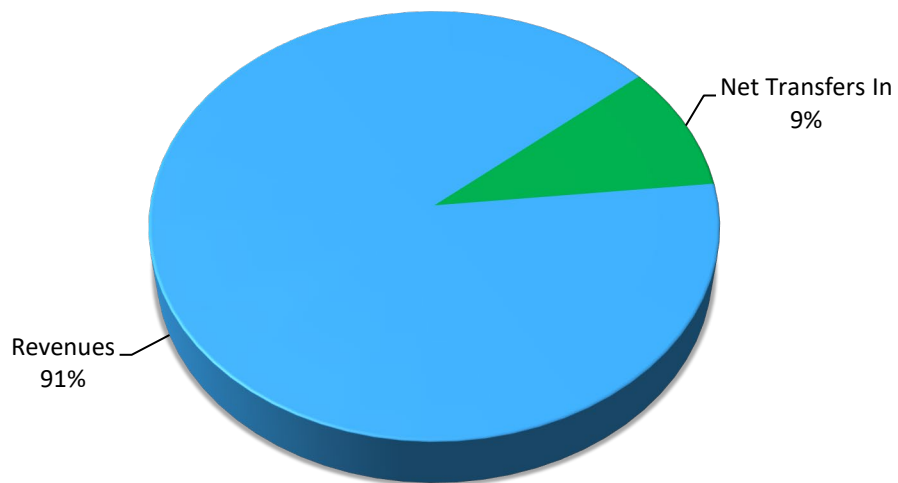
City of Bryan, Texas

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Revenues by Source - Governmental Activities



All Governmental Resources



City of Bryan, Texas

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2025

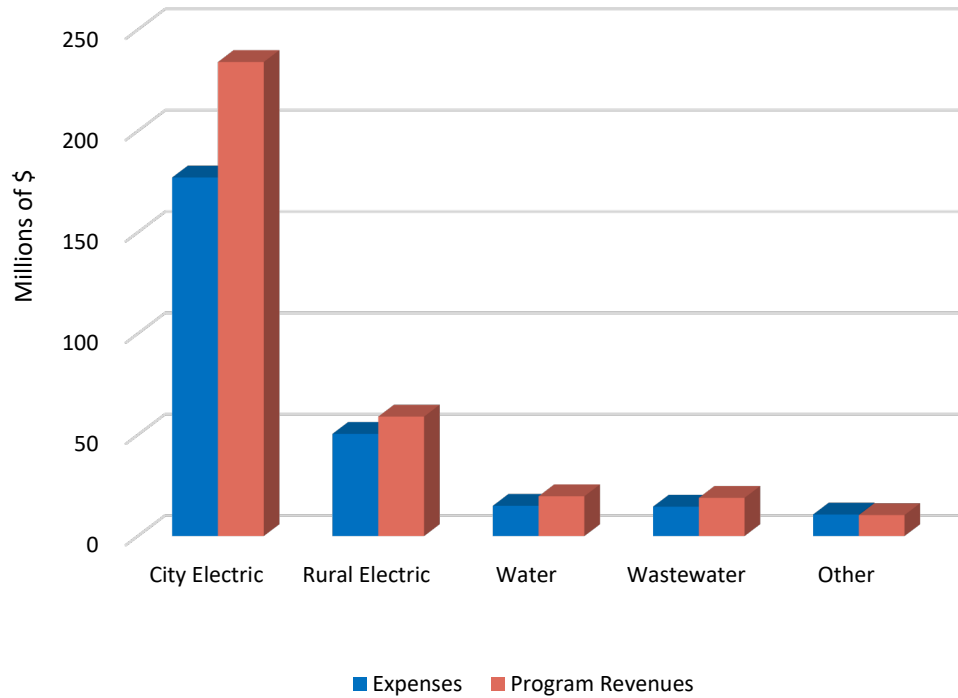
Business-Type Activities. Business-type activities net position increased by \$76,552,802, or 9.5%, to \$883,009,353 in FY 2025. Charges for services for business-type activities increased by \$8,433,793, or 2.6%, to \$336,324,974, and expenses increased by \$1,897,680, or 0.7%, to \$267,686,184. Key elements of the variances are as follows:

- Ending net position for the city electric system was \$464,261,887, of which \$150,286,884 was available to meet ongoing obligations. City electric system charges for services increased by \$5,390,364, or 2.4%. Expenses for the city electric system which decreased by \$1,504,093, or 0.8%, primarily due to a decrease in depreciation expense as a result of a depreciation study.
- The ending net position for the rural electric system was \$128,160,603, of which \$38,813,203 is available for ongoing obligations. Rural electric system charges for services increased by \$1,987,150, or 3.5%. Rural electric expenses increased by \$2,188,614, or 4.5% due largely to higher electric operations costs compared to FY 2024.
- Water system ending net position for FY 2025 was \$109,687,461. The unrestricted portion of this net position was \$18,830,310. Water system charges for services increased by \$517,799, or 3.2%, in FY 2025 to \$16,892,821 due to continued growth and dryer weather. Water system expenses increased by \$1,199,612, or 8.7%, in FY 2025 primarily due to increased contractual services and depreciation.
- FY 2025 ending net position for the wastewater system was \$104,392,008, of which \$9,063,805 was unrestricted. Wastewater system charges for services increased by \$303,550, or 1.9%. Expenses for FY 2025 were \$14,537,832, an increase from FY 2024 of \$411,080, or 2.9%.
- Other business-type activities, considered non-major business-type activities, include the Solid Waste Fund, a general aviation airport, and Bryan Commerce and Development, Inc. ("BCD"). Charges for services and revenues for other business-type activities increased by \$234,930, or 2.3%, to \$10,377,817 for FY 2025. Other business-type expenses were \$10,662,318 which is a decrease of \$397,533, or 3.6%. See Note 1 on page 51 for more information on BCD.
- The implementation of GASB 101, Compensated Absences (See Note 1) decreased business-type activities by \$485,711.

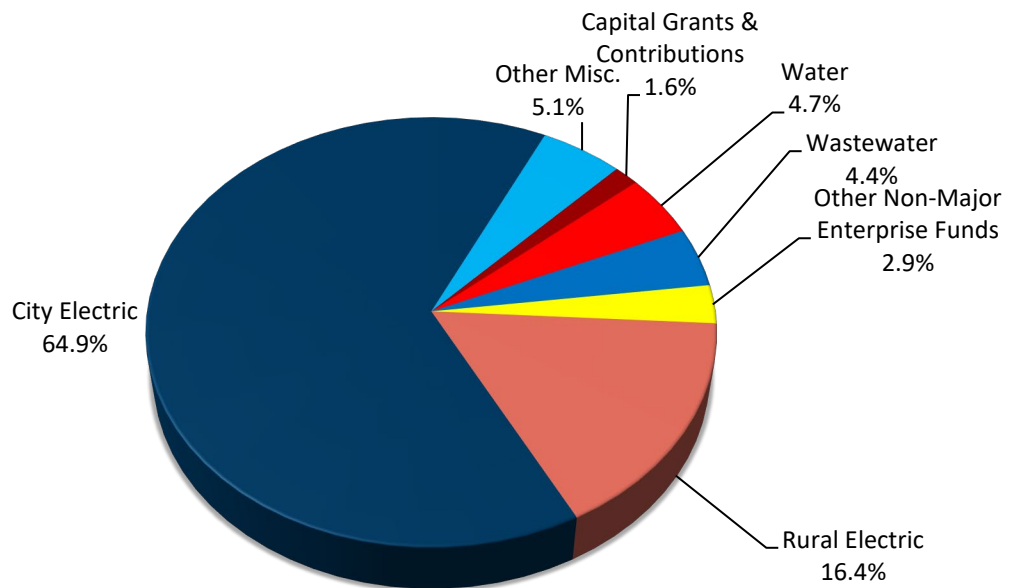
City of Bryan, Texas

Management's Discussion and Analysis
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Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-Type Activities



City of Bryan, Texas

Management's Discussion and Analysis
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Financial Analysis of the City's Funds

As noted earlier, the City of Bryan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements can be found starting on page 36 of this report.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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.

General Fund. The General Fund is the primary governmental fund of the City of Bryan. The fund balance of the General Fund decreased by \$4,808,260, or 9.1% to \$47,762,287, during FY 2025 compared to FY 2024. Revenues of the fund increased by \$8,929,988, or 10.2%, and expenditures increased by \$15,480,887, or 15.4%, during FY 2025. Expenditures were in excess of revenues by \$19,756,128. FY 2025 net transfers and sale of capital assets totaled \$14,947,868. More detailed General Fund budgetary highlights are discussed below under the "General Fund Budgetary Highlights" section. Some items to note in the General Fund are:

- Property Tax revenues to the General Fund increased by \$5,128,060, or 14.6%, to \$40,169,853 due to increased property assessed values from new growth and a slight increase to the M&O rate.
- Grant revenues increased by \$4,867,978, or 217.5%, primarily due to continued American Rescue Plan Act Grant projects.
- Charges for Services increased by \$859,798, or 13.6%, primarily due to an increase in ambulance revenues.
- Sales Tax revenues increased by \$782,749, or 2.5%, due to continued increases in food services, retail, and general services.
- Fines and court charges increased by \$231,544, or 14.1%, due to an increase in citations along with an increase in average fines per citation.
- Licenses and Permits revenues decreased by \$175,726, or 12.6%, due to lower permit fees.
- Capital Outlay increased in FY 2025 by \$10,723,419, or 196.7%, primarily due to increase in drainage projects and vehicle purchases.
- Public Safety expenditures increased by \$3,552,031, or 6.5%. This was due to an increase in personnel costs and contractual services.
- Cultural and Recreational expenditures increased by \$513,725, or 6.1%, primarily due to increase in personnel costs.
- General Government and Administration expenses increased by \$491,426, or 2.2%, primarily due to an increase in payments to other agencies which includes economic development incentive payments.

Debt Service Fund. The Debt Service Fund ended FY 2025 with a total fund balance of \$25,037,571 compared to \$26,764,434 at the end of FY 2024. The fund balance is restricted for the payment of debt. Tax revenues in the Debt Service Fund decreased by \$1,814,937, or 11.6%, to \$13,785,287. Debt service payments from the fund totaled \$18,552,113. Debt service is additionally supported by transfers from other funds of \$2,528,584.

City of Bryan, Texas

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Other Governmental Funds. The Other Governmental Funds include the Special Revenue Funds, Capital Project Funds, and Permanent Funds. The total fund balance in Other Governmental Funds decreased in FY 2025 by \$11,196,035, or 14.6%, compared to FY 2024 to \$65,285,147. This is primarily due to the capital outlay expenditures in the Capital Projects Funds of \$15,477,440.

Special Revenue Funds. The City's Special Revenue Funds include the Grant Fund, Community Development Fund, Hotel and Motel Tax Fund, the Oil and Gas Fund, the Capital Reserve Fund, the Midtown Park Operations Fund, Phillips Event Center Fund, Queen and Palace Theatre Fund, the Sidewalks Fund, the Court Technology Fund, Tax Increment Reinvestment Zones (TIRZ), two special assessment funds (Street Improvement and Drainage Improvement Funds), and Destination Bryan. The fund balances in the special revenue funds increased by \$2,411,958, or 7.8%, in FY 2025.

- The Grant Fund is used to account for the receipt and expenditures of grants awarded to the City. Revenues for the fund were \$680,389 and total expenditures were \$680,389 spent on the various grant related activities primarily related to public safety.
- The Community Development Fund provides programs and services to low and moderate income persons. Revenues for the fund were \$1,464,226 and were primarily from grants. Total expenditures of \$1,736,387 were spent on the various housing programs funded by federal, state, and local grants.
- Hotel Tax Revenues, including interest income, for FY 2025 were \$3,079,571. Expenditures total \$817,422 and transfers out total \$2,470,000 to Destination Bryan. These funds primarily go to fund the promotion the hotel and tourism industries in Bryan, TX.
- The Oil and Gas fund was established to account for revenues associated with oil and gas property taxes and lease and royalty payments to the City. Revenues for FY 2025 were \$392,940 made up primarily of property tax revenues and royalty payments. There were no expenditures in this fund during FY 2025. The ending fund balance for FY 2025 was \$2,472,205.
- The Capital Reserve fund was established to account for one-time revenues, specifically land sales in the Traditions development. These one-time revenues should be used for one-time expenditures per the establishing ordinance. During FY 2025 there were no transfers in for land sales. Revenues from investment earnings were \$56,785. There were no expenditures in this fund during FY 2025. The ending fund balance for FY 2025 was \$1,415,839.
- The Midtown Park Operations Fund was established to account for revenues and expenditures for operations at the City's Midtown Park, including Legends Event Center (LEC). Total revenues from for FY 2025 were \$3,471,257 and total expenditures were \$4,117,105. During FY 2025 there were no Transfers In from the General Fund to fund operations. Total ending fund balance for FY 2025 is \$2,228,561.
- The Phillips Event Center Fund was established to account for PEC facilities and golf course activities. Revenues totaled \$2,741,525 for FY 2025. Total expenditures were \$4,219,601. Transfers In from the General Fund to fund operations totaled \$1,528,457. Total ending fund balance for FY 2025 is \$87,095.
- The Queen and Palace Theater Fund was established to account for theater activities at both venues. Revenues totaled \$554,225 for FY 2025. Total expenditures were \$1,330,822. Transfers In from the General Fund to fund operations totaled \$684,789. Total ending fund balance for FY 2025 is \$218,296.

City of Bryan, Texas

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- Sidewalks Fund was established by City of Bryan Ordinance to collect and track funds from developers and property owners for the construction and maintenance of sidewalks. Revenues for the fund were \$12,514. There were no expenditures in this fund during FY 2025. The ending fund balance for FY 2025 was \$47,584 and is committed for sidewalk projects.
- Court Technology Fund is used to account for revenues derived from a portion of court fees dedicated to use for technology improvements for Municipal Court functions. Revenues for the fund were \$45,752 and total expenditures were \$29,451 spent on the various technology improvements in the courts. The ending fund balance for FY 2025 was \$197,376, which is restricted for court technology projects.
- The Street Improvement Fund revenues totaled \$7,185,021, expenditures totaled \$7,605,599 on street maintenance and capital projects, and a transfer out of \$372,100 to the General Fund for administrative and street maintenance costs. The ending fund balance for FY 2025 was \$11,781,889. The fund balance in this fund is committed for street improvement projects.
- The Drainage Improvement Fund revenues totaled \$1,196,405, expenditures include \$484,525 in FY 2025 on drainage projects, and a transfer out of \$91,509 to the General Fund for administrative and drainage maintenance costs. The ending fund balance for FY 2025 was \$2,195,475, which is committed for drainage projects.
- Tax Increment Reinvestment Zones are used to account for revenues derived from captured assessed valuation in, and bond proceeds for, the development and improvements of the respective Tax Increment Reinvestment Zone. See additional information in the Supplementary Information section starting on page 129.
- Destination Bryan is a blended component unit – see Note 1 on page 51. Revenues totaled \$112,423 and expenditures totaled \$3,141,712 on destination marketing and promotions. Transfers In from the General Fund and Hotel & Motel Tax Fund totaled \$2,950,000. Total ending fund balance for FY 2025 is \$148,409.

Capital Projects Funds. There were no new capital projects funds established in FY 2025. The total expenditures from Capital Projects Funds for FY 2025 were \$15,477,440. The fund balance in the Capital Project Funds is \$29,767,912, a decrease of \$13,798,200 from FY 2024. The fund balance is restricted or encumbered for capital projects.

Permanent Funds. Expenditures from the permanent funds come from spendable revenue generated by non-spendable donations in the form of interest earnings. In FY 2025 there were no expenditures. The fund balance increased by \$190,207 to \$2,006,097 due to contributions of \$110,763 and investment earnings of \$79,444. Non-spendable ending fund balances totaled \$1,693,154 for FY 2025. Spendable ending fund balances restricted for cemeteries was \$306,347 and spendable ending fund balances for libraries was \$6,596. These spendable fund balances are restricted to their stated purposes.

Proprietary Funds. The City of Bryan's Proprietary Funds are used to track the enterprise and internal service activities of the City. Detailed information regarding these activities is captured in the Business-Type activities in the Government Wide financial statements and is discussed above.

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General Fund Budgetary Highlights

General Fund revenues are mainly derived from taxes, charges for services, fines, and grants. Other miscellaneous, non-operating revenues are derived from items such as one time sales of capital assets and other items. The General Fund budget to actual comparison can be found on pages 127-128. Property taxes in the General Fund are derived from the maintenance and operations portion of the tax rate ("M&O rate"). The M&O rate in effect during FY 2025 was \$0.463630 per \$100 of valuation. The adopted tax rate for FY 2025 was \$0.6240 per \$100 of valuation. The remainder of the tax rate is used to fund the City's debt service and is called the interest and sinking fund rate ("I&S rate"). The I&S rate for FY 2025 was \$0.160370 per \$100 of valuation.

Total General Fund revenues for FY 2025 were \$96,555,554 and were \$10,786,154 or 12.6%, over budget and \$8,929,988, or 10.2%, more than revenues in FY 2024. Tax revenues for the General Fund include property tax, sales tax, franchise tax, bingo tax, and alcoholic beverage tax. General Fund tax revenues were 77.4% of total General Fund revenues in FY 2025 and totaled \$74,722,115. Items to note regarding General Fund tax revenues for FY 2025 are:

- FY 2025 General Fund property tax revenues were \$40,169,853 and \$971,953, or 2.5%, over budget. Property tax revenues for FY 2025 were \$5,128,060, or 14.6%, above FY 2024 totals.
- Sales taxes were \$31,961,976 and \$298,476, or 0.9%, above budget in FY 2025. Compared to FY 2024 revenues, FY 2025 sales taxes were up by \$782,749, or 2.5%.
- Other miscellaneous taxes including franchise fees, mixed beverage and bingo taxes were \$2,590,286 and \$200,286 over budget collectively. Other taxes for FY 2025 were \$34,307 above FY 2024 revenues.

Charges for services in the General Fund include ambulance charges, recreational charges, health and public safety fees, and other miscellaneous charges. Charges for services make up 7.4% of General Fund total revenues in FY 2025. Some notable items in this category are:

- Ambulance charges in FY 2025 were \$3,810,810 and \$310,390, or 7.5%, below budget due to a decrease in number of ambulance runs.
- Revenues for recreational activities were \$1,144,422 and \$566,322, or 98.0%, above budget in FY 2025 primarily due to increased park activities.
- Health and public safety revenues were \$1,922,913 and \$202,513, or 11.8%, above budget for FY 2025 primarily due to the County EMS contract and police escort revenues.
- Miscellaneous charges for services were \$303,880 and \$125,580, or 70.4%, above budget for FY 2025.

Other categories of note for General Fund revenues include fines and court charges, licenses and permits, grants, investment earnings, and other revenues. Items to note in these categories are as follows:

- Fines and court charges of \$1,876,127 were \$156,127, or 9.1%, above budget in FY 2025 and above the FY 2024 total by \$231,544, or 14.1%, due to an increase in citations along with an increase in average fines per citation.

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- Licenses and permit revenues for FY 2025 were \$1,223,549 and were \$246,549, or 25.2%, above budget, and were \$175,726, or 12.6%, below FY 2024 totals primarily due to lower permit fees.
- Grant revenues were \$7,105,869 and were \$5,663,869 above budget for FY 2025, and were \$4,867,978 above FY 2024 totals. The increase is due to continued American Rescue Plan Act Grant projects.
- Other revenues, including investment earnings, of \$4,445,869 were \$2,664,869 above budget during FY 2025 and were \$2,798,722 below FY 2024 revenues. The budget variance is due to the increase in interest income from higher interest rates, fire reimbursements, and the bio corridor agreement.

Total General Fund operating expenditures are broken down into major categories in the accompanying required supplementary section of the report beginning on page 127. General fund activities are broken down into the following main categories:

- General Government and Administrative – This category includes Executive, City Secretary, Legal Services, Fiscal Services, Information Technology, Human Resources, and other administrative departments that serve the City.
- Development Services – This category includes Planning, Engineering, Building, and Special Projects.
- Public Works Services – Includes Drainage and Streets and Traffic Operations.
- Public Safety – Police, Fire and EMS, the Municipal Court, and the City of Bryan Animal Center/Control are included in this category.
- Cultural and Recreational – Includes the golf course, parks and recreation services, and the libraries.
- Other General Fund activities include capital expenditures, administrative reimbursements, and transfers in and out.

General Fund expenditures, including capital purchases, for the year totaled \$116,311,682 and were \$11,515,582, or 11.0%, above budget. Compared to FY 2024, expenditures increased by \$15,480,887, or 15.4%, during FY 2025. Increases in General Fund spending vs. FY 2024 were attributable to the personnel costs and maintenance services.

Total general government and administrative expenditures were \$30,162,104 and were \$1,959,304, or 6.9%, above budget for FY 2025. This category makes up 25.9% of total FY 2025 General Fund expenditures. The budget variances in this category is primarily payments to other agencies which were above budget by \$2,411,843 due to development agreement incentive payments.

Development services finished FY 2025 below budget by \$764,782, or 12.2%. Expenditure totals in this category were \$5,514,218 and made up 4.7% of total General Fund expenditures for FY 2025. Notable budget variances in this category include engineering which was \$590,887, or 24.9%, below budget for FY 2025. This variance is primarily due to the timing of contractual services associated with capital projects and personnel costs.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

Public Works services total expenditures for FY 2025 were \$4,171,779 and made up 3.6% of total General Fund expenditures for the year. Overall Public Works was \$439,921, or 9.5%, below budget due to timing of projects.

Public Safety expenditures for FY 2025 were \$58,216,202 and were \$114,598, or 0.2%, below budget for the year. Compared to FY 2024, expenditures were \$3,552,031, or 6.5%, higher primarily due to personnel costs. Public safety accounts for 50.1% of all General Fund expenditures in FY 2025.

Cultural and Recreational Services expenditures for FY 2025 total \$8,915,004 and were \$574,996, or 6.1%, below budget for the year. Expenditures in this category were \$513,725, or 6.1% above FY 2024 spending levels. Cultural and Recreational Services accounts for 7.7% of all General Fund expenditures in FY 2025.

Capital Expenditures for the General Fund were \$16,174,186 and were \$10,880,286 above budget for FY 2025. Compared to FY 2024, expenditures were \$10,723,419 higher due continued American Rescue Plan Act Grant projects and vehicle purchases.

Capital Asset and Debt Administration

Capital Assets. The City of Bryan's capital assets, including right-to-use lease and subscription based information technology agreement (SBITA) assets, for its governmental and business-type activities as of September 30, 2025 was \$1,358,053,481 (net of accumulated depreciation and amortization), an increase of \$98,851,977, or 7.9%. This investment in capital assets includes land, park facilities, buildings and system improvements, machinery and equipment, street and drainage systems, and construction in progress.

Capital Assets for FY 2025 included the following:

	City of Bryan's Capital Assets*					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 14,558,173	\$ 14,328,808	\$ 37,844,790	\$ 33,603,055	\$ 52,402,963	\$ 47,931,863
Intangibles	-	-	-	-	-	-
Intangibles - Right of Use	802,970	1,054,813	-	-	802,970	1,054,813
Buildings	69,108,770	70,852,147	12,573,873	13,555,092	81,682,643	84,407,239
Buildings - Right of Use	941,719	996,512	-	-	941,719	996,512
Equipment	14,563,875	14,422,236	9,313,746	7,857,681	23,877,621	22,279,917
Equipment - Right of Use	1,686,816	1,897,668	19,221	38,442	1,706,037	1,936,110
Improvements	55,645,675	42,906,631	796,074,024	725,094,603	851,719,699	768,001,234
Infrastructure	162,443,983	142,406,142	-	-	162,443,983	142,406,142
Construction in Progress	41,633,526	44,827,105	139,050,360	143,803,920	180,683,886	188,631,025
Retirement in Progress	-	-	1,791,960	1,556,649	1,791,960	1,556,649
Total	\$ 361,385,507	\$ 333,692,062	\$ 996,667,974	\$ 925,509,442	\$ 1,358,053,481	\$ 1,259,201,504

*Note: Net of Accumulated Depreciation and Amortization. See Note 4.

Additional information on the City's capital assets can be found in Note 4 to the financial statements on page 76 of this report.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

Long-term Debt. At the end of FY 2025, the City of Bryan had total debt, net of premiums and discounts, outstanding of \$620,183,532. Of this amount, \$246,332,638 (general obligation bonds and certificates of obligation net of premiums and discounts) comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured by specified revenue sources (revenue bonds).

Outstanding Debt at Year End Bonds and Notes Payable

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 59,509,155	\$ 66,629,569	\$ 785,845	\$ 2,165,431	\$ 60,295,000	\$ 68,795,000
Certificates of Obligation	146,070,000	149,830,000	31,640,000	33,250,000	177,710,000	183,080,000
Revenue Bonds	-	-	324,010,000	302,260,000	324,010,000	302,260,000
Private Placement-Revenue Bonds	-	-	18,995,000	20,540,000	18,995,000	20,540,000
Premium (Discount)	7,830,254	8,146,154	31,343,278	31,579,240	39,173,532	39,725,394
Total, Net	<u>\$ 213,409,409</u>	<u>\$ 224,605,723</u>	<u>\$ 406,774,123</u>	<u>\$ 389,794,671</u>	<u>\$ 620,183,532</u>	<u>\$ 614,400,394</u>

During FY 2025, the City's total debt increased by \$5,783,138, or 0.9%, net of premiums and discounts. The City issued \$38,221,529, net of premiums, in Waterworks and Sewer System revenue bonds. The City retired \$32,438,391 (net of all premium or discounts) of outstanding debt.

The City's General Obligation, Certificates of Obligation and Revenue bond ratings are listed below.

	Standard & Poor's	Fitch
General Obligation Bonds	AA+	NR
Revenue Bonds - Waterworks and Sewer	AA	NR
Revenue Bonds - City Electric	A+	AA
Revenue Bonds - Rural Electric	A+	AA

Additional information on the City's long-term debt can be found in Note 5 to the financial statements on pages 78-84 of this report.

Economic Factors and Next Year's Budgets and Rates

Bryan maintained its strong growth during FY 2025, realizing increases in property values and increases in sales tax revenues which positively impacted the City's governmental funds. Bryan and neighboring College Station are the economic center of the region comprised of Brazos County and the surrounding seven counties which allows the City to maintain its strong growth. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: higher education, government and health care. The diverse economy in Bryan helped maintain the financial reliability of the City during the economic fluctuations.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2025

Ad valorem property taxes comprised approximately 41.6% of General Fund revenues in FY 2025. FY 2026 budgeted General Fund property tax revenues projected an increase of 12.6% from FY 2025 with the continued growth of new properties in Bryan. A slight increase in the M&O rate which contributed to the growth in General Fund revenues. FY 2026 sales tax revenue is budgeted to decrease by 0.5% when compared to FY 2025 adopted sales tax revenue due to the slowdown in the economy related to consumer spending. FY 2025 sales tax revenues exceeded FY 2024 by 2.5% primarily due to the continued growth within the city as well as inflation.

Revenues for the entire electric system for FY 2026 are budgeted to be \$315,374,100, which is an increase of \$9,078,700, or 3.0%, in FY 2026 versus the FY 2025 adopted budget due to increases in fuel pass through revenues and retail electric sales. FY 2026 budgeted electric expenditures are projected to be \$305,346,900, which is an increase of \$4,028,300, or 1.3% from the FY 2025 adopted budget.

Revenues budgeted for the Water Fund for FY 2026 are \$16,726,400, and are \$715,400, or 4.5%, higher than FY 2025 budgeted revenues. Total expenditures for the Water Fund, including debt service and capital expenditures, are budgeted to decrease by \$1,124,500, or 4.6%, due to a decreased water system capital.

The Wastewater Fund budget for FY 2026 projects revenues of \$15,816,900, which is \$237,200, or 1.5%, higher than the FY 2025 budget. Budgeted expenditures for FY 2026 are \$19,534,300 which is \$64,100, or 0.3% above the FY 2025 budget. This increase is attributable to increased general and administrative reimbursements.

Requests for Information

This financial report is designed to provide a general overview of the City of Bryan's finances for all of 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 of Bryan, Fiscal Services Department, Attention: Chief Financial Officer, P.O. Box 1000, Bryan, Texas 77805-1000 or visit our website at <http://www.bryantx.gov>.



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CITY OF BRYAN, TEXAS
Statement of Net Position
As of September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bryan Business Council, Inc.
<u>Assets</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 50,140,453	\$ 117,562,510	\$ 167,702,963	\$ 1,666,824
Investments	100,325,898	98,873,672	199,199,570	4,750,139
Receivables:				
Accounts	11,409,092	37,237,919	48,647,011	-
Less Allowance for Uncollectible	(6,043,462)	(730,327)	(6,773,789)	-
Notes Receivable	468,813	-	468,813	-
Property Taxes	2,421,762	-	2,421,762	-
Less Allowance for Uncollectible	(1,956,937)	-	(1,956,937)	-
Sales Taxes	5,262,277	-	5,262,277	-
Grants	594,024	99,845	693,869	-
Leases	38,572	-	38,572	-
Interest	996,513	1,675,704	2,672,217	-
Internal Balances	(2,385,872)	2,385,872	-	-
Inventories	345,535	3,164,087	3,509,622	-
Under-Recovered Regulatory Fee	-	1,166,785	1,166,785	-
Prepaid and Other Assets	291,757	3,802,393	4,094,150	-
Total Current Assets	<u>161,908,425</u>	<u>265,238,460</u>	<u>427,146,885</u>	<u>6,416,963</u>
Noncurrent Assets:				
Receivables:				
Leases	4,310,596	-	4,310,596	-
Notes Receivable	5,140,121	-	5,140,121	-
Less Allowance for Uncollectible - Notes	(313,033)	-	(313,033)	-
TMPA Decommissioning	-	7,842,767	7,842,767	-
Net Pension Asset (NPA)	1,743,921	999,269	2,743,190	-
Restricted Assets:				
Cash and Cash Equivalents	-	36,601,182	36,601,182	-
Investments	-	79,784,055	79,784,055	-
Investment in BVSWMA, Inc.	-	28,275,906	28,275,906	-
Investment in Economic Development Foundation	4,528,163	-	4,528,163	-
Equity Interest in Limited Partnership	-	1,790,275	1,790,275	-
Capital Assets:				
Intangible Assets	60,250	-	60,250	-
Land	14,558,173	37,844,790	52,402,963	12,393,449
Buildings	96,126,455	22,932,361	119,058,816	899,894
Improvements Other Than Buildings	94,630,701	1,285,526,308	1,380,157,009	-
Machinery and Equipment	49,994,346	30,595,427	80,589,773	-
Infrastructure	340,577,548	-	340,577,548	-
Construction in Progress	41,633,526	139,050,360	180,683,886	-
Retirement in Progress	-	1,791,960	1,791,960	-
Less Accumulated Depreciation	(279,626,997)	(521,092,453)	(800,719,450)	(13,123)
Right-to-Use Lease Assets	4,165,331	96,106	4,261,437	-
Less Accumulated Amortization	(1,536,796)	(76,885)	(1,613,681)	-
Right-to-Use Subscription Based IT Arrangement Assets	865,290	-	865,290	-
Less Accumulated Amortization	(62,320)	-	(62,320)	-
Total Capital Assets	<u>361,385,507</u>	<u>996,667,974</u>	<u>1,358,053,481</u>	<u>13,280,220</u>
Total Noncurrent Assets	<u>376,795,275</u>	<u>1,151,961,428</u>	<u>1,528,756,703</u>	<u>13,280,220</u>
Total Assets	<u>\$ 538,703,700</u>	<u>\$ 1,417,199,888</u>	<u>\$ 1,955,903,588</u>	<u>\$ 19,697,183</u>
<u>Deferred Outflows</u>				
Accumulated Decrease in Fair Value of Hedging Derivatives	\$ -	\$ 337,009	\$ 337,009	\$ -
Pensions	10,238,488	5,866,642	16,105,130	-
Other Post-Employment Benefits (OPEB)	3,422,625	1,843,835	5,266,460	-
Unamortized Loss on Refunded Debt	209,887	347,463	557,350	-
Total Deferred Outflows	<u>\$ 13,871,000</u>	<u>\$ 8,394,949</u>	<u>\$ 22,265,949</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS
Statement of Net Position
As of September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bryan Business Council, Inc.
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 8,154,250	\$ 17,859,807	\$ 26,014,057	\$ 303,755
Accrued Liabilities and Retainage	6,623,912	1,895,970	8,519,882	-
Claims	2,489,677	-	2,489,677	-
Compensated Absences Liability	4,588,273	2,027,361	6,615,634	-
Unearned Revenue	7,181,673	266,466	7,448,139	-
Notes	-	-	-	11,604,386
Leases	508,859	19,959	528,818	-
Subscription Based IT Arrangements (SBITAs)	225,135	-	225,135	-
Derivative Financial Instruments	-	337,008	337,008	-
Payable from Restricted Assets:				
Accrued Interest	828,833	3,938,620	4,767,453	-
Over-Recovered Fuel Cost	-	13,428,461	13,428,461	-
Counter Party Collateral	-	35,580,000	35,580,000	-
Bonds Payable, Net	10,099,473	21,597,295	31,696,768	-
Customer Deposits	145,868	6,793,312	6,939,180	-
Total Current Liabilities	40,845,953	103,744,259	144,590,212	11,908,141
Noncurrent Liabilities:				
Bonds Payable, Net	203,309,936	385,176,828	588,486,764	-
Arbitrage Rebate	730,984	908,936	1,639,920	-
Interfund Advance	(17,667,191)	17,667,191	-	-
Claims	1,012,613	-	1,012,613	-
Net Other Post Employment Benefits Liability (OPEB)	11,408,825	6,119,645	17,528,470	-
Accrued Liabilities	-	-	-	-
Compensated Absences Liability	8,796,539	1,206,263	10,002,802	-
Leases	2,240,770	20,758	2,261,528	-
SBITAs	578,525	-	578,525	-
Total Noncurrent Liabilities	210,411,001	411,099,621	621,510,622	-
Total Liabilities	251,256,954	514,843,880	766,100,834	11,908,141
<u>Deferred Inflows</u>				
Unamortized Gain on Refunding Debt	-	2,195,708	2,195,708	-
Pensions	3,936,351	2,255,530	6,191,881	-
Other Post Employment Benefits	2,749,375	1,481,146	4,230,521	-
Deferred Regulatory Liability	-	21,809,220	21,809,220	-
Deferred Lease Receivable	4,011,875	-	4,011,875	-
Total Deferred Inflows	\$ 10,697,601	\$ 27,741,604	\$ 38,439,205	\$ -
<u>Net Position</u>				
Net Investment in Capital Assets	\$ 219,388,858	\$ 603,757,334	\$ 823,146,192	\$ 1,675,834
Restricted for:				
BVSWMA, Inc.	-	28,275,906	28,275,906	-
Economic Development Foundation	4,528,163	-	4,528,163	-
Debt Reserve	-	2,824,100	2,824,100	-
Debt Service	6,661,661	10,646,135	17,307,796	-
Equity Interest in Partnership	-	1,790,275	1,790,275	-
Perpetual Care:				
Expendable	312,943	-	312,943	-
Nonexpendable	1,693,154	-	1,693,154	-
Rate Stabilization	-	1,791,140	1,791,140	-
Notes Receivable	3,208,667	-	3,208,667	-
Police Activities	54,410	-	54,410	-
Court Activities	410,758	-	410,758	-
Record Preservation	40,915	-	40,915	-
TIRZ Development	10,776,002	-	10,776,002	-
Hotel/Motel	1,925,268	-	1,925,268	-
Net Pension Asset	1,743,921	999,269	2,743,190	-
Other Purposes	1,438,502	-	1,438,502	-
Unrestricted	38,436,923	232,925,194	271,362,117	6,113,208
Total Net Position	\$ 290,620,145	\$ 883,009,353	\$ 1,173,629,498	\$ 7,789,042

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS

Statement of Activities

For the Fiscal Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			Component Unit Bryan Business Council, Inc.
		Fees, Fines and Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government and Administration	\$ 27,179,830	\$ 303,880	\$ 90,725	\$ -	\$ (26,785,225)	\$ -	\$ (26,785,225)	\$ -
Development Services	7,788,940	1,223,549	1,342,788	-	(5,222,603)	-	(5,222,603)	-
Public Works Services	20,981,024	-	5,686,693	13,895,565	(1,398,766)	-	(1,398,766)	-
Public Safety	62,086,689	7,647,525	702,424	-	(53,736,740)	-	(53,736,740)	-
Cultural and Recreational	22,946,833	7,668,260	1,667,550	-	(13,611,023)	-	(13,611,023)	-
Interest and Fiscal Charges	7,697,257	-	-	-	(7,697,257)	-	(7,697,257)	-
Total Governmental Activities	148,680,573	16,843,214	9,490,180	13,895,565	(108,451,614)	-	(108,451,614)	-
Business-Type Activities:								
City Electric	177,064,855	234,051,567	-	-	-	56,986,712	56,986,712	-
Rural Electric	50,478,647	59,021,504	-	-	-	8,542,857	8,542,857	-
Water	14,942,532	16,892,821	-	2,772,283	-	4,722,572	4,722,572	-
Wastewater	14,537,832	15,981,265	-	2,906,725	-	4,350,158	4,350,158	-
Other Nonmajor Enterprise Funds	10,662,318	10,377,817	-	-	-	(284,501)	(284,501)	-
Total Business-Type Activities	267,686,184	336,324,974	-	5,679,008	-	74,317,798	74,317,798	-
Total Primary Government	\$ 416,366,757	\$ 353,168,188	\$ 9,490,180	\$ 19,574,573	\$ (108,451,614)	\$ 74,317,798	\$ (34,133,816)	\$ -
Component Unit:								
Bryan Business Council, Inc.	\$ 952,041	\$ -	\$ 1,745,331	\$ -	\$ -	\$ -	\$ -	\$ 793,290
General Revenues:								
Property Taxes					\$ 60,630,220	\$ -	\$ 60,630,220	\$ -
Sales Taxes					31,961,976	-	31,961,976	-
Franchise Taxes					2,019,463	-	2,019,463	-
Alcoholic Beverage Taxes					323,857	-	323,857	-
Bingo Taxes					246,966	-	246,966	-
Hotel Occupancy Taxes					2,931,409	-	2,931,409	-
Transportation and Drainage Assessments					7,802,754	-	7,802,754	-
Unrestricted Investment Earnings					6,230,384	13,861,275	20,091,659	-
Miscellaneous					3,441,927	4,676,085	8,118,012	340,501
Transfers (Net)					16,302,356	(16,302,356)	-	-
Total General Revenues and Transfers					131,891,312	2,235,004	134,126,316	340,501
Change in Net Position					23,439,698	76,552,802	99,992,500	1,133,791
Net Position, October 1, 2024					269,275,466	806,942,262	1,076,217,728	6,655,251
Implementation of GASB 101, Compensated Absences (See note 1)					(2,095,019)	(485,711)	(2,580,730)	-
Net Position, October 1, 2024, as restated					267,180,447	806,456,551	1,073,636,998	6,655,251
Net Position, September 30, 2025					\$ 290,620,145	\$ 883,009,353	\$ 1,173,629,498	\$ 7,789,042

The notes to the financial statements are an integral part of this statement.



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CITY OF BRYAN, TEXAS

Balance Sheet

Governmental Funds

As of September 30, 2025

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 17,289,538	\$ 1,824,490	\$ 23,197,491	\$ 42,311,519
Investments	33,940,352	3,793,745	46,272,494	84,006,591
Receivables:				
Accounts	9,756,268	-	1,618,683	11,374,951
Less Allowance for Uncollectible	(5,972,811)	-	(70,651)	(6,043,462)
Property Taxes	1,730,238	691,524	-	2,421,762
Less Allowance for Uncollectible	(1,386,167)	(570,770)	-	(1,956,937)
Sales Taxes	5,262,277	-	-	5,262,277
Grants	-	-	594,024	594,024
Interest	328,603	38,186	465,463	832,252
Lease Receivable	2,883,590	-	1,465,578	4,349,168
Notes Receivable	2,087,234	1,251,413	2,270,287	5,608,934
Less Allowance for Uncollectible	-	-	(313,033)	(313,033)
Due from Other Funds	1,369,087	-	253,221	1,622,308
Interfund Advance	-	18,129,097	-	18,129,097
Inventory	-	-	122,615	122,615
Prepaid and Other Assets	51,227	-	240,445	291,672
Total Assets	<u>\$ 67,339,436</u>	<u>\$ 25,157,685</u>	<u>\$ 76,116,617</u>	<u>\$ 168,613,738</u>
<u>Liabilities, Deferred Inflows, and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 4,769,295	\$ -	\$ 3,008,291	\$ 7,777,586
Accrued Liabilities	4,060,469	-	67,661	4,128,130
Retainage Payable	1,051,255	-	1,397,925	2,449,180
Due to Other Funds	137,373	-	275,081	412,454
Customer Deposits	145,868	-	-	145,868
Unearned Revenue	4,744,700	-	2,436,973	7,181,673
Total Liabilities	<u>14,908,960</u>	<u>-</u>	<u>7,185,931</u>	<u>22,094,891</u>
Deferred Inflows:				
Unavailable Property Taxes	341,712	120,114	-	461,826
Deferred Inflows - Right of Use Assets	2,684,722	-	1,327,153	4,011,875
Unavailable Notes Receivable	-	-	1,957,254	1,957,254
Other Unavailable Revenue	1,641,755	-	361,132	2,002,887
Total Deferred Inflows	<u>4,668,189</u>	<u>120,114</u>	<u>3,645,539</u>	<u>8,433,842</u>
Fund Balances:				
Nonspendable	2,138,461	1,251,413	2,056,214	5,446,088
Restricted	1,714,714	23,786,158	43,011,996	68,512,868
Committed	2,240,119	-	20,232,293	22,472,412
Assigned	17,385,974	-	-	17,385,974
Unassigned	24,283,019	-	(15,356)	24,267,663
Total Fund Balances	<u>47,762,287</u>	<u>25,037,571</u>	<u>65,285,147</u>	<u>138,085,005</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 67,339,436</u>	<u>\$ 25,157,685</u>	<u>\$ 76,116,617</u>	<u>\$ 168,613,738</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
As of September 30, 2025

Total Fund Balances - Governmental Funds	\$	138,085,005
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital Assets, Leases, and SBITAs used in Governmental Activities are not financial resources and therefore, are not reported in the funds. (Includes net Capital Assets of the Internal Service funds in the amount of \$66,526).		361,385,508
Other Long-Term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		4,421,966
The City's equity in the Economic Development Foundation is included in the Statement of Net Position, but is not included at the fund level.		4,528,163
Internal Service Funds are used by management to charge the costs of risk management, employee health insurance benefits and central warehousing to individual funds. The assets and liabilities of the Internal Service Funds related to Governmental Activities are included in the Governmental Activities in the Statement of Net Position. (Net of amount allocated to Business-Type Activities of \$3,595,726, net Capital Assets in the amount of \$66,526.		16,429,842
Interest payable on Long-Term Debt does not require current financial resources, and, therefore, is not reported as a liability in the Governmental Funds Balance Sheet.		(828,833)
Long-Term Liabilities and Assets and related Deferred Outflows and Inflows including Bonds Payable, Net Pension Asset, Net OPEB Liability and Compensated Absences, are not due and payable in the current period and, therefore, are not reported in the funds. These items are detailed below:		
General Obligation Bonds Payable	\$	59,509,155
Certificates of Obligation Payable		146,070,000
Premium (Discount) on Bonds Payable		7,830,254
Deferred Amount on Refunding		(209,887)
Arbitrage Liability		730,984
Net Pension Asset		(1,717,795)
Net Other Post Employment Benefits (OPEB) Liability		11,234,221
Deferred Amounts on Pensions (net)		(6,207,728)
Deferred Amounts on OPEB (net)		(663,049)
Lease Payable		2,749,629
SBITA Payable		803,660
Compensated Absences Liability (Net of Internal Service Fund liability of \$112,750)		13,272,062
		<u>(233,401,506)</u>
Net Position of Governmental Activities	\$	<u>290,620,145</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended September 30, 2025

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 40,169,853	\$ 13,785,287	\$ 6,443,821	\$ 60,398,961
Sales Taxes	31,961,976	-	-	31,961,976
Franchise Taxes	2,019,463	-	-	2,019,463
Alcoholic Beverage Taxes	323,857	-	-	323,857
Bingo Taxes	246,966	-	-	246,966
Hotel Occupancy Taxes	-	-	2,931,409	2,931,409
Transportation and Drainage Assessments	-	-	7,802,754	7,802,754
Charges for Services	7,182,025	-	-	7,182,025
Fines and Court Charges	1,876,127	-	37,675	1,913,802
Licenses and Permits	1,223,549	-	-	1,223,549
Grants	7,105,869	-	2,023,177	9,129,046
Investment Earnings	2,363,994	463,051	3,388,237	6,215,282
Investment Mark to Market	(81,111)	(9,056)	(135,903)	(226,070)
Oil and Gas Royalties	-	-	100,397	100,397
Parks and Recreation	-	-	6,523,838	6,523,838
Destination Bryan	-	-	112,423	112,423
Other	2,162,986	57,384	322,727	2,543,097
Total Revenues	96,555,554	14,296,666	29,550,555	140,402,775
Expenditures:				
Current:				
General Government and Administration	22,749,978	-	3,037,466	25,787,444
Development Services	5,514,218	-	2,154,662	7,668,880
Public Works Services	4,171,779	-	5,462,899	9,634,678
Public Safety	58,216,202	-	709,840	58,926,042
Cultural and Recreational	8,915,004	-	9,630,476	18,545,480
Capital Outlay	16,174,186	-	19,245,440	35,419,626
Debt Service:				
Bond and Principal Retirement	-	10,880,414	-	10,880,414
Interest and Fiscal Charges	-	7,671,699	-	7,671,699
Right of Use Principal	476,570	-	138,629	615,199
Right of Use Interest	93,745	-	17,818	111,563
Total Expenditures	116,311,682	18,552,113	40,397,230	175,261,025
Excess (Deficiencies) of Revenues over (under) Expenditures	(19,756,128)	(4,255,447)	(10,846,675)	(34,858,250)
Other Financing Sources (uses):				
Sales of Capital Assets	140,434	-	-	140,434
Lease Financing	635,766	-	281,005	916,771
Transfers In	18,382,297	2,528,584	8,039,913	28,950,794
Transfers Out	(4,210,629)	-	(8,670,278)	(12,880,907)
Long-Term Debt Issued	-	-	-	-
Premium (Discount) on Long-Term Debt Issued	-	-	-	-
Total Other Financing Sources (uses)	14,947,868	2,528,584	(349,360)	17,127,092
Net Change in Fund Balances	(4,808,260)	(1,726,863)	(11,196,035)	(17,731,158)
Fund Balances, October 1, 2024	52,570,547	26,764,434	76,481,182	155,816,163
Fund Balances, September 30, 2025	\$ 47,762,287	\$ 25,037,571	\$ 65,285,147	\$ 138,085,005

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (17,731,158)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report Capital Outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount of Capital Assets recorded in the current period. 35,672,570

The City's investment in the Economic Development Foundation is reported at the government-wide level but not at the fund level. (96,012)

The net effect of various transactions involving Capital Assets (i.e., sales and contributions) is to increase net position. 13,592,179

Depreciation Expense on Capital Assets and Amortization Expense on leases reported in the Government-Wide Statement of Activities does not require the use of current financial resources. Therefore, Depreciation and Amortization expense is not reported as an expenditure in Governmental Funds. (20,911,687)

The issuance of Long-Term Debt provides current financial resources to Governmental Funds, while the repayment of the principal of Long-Term Debt consumes the current financial resources of Governmental Funds. Also, Governmental Funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of Long-Term Debt and related items is detailed below:

Debt Principal Repayments	10,880,414
Lease Issuance	(916,771)
Lease/SBITA Principal Payments	615,199

Some expenses related to Long-Term Liabilities reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in Governmental Funds. (250,725)

Accrued Interest Expense on Long-Term Debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in Governmental Funds. 391,845

Some property taxes will not be collected for several months after the City's fiscal year end, and are not considered "available" revenues in the Governmental Funds. 231,259

Some notes receivable will not be collected for several months after the City's fiscal year end, and are not considered "available" revenues in the governmental funds. 808,014

Internal Service Funds are used by management to charge the costs of risk management, employee health insurance benefits and central warehousing to individual funds. The net revenue of the Internal Service Funds related to Governmental Activities is reported with Governmental Activities; Depreciation Expense of \$11,387 allocated above and net of amount allocated to Business-Type Activities of (\$4,939). 1,154,571

Change in Net Position of Governmental Activities. \$ 23,439,698

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS
Statement of Net Position
Proprietary Funds
As of September 30, 2025

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds		Internal Service Funds
<u>Assets</u>							
Current Assets:							
Cash and Cash Equivalents	\$ 76,986,224	\$ 25,733,034	\$ 6,609,828	\$ 3,621,979	\$ 4,611,445	\$ 117,562,510	\$ 7,828,934
Investments	56,237,701	11,771,721	13,744,118	7,531,346	9,588,786	98,873,672	16,319,307
Accounts Receivable	25,596,221	6,291,668	2,536,135	2,034,047	779,848	37,237,919	34,141
Less Allowance for Uncollectible Accounts	(445,918)	(162,695)	(42,951)	(48,127)	(30,636)	(730,327)	-
Grants Receivable	-	-	-	-	99,845	99,845	-
Interest Receivable	1,216,847	-	230,988	131,086	96,783	1,675,704	164,261
Inventories	2,458,442	-	644,330	-	61,315	3,164,087	222,920
Due from Other Funds	4,960,653	-	348,804	343,543	248,557	5,901,557	-
Under-Recovered Regulatory Fee	784,849	381,936	-	-	-	1,166,785	-
Prepaid and Other Assets	3,802,393	-	-	-	-	3,802,393	85
Total Current Assets	171,597,412	44,015,664	24,071,252	13,613,874	15,455,943	268,754,145	24,569,648
Non-Current Assets:							
Restricted Assets:							
Cash and Cash Equivalents	-	5,222,273	26,512,840	4,853,298	12,771	36,601,182	-
Investments	65,222,889	1,130,721	7,911,805	5,492,082	26,558	79,784,055	-
Investment in BVSWMA	-	-	-	-	28,275,906	28,275,906	-
Equity Interest in Limited Partnership	-	-	-	-	1,790,275	1,790,275	-
TMPA Decommissioning	7,842,767	-	-	-	-	7,842,767	-
Net pension asset	712,884	-	83,689	100,864	101,832	999,269	26,126
Capital Assets:							
Land	12,865,835	129,345	798,889	2,015,201	22,035,520	37,844,790	-
Buildings	-	-	317,271	19,873,253	2,741,837	22,932,361	3,725
Equipment	-	-	4,321,690	7,756,990	18,516,747	30,595,427	119,248
Improvements Other Than Buildings	749,664,646	213,487,886	160,123,939	151,059,121	11,190,716	1,285,526,308	187,146
Construction in Progress	92,627,381	16,850,537	13,519,337	15,539,018	514,087	139,050,360	-
Retirement in Progress	1,791,960	-	-	-	-	1,791,960	-
Less Accumulated Depreciation	(279,253,655)	(61,109,457)	(76,329,086)	(86,901,229)	(17,499,026)	(521,092,453)	(243,593)
Right-to-Use Lease Assets	-	-	-	-	96,106	96,106	-
Less Accumulated Amortization	-	-	-	-	(76,885)	(76,885)	-
Total Capital Assets (Net of Accumulated Depreciation and Amortization)	577,696,167	169,358,311	102,752,040	109,342,354	37,519,102	996,667,974	66,526
Total Non-Current Assets	651,474,707	175,711,305	137,260,374	119,788,598	67,726,444	1,151,961,428	92,652
Total Assets	\$ 823,072,119	\$ 219,726,969	\$ 161,331,626	\$ 133,402,472	\$ 83,182,387	\$ 1,420,715,573	\$ 24,662,300
<u>Deferred Outflows</u>							
Accumulated Decrease in Fair Value of Hedging Derivatives	337,009	-	-	-	-	337,009	-
Pension	4,185,304	-	491,327	592,166	597,845	5,866,642	153,381
Other Post-Employment Benefits (OPEB)	1,129,350	-	207,433	236,241	270,811	1,843,835	51,858
Unamortized Loss on Refunded Debt	-	-	216,568	130,895	-	347,463	-
Total Deferred Outflows	\$ 5,651,663	\$ -	\$ 915,328	\$ 959,302	\$ 868,656	\$ 8,394,949	\$ 205,239

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS
Statement of Net Position
Proprietary Funds
As of September 30, 2025

	Business-Type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<u>Liabilities</u>							
Current Liabilities:							
Accounts Payable	\$ 13,867,466	\$ 1,393,565	\$ 553,888	\$ 1,361,680	\$ 683,208	\$ 17,859,807	\$ 376,664
Accrued Liabilities and Retainage	-	-	783,106	755,382	357,482	1,895,970	46,602
Claims Payable	-	-	-	-	-	-	2,489,677
Due to Other Funds	2,150,758	4,960,653	-	-	-	7,111,411	-
Unearned Revenue	-	-	-	266,466	-	266,466	-
Derivative Financial Instruments - Current Portion	337,008	-	-	-	-	337,008	-
Compensated Absences Liability	1,371,676	-	256,484	210,343	188,858	2,027,361	73,885
Leases	-	-	-	-	19,959	19,959	-
Payable from Restricted Assets:							
Accrued Interest	2,378,057	581,971	569,869	376,314	32,409	3,938,620	-
Over-Recovered Fuel Cost	9,883,174	3,545,287	-	-	-	13,428,461	-
Counter Party Collateral	35,580,000	-	-	-	-	35,580,000	-
Bonds Payable, Net	14,569,732	2,553,972	2,603,454	1,792,173	77,964	21,597,295	-
Customer Deposits	5,094,081	1,676,986	-	-	22,245	6,793,312	-
Total Current Liabilities	<u>85,231,952</u>	<u>14,712,434</u>	<u>4,766,801</u>	<u>4,762,358</u>	<u>1,382,125</u>	<u>110,855,670</u>	<u>2,986,828</u>
Non-Current Liabilities:							
Bonds Payable, Net	250,586,952	61,794,772	44,223,990	22,093,097	6,478,017	385,176,828	-
Arbitrage Rebate	-	-	908,936	-	-	908,936	-
Interfund Advance	12,603,888	-	1,479,625	1,783,283	1,800,395	17,667,191	461,906
Claims	-	-	-	-	-	-	1,012,613
Net Other Post-Employment Benefit Liability (OPEB)	3,713,986	-	690,353	803,483	911,823	6,119,645	174,604
Accrued Liabilities	-	-	-	-	-	-	-
Compensated Absences Liability	863,039	-	134,259	110,106	98,859	1,206,263	38,865
Leases	-	-	-	-	20,758	20,758	-
Total Non-Current Liabilities	<u>267,767,865</u>	<u>61,794,772</u>	<u>47,437,163</u>	<u>24,789,969</u>	<u>9,309,852</u>	<u>411,099,621</u>	<u>1,687,988</u>
Total Liabilities	<u>352,999,817</u>	<u>76,507,206</u>	<u>52,203,964</u>	<u>29,552,327</u>	<u>10,691,977</u>	<u>521,955,291</u>	<u>4,674,816</u>
<u>Deferred Inflows</u>							
Unamortized Gain on Refunded Debt	2,195,708	-	-	-	-	2,195,708	-
Pensions	1,609,109	-	188,900	227,668	229,853	2,255,530	58,972
Other Post-Employment Benefits (OPEB)	907,201	-	166,629	189,771	217,545	1,481,146	41,657
Deferred Regulatory Liability	6,750,060	15,059,160	-	-	-	21,809,220	-
Total Deferred Inflows	<u>\$ 11,462,078</u>	<u>\$ 15,059,160</u>	<u>\$ 355,529</u>	<u>\$ 417,439</u>	<u>\$ 447,398</u>	<u>\$ 27,741,604</u>	<u>\$ 100,629</u>
<u>Net Position</u>							
Net Investment in Capital Assets	305,583,754	88,798,650	86,744,892	92,221,649	30,408,389	603,757,334	66,526
Restricted for:							
BVSWMA, Inc.	-	-	-	-	28,275,906	28,275,906	-
Debt Reserve	2,824,100	-	-	-	-	2,824,100	-
Debt Service	3,063,125	548,750	4,028,570	3,005,690	-	10,646,135	-
Rate Stabilization	1,791,140	-	-	-	-	1,791,140	-
Equity Interest in Partnership	-	-	-	-	1,790,275	1,790,275	-
Net Pension Asset	712,884	-	83,689	100,864	101,832	999,269	26,126
Unrestricted	150,286,884	38,813,203	18,830,310	9,063,805	12,335,266	229,329,468	19,999,442
Total Net Position	<u>\$ 464,261,887</u>	<u>\$ 128,160,603</u>	<u>\$ 109,687,461</u>	<u>\$ 104,392,008</u>	<u>\$ 72,911,668</u>	<u>\$ 879,413,627</u>	<u>\$ 20,092,094</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.						3,595,726	
Net position of Business-Type Activities						<u>\$ 883,009,353</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2025

	Business-Type Activities - Enterprise Funds						Governmental
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues:							
Electrical System	\$ 228,408,204	\$ 59,021,504	\$ -	\$ -	\$ -	\$ 287,429,708	\$ -
Water System	-	-	15,829,432	-	-	15,829,432	-
Wastewater System	-	-	-	15,981,265	-	15,981,265	-
Solid Waste	-	-	-	-	9,458,884	9,458,884	-
Other	5,643,363	-	1,063,389	-	918,933	7,625,685	22,168,348
Total Operating Revenues	234,051,567	59,021,504	16,892,821	15,981,265	10,377,817	336,324,974	22,168,348
Operating Expenses:							
Personnel Services	14,788,708	955,510	3,221,153	4,092,155	4,564,803	27,622,329	888,541
Electric Operations	120,127,637	39,544,737	-	-	-	159,672,374	-
Maintenance	5,009,890	1,938,110	1,048,254	1,125,613	651,616	9,773,483	2,670
Claims	-	-	-	-	-	-	15,785,458
Other Services and Charges	4,531,286	-	2,983,785	1,275,765	805,305	9,596,141	5,433,829
Other Expenses	3,389,481	-	537,974	711,280	1,031,361	5,670,096	96,051
General and Administrative	3,610,492	504,227	1,167,245	1,161,685	1,549,979	7,993,628	-
Total Operating Expenses	151,457,494	42,942,584	8,958,411	8,366,498	8,603,064	220,328,051	22,206,549
Before Depreciation and Amortization	151,457,494	42,942,584	8,958,411	8,366,498	8,603,064	220,328,051	22,206,549
Operating Income Before Depreciation and Amortization	82,594,073	16,078,920	7,934,410	7,614,767	1,774,753	115,996,923	(38,201)
Depreciation and Amortization	15,105,962	5,287,920	4,883,366	5,609,644	1,846,255	32,733,147	11,387
Operating Income (Loss)	67,488,111	10,791,000	3,051,044	2,005,123	(71,502)	83,263,776	(49,588)
Non-Operating Revenues (Expenses):							
Investment Earnings	8,120,693	2,115,181	1,616,176	732,678	603,896	13,188,624	977,230
Investment Mark to Market	596,972	80,209	(2,202)	(1,317)	(1,011)	672,651	(9,889)
Interest Expense, Issuance Costs and Fiscal Charges	(10,400,167)	(2,248,143)	(1,073,548)	(594,882)	(303,897)	(14,620,637)	-
Gain on Sale of Assets	816,669	-	-	-	(319,949)	496,720	-
Distributive Share of BVSWMA Net Income	-	-	-	-	1,666,440	1,666,440	-
Other	-	-	1,730,042	151,882	631,001	2,512,925	-
Total Non-Operating Revenues (Expenses)	(865,833)	(52,753)	2,270,468	288,361	2,276,480	3,916,723	967,341
Income Before Contributions and Transfers	66,622,278	10,738,247	5,321,512	2,293,484	2,204,978	87,180,499	917,753
Capital Contributions	-	-	2,772,283	2,906,725	-	5,679,008	-
Transfers In	-	-	48,379	324,564	1,010,277	1,383,220	343,263
Transfers Out	(15,314,940)	-	(923,614)	(865,642)	(581,380)	(17,685,576)	(110,794)
Change in Net Position	51,307,338	10,738,247	7,218,560	4,659,131	2,633,875	76,557,151	1,150,222
Net Position, October 1, 2024	413,244,762	117,422,356	102,512,665	99,848,915	70,313,489		18,974,639
Implementation of GASB 101, <i>Compensated Absences</i>	(290,213)	-	(43,764)	(116,038)	(35,696)		(32,767)
Net Position, October 1, 2024 as restated	412,954,549	117,422,356	102,468,901	99,732,877	70,277,793		18,941,872
Net Position, September 30, 2025	\$ 464,261,887	\$ 128,160,603	\$ 109,687,461	\$ 104,392,008	\$ 72,911,668		\$ 20,092,094
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.						(4,349)	
Change in Net Position of Business-Type Activities						\$ 76,552,802	

The notes to the financial statements are an integral part of this statement.



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CITY OF BRYAN, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Business-Type Activities - Enterprise Funds						Governmental
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:							
Receipts from Customers and Users	\$ 233,921,974	\$ 59,371,085	\$ 17,097,444	\$ 15,836,787	\$ 10,130,884	\$ 336,358,174	\$ 3,107,923
Receipts for Interfund Services Provided	-	-	-	-	-	-	15,854,219
Payments to Suppliers and Claim Administrators	(128,715,307)	(41,466,870)	(5,598,567)	(4,439,097)	(2,451,254)	(182,671,095)	(20,533,310)
Payments to Employees	(14,920,956)	(955,510)	(3,048,081)	(3,807,467)	(4,555,681)	(27,287,695)	(896,779)
Other Receipts (Payments)	-	-	1,730,042	151,882	631,001	2,512,925	3,222,665
Payments for Interfund Services Used	-	-	(1,167,245)	(1,161,685)	(1,549,979)	(3,878,909)	-
Net Cash Provided by Operating Activities	<u>90,285,711</u>	<u>16,948,705</u>	<u>9,013,593</u>	<u>6,580,420</u>	<u>2,204,971</u>	<u>125,033,400</u>	<u>754,718</u>
Cash Flows from Non-Capital Financing Activities:							
Transfers In	-	-	48,379	324,564	1,010,277	1,383,220	343,263
Transfers Out	(15,314,940)	-	(923,614)	(865,642)	(581,380)	(17,685,576)	(110,794)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(15,314,940)</u>	<u>-</u>	<u>(875,235)</u>	<u>(541,078)</u>	<u>428,897</u>	<u>(16,302,356)</u>	<u>232,469</u>
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Capital Assets	(52,183,709)	(20,854,231)	(10,091,545)	(10,554,957)	(5,907,869)	(99,592,311)	-
Proceeds from Sale of Assets	4,860,051	-	300	52,560	497,117	5,410,028	-
Revenue Bond Proceeds	-	-	20,760,000	15,570,000	-	36,330,000	-
Issuance of premiums	-	-	1,080,875	810,654	-	1,891,529	-
Debt Issuance Costs	-	-	(96,286)	(72,764)	-	(169,050)	-
Principal Paid on Outstanding Bonds and Leases	(13,865,473)	(2,080,000)	(2,244,510)	(1,543,472)	(98,404)	(19,831,859)	-
Interest Paid on Bonds, Contractual Obligations, and Leases	(12,237,363)	(2,642,927)	(685,820)	(284,387)	(303,897)	(16,154,394)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(73,426,494)</u>	<u>(25,577,158)</u>	<u>8,723,014</u>	<u>3,977,634</u>	<u>(5,813,053)</u>	<u>(92,116,057)</u>	<u>-</u>
Cash Flows from Investing Activities:							
Purchase of Investment Securities	(71,620,052)	(10,840,912)	(15,803,274)	(9,260,204)	(3,522,255)	(111,046,697)	(7,889,957)
Sale of Investment Securities	88,630,822	7,724,720	5,036,625	3,050,293	5,432,313	109,874,773	6,822,549
Interest on Investments	7,224,355	2,029,843	1,908,987	642,902	616,310	12,422,397	957,514
Net Cash Provided (Used) by Investing Activities	<u>24,235,125</u>	<u>(1,086,349)</u>	<u>(8,857,662)</u>	<u>(5,567,009)</u>	<u>2,526,368</u>	<u>11,250,473</u>	<u>(109,894)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,779,402	(9,714,802)	8,003,710	4,449,967	(652,817)	27,865,460	877,293
Cash and Cash Equivalents, October 1, 2024	<u>51,206,822</u>	<u>40,670,109</u>	<u>25,118,958</u>	<u>4,025,310</u>	<u>5,277,033</u>	<u>126,298,232</u>	<u>6,951,641</u>
Cash and Cash Equivalents, September 30, 2025	<u>\$ 76,986,224</u>	<u>\$ 30,955,307</u>	<u>\$ 33,122,668</u>	<u>\$ 8,475,277</u>	<u>\$ 4,624,216</u>	<u>\$ 154,163,692</u>	<u>\$ 7,828,934</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2025

	Business-Type Activities - Enterprise Funds						Governmental
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:							
Operating Income (Loss)	\$ 67,488,111	\$ 10,791,000	\$ 3,051,044	\$ 2,005,123	\$ (71,502)	\$ 83,263,776	\$ (49,588)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Depreciation and Amortization	15,105,962	5,287,920	4,883,366	5,609,644	1,846,255	32,733,147	11,387
Provision for Uncollectible Accounts	154,507	48,593	-	-	-	203,100	-
Other Revenue	-	-	1,730,042	151,882	631,001	2,512,925	-
Change in Assets and Liabilities:							
Change in Accounts Receivable	(259,567)	336,009	57,662	(134,501)	(64,361)	(64,758)	33,031
Change in Grant Receivable	-	-	-	-	(99,845)	(99,845)	-
Change in Inventories	(357,326)	-	105,017	-	(5,318)	(257,627)	40,339
Change in Due from Other Funds	1,631,483	-	95,027	54,001	(15,402)	1,765,109	42,245
Change in Over (Under) Recovered Fuel	6,061,040	2,729,218	-	-	-	8,790,258	-
Change in Over (Under) Recovered Regulatory Fee	1,094,375	(335,333)	-	-	-	759,042	-
Change in Prepaid and Other Assets	1,544,935	-	-	-	-	1,544,935	(85)
Deferred Outflows/Inflows of Resources - OPEB & Net Pension	3,562,463	-	427,381	513,405	522,289	5,025,538	-
Change in Unamortized Loss on Refunded Debt	-	-	60,198	30,733	-	90,931	-
Change in Accounts Payable	971,065	(726,541)	(1,028,554)	(1,188,191)	51,443	(1,920,778)	89,595
Change in Accrued Liabilities	79,448	-	51,075	201,023	(14,415)	317,131	4,312
Change in Customer Deposits	129,974	13,572	-	-	2,585	146,131	-
Change in Due to Other Funds	(3,146,601)	(1,195,733)	-	-	-	(4,342,334)	-
Change in Interfund Advance	-	-	(53,083)	(63,978)	(64,592)	(181,653)	(16,572)
Change in Claims Payable	-	-	-	-	-	-	612,604
Change in Compensated Absences Liability	-	-	81,154	(60,976)	31,321	51,499	(5,561)
Change in OPEB and Net Pension	(3,774,158)	-	(446,736)	(537,745)	(544,488)	(5,303,127)	(6,989)
Net Cash Provided by Operating Activities	<u>\$ 90,285,711</u>	<u>\$ 16,948,705</u>	<u>\$ 9,013,593</u>	<u>\$ 6,580,420</u>	<u>\$ 2,204,971</u>	<u>\$ 125,033,400</u>	<u>\$ 754,718</u>
Reconciliation of Total Cash and Cash Equivalents:							
Current Assets - Cash and Cash Equivalents	\$ 76,986,224	\$ 25,733,034	\$ 6,609,828	\$ 3,621,979	\$ 4,611,445	\$ 117,562,510	\$ 7,828,934
Restricted Assets - Cash and Cash Equivalents	-	5,222,273	26,512,840	4,853,298	12,771	36,601,182	-
Total Cash and Cash Equivalents	<u>\$ 76,986,224</u>	<u>\$ 30,955,307</u>	<u>\$ 33,122,668</u>	<u>\$ 8,475,277</u>	<u>\$ 4,624,216</u>	<u>\$ 154,163,692</u>	<u>\$ 7,828,934</u>
Non-Cash Investing, Capital, and Financing Activities:							
Capital Asset Acquisitions Included in Accounts Payable	\$ 2,617,582	\$ 1,151,757	\$ 945,023	\$ 1,499,640	\$ 514,015	\$ 6,728,017	\$ -
Capital Asset Contributions	\$ -	\$ -	\$ 2,772,283	\$ 2,906,725	\$ -	\$ 5,679,008	\$ -

The notes to the financial statements are an integral part of this statement.



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FIDUCIARY FUNDS

OPEB Trust Fund – To account for the City’s other post-employment benefits. This fund is excluded from the government-wide statement of net assets and statement of activities since the assets are not available to support the City’s own programs.

Custodial Fund – To account for the City’s funds that are to be remitted other agencies. This fund is excluded from the government-wide statement of net assets and statement of activities since the assets are not available to support the City’s own programs.

CITY OF BRYAN, TEXAS

Statement of Fiduciary Net Position

Fiduciary Funds

As of September 30, 2025

<u>Assets</u>	<u>Custodial Fund</u>	<u>OPEB Trust Fund*</u>
Cash and Cash Equivalents	\$ 320,022	\$ -
Investments	-	5,115,053
Total Assets	<u>\$ 320,022</u>	<u>\$ 5,115,053</u>
 <u>Liabilities</u>		
Due to State of Texas	\$ 320,022	\$ -
Total Liabilities	<u>320,022</u>	<u>-</u>
Net Position Restricted for Fiduciary Activities	<u>\$ -</u>	<u>\$ 5,115,053</u>

*The OPEB Trust Fund has a year end of December 31, 2024.

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For Fiscal year Ended September 30, 2025

<u>Additions</u>	<u>Custodial Fund</u>	<u>OPEB Trust Fund*</u>
State Court Costs	\$ 727,212	\$ -
Contributions	-	1,556,110
Investment Income	-	408,996
Total Additions	<u>727,212</u>	<u>1,965,106</u>
 <u>Deductions</u>		
Court Costs Distributed to State	727,212	-
Benefit Payments	-	1,056,110
Administrative Expenses	-	27,106
Total Deductions	<u>727,212</u>	<u>1,083,216</u>
Net Increase	<u>-</u>	<u>881,890</u>
Net Position Restricted for Fiduciary Activities October 1, 2024	<u>-</u>	<u>4,233,163</u>
Net Position Restricted for Fiduciary Activities September 30, 2025	<u>\$ -</u>	<u>\$ 5,115,053</u>

*The OPEB Trust Fund has a year end of December 31, 2024.

The notes to the financial statements are an integral part of this statement.



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City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Bryan, Texas (the “City”) is a municipal corporation which operates under a Council-Manager form of government. The accompanying financial statements present the City and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units

BTU QSE Services, Inc. (“QSE”) was created as a result of deregulation of the electric market within the state of Texas. The QSE exists to perform qualified scheduling services of electrical generation for the City of Bryan City Electric Fund. The QSE is a separate legal entity whose primary purpose is to provide a service to the City. The BTU Board of Directors serve as the board of the QSE. The QSE is reported as an enterprise fund and is combined with City Electric Fund.

Bryan Commerce and Development Incorporated (“BCD”) was created to assist and act on behalf of the City in promoting, developing, encouraging, and maintaining employment, commerce, economic development, and public facility development in the City. The Bryan City Council serves as the Board of Directors of BCD. Since the elected officials of the City are financially accountable for BCD and the primary purpose of BCD is to provide a service to the City, BCD is considered a blended component unit. BCD is not separately presented here as it is separately presented in the supplementary section of this report (starting on page 160).

Destination Bryan was created for the promotion of tourism and the hotel convention industry, and to be the City of Bryan’s destination marketing organization, now and in the future. In 2021, the City of Bryan entered into a funding agreement with Destination Bryan, a local 501(c)(6) tax exempt, Texas non-profit corporation. Since Destination Bryan’s funding is primarily derived from the funding agreement with the City of Bryan and the Board is appointed by City Council, Destination Bryan is considered a blended component unit. Destination Bryan is not separately presented here as it is separately presented in the supplementary section of this report (starting on page 134).

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The condensed combined statements of net position for the City Electric System and QSE as of September 30, 2025 are as follows:

	September 30, 2025		
	BTU City	QSE	Combined
Current Assets	\$ 167,731,943	\$ 3,865,469	\$ 171,597,412
Capital Assets, Net	577,598,261	97,906	577,696,167
Restricted Assets	65,222,889	-	65,222,889
Other	8,555,651	-	8,555,651
Total Assets	819,108,744	3,963,375	823,072,119
Deferred Outflows	5,651,663	-	5,651,663
Current Liabilities	15,916,361	1,810,547	17,726,908
Current Liabilities Payable from Restricted Assets	67,505,044	-	67,505,044
Non-Current Liabilities	267,767,865	-	267,767,865
Total Liabilities	351,189,270	1,810,547	352,999,817
Deferred Inflows	11,462,078	-	11,462,078
Net Position:			
Net Investment in Capital Assets	305,485,848	97,906	305,583,754
Restricted	8,391,249	-	8,391,249
Unrestricted	148,231,962	2,054,922	150,286,884
Total Net Position	\$ 462,109,059	\$ 2,152,828	\$ 464,261,887

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The condensed combined statements of revenues, expenses, and changes in net position for the City Electric System and QSE for the year ended September 30, 2025, are as follows:

	Fiscal Year Ended September 30, 2025		
	BTU City	QSE	Combined
Operating Revenues	\$ 229,944,183	\$ 2,097,960	\$ 232,042,143
Operating Expenses	164,498,295	2,065,161	166,563,456
Operating Income	65,445,888	32,799	65,478,687
Investment Income	8,120,693	-	8,120,693
Interest Expense	(10,400,167)	-	(10,400,167)
Gain/(Loss) on Asset Sale	816,669	-	816,669
Investment Mark to Market	596,972	-	596,972
Income Before Operating Transfers	64,580,055	32,799	64,612,854
Transfers, Net	(13,305,516)	-	(13,305,516)
Change in Net Position	51,274,539	32,799	51,307,338
Net Position, Beginning of Period	411,085,599	2,159,163	413,244,762
Implementation of GASB 101, <i>Compensated Absences</i>	(251,079)	(39,134)	(290,213)
Net Position, Beginning of Period, restated	410,834,520	2,120,029	412,954,549
Net Position, End of Period	<u>\$ 462,109,059</u>	<u>\$ 2,152,828</u>	<u>\$ 464,261,887</u>

Discretely Presented Component Unit

The City has included the Bryan Business Council, Inc. ("BBC") in its financial statements as a discretely presented component unit, since the City is financially accountable for the entity. The BBC, a non-profit corporation, was originally formed to market properties within the City owned Bryan Industrial Park. In addition, the BBC currently serves as an economic development arm of the City, and as such, provides a financial benefit to the City. The City provides coverage for the board of directors under the City's officer and employee liability plan and provides limited administrative support to the BBC. The BBC's board of directors is appointed by and serves at the discretion of the Bryan City Council. The Bryan City Council also directs the work plan and objectives of the BBC.

Financial statements may be obtained by contacting: The Bryan Business Council, Inc., P. O. Box 1000, Bryan, Texas 77805

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Cooperative Efforts

In 2010, the City of Bryan entered into an Interlocal Cooperation Agreement with the City of College Station to create a local government corporation under Subchapter D of Chapter 431, Texas Transportation Code, to be known as the Brazos Valley Solid Waste Management Agency, Inc. ("BVSWMA"). The purpose of BVSWMA is to finance, construct, own, manage and operate the existing and future municipal solid waste landfill facilities on behalf of the two cities. The City's one-half undivided interest in BVSWMA is reported in the Solid Waste Fund (see Note 14).

The City's financial statements do not include the Texas Municipal Power Agency ("TMPA"). TMPA, a separate municipal corporation, is a joint venture entered into by the Texas cities of Bryan, Garland, Denton and Greenville for the purpose of obtaining the economic advantages of jointly financing, constructing and operating electric generating units and transmission grid to supply the cities' electric energy needs. The eight-member board of directors of TMPA includes two members appointed by the Bryan City Council. The City has an ongoing financial interest in TMPA due to the City's guarantee of a portion of TMPA's debt (see Note 13).

In 2009, the City of Bryan and Brazos County entered into an agreement to create the City of Bryan and Brazos County Economic Development Foundation Inc. ("BBCEDF"), a local government corporation formed under Subchapter D of Chapter 431 of the Texas Transportation Code. The BBCEDF was created to promote, develop, encourage, and maintain employment, commerce, and economic development in the City and the County (see Note 20).

In 2020, the City of Bryan and Destination Bryan entered into an agreement where the City of Bryan is the primary funding source of Destination Bryan. Destination Bryan was created to promote, develop, encourage, and maintain tourism and marketing of the City (see Note 20).

Government-Wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City and its component units.

For the most part, the effect of interfund activity within the governmental and business-type activities columns has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

In fund financial statements (the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances, the Proprietary Funds Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position and the Fiduciary Fund Statement of Fiduciary Net Position), the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate financial statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column in the appropriate governmental fund and proprietary fund statements.

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The Debt Service Fund accounts for the financial resources accumulated for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Other Governmental Funds is a summarization of all the non-major governmental funds, including Special Revenue, Capital Projects, and Permanent funds. The purpose and source of revenue for each Special Revenue fund is:

- Grant Fund – The source of funds is grants awarded to the City. The use of these funds is committed by the City.
- Community Development Fund – The source of funds is federal grants awarded to the City and use of the grant money is restricted by the terms of the grants. Primarily, the Community Development fund provides programs and services to low and moderate income persons.
- Hotel and Motel Tax Fund – The source of funds is the hotel occupancy tax. The use of these funds is restricted by the tax code of the State of Texas.
- Oil and Gas Fund – This fund was established by City of Bryan Ordinance to account for revenues associated with oil and gas leases, royalties and mineral property taxes. The use of these funds is committed for projects of a non-recurring nature determined by City Council.
- Capital Reserve Fund – This fund was established by City of Bryan Ordinance to accumulate miscellaneous one-time revenues. The use of these funds is committed for projects of a non-recurring nature determined by City Council.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

- Sidewalks Fund – This fund was established by City of Bryan Ordinance to collect and track funds from developers and property owners for the construction and maintenance of sidewalks. The use of these funds is committed for this purpose. Funds received are refunded to the remitter if not used within 10 years.
- Court Technology Fund – This fund was established by City Ordinance and the source of funds is a \$4.00 fee for each case that comes before the City’s Municipal Court. These funds are restricted to technology necessary for the Court’s operations.
- Street Improvement Fund – Per the City of Bryan Code of Ordinances, a transportation user fee was established in order to provide a properly maintained road system. That fee is the source of revenue for this fund. The use of these funds is committed to the purposes of planning, constructing, operating, monitoring and maintaining the transportation system of the City.
- Drainage Improvement Fund – The drainage fee was established by the City of Bryan Code of Ordinances and is the source of revenue for this fund. The use of these funds is committed for the planning, constructing, operating, monitoring, and maintaining the City’s drainage system.
- Tax Increment Reinvestment Zone #10 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Reinvestment Zone #19 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Reinvestment Zone #21 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Reinvestment Zone #22 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Midtown Park Operations Fund – This fund was established by City of Bryan Ordinance for the express purpose of accounting for the operations of the Travis Bryan Midtown Park. Revenues and expenditures of park operations are accounted for in this fund.
- Phillips Event Center Fund – This fund was established by City of Bryan Ordinance for the express purpose of accounting for the operations of the Phillips Event Center and Golf Course. Revenues and expenditures of PEC operations are accounted for in this fund.
- Queen & Palace Theater Fund – This fund was established by City of Bryan Ordinance for the express purpose of accounting for the operations of the Queen and Palace Theaters. Revenues and expenditures of theaters operations are accounted for in this fund.
- Destination Bryan – The City of Bryan has contracted with Destination Bryan as a destination marketing organization with the sole purpose of attracting businesses and entertainment to the City. Destination Bryan is treated as a blended component unit in the City of Bryan’s financial statements as the organization is funded almost entirely by the City.

Proprietary funds include enterprise and internal service funds and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are a determination of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

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. Operating expenses for the proprietary 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. At fiscal year end, the City accrues estimated unbilled revenues (excluding fuel expense) for electric, water, and wastewater customers.

The City reports the following major enterprise funds:

The City Electric Fund (Bryan Texas Utilities or BTU) accounts for the activities necessary to provide electric services to customers within the city limits of the City. These activities include administration, electric generation, distribution, transmission system operations and maintenance, new construction, financing and related debt service, and billing and collection.

The Rural Electric Fund accounts for the activities necessary to provide electric services to its customers located outside the city limits but within its service area. These activities include electric distribution, operations and maintenance, new construction, financing and related debt service. Administrative, billing and collection services are provided by the City Electric Fund.

The Water Fund accounts for the activities necessary to provide water services to the residents of the City. These activities include administrative services, water production and distribution system operations and maintenance, new construction, financing and related debt service. Billing and collection services are provided by the City Electric Fund under an operating agreement.

The Wastewater Fund accounts for the activities necessary to provide wastewater collection and treatment services to the residents of the City. These activities include administrative services, wastewater system operations and maintenance, new construction, financing and related debt service. Billing and collection services are provided by the City Electric Fund under a contractual agreement.

Other Enterprise Funds is a summarization of all of the non-major enterprise funds of the City. This category includes the Bryan Airport Fund, the Solid Waste Fund, and Bryan Commerce and Development ("BCD").

Internal service funds account for the City's central warehouse function, administration of self-funded health insurance provided to City employees, and the City's risk management activities, including general liability and workers' compensation claims and associated administrative expenses on a cost reimbursement basis. This category includes the Employee Benefits Fund, the Self-insurance Fund, and the Warehouse Fund.

Additionally, fiduciary funds account for the City's OPEB ("other post-employment benefits") fund and custodial funds. The OPEB Trust Fund, a blended component unit, was created to account for the funding of the Post-employment Benefits Trust. The contributed funds are based on full time employee count and contributed by the respective funds. See Note 11 for specific details of the OPEB Trust Fund. The custodial fund was created to account for funds that are held by the City of Bryan

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

and payable to another governmental entity. These funds are excluded from the government-wide Statement of Net Position and Statement of Activities since the assets are not available to support the City's own programs.

Restatements

The City of Bryan implemented GASB Statement No. 101 – *Compensated Absences* in Fiscal Year 2025 and applied the requirements retroactively to Fiscal Year 2024 which resulted in the restatement of Liabilities and Net Position as summarized in the following table:

	October 1, 2024, As Previously Reported	Change in Accounting Principle	October 1, 2024, As Restated
Governmental Activities:			
Liabilities:			
Compensated Absences - Current	\$ 3,676,088	\$ 1,372,866	\$ 5,048,954
Compensated Absences - Non-Current	7,211,978	722,153	7,934,131
Total Liabilities	<u>10,888,066</u>	<u>2,095,019</u>	<u>12,983,085</u>
Net Position:			
Net Position, October 1, 2024	<u>\$ 269,275,466</u>	<u>\$ (2,095,019)</u>	<u>\$ 267,180,447</u>
Business-Type Activities:			
Liabilities:			
Compensated Absences - Current	\$ 1,784,810	\$ 318,286	\$ 2,103,096
Compensated Absences - Non-Current	753,534	167,425	920,959
Total Liabilities	<u>2,538,344</u>	<u>485,711</u>	<u>3,024,055</u>
Net Position:			
Net Position, October 1, 2024	<u>\$ 806,942,262</u>	<u>\$ (485,711)</u>	<u>\$ 806,456,551</u>

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The operating statements present increases (revenues) and decreases (expenses) in net total assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the City considers property taxes available if they are collected within thirty (30) days of the end of the current fiscal period. A one hundred twenty (120) day availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, investment income and intergovernmental revenues. Sales taxes collected and held by the State at year end on behalf of the City are estimated and recognized as revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu-of taxes, payments for use of rights-of-way, and other charges between the City's electric, water, and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes. Likewise, internally dedicated resources are reported as general revenues rather than as program revenues.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB").

Budgetary Control

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Grant Fund, Sidewalks Fund, Capital Projects funds and the permanent funds. Grant expenditures are controlled by the grant agreements and amounts awarded are generally not known during the budget making process. The Sidewalks Fund expenditures are strictly controlled by the ordinance that created the fund. Expenditures are based on developer contributions and have to be used for sidewalks in the development or single-member district in which the development is located. Capital project fund expenditures are effectively controlled through bond provisions. Permanent funds are controlled by the trust agreements which established the funds. All unexpended appropriations lapse at fiscal year-end.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The City Charter establishes the City's fiscal year as the twelve-month period beginning October 1 and ending September 30. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

The City's departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year. Prior to September 1, the City Manager submits to the City Council a proposed operating budget of estimated expenditures and revenues.

Upon receipt of the budget estimate the City Council publishes notice of and conducts public hearings on the proposed budget to obtain citizen comment. Prior to October 1, the budget is legally enacted through passage of the Appropriations Ordinance.

The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

Budgeted amounts are as originally adopted, or as amended in accordance with the annual appropriations ordinance.

Encumbrance accounting is employed in governmental funds. Encumbrances (purchase orders and contracts) outstanding at fiscal year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the amounts will be re-appropriated and honored in the subsequent year.

Cash and Investments

Cash for all funds, including restricted cash, but excluding fiduciary fund cash and BTU City and Rural Electric System cash, is pooled into common accounts in order to maximize investment opportunities. Each fund participating in the pools has an equity interest therein. Investment earnings on these monies are allocated based upon relative equity at end of the monthly reporting cycle. An individual fund's pooled cash and investments are available upon demand. Negative balances incurred in pooled cash at fiscal year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Marketable securities with an original maturity of three months or less are considered to be cash equivalents except for balances in the investment pools which are reported as investments.

Investments of all funds are stated at fair value with the exception of investments in local government investment pools. The carrying value of the investments in local government investment pools is determined by the valuation policy of the investment pool; either at amortized cost or net asset value of the underlying pool shares, as further described in Note 2.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Inventories

All inventories are valued at average cost. Inventories owned by the Enterprise and Internal Service Funds are accounted for using the consumption method (an expense is recorded when the inventory item is used).

Regulatory Assets

On February 10, 2021, TMPA's Gibbons Creek power plant was sold to GCERG. BTU established a regulatory asset in the amount of \$7,842,767 associated with the power plant sale on February 10, 2021. The regulatory asset will be amortized in future periods when its costs are included in electric rates.

Other Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "Due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Interfund Advance

Long term amounts owed between funds for the establishment of pension obligation bonds are classified as "Interfund Advance." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Interfund Advance."

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of both Governmental and Proprietary Funds.

The City allocates to the proprietary funds a percentage of indirect costs incurred to provide general and administrative support services to those funds that are paid through the General Fund.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. To the extent that construction is performed by City personnel, the cost includes payroll and related costs and certain general and administrative expenses. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$10,000 or more and three or more years of useful life.

Depreciation has been calculated on each class of depreciable property using the straight-line method over the following estimated service lives:

	<u>Estimated Service Lives</u>
Buildings & Improvements	15 - 40 Years
Water and Wastewater Systems	40 Years
Electric System	5 - 60 Years
Electric Generating and Related Equipment	45 - 57 Years
Improvements Other Than Buildings	5 - 40 Years
Machinery and Equipment	3 - 10 Years
Library Books	15 Years
Software	3 Years
Streets	20 Years
Sidewalks	20 Years
Traffic Signals	20 Years
Storm Drains	35 Years
Bridges and Culverts	40 Years
Works of Art and Historical Treasures	Determined on Individual Basis

Leases

Lessee

The City is a lessee for noncancelable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The City is a lessor for noncancelable leases of property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund, and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Subscription-Based Information Technology Arrangements (SBITA)

SBITA assets are defined by the general government as the right to use vendor-provided information technology (“IT”) with access to vendors’ IT assets. The City recognizes a subscription liability (SBITA liability), reported with long-term debt, and an intangible right-to-use subscription asset (SBITA asset), reported with other capital assets, in the government-wide financial statements. The City recognizes SBITA liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over the shorter of the subscription term or its useful life.

Minimum Fund Balance Policy

The City has set financial guidelines regarding the retention of General Fund fund balances and reserves to ensure that adequate funds are available to cover daily operating expenditures and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 60 days of annual operating expense totals.

In 2016, the Bryan City Council adopted the City of Bryan Financial Management Policy Statements in order to assemble all of the City’s major financial policies into one document. Included in these policies are recommendations and guidelines regarding the minimum balances for City funds in order to maintain the City’s financial ability to meet its current and future service needs. These policies were amended in October 2025 to better accommodate the amounts needed for the minimum fund balances. These statements are available on the City’s website at www.bryantx.gov/fiscal-services/.

Pensions

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Pension 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. 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.tmr.com.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Other Post-Employment Benefits (OPEB)

Financial statements for the Trust are prepared using the accrual basis of accounting and can be found in this report on pages 48-49. Plan member contributions are recognized when due, and the City's contributions are recognized when due. Benefits and any refunds are recognized when due and payable according to the terms of the plan. Assets held by the Trust are valued at fair value.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the City of Bryan Post-employment Benefits Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities as of the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from these estimates.

In Fiscal Year 2025, the City and Rural Electric Systems completed a depreciation study of electric generation, transmission, distribution, and general plant assets in service on September 30, 2023. The depreciation study resulted in a change in the City and Rural Electric Systems annual depreciation rates and increased service lives. The effect of that change resulted in a decrease in depreciation expense of approximately \$1.67 million in the City Electric System and an increase in depreciation expense of approximately \$145 thousand in the Rural Electric System reported in operating expenses in the statement of revenues, expenses and changes in net position.

Bond Issuance Expenses

According to the financial reporting requirements of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, bond issuance expenses are to be expensed as incurred. Issuance expenses are reported on the Statement of Activities on the Government-Wide Financial Statements for Governmental Activities in interest on long-term debt expense and on the Statement of Revenues, Expenditures, and Changes in Fund Balances in debt issuance costs.

Utility Revenues, Fuel Recovery, and Regulatory Recovery

Customers are billed on the basis of monthly cycle billings. At year end, the City Electric System accrues estimated unbilled revenues for the period ended September 30. These unbilled revenues amounted to \$3,390,447 at September 30, 2025 and are included in accounts receivable. The difference between fuel revenue billed and fuel expense incurred is recorded as an addition or a reduction to fuel and purchased power expense, with a corresponding entry to accounts payable –

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

over-recovered fuel, or accounts receivable – under-recovered fuel, whichever is appropriate. At September 30, 2025, the City Electric System reported a current liability – over-recovered fuel of \$9,883,174.

The difference between regulatory revenue billed and regulatory expense incurred is recorded as an addition or a reduction to transmission cost of service expense, with a corresponding entry to accounts payable – over-recovered regulatory fee, or accounts receivable – under-recovered regulatory fee, whichever is appropriate. At September 30, 2025, the City Electric System reported a current asset – under-recovered regulatory fee of \$784,849.

Customers are billed on the basis of monthly cycle billings. At fiscal year end, the Rural Electric System accrues estimated unbilled revenues (excluding fuel). These unbilled revenues, which are included in accounts receivable, amounted to \$2,510,579 at September 30, 2025. The Rural Electric System is allowed to recover purchased power cost through fuel revenue rates. The difference between fuel revenues billed and fuel expense incurred is recorded as an addition or a reduction to fuel and purchased power expense, with a corresponding entry to accounts payable – over-recovered fuel or accounts receivable – under-recovered fuel, whichever is appropriate. At September 30, 2025 the Rural Electric System reflected a current liability - over-recovered fuel of \$3,545,287.

The difference between regulatory revenue billed and regulatory expense incurred is recorded as an addition or a reduction to regulatory charge expense, with a corresponding entry to accounts payable – over-recovered regulatory fee or accounts receivable – under-recovered regulatory fee, whichever is appropriate. At September 30, 2025, the Rural Electric System reported a current asset – under-recovered regulatory fee of \$381,936.

Deferred Regulatory Liability

To better align certain benefits received with BTU's retail rate design, the City Electric System utilizes regulatory accounting treatment for the funds it collects from customers and developers as contributions of aid in construction (AIC) under GASB Statement No. 62. The City Electric System recognizes AIC received as a deferred regulatory liability in the deferred inflows section of the Statement of Net Position. The deferred regulatory liability is amortized to accumulated depreciation over the life of the asset constructed.

During the fiscal year ended September 30, 2025, the City Electric System collected \$669,816 of AIC. The amortization of the deferred regulatory liability was \$210,939 for 2025. The deferred regulatory liability balance at September 30, 2025 was \$6,750,060.

During the fiscal year ended September 30, 2025, the Rural Electric System collected \$712,166 of AIC. The amortization of the deferred regulatory liability was \$470,599 for 2025. The deferred regulatory liability balance at September 30, 2025 was \$15,059,160.

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates or is expected to be used in future

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

periods, and (3) is more likely than not to be used as time off or settled, for example paid in cash to the employee, during or upon separation from employment. Based on these criteria, the following types of leave qualify for liability recognition for compensated absences: vacation, sick leave, compensatory time, floating holidays, and holiday leave provided to police and fire personnel. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements and includes salary related benefits, where applicable.

The City's policy in effect during Fiscal Year 2025 allows employees to earn vacation leave at rates of 10 to 20 days (80 to 160 hours) per year with unlimited accumulation. Classified employees in the police and fire departments earn vacation at the rate of 15 days (120 hours or 180 hours for shift firefighters) per year in accordance with Texas Local Government Code, Chapter 143, until the employee reaches 15 years of employment, at which time the rate of accrual becomes the same rate as that for other City employees. Upon termination, employees with a minimum of one year of employment who leave in good standing are paid for unused vacation time up to a maximum of two times the employee's annual accrual rate at the time of separation.

City employees earn sick leave at a rate of 10 days (80 hours) per year and are permitted to accrue a maximum of 120 days (960 hours). Classified employees in the police and fire departments earn sick leave at the rate of 15 days (120 hours) per year in accordance with Texas Local Government Code, Chapter 143, with unlimited accumulation. Upon termination, classified police and fire department employees are paid for any unused sick leave up to a maximum of 90 days (720 hours or 1080 hours for shift firefighters). Non-classified employees are paid for accumulated sick leave up to a maximum of 240 hours upon termination if they have a minimum of 480 hours accrued, dependent upon leaving in good standing and being continuously employed for a minimum of ten years in a regular, full-time position immediately prior to separation.

Employees may earn compensatory time in accordance with the Fair Labor Standards Act and City policy. Compensatory time may accumulate and is eligible for payment upon separation from employment in accordance with applicable limits.

Employees are also provided floating holiday leave each year, which is granted at the beginning of the calendar year and must generally be used within the year granted.

Certain public safety employees receive additional holiday leave. Fire department employees receive an annual holiday leave allotment of 144 hours each January and unused hours may be carried forward to subsequent years. Police department employees also receive holiday leave; however, these hours must generally be used within 90 days of the holiday and do not accumulate.

In accordance with GASB Statement No. 101, a liability is recognized for compensated absences based on the estimated amount of leave expected to be used or paid upon separation from employment. The City estimates the amount of leave expected to be used based on historical usage patterns, including a three-year average of leave usage. The liability recorded represents the greater of the estimated amount expected to be used or the amount payable upon separation from employment.

Amounts related to governmental fund types are reported in the government-wide financial statements. The liabilities of the governmental fund types are typically liquidated by the General Fund

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

and Community Development Fund. Amounts related to proprietary fund types are recorded within those funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

New Accounting Pronouncements and Changes in Accounting Principles

For the fiscal year ended September 30, 2025, the City adopted:

GASB Statement No. 101, *Compensated Absences*. This Statement improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. These requirements were implemented in Fiscal Year 2025 and applied retroactively to Fiscal Year 2024. The effects of the application to FY 2024 are detailed in the table under Restatements on page 58.

GASB Statement No. 102, *Certain Risk Disclosures*. This Statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the concentration or constraint, each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements, and actions taken by the government prior to the issuance of the financial statements to mitigate the risk. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged.

GASB 102 was implemented in the City's Fiscal Year 2025 financial statements with no impact to amounts previously reported.

The following guidance issued by GASB is effective for years following the fiscal year ended September 30, 2025:

GASB Statement No. 103, *Financial Reporting Model Improvements*. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year.

This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged.

The City is currently evaluating the impact of these statements.

2. DEPOSITS AND INVESTMENTS

Deposits

State statutes require that all deposits in financial institutions be fully collateralized with depository insurance or by U.S. Government obligations or its agencies and instrumentalities; or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. At year-end, the City's demand deposits at Truist Bank, the City's depository bank, were entirely covered by federal depository insurance or by collateral held by the Federal Reserve Bank in the City's name. At September 30, 2025 the amount of the City's demand deposits was \$96,356,667, BTU's City and Rural demand deposits were \$107,941,531, and the combined bank balance was \$204,297,563.

Investments

The City's investment program is guided by State statutes, by various City ordinances and by the City's investment policy which amplifies those guidelines and prescribes how the City will operate its investment program in accordance with applicable laws and regulations.

The City's policy, which was adopted by the City Council on September 10, 2024, for the fiscal year ending September 30, 2025, sets forth (1) the basic principles governing the investment of City funds; (2) the objectives of the City's investment program; and (3) the authority, responsibilities, limitations, documentation and requirements to be used in the administration and operation of the City's investment program.

Investments authorized by the investment policy are a subset of those approved by the State of Texas Public Funds Investment Act, Chapter 2256. The City of Bryan authorized investments include the following:

- a. Direct obligations of the United States government.
- b. Debentures or discount notes issued by, guaranteed by, or for which the credit of any Federal Agencies and Instrumentalities is pledged for payment.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

- c. Bonds or other obligations for which the principal and interest are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States government or United States government agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
- d. Certificates of Deposit guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, in state or national banks located within the State of Texas.
- e. Repurchase Agreements and Reverse repurchase agreements only as part of a Public Investing Pool and in compliance with the Public Fund Investment Act limitations.
- f. Bankers Acceptances eligible for discounting with the Federal Reserve maturing within 90 days.
- g. Commercial Paper maturing within 365 days carrying a rating of A-1, P-1 or F-1.
- h. Money Market Mutual Funds that are AAA rated, regulated by the Securities and Exchange Commission and charge no commission fee on purchases or sales of shares.
- i. Public Funds Investment Pools organized under the Texas Interlocal Cooperation Act that follow the requirements in the Public Funds Investment Act.
- j. Direct obligations of the State of Texas and any political subdivisions thereof which are rated as to investment quality by a nationally recognized investment rating firm not less than AA or its equivalent.
- k. Hedging contracts and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations.

The City's cash and cash equivalents and investments at September 30, 2025 as are follows:

	Carrying Value	Percentage of Total	Wgt. Avg. Maturity (Days)
U. S. Agencies	\$ 149,351,898	30.90%	792
Treasuries	35,757,880	7.40%	876
Municipal Bonds	64,801,103	13.41%	593
Government Pools	29,072,744	6.02%	55
Demand Deposits	204,304,145	42.27%	1
	<u>\$ 483,287,770</u>	<u>100.00%</u>	

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72 provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. The investment balances at September 30, 2025 are as follows:

<u>Investment Measured at Fair Value</u>	<u>Value at FYE</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Municipal Bonds	\$ 64,801,103	\$ -	\$ 64,801,103	\$ -
Treasuries	35,757,880	35,757,880	-	-
U.S. Agency Bonds	149,351,898	-	149,351,898	-
	<u>\$ 249,910,881</u>	<u>\$ 35,757,880</u>	<u>\$ 214,153,001</u>	<u>\$ -</u>

The investments in government pools are measured at net asset value which approximates fair value and are exempt from reporting in the fair value hierarchy. U.S. Government Agency Securities and municipal bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

In accordance with GASB Statement No. 40, additional disclosures are provided below that address investment exposure to interest rate risk and credit risk including custodial credit risk and concentrations of credit risk. Because the City does not hold foreign investments, foreign currency risk is not discussed.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

As of September 30, 2025, the City had the following investments:

Investment Types	Value	Investment Maturity (in Years)		
		Less Than 1	1-5	Greater Than 5
Municipal Bonds	\$ 64,801,103	\$ 28,925,219	\$ 35,875,884	\$ -
Treasuries	35,757,880	8,394,310	27,363,570	-
U.S. Agency Bonds	149,351,898	38,457,928	110,893,970	-
Total	<u>\$ 249,910,881</u>	<u>\$ 75,777,457</u>	<u>\$ 174,133,424</u>	<u>\$ -</u>

The City's investments in government pools include deposits in TexPool, TexSTAR, Texas CLASS, and Texas Range.

TexPool is a public funds investment pool operated by the Texas Treasury Safekeeping Trust Company, an entity of which the Texas Comptroller of Public Accounts is the sole officer, director, and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Texas Public Funds Investment Act. Administrative and investment services are provided by Federated Investors, Inc., and the assets are kept in a separate custodial account at the State Street bank in the name of TexPool.

TexSTAR was created in April 2003 pursuant to the Interlocal Cooperation Act of the State of Texas, chapter 791 of the Texas Government Code and the Public Funds Investment Act, chapter 2256 of the Texas Government Code. TexSTAR policies require that local government deposits be used to purchase investments authorized by the Texas Public Funds Investment Act. The State Comptroller of Public Accounts exercises responsibility over TexSTAR. TexSTAR is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management. J.P. Morgan Investment Management, Inc. provides investment advisory services.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A. as Custodian.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Texas RANGE is a local government investment pool established under the authority of the Public Funds Investment act and is administered by Public Trust Advisors, LLC. Wells Fargo Bank, N.A. serves as custodian for the Texas RANGE pool. Texas RANGE operates three funds in which the City participates.

- Texas RANGE DAILY SELECT is an investment option that utilizes all eligible investments as defined by the Public Funds Investment Act.
- Texas RANGE DAILY is an investment option that utilizes only investments that are backed or collateralized with U.S. Treasury or U.S. Government Agency obligations.
- Texas RANGE TERM – is an investment with maturities from 60 days to one year with fixed-rate, fixed-term options.

The intent of Texas RANGE is to operate on a \$1.00 net asset value basis. Texas RANGE allows same day or next day redemptions and deposits. Interest is allocated daily based on portfolio earnings and participant account balances. The portfolio is valued daily using the amortized cost valuation method. This pool is not managed by the City and the City does not possess securities that exist in either physical or book entry form. Texas RANGE is rated AAmmf by Fitch Ratings.

The investment pools do not have any limitations or restrictions on withdrawals, such as notice periods or maximum transaction amounts, and do not impose any liquidity or redemption gates.

The revenue bond ordinances require disclosure of the investments held by the reserve fund. Sufficient investments exist in the pool to adequately meet reserve fund requirements. A detailed list of those securities is available in the office of the Chief Financial Officer.

Custodial Risk – City deposits in excess of the \$250,000 amount covered by the Federal Depository Insurance Corporation (“FDIC”) must be secured by authorized securities with a fair value equal to or greater than 102% of the total deposits. At September 30, 2025, City deposits were fully collateralized.

Interest Rate Risk – The City minimized the risk associated with the decline in fair value of securities due to rising interest rates (interest rate risk) by maintaining a (“buy and hold”) strategy whereby investment securities are purchased with the intent to hold the securities in the portfolio until maturity. Additionally, the City’s Investment Policy limits the weighted average maturity of all securities and Certificates of Deposit in the City’s portfolio to no more than three years at any given time. The City’s investment strategy acts to reduce interest rate risk through investing funds to meet cash flow requirements; monitoring the credit ratings of portfolio investments to assure compliance with the Investment Policy and the Texas Public Funds Investment Act; and investing in a diversified portfolio of assets including obligations of the United States and its agencies and instrumentalities, money market mutual funds, and government investment pools.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Credit Risk and Concentration of Credit Risk – In compliance with the City’s Investment Policy and the Texas Public Funds Investment Act, the City managed credit risk through portfolio diversification by limiting investments to avoid over concentration in securities from a specific issuer; limiting investments in securities with high credit risk; and investing in securities with varying maturities.

Foreign Currency Risk – By virtue of the City’s Investment Policy and the Texas Public Funds Investment Act, the City is not exposed to foreign currency risk because the City is not authorized to maintain deposits or investments denominated in a foreign currency.

3. PROPERTY TAXES

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxpayers have two options for paying property taxes, the full payment option or the split payment option. Taxpayers electing the full payment option have from October 1 of the tax year to January 31 of the following year to pay the full amount of taxes without penalty or interest. Taxes become delinquent on February 1. Any unpaid balance will accrue penalty and interest. Taxpayers electing the split payment option have from October 1 to November 30 of the tax year to pay half of the tax amount. The remaining half may be paid without penalty or interest any time on or before June 30 of the following year. Taxes become delinquent on July 1.

Taxpayers who were 65 years of age or older on January 1, and have filed an application for exemption may pay the taxes on their homestead in four equal installments. Quarterly payments are due January 31, March 31, May 31, and July 31.

Delinquent taxes are subject to interest and penalty charges. The tax rate to finance general governmental services including debt service was 62.4 cents per \$100 of assessed valuation for the year ended September 30, 2025. Under provisions adopted by the City, the maximum tax rate is limited to \$1.50 per \$100 of assessed valuation.

The Brazos Central Appraisal District (“Appraisal District”) is responsible for the recording and appraisal of property for all taxing units in the County. The Appraisal District is required to assess property at 100% of its appraised value. Real property must be reappraised at least every three years. The City may, at its own expense, require annual reviews by the Appraisal District through various appeals and, if necessary, legal action. Under this system, if the rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 3.5%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 3.5% above the tax rate of the previous year.

The Brazos County Tax Office bills and collects the property taxes of the City.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

	Balance October 1	Additions / Completions	Retirements / Adjustments	Balance September 30
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 14,328,808	\$ 251,607	\$ (22,242)	\$ 14,558,173
Construction in progress	44,827,105	(3,044,984)	(148,595)	41,633,526
Total capital assets not being depreciated/amortized	<u>59,155,913</u>	<u>(2,793,377)</u>	<u>(170,837)</u>	<u>56,191,699</u>
Capital assets, being depreciated/amortized				
Intangibles	60,250	-	-	60,250
Intangibles - right of use	1,524,954	635,766	(1,295,430)	865,290
Buildings	95,581,448	635,159	(90,152)	96,126,455
Buildings - right of use	1,902,463	281,005	(126,657)	2,056,811
Machinery and equipment	54,930,340	3,621,361	(8,557,355)	49,994,346
Machinery and equipment - right of use	2,108,520	-	-	2,108,520
Improvements other than buildings	80,215,979	16,245,475	(1,830,753)	94,630,701
Infrastructure	309,634,802	30,942,746	-	340,577,548
Total capital assets being depreciated/amortized	<u>545,958,756</u>	<u>52,361,512</u>	<u>(11,900,347)</u>	<u>586,419,921</u>
Less accumulated depreciation/amortization for:				
Intangibles	(60,250)	-	-	(60,250)
Intangibles - right of use	(470,141)	(201,793)	609,614	(62,320)
Buildings	(24,729,301)	(2,369,317)	80,933	(27,017,685)
Buildings - right of use	(905,951)	(335,798)	126,657	(1,115,092)
Machinery and equipment	(40,508,104)	(3,403,894)	8,481,527	(35,430,471)
Machinery and equipment - right of use	(210,852)	(210,852)	-	(421,704)
Improvements other than buildings	(37,309,348)	(3,496,517)	1,820,839	(38,985,026)
Infrastructure	(167,228,660)	(10,904,905)	-	(178,133,565)
Total accumulated depreciation/amortization	<u>(271,422,607)</u>	<u>(20,923,076)</u>	<u>11,119,570</u>	<u>(281,226,113)</u>
Total capital assets being depreciated/amortized, net	<u>274,536,149</u>	<u>31,438,436</u>	<u>(780,777)</u>	<u>305,193,808</u>
Governmental activities capital assets, net	<u>\$ 333,692,062</u>	<u>\$ 28,645,059</u>	<u>\$ (951,614)</u>	<u>\$ 361,385,507</u>
Business-type activities:				
Capital assets not being depreciated/amortized				
Land	\$ 33,603,055	\$ 4,675,415	\$ (433,680)	\$ 37,844,790
Construction in progress	143,803,920	78,076,891	(82,830,451)	139,050,360
Retirement in progress	1,556,649	2,435,554	(2,200,243)	1,791,960
Total capital assets not being depreciated/amortized	<u>178,963,624</u>	<u>85,187,860</u>	<u>(85,464,374)</u>	<u>178,687,110</u>
Capital assets, being depreciated/amortized				
Buildings	22,932,299	62	-	22,932,361
Machinery and equipment	27,536,342	3,875,320	(816,235)	30,595,427
Machinery and equipment - right of use	96,106	-	-	96,106
Improvements other than buildings	1,192,526,688	102,889,920	(9,890,300)	1,285,526,308
Total capital assets being depreciated/amortized	<u>1,243,091,435</u>	<u>106,765,302</u>	<u>(10,706,535)</u>	<u>1,339,150,202</u>
Less accumulated depreciation/amortization for:				
Buildings	(9,377,207)	(981,281)	-	(10,358,488)
Machinery and equipment	(19,678,661)	(2,236,754)	633,734	(21,281,681)
Machinery and equipment - right of use	(57,664)	(19,221)	-	(76,885)
Improvements other than buildings	(467,432,085)	(30,165,394)	8,145,195	(489,452,284)
Total accumulated depreciation/amortization	<u>(496,545,617)</u>	<u>(33,402,650)</u>	<u>8,778,929</u>	<u>(521,169,338)</u>
Total capital assets being depreciated/amortized, net	<u>746,545,818</u>	<u>73,362,652</u>	<u>(1,927,606)</u>	<u>817,980,864</u>
Business-type activities capital assets, net	<u>\$ 925,509,442</u>	<u>\$ 158,550,512</u>	<u>\$ (87,391,980)</u>	<u>\$ 996,667,974</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Capital asset activity for Bryan Business Council, Inc. (BBC) for the year ended September 30, 2025 was as follows:

	Balance September 30, 2024	Additions / Completions	Retirements / Adjustments	Balance September 30, 2025
Capital Assets not being Depreciated				
Land Available for Resale	\$ 12,393,449	\$ -	\$ -	\$ 12,393,449
Construction in Progress	594,919	-	(594,919)	-
Total Capital Assets not being Depreciated	12,988,368	-	(594,919)	12,393,449
Capital assets, being depreciated				
Buildings	-	304,975	594,919	899,894
Total capital assets being depreciated, net	-	304,975	594,919	899,894
Less accumulated depreciation for:				
Buildings	-	(13,123)	-	(13,123)
Total capital assets being depreciated, net	-	291,852	594,919	886,771
Governmental Activities Capital Assets, net	<u>\$ 12,988,368</u>	<u>\$ 291,852</u>	<u>\$ -</u>	<u>\$ 13,280,220</u>

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities:

General Government and Administration	\$ 1,531,945
Development Services	108,890
Public Works Services	11,494,103
Public Safety	3,150,404
Cultural and Recreational	4,637,734
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 20,923,076</u>

Business-Type Activities:

City Electric	15,255,347
Rural Electric	5,808,038
Water	4,883,366
Wastewater	5,609,644
Other Enterprise Funds	1,846,255
Total Depreciation/Amortization Expense - Business-Type Activities	<u>\$ 33,402,650</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The City has active construction projects as of September 30, 2025. Total accumulated commitments for ongoing capital projects are composed of the following:

	<u>Committed</u>
Street Improvements	\$ 9,338,715
Drainage Improvements	4,206,424
Parks Development	8,204,685
Electric Improvements	24,824,999
Water system Improvements	20,002,024
Wastewater System Improvements	16,839,207
Solid Waste System Improvements	280,417
Airport Improvements	734,680
Total	<u>\$ 84,431,151</u>

5. LONG-TERM DEBT

The following is a summary of long-term debt transactions (except compensated absences and claims and judgments) for the year ended September 30, 2025:

	Beginning Balance	Issued	Matured / Refunded	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 66,629,569	\$ -	\$ 7,120,414	\$ 59,509,155	\$ 5,653,748
Certificates of Obligation	149,830,000	-	3,760,000	146,070,000	3,965,000
Total Governmental Activities	<u>216,459,569</u>	<u>-</u>	<u>10,880,414</u>	<u>205,579,155</u>	<u>9,618,748</u>
Total Premium	8,146,154	-	315,900	7,830,254	480,725
Total Governmental Activities, net	<u>224,605,723</u>	<u>-</u>	<u>11,196,314</u>	<u>213,409,409</u>	<u>10,099,473</u>
<u>Business-Type Activities:</u>					
Water, Sewer & Airport Systems:					
General Obligation Bonds	1,295,431	-	509,586	785,845	321,252
Certificates of Obligation	6,115,000	-	55,000	6,060,000	55,000
Private Placement Revenue Bonds	20,540,000	-	1,545,000	18,995,000	1,550,000
Revenue Bonds	13,595,000	36,330,000	1,735,000	48,190,000	2,290,000
Electric System :					
General Obligation Bonds	870,000	-	870,000	-	-
Certificates of Obligation	27,135,000	-	1,555,000	25,580,000	1,605,000
Revenue Bonds	288,665,000	-	12,845,000	275,820,000	13,645,000
Total Business-Type Activities	<u>358,215,431</u>	<u>36,330,000</u>	<u>19,114,586</u>	<u>375,430,845</u>	<u>19,466,252</u>
Total Premium	31,579,240	1,891,529	2,127,491	31,343,278	2,131,035
Total Business-Type Activities, net	<u>389,794,671</u>	<u>38,221,529</u>	<u>21,242,077</u>	<u>406,774,123</u>	<u>21,597,295</u>
Total Long-Term Debt	574,675,000	36,330,000	29,995,000	581,010,000	29,085,000
Total Long-Term Debt, net	<u>\$ 614,400,394</u>	<u>\$ 38,221,529</u>	<u>\$ 32,438,391</u>	<u>\$ 620,183,532</u>	<u>\$ 31,696,760</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Long-term debt at September 30, 2025 consists of bonds and certificates of obligation maturing serially and is summarized as follows:

<u>Issue</u>	<u>Interest Rates (%)</u>	<u>Series Matures</u>	<u>First Callable Date</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<u>General Obligation Bonds:</u>						
Refunding, Series 2013	2.00 - 3.50	2026	08/15/23	\$ 266,575	\$ 78,425	\$ 345,000
Refunding, Series 2014	2.00 - 3.25	2031	08/15/24	2,147,580	707,420	2,855,000
Refunding, Series 2016	1.50 - 3.00	2026	None	845,000	-	845,000
Refunding, Series 2018	2.00 - 5.00	2028	None	2,085,000	-	2,085,000
Refunding, Series 2019	2.00 - 3.00	2028	None	2,005,000	-	2,005,000
Refunding, Series 2020	2.00 - 4.00	2030	08/15/28	3,660,000	-	3,660,000
Pension Obligation, Series 2020	0.45 - 2.89	2040	08/15/31	48,500,000	-	48,500,000
Total General Obligation Bonds				59,509,155	785,845	60,295,000
<u>Certificates of Obligation:</u>						
Combination Tax & Revenue, Series 2013	3.00 - 4.25	2033	08/15/23	-	2,715,000	2,715,000
Combination Tax & Revenue, Series 2014	2.00 - 5.00	2039	08/15/24	3,430,000	22,865,000	26,295,000
Combination Tax & Revenue, Series 2016	2.00 - 5.00	2036	08/15/26	5,200,000	715,000	5,915,000
Combination Tax & Revenue, Series 2018	3.00 - 4.00	2038	08/15/27	8,475,000	-	8,475,000
Combination Tax & Revenue, Series 2020	2.00 - 5.00	2050	02/15/29	63,630,000	-	63,630,000
Combination Tax & Revenue, Series 2022	4.00 - 5.00	2052	02/15/31	26,380,000	-	26,380,000
Combination Tax & Revenue, Series 2024	4.00 - 5.00	2049	02/15/49	38,955,000	5,345,000	44,300,000
Total Certificates of Obligation				146,070,000	31,640,000	177,710,000
<u>Private Placement Revenue Bonds:</u>						
Sewer System Private Placement, Series 2011	0.00 - 2.70	2030	07/01/21	-	4,055,000	4,055,000
Water System Private Placement, Series 2016B	0.61 - 2.61	2041	07/01/27	-	1,595,000	1,595,000
Water and Sewer System Private Placement, Series 2021	0.16 - 2.52	2046	07/01/31	-	13,345,000	13,345,000
Total Private Placement Bonds				-	18,995,000	18,995,000
<u>Revenue Bonds:</u>						
Electric System Revenue City, Series 2016	3.497 - 5.00	2041	07/01/26	-	54,695,000	54,695,000
Electric System Revenue Rural, Series 2016	2.00 - 5.00	2041	07/01/26	-	11,145,000	11,145,000
Water System Revenue, Series 2016A	2.25 - 5.00	2036	07/01/26	-	2,705,000	2,705,000
Water and Sewer System Revenue, Series 2017	3.00 - 4.00	2032	07/01/27	-	6,135,000	6,135,000
Electric System Revenue City, Series 2017	3.00 - 5.00	2034	07/01/27	-	33,750,000	33,750,000
Electric System Revenue City, Series 2018	4.00 - 5.00	2043	07/01/27	-	34,355,000	34,355,000
Electric System Revenue Rural, Series 2018	4.00 - 5.00	2043	07/01/27	-	14,540,000	14,540,000
Water and Sewer System Revenue Refunding, Series 2019	2.00 - 3.00	2029	07/01/27	-	1,320,000	1,320,000
Water and Sewer System Revenue Refunding, Series 2020	2.00 - 3.00	2030	07/01/28	-	1,700,000	1,700,000
Electric System Revenue City, Series 2021	4.00 - 5.00	2046	07/01/31	-	14,215,000	14,215,000
Electric System Revenue Rural, Series 2021	2.50 - 5.00	2046	07/01/31	-	17,565,000	17,565,000
Electric System Revenue City, Series 2021A	2.50 - 5.00	2046	07/01/31	-	60,500,000	60,500,000
Electric System Revenue Refunding City, Series 2022	5.00 - 5.00	2035	07/01/32	-	20,750,000	20,750,000
Electric System Revenue Rural, Series 2024	4.00 - 5.00	2049	07/01/49	-	14,305,000	14,305,000
Water and Sewer System Revenue, Series 2025	4.00 - 5.00	2045	07/01/34	-	36,330,000	36,330,000
Total Revenue Bonds				-	324,010,000	324,010,000
Total Long-Term Debt				205,579,155	375,430,845	581,010,000
Total Premium				7,830,254	31,343,278	39,173,532
Total Long-Term Debt, net				\$ 213,409,409	\$ 406,774,123	\$ 620,183,532

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Debt service requirements to maturity for all bonds, certificates of obligation, contractual obligations and notes payable are summarized as follows:

General Obligation Bonds

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 5,653,748	\$ 1,485,198	\$ 321,252	\$ 24,450	\$ 7,484,648
2027	4,258,276	1,355,141	86,724	14,420	5,714,561
2028	4,504,559	1,245,102	90,441	11,819	5,851,921
2029	3,972,081	1,123,536	92,919	9,105	5,197,641
2030	3,298,365	1,024,399	96,635	6,225	4,425,624
2031-2035	15,972,126	4,094,201	97,874	3,181	20,167,382
2036-2040	21,850,000	1,906,209	-	-	23,756,209
Total	\$ 59,509,155	\$ 12,233,786	\$ 785,845	\$ 69,200	\$ 72,597,986

Certificates of Obligation

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 3,965,000	\$ 5,184,359	\$ 1,660,000	\$ 1,166,473	\$ 11,975,832
2027	5,175,000	4,969,484	1,845,000	1,109,548	13,099,032
2028	5,435,000	4,733,709	1,900,000	1,048,998	13,117,707
2029	5,570,000	4,485,615	1,970,000	984,761	13,010,376
2030	5,810,000	4,251,391	2,040,000	916,991	13,018,382
2031-2035	31,385,000	17,965,065	10,560,000	3,432,674	63,342,739
2036-2040	30,920,000	12,437,854	8,895,000	1,443,688	53,696,542
2041-2045	30,970,000	7,092,106	1,415,000	417,100	39,894,206
2046-2050	24,045,000	2,624,600	1,355,000	111,100	28,135,700
2051-2055	2,795,000	112,900	-	-	2,907,900
Total	\$ 146,070,000	\$ 63,857,083	\$ 31,640,000	\$ 10,631,333	\$ 252,198,416

Private Placement Revenue Bonds

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ -	\$ -	\$ 1,550,000	\$ 367,288	\$ 1,917,288
2027	-	-	1,550,000	342,415	1,892,415
2028	-	-	1,485,000	315,746	1,800,746
2029	-	-	1,485,000	289,103	1,774,103
2030	-	-	1,270,000	260,672	1,530,672
2031-2035	-	-	3,450,000	1,083,344	4,533,344
2036-2040	-	-	3,770,000	752,962	4,522,962
2041-2045	-	-	3,675,000	347,913	4,022,913
2046-2050	-	-	760,000	19,152	779,152
Total	\$ -	\$ -	\$ 18,995,000	\$ 3,778,595	\$ 22,773,595

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Revenue Bonds

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ -	\$ -	\$ 15,935,000	\$ 14,135,279	\$ 30,070,279
2027	-	-	17,350,000	12,710,975	30,060,975
2028	-	-	18,180,000	11,876,425	30,056,425
2029	-	-	19,045,000	11,000,563	30,045,563
2030	-	-	19,620,000	10,085,213	29,705,213
2031-2035	-	-	89,880,000	37,541,788	127,421,788
2036-2040	-	-	74,625,000	20,596,963	95,221,963
2041-2045	-	-	59,855,000	7,015,425	66,870,425
2046-2050	-	-	9,520,000	525,950	10,045,950
Total	\$ -	\$ -	\$ 324,010,000	\$ 125,488,581	\$ 449,498,581

Total Long-Term Debt

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 9,618,748	\$ 6,669,557	\$ 19,466,252	\$ 15,693,490	\$ 51,448,047
2027	9,433,276	6,324,625	20,831,724	14,177,358	50,766,983
2028	9,939,559	5,978,811	21,655,441	13,252,988	50,826,799
2029	9,542,081	5,609,151	22,592,919	12,283,532	50,027,683
2030	9,108,365	5,275,790	23,026,635	11,269,101	48,679,891
2031-2035	47,357,126	22,059,266	103,987,874	42,060,987	215,465,253
2036-2040	52,770,000	14,344,063	87,290,000	22,793,613	177,197,676
2041-2045	30,970,000	7,092,106	64,945,000	7,780,438	110,787,544
2046-2050	24,045,000	2,624,600	11,635,000	656,202	38,960,802
2051-2055	2,795,000	112,900	-	-	2,907,900
Total	\$ 205,579,155	\$ 76,090,869	\$ 375,430,845	\$ 139,967,709	\$ 797,068,578

On February 13, 2025 the City issued \$36,330,000 in Waterworks and Sewer System revenue bonds, Series 2025. These bonds mature serially from July 1, 2026 through July 1, 2045 with coupon rates ranging from 4.00% to 5.00%. Proceeds from the sale of the bonds will be used for (i) constructing, improving, repairing, renovating, enlarging, extending and equipping the Waterworks and Sewer System, (ii) funding capitalized interest for the bonds, if necessary, (iii) funding the reserve fund requirement for the bonds, if necessary, and (iv) paying the costs of issuing the bonds.

All net revenues of the City Electric Fund, Rural Electric Fund, Water and Wastewater Systems are pledged for the payment of each funds' respective revenue bonds. Net revenues, as defined by the various revenue bond ordinances, include substantially all of the revenues and expenses of each respective system other than certain interest income and expense and depreciation and amortization. These bond ordinances further require that the net revenues as defined equal at least 1.10 times the average annual debt service on all outstanding City Electric Fund revenue bonds, 1.20 times the average annual debt service on all outstanding Rural Electric Fund revenue bonds and 1.25 times the average annual debt service on all outstanding Water and Wastewater System revenue bonds.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Under the terms of the bond covenants, the City Electric and Rural Electric Funds are required to maintain minimum reserve fund requirements as outlined within the Bond Order. The reserve fund requirements may be satisfied by cash, letter of credit, or an insurance policy. The reserve fund requirements for the City Electric Fund Series 2018 Bonds and Series 2025 Bonds are satisfied with restricted funds. The reserve fund requirements for the City Electric Fund Series 2016, 2017, 2021, 2021A and 2022 bonds are satisfied with insurance policies, as are the Rural Electric Fund's Series 2016, 2018, 2021, and 2024 bonds. The reserve fund requirements for the Rural Electric Fund Series 2025 bonds are satisfied with restricted funds.

The ordinance authorizing the Waterworks and Sewer System revenue bonds stipulates that the City will deposit certain amounts into a reserve fund for the purpose of retiring the last of the bonds as they become due or to pay principal of and interest on the outstanding bonds if necessary. The ordinance permits the reserve fund requirements to be satisfied by cash, letter of credit, or an insurance policy. The reserve fund requirements for the Series 2017 bonds are satisfied with an insurance policy.

The City reserves the right at any time to merge its City Electric Fund and its Rural Electric Fund into a single operating electric utility system. The merger of the Rural Electric Division would not have an adverse impact on the bondholders.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As provided for by the bond ordinances, this amount would be as a liability in the Proprietary funds for the benefit of the federal government and will be paid as required by applicable regulations. The City had an arbitrage liability of \$730,984 for governmental activities and \$908,936 for business-type activities as of September 30, 2025.

Other long-term liabilities

Changes in the accrual for compensated absences are detailed below:

	Year Ended September 30, 2025		
	Governmental Activities	Business-Type Activities	Total
Beginning Balance*	\$ 12,983,085	\$ 3,024,055	\$ 16,007,140
Net Change**	401,727	209,488	611,215
Ending Balance	<u>\$ 13,384,812</u>	<u>\$ 3,233,543</u>	<u>\$ 16,618,355</u>
Amount Due in One Year	\$ 4,588,273	\$ 2,027,361	\$ 6,615,634
Amount Due in Over One Year	\$ 8,796,539	\$ 1,206,182	\$ 10,002,721

* Beginning Balance is restated for the implementation of GASB 101, *Compensated Absences*.

** Compensated Absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The City has entered into multiple lease agreements as lessee. The leases allow the right-to-buildings and equipment over the term of the lease. The City is required to make monthly or yearly payments at its incremental borrowing rate or the interest rate stated or implied within the leases. The lease rate, term and ending lease liability are as follows:

	Interest Rate (s)	Liability at Commencement	Lease Term in Years	Ending Balance
Governmental Activities:				
Buildings	4% - 8.50%	\$ 2,054,811	2-7	\$ 976,234
Equipment	5.60%	2,108,520	10	1,773,395
Total Governmental Activities		<u>\$ 4,163,331</u>		<u>\$ 2,749,629</u>
Business-Type Activities:				
Equipment	4.00%	\$ 96,106	5	\$ 40,717
Total Business-Type Activities		<u>\$ 96,106</u>		<u>\$ 40,717</u>

The future principal and interest lease payments as of fiscal year end are as follows:

Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	508,859	136,853	\$ 19,959	\$ 1,629	\$ 667,300
2027	506,042	110,125	20,758	830	637,755
2028	384,358	87,647	-	-	472,005
2029	254,952	72,897	-	-	327,849
2030	269,231	59,086	-	-	328,317
2031-2035	826,187	88,729	-	-	914,916
Total	<u>\$ 2,749,629</u>	<u>\$ 555,337</u>	<u>\$ 40,717</u>	<u>\$ 2,459</u>	<u>\$ 3,348,142</u>

The value of the right-to-use assets as of the end of the current fiscal year was \$4,261,437 and had accumulated amortization of \$1,613,681.

The City has entered into a subscription-based information technology arrangement ("SBITA") which allows the right to use vendor-provided information technology. The City is required to make yearly payments at its incremental borrowing rate or the interest rate stated or implied within the SBITA. The SBITA rate, term and ending liability are as follows:

	Interest Rate (s)	Liability at Commencement	Term in Years	Ending Balance
Governmental Activities:				
Subscriptions Payable	4.35 - 5.60%	\$ 865,290	6	\$ 803,660
Total Governmental Activities		<u>\$ 865,290</u>		<u>\$ 803,660</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The future principal and interest SBITA payments as of fiscal year end are as follows:

Year	Governmental Activities		Total
	Principal	Interest	
2026	\$ 225,135	\$ 7,555	\$ 232,690
2027	132,530	25,364	157,894
2028	148,493	19,539	168,032
2029	165,820	13,014	178,834
2030	131,682	5,728	137,410
Total	<u>\$ 803,660</u>	<u>\$ 71,200</u>	<u>\$ 874,860</u>

The value of the right-to-use assets as of the end of the current fiscal year was \$865,290 and had accumulated amortization of \$62,320.

6. PRIOR-YEAR DEFEASANCE OF DEBT

As of September 30, 2025, the City had no outstanding general obligation bonds, certificates of obligation, or revenue bonds which were considered defeased.

7. BONDS AVAILABLE FOR SALE

Authorized general obligation bonds available for future issue are as follows:

	Year Authorized	Unissued Amount
Streets	1984	\$ 8,225,000
Parks and Recreation Facilities	1984	1,775,000
Railroad Grade Separation	1984	2,850,000
Sanitary Landfill	1984	200,000
Total		<u>\$ 13,050,000</u>

During FY 1984, the City Council voted to comply with the option provided by state law that does not require voter approval on revenue bonds prior to issuance.

8. NATURE AND PURPOSE OF CLASSIFICATION OF FUND EQUITY

The fund balance classifications for Governmental Funds are:

- Non-Spendable – includes fund balance amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through the adoption of an ordinance by the City Council. In order for fund balance to be committed, the City Council must adopt an ordinance stating the purpose for which the fund balance is committed. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (adoption of an ordinance) it employed to previously commit these amounts.
- Assigned – includes fund balance amounts that are self-imposed by the City to be used for a particular purpose. Fund balance can be assigned by the City Manager, the Chief Financial Officer or their designee. This authority was delegated to the City Manager and the Chief Financial Officer by formal resolution of the City Council. Assignments also include encumbrances for streets, drainage and capital projects.
- Unassigned – includes the residual fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Similarly, committed fund balances are reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications are available.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The City's classification of fund balances is as follows at September 30, 2025:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Non-Spendable:				
Permanent Funds Corpus	\$ -	\$ -	\$ 1,693,154	\$ 1,693,154
Other Purposes	2,138,461	1,251,413	363,060	3,752,934
Restricted for:				
Debt Service	-	23,786,158	-	23,786,158
Grants	-	-	32,495	32,495
Hotel/Motel	-	-	1,925,268	1,925,268
Municipal Court	213,382	-	197,376	410,758
TIRZ Development	-	-	10,776,002	10,776,002
Capital Projects	-	-	29,767,912	29,767,912
Cemeteries	-	-	306,347	306,347
Libraries	-	-	6,596	6,596
Fire	5,452	-	-	5,452
Police	54,410	-	-	54,410
Record Preservation	40,915	-	-	40,915
Other Purposes	1,015,574	-	-	1,015,574
Animal Center	384,981	-	-	384,981
Committed to:				
Streets	-	-	11,781,889	11,781,889
Drainage	770,743	-	2,195,475	2,966,218
Parks	1,183,898	-	2,218,995	3,402,893
Severance Reserve	285,478	-	-	285,478
Sidewalks	-	-	47,584	47,584
Other Purposes	-	-	3,988,350	3,988,350
Assigned to:				
Parks	425,277	-	-	425,277
Other Purposes*	16,960,697	-	-	16,960,697
Unassigned	<u>24,283,019</u>	<u>-</u>	<u>(15,356)</u>	<u>24,267,663</u>
Total Fund Balances	<u>\$ 47,762,287</u>	<u>\$ 25,037,571</u>	<u>\$ 65,285,147</u>	<u>\$ 138,085,005</u>

*Assigned other purposes include America Rescue Plan Act, encumbered, and designated library fund balances.

Net position has been restricted at September 30, 2025 as follows:

	Business-Type Activities					Total
	City Electric	Rural Electric	Water	Waste Water	Other Enterprise	
Restricted for:						
BVSWMA, Inc.	\$ -	\$ -	\$ -	\$ -	\$ 28,275,906	\$ 28,275,906
Debt Reserve	2,824,100	-	-	-	-	2,824,100
Debt Service	3,063,125	548,750	4,028,570	3,005,690	-	10,646,135
Rate Stabilization	1,791,140	-	-	-	-	1,791,140
Equity Interest in Partnership	-	-	-	-	1,790,275	1,790,275
Net Pension Asset	712,884	-	83,689	100,864	101,832	999,269
Total	<u>\$ 8,391,249</u>	<u>\$ 548,750</u>	<u>\$ 4,112,259</u>	<u>\$ 3,106,554</u>	<u>\$ 30,168,013</u>	<u>\$ 46,326,825</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

9. RETIREMENT PLAN

Plan Description

The City of Bryan participates as one of 938 plans in the defined benefit cash balance 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 (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.tMrs.com.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percentage had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	765
Inactive employees entitled to but not yet receiving benefits	557
Active employees	<u>944</u>
Total	2,266

Contributions

The member contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee's gross earnings, and the city matching percentages are either 1:1 (1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of Bryan were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.46% and 9.81% in calendar years 2024 and 2025, respectively. The City opted to fund at a rate of 9.75% and 10.00%, respectively, which is over the actuarial determined required rate. The City's contributions to TMRS for the year ended September 30, 2025 were \$8,742,300, and were more than the required contributions by \$185,746.

Net Pension Asset

The City's Net Pension Asset (NPA) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the NPA was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.0% and 5.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of 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. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.1%
Core Fixed Income	6.00%	5.0%
Non-Core Fixed Income	6.00%	6.8%
Hedge Funds	5.00%	6.4%
Private Equity	13.00%	8.5%
Private Debt	13.00%	8.2%
Real Estate	12.00%	6.7%
Infrastructure	6.00%	6.0%
Other Private Markets	4.00%	7.3%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%, and was unchanged from the prior year. 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 Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Changes in the Net Pension Liability/(Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(asset) (a) - (b)
Balance at 12/31/2023	\$ 463,587,157	\$ 452,020,408	\$ 11,566,749
Changes for the year:			
Service Cost	13,945,236	-	13,945,236
Interest	30,713,722	-	30,713,722
Change of benefit terms	(5,309,413)	-	(5,309,413)
Difference between expected and actual experience	7,189,543	-	7,189,543
Changes of assumptions	-	-	-
Contributions - employer	-	8,235,370	(8,235,370)
Contributions - employee	-	5,912,577	(5,912,577)
Net investment income	-	47,009,341	(47,009,341)
Benefit payments, including refunds of employee contributions	(20,464,529)	(20,464,529)	-
Administrative expense	-	(301,217)	301,217
Other changes	-	(7,044)	7,044
Net changes	<u>26,074,559</u>	<u>40,384,498</u>	<u>(14,309,939)</u>
Balance at 12/31/2024	<u>\$ 489,661,716</u>	<u>\$ 492,404,906</u>	<u>\$ (2,743,190)</u>

Sensitivity of the net pension liability/(asset) to changes in the discount rate

The following presents the net pension liability/(asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability/(asset) 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/(Asset)	\$ 65,525,589	\$ (2,743,190)	\$ (58,936,648)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report, in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained on the at www.tmrs.com.

Pension Expense and Deferred Outflows/Inflows of Resources related to Pensions

For the year ended September 30, 2025 the City recognized pension expense of \$7,608,504.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

At September 30, 2025 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	\$ 9,611,521	\$ -
Changes in actuarial assumptions	-	1,379,044
Difference between projected and actual investment earnings	-	4,812,837
Contributions subsequent to the measurement date	6,493,609	-
Total	<u>\$ 16,105,130</u>	<u>\$ 6,191,881</u>

Deferred outflows of resources of \$6,493,609 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended September 30</u>
2026	\$ 4,301,699
2027	8,044,549
2028	(5,627,016)
2029	(3,299,592)
Total	<u>\$ 3,419,640</u>

10. EMPLOYEE HEALTH BENEFITS

The City established the Employee Benefits Trust Fund effective October 1, 1986, covering health benefits for eligible employees. At that time the Council approved a formal trust agreement establishing the Fund. Employee premium costs are shared by the City and the employee, while dependent coverage is paid by the employee. The City's contract with its third-party administrator and reinsurer sets an individual stop loss deductible in the amount of \$225,000 and a maximum claims liability of \$13,941,573 for the twelve-month period which began January 1, 2025 and ends December 31, 2025. These stop loss levels apply to both medical and prescription drug coverage. Dental coverage is not included. There were no significant reductions in insurance coverage in the current year from coverage in the prior year. For the City's aggregate stop loss coverage, there have been no settlements that have exceeded insurance coverage for the past three calendar years. The City's insurance carrier has paid out \$390,735 for calendar year 2023, \$597,558 for calendar year 2024 and \$822,700 to date in calendar year 2025 in settlements that exceeded the deductible applicable to individual stop loss coverage.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The following schedule represents the changes in claims liabilities for the year:

	<u>FY 2025</u>	<u>FY 2024</u>
Beginning Balance Unpaid Claims	\$ 952,000	\$ 1,059,000
Incurred Claims	15,762,789	10,997,979
Claim Payments	<u>(14,873,789)</u>	<u>(11,104,979)</u>
Ending Balance Unpaid Claims	<u>\$ 1,841,000</u>	<u>\$ 952,000</u>
Amounts Due in One Year	\$ 1,841,000	\$ 952,000

11. OTHER POST-EMPLOYMENT BENEFITS

Effective January 1, 1991, by action of the City Council, the City began offering post-retirement health care benefits to employees. Effective January 1, 1993, retiree spouses were granted eligibility for benefits. Dependents were granted eligibility effective January 1, 1994. This plan is a single employer defined benefit, other post-employment benefit plan. A separate, audited GAAP-basis post-employment benefit plan report is not available.

On February 28, 2017, the City established the City of Bryan Post-employment Benefits Trust (Trust). The Trust is a single employer irrevocable trust established by action of the City Council. This trust is held by Public Agency Retirement Services (PARS) who is the administrator of the plan. US Bank serves as the trustee.

To qualify for healthcare an employee must be at least 60 years of age and have five years of TMRS service credit or have at least 20 years of service credit at any age. In order to be eligible, employees must elect to retire at time of separation, must elect in writing to continue health benefits coverage at the time of separation, and must pay the appropriate premium. Coverage can continue for life.

Employees terminating before normal retirement conditions are not eligible for retiree health coverage. Employees who retire under a disability retirement are not eligible for retiree health coverage.

Eligible retirees may continue health insurance benefits for eligible spouses and dependents covered at the time of retirement. A dependent not covered under the plan at this time is not eligible for coverage. In order for a dependent to be covered on the retiree plan, the dependent must be on the City's plan for 36 consecutive months prior to the retirement date. If the retiree elects to continue coverage for any dependent and on any subsequent date elects to discontinue coverage, the dependent is no longer eligible for coverage.

Survivors of employees who die while actively employed are not eligible for retiree health coverage. However, surviving spouses and dependents of Texas public officers (as defined by Texas Government Code, Chapter 615) killed in the line of duty are entitled to purchase continued health insurance benefits. The surviving spouse is entitled to continue to purchase health insurance coverage until the date the surviving spouse becomes eligible for federal Medicare benefits. Surviving dependent minor

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

children are entitled to continue health insurance coverage until the dependent reaches the age of 18 years or a later date to the extent required by state or federal law. A surviving dependent who is not a minor child is entitled to continue health insurance coverage until the earlier of: (1) the date the dependent becomes eligible for group health insurance through another employer or (2) the date the dependent becomes eligible for federal Medicare benefits. Eligible survivors are entitled to purchase the continued coverage at the group rate for that coverage that exists at the time of payment.

Surviving covered spouses and dependents of deceased retired employees may continue health care coverage for up to 36 months through COBRA.

Once the retiree or spouse is enrolled in Medicare, the City's plan becomes the secondary payer. The retiree is responsible for payment of any Medicare premiums. The City does not provide any cash payment in lieu of electing the City's health care plan. Retirees who do not elect to continue coverage at time of separation are not eligible to opt back in.

The City does not offer life insurance coverage for retirees or their dependents. Employees who retire are eligible to convert their group life insurance coverage to a Whole Life Policy without accidental death and dismemberment until the employee reaches age 100 or a Group Term Life with AD&D until the employee reaches age 70.

The City's health care plan includes medical, dental, and prescription coverage. Retiree health plan coverage is the same as coverage provided to active City employees in accordance with the terms and conditions of the current City of Bryan Health Plan. The City also offers a fully insured optional vision plan that retirees and their dependents may purchase. The City Council reserves the right to modify premium amounts, to modify eligibility requirements and to modify or discontinue retiree health benefits.

In the year ended September 30, 2025, retirees paid \$608,729 in premiums and \$1,660,950 in claims and premiums were paid for post-retirement health care and administrative charges. As of September 30, 2025, the City has 80 retirees and 71 dependents participating in the plan.

The City also provides health benefits as required by the Federal Government under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). COBRA requires employers that sponsor group health plans to provide continuation of group coverage to employees and their dependents under certain circumstances where coverage would otherwise end. Terminated employees who qualify under COBRA pay premium costs for themselves and dependents.

COBRA participants are reimbursed at the same levels as active employees. Participants paid premiums of \$30,064 and incurred claims and administrative expenses of \$4,790 during the year ended September 30, 2025. As of September 30, 2025, the City had three (3) COBRA participants.

Future year estimated claims for all health plan participants are actuarially determined by the reinsurer. All assets of the Employee Benefits Trust Fund are available for future claim payments for health plan participants.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Prior to January 1, 2010, all retirees electing health plan coverage received a health premium subsidy averaging 40%. Beginning January 1, 2010, the City implemented new eligibility requirements for subsidized retiree premiums. The new eligibility requirements require retirees to meet the 'Rule of 80' (sum of age plus years of service at retirement must equal at least 80), in order to receive the subsidized retiree premium. Retirees not meeting the 'Rule of 80' may still elect the City's retiree health plan coverage, but will not receive a subsidy.

Funding Policy and Annual OPEB Cost

During FY 2017, the City Council adopted a funding policy for the City's OPEB liability. During FY 2025 \$500,000 was contributed to the Trust. The long-term policy of the City is to contribute \$500,000 every year until the liability is fully funded, subject to annual appropriations and availability of funds.

The following is a summary of the employees covered by the Plan at December 31, 2024 (the measurement date):

Inactive plan members or beneficiaries currently receiving benefits	76
Inactive plan members entitled but not yet receiving benefits	0
Active plan members	<u>940</u>
Total plan members	1,016

Contributions to the Plan

For the year ended September 30, 2025, the City's contribution rate was \$1,436,147, or 1.63% of covered-employee payroll. (See the Required Supplementary section of this report for more information on contributions to the Plan). Employees are not required to contribute to the plan.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2024 (the measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. As of the measurement date the total OPEB liability was \$22,643,523 and the net OPEB liability (net of plan fiduciary net position of \$5,115,053) was \$17,528,470.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The total OPEB liability, and the Actuarial Determined Contribution (ADC) at the measurement date were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Single Discount Rate	5.75% as of December 31, 2024
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Demographic Assumptions	Based on the December 31, 2022 experience study as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Health Care Cost Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	<u>Rule of 80</u> : 60% of pre-65 retirees and 6% of post-65 retirees; 90% of retirees are assumed to lapse coverage at age 65. <u>Under Rule of 80</u> : 10% pre-65 and 0% post-65

The actuarial assumptions used at the measurement date valuation were based on the results of an actuarial experience study performed as of December 31, 2023 and a measurement date of December 31, 2024.

For the purposes of the valuation performed as of December 31, 2024, the expected rate of return on OPEB portfolio investments is 6.25% (see the table above). Based on the most recent expected rate of return from the City's Investment Manager for the OPEB Trust (PFM Asset Management) of 6.30%, management, in consultation with the City's actuary (GRS Consulting), has taken a conservative approach in assuming a rate of return on Trust assets resulting in a Single Discount Rate of 5.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal or in excess of the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
US Large Cap Equity	28.50%	7.20%	2.05%
US Small Cap Equity	1.50%	7.90%	0.12%
International Developed Equity	11.30%	6.90%	0.78%
Emerging Markets Equity	3.70%	7.40%	0.27%
Real Estate Investments	2.50%	7.00%	0.18%
Listed Infrastructure	2.50%	7.40%	0.19%
Core Bonds	44.50%	5.00%	2.23%
High Yield Bonds	3.50%	6.10%	0.21%
Cash	2.00%	2.90%	0.06%
Total	100.00%		6.08%
Expected Inflation			0.42%
Total Return			6.50%

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning Balance at 12/31/2023	\$ 22,019,871	\$ 4,233,163	\$ 17,786,708
Service cost	748,619	-	748,619
Interest on the total OPEB liability	1,224,503	-	1,224,503
Changes of benefit terms	-	-	-
Difference between expected and actual experience	76,287	-	76,287
Changes of assumptions	(369,647)	-	(369,647)
Employer contributions	-	1,556,110	(1,556,110)
Net investment income (loss)	-	408,996	(408,996)
Benefits payments	(1,056,110)	(1,056,110)	-
Administrative expense	-	(27,106)	27,106
Other	-	-	-
Net changes	623,652	881,890	(258,238)
Ending Balance at 12/31/2024	\$ 22,643,523	\$ 5,115,053	\$ 17,528,470
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability			22.59%

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

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

The following shows the sensitivity of the net OPEB liability to a 1.0% increase and a 1.0% decrease in the discount rate assumption:

	1.0% Decrease	Discount Rate	1.0% Increase
	<u>4.75%</u>	<u>5.75%</u>	<u>6.75%</u>
Net OPEB Liability	\$ 20,160,533	\$ 17,528,470	\$ 15,266,015

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following shows the sensitivity of the net OPEB liability to a 1.0% increase and a 1.0% decrease in the healthcare cost trend rate assumption:

	1.0% Decrease	Current Rate Assumption	1.0% Increase
Net OPEB Liability	\$ 14,756,950	\$ 17,528,470	\$ 20,889,784

OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2025, the City recognized OPEB expense of \$1,822,960. At September 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources and in the following amounts:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,974,665	\$ 3,311,146
Changes in actuarial assumptions	2,187,701	919,375
Difference between projected and actual investment earnings	15,867	-
Contributions subsequent to the measurement date	1,088,227	-
Total	<u>\$ 5,266,460</u>	<u>\$ 4,230,521</u>

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2025

The \$1,088,227 reported as deferred outflows of resources related to OPEB resulting from contributions made after the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2026. Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	Net Deferred Outflows (Inflows)
2026	\$ 126,003
2027	137,909
2028	(12,370)
2029	52,250
2030	(7,248)
Thereafter	(348,832)
Total	<u>\$ (52,288)</u>

See page 48 for the statement of fiduciary net position for the OPEB Trust Fund.

12. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, as amended, is available to all employees, and permits them to defer a portion of their salary until future years. The plan funds are not available to employees until termination, retirement, death, or emergency.

All amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in trust for the exclusive benefit of the participants and the beneficiaries. This is in accordance with changes made to Section 457 of the Internal Revenue Code. Since the City is no longer the Plan Administrator or the trustee, the assets of the Plan are no longer a reportable fund in the City's basic financial statements.

Similar to the Section 457, the City of Bryan offered its employees the Retiree Health Savings (RHS) Plan. The plan allowed employees to make pre-tax contributions from their salary or accrued leave time to fund medical expenses for employees and their family on a tax-free basis during retirement. Once an employee elected to participate, this cannot ever be changed or revoked unless there is employment separation.

Like the Section 457, all amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in trust for the exclusive benefit of the participants and the beneficiaries. The City is not the Plan Administrator or the trustee; therefore, the assets of the Plan are not a reportable fund in the City's basic financial statements.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

13. TEXAS MUNICIPAL POWER AGENCY

The Texas Municipal Power Agency (“TMPA”) was created in July 1975 by concurrent ordinances of the Texas cities of Bryan, Denton, Garland, and Greenville (“Member Cities”) pursuant to Acts 1995 64th Leg. Ch. 143, sec 1 (the “Act”). Under the provisions of the Act, TMPA is a separate municipal corporation. TMPA is exempt from federal income tax under section 115 of the Internal Revenue Code.

Until September 18, 2018, TMPA operated the Gibbons Creek power plant, a coal-fired generating plant located in Grimes County, Texas with a net generating capability of 470 megawatts. The plant began commercial operation on October 1, 1983. On June 6, 2019, the TMPA Board of Directors voted to permanently retire the plant. The plant was decommissioned and retired in FY 2022, but TMPA continues to own and operate approximately 350 circuit miles of transmission lines and 14 substations within ERCOT.

TMPA is governed by a Board of Directors made up of two representatives from each Member City and is empowered to plan, finance, acquire, construct, own, operate and maintain facilities to be used in the business of generation, transmission and sale of electric energy to each Member City. Each of the Member Cities entered into separate but identical Power Sales Contracts with TMPA (as amended, the “TMPA Agreements”). For more than 40 years, the TMPA Agreement governed the relationship between, and the rights and obligations of, TMPA and each of the Member Cities with respect to, among other items, generation, including Gibbons Creek, transmission and sale of electric energy to each Member City. Under the terms of the TMPA Agreement, each of the Member Cities was unconditionally obligated to pay to TMPA, without offset or counterclaim and without regard to whether energy was delivered by TMPA to the Member Cities, its percentage of TMPA’s Annual System Cost as defined in the TMPA Agreement, including the payment of TMPA’s debt service requirements and operating and maintenance expenses in the following percentages: City of Bryan – 21.7%; City of Denton – 21.3%; City of Garland – 47.0% and City of Greenville – 10.0%. On September 1, 2018 TMPA made the final debt service payment on TMPA’s generation debt which extinguished the Member City’s unconditional obligation with respect to such TMPA debt. The TMPA Agreement has expired by its terms and none of the Member Cities elected to extend the TMPA Agreement beyond September 30, 2018.

Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement (“JOA”). In general, the purposes of the JOA include: (i) funding TMPA operations such as mine reclamation, transmission service, and plant decommissioning following expiration of the Power Sales Contract (“PSC”) (ii) subject to certain exceptions, requiring Member City approval for the issuance of new debt, the execution of certain significant contracts, and the sale of property exceeding \$10 million in value (iii) specifying provisions for determining how costs of TMPA and proceeds from the sale of assets are to be allocated among the Member Cities (iv) providing for the establishment by TMPA of reserve funds for the decommissioning of the plant and the indemnification of TMPA Board Members and Member City officials, employees, contractors, and agents and (v) dividing the operations of TMPA into three business functions-mine, generation, and transmission-and requiring separate budgets and books for each business function.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

The PSC provided that upon dissolution of TMPA, the assets of TMPA will automatically be transferred to the Member Cities, with each Member City receiving an undivided interest in the assets of TMPA in proportion to the amount paid by the Member City to TMPA. The JOA, for purposes of implementing the automatic transfer of assets upon dissolution of TMPA, requires TMPA to periodically make this calculation for each business unit, and sets out formulas for making these calculations. Under the JOA, these ownership calculations are relevant not only to the allocation of assets upon dissolution of TMPA, but also to the allocation of certain proceeds from the sale of assets, and in some cases, the allocation of TMPA costs.

If requested by a majority of the Member Cities, TMPA is required by the JOA to transfer a divided interest in the transmission system to each Member City. Under this partition process, the objective is for each City to receive ownership of transmission facilities in the vicinity of the Member City, and in proportion to the Member City's ownership interest in the transmission business. Any such transfer of transmission assets must be in compliance with relevant bond covenants, including those requiring defeasance of all or a portion of transmission debt.

The JOA includes a reclamation plan for the mine, requires the development of a decommissioning plan, and sets out standards for environmental remediation. TMPA is required to comply with these plans and standards.

Under the JOA, in discharging its contractual obligations, including mine reclamation, decommissioning, transmission service, environmental remediation, indemnification, and other obligations, TMPA is rendering services to the Member Cities. The JOA obligates each Member City to pay the cost of these services, and to collect rates and charges for electric service sufficient to enable it to pay to TMPA all amounts due under the JOA for these services. A Member City's payment obligations under the JOA are payable exclusively from such electric utility revenues and constitute an operating expense of its electric system.

Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until the dissolution of TMPA.

Gibbons Creek power plant's operational status with ERCOT transitioned to: Seasonal Operations, effective September 26, 2017 (operated from May 21, 2018 through September 18, 2018); Reserve Shutdown, effective October 1, 2018; and Indefinite Mothball, effective June 1, 2019. On June 28, 2019, a notification to ERCOT was made to remove Gibbons Creek from the ERCOT system, effective October 23, 2019. The unit was actually removed from the ERCOT system on October 30, 2019. Due to the significant decline in the service utility of the generation assets, such assets were largely impaired as of September 30, 2017, with a final impairment on September 30, 2018. Effective September 1, 2018, the only debt remaining at TMPA is Transmission Debt.

In 2016 and 2017, TMPA issued requests for proposals ("RFPs") regarding the proposed sale of Gibbons Creek power plant and certain transmission assets. Proposals received in connection with the 2016 and 2017 RFPs were pursued, but negotiations were ultimately discontinued.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

In 2019, TMPA issued a request for proposal (RFP) involving the sale of generation assets. In 2019 and throughout 2020, TMPA was in negotiations regarding the proposal from Gibbons Creek Environmental Redevelopment Group, LLC ("GCERG"). In December 2020, TMPA and GCERG came to an agreement on terms for the sale of the Gibbons Creek Steam Electric Station and the assumption of all environmental liabilities. At that time the TMPA Board authorized the TMPA General Manager to take the necessary steps to complete the transaction. During January, 2021 the governing bodies of the four member cities approved the sale and the finalization of closure related documents.

On February 10, 2021, TMPA's Gibbons Creek power plant was sold to GCERG. BTU removed the decommissioning/environmental remediation liability and the associated regulatory asset as of that date. Additionally, BTU established a regulatory asset in the amount of \$7,842,767 associated with the power plant sale on February 10, 2021. The regulatory asset will be amortized in future periods when their costs are included in electric rates.

During the year ended September 30, 2025, the City Electric System paid TMPA \$358,123 for power purchases and related activity under the contract. As of September 30, 2025, the City Electric System had nothing payable to TMPA.

On February 10, 2025, TMPA agreed to convey to BTU all of its' owned equipment in Bryan East substation and all of its' owned equipment in the Dansby substation and BTU paid TMPA \$3,238,620 for those assets. In the same agreement, BTU agreed to convey to TMPA all of its' own assets in the Gibbons Creek to Greens Prairie 138kV transmission line and all of its' owned assets in the Gibbons Creek to Bryan East 138kV transmission line and TMPA paid BTU \$2,260,339 for those assets. BTU is in the process of reconductoring the Greens Prairie to Gibbons Creek 138kV transmission line which will be fully reimbursable by TMPA. TMPA paid BTU \$731,535 for this project for the year ended September 30, 2025.

At September 30, 2025, BTU's portion of outstanding TMPA bonds and note purchase agreement was approximately \$49.2 million.

TMPA's Annual Financial Report for the year ended September 30, 2025 reported the following:

	<u>FY 2025</u>
Total Assets	\$ 244,355,000
Total Liabilities	254,260,000
Total Deferred Inflows of Resources	<u>4,864,000</u>
Total Net Position	<u>\$ (14,769,000)</u>
Change in Net Position	
for year ended September 30, 2025	\$ (1,618,000)

TMPA's audited financial statements may be obtained by writing TMPA, P.O. Box 7000, Bryan, TX 77805.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

14. BRAZOS VALLEY SOLID WASTE MANAGEMENT AGENCY

In 2010, the City Councils of Bryan and College Station approved, through an interlocal agreement, the creation of a local government corporation, BVSWMA, Inc., which currently owns and manages landfill operations for both Cities. The expectation was that a combined landfill operation will minimize solid waste management costs for both Cities. BVSWMA, Inc. superseded a previous agreement established in 1990 which combined landfill operations under the then newly created Brazos Valley Solid Waste Management Agency (BVSWMA). The powers of BVSWMA, Inc. are vested in a seven member Board of Directors, consisting of appointees from each City Council.

The bylaws for BVSWMA, Inc., establish powers that include the issuance of debt, acquisition of land and equipment, the hiring of a general manager and staff to maintain and operate the facilities and the establishment of tipping fees. BVSWMA, Inc., revenues are derived from tipping fees paid by landfill customers that include the Cities of Bryan and College Station, other unaffiliated businesses and the general public.

BVSWMA, Inc. owns two landfill sites. The initial landfill site known as Rock Prairie Landfill, located in College Station, was closed in 2011 as it reached operating capacity. The Twin Oaks Landfill, located in Grimes County, was opened in 2011 and has an expected capacity of over 50 years.

In 2010, the City issued \$5,145,000 in Certificates of Obligation, Series 2010 to finance the construction of the Twin Oaks Landfill site. BVSWMA has agreed to pay the City an amount equal to the future debt service requirements of these certificates of obligation. In April 2020, the City refunded the Series 2010 with the Series 2020 refunding bonds. The savings from refunding were passed through to BVSWMA. At September 30, 2025, the City reported a receivable in the amount of \$1,251,413 of which \$335,000 is due and payable to the City within one year.

The City of Bryan and the City of College Station each recognize a 50% ownership in BVSWMA, Inc. The City of Bryan's 50% ownership is reflected in the Solid Waste Fund.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

BVSWMA's audited annual financial statements for the year ended September 30, 2025 reported the following:

	<u>FY 2025</u>
Total Assets	\$ 68,261,643
Total Liabilities	11,649,414
Total Deferred Inflow of Resources	<u>60,417</u>
Total Net Position	<u>\$ 56,551,812</u>
Change in Net Position for the year ended September 30, 2025	\$ 3,642,450
Less: Change in Beginning Net Position due to GASB 101, <i>Compensated Absences</i>	<u>(309,570)</u>
Adjusted Change in Net Position for the year ended September 30, 2025	\$ 3,332,880
 Bryan's undivided 50% share of changes in Net Position for the year ended September 30, 2025	 \$ 1,666,440

Audited financial statements for BVSWMA, Inc. may be obtained by writing BVSWMA, Inc., 2690 Hwy. 30, Anderson, TX 77830

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

15. INTERFUND BALANCES

Interfund receivable and payable balances at September 30, 2025 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	City Electric	\$ 1,094,006
	Non-Major Governmental	275,081
Nonmajor Governmental	General	92,373
	City Electric	160,848
City Electric	Rural Electric	4,960,653
Water	City Electric	348,804
Wastewater	City Electric	343,543
Nonmajor Enterprise Funds	City Electric	203,557
	General	45,000
Total		<u>\$ 7,523,865</u>
<u>Interfund Advance</u>	<u>Payable Fund</u>	
Debt Service Fund	City Electric	\$ 12,603,888
	Water	1,479,625
	Wastewater	1,783,283
	Non-Major Enterprise	1,800,395
	Internal Service Funds	461,906
		<u>\$ 18,129,097</u>

Interfund receivable and payable balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. Transactions are recorded in the accounting system and payments between funds are made. The interfund balances presented agree with the sum of interfund balances in the balance sheet for governmental funds and statement of net position for proprietary funds.

Interfund advances represent amounts owed between funds for the establishment of pension obligation bonds.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

16. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2025 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>							<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>City Electric Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Non-Major Enterprise Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 1,314,016	\$ 15,020,414	\$ 789,649	\$ 755,412	\$ 502,806	\$ -	\$ 18,382,297
Debt Service	95,349	2,009,595	294,526	34,576	41,672	42,072	10,794	2,528,584
Non-Major Governmental Funds	2,693,246	5,346,667	-	-	-	-	-	8,039,913
Water Fund	32,253	-	-	-	-	16,126	-	48,379
Wastewater Fund	304,188	-	-	-	-	20,376	-	324,564
Non-Major Enterprise Funds	971,340	-	-	33,711	5,226	-	-	1,010,277
Internal Service Funds	114,253	-	-	65,678	63,332	-	100,000	343,263
Total Transfers Out	\$ 4,210,629	\$ 8,670,278	\$ 15,314,940	\$ 923,614	\$ 865,642	\$ 581,380	\$ 110,794	\$ 30,677,277

Transfers are primarily used to move funds from:

- The proprietary funds to the General Fund for use of City owned rights-of-way and as payments in lieu of property taxes
- The transfers to the Debt Service Fund as payments in for debt service payments as they become due and payments towards the interfund advance
- The transfers from the General Fund as payments for associated costs
- Non-Major Governmental bond funds that are no longer active are formally closed, and any residual balances are transferred to the appropriate Non-Major Governmental Fund.

The sum of all transfers presented agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

17. ADMINISTRATIVE ALLOCATIONS TO OTHER FUNDS

The General Fund provides general and administrative support services to the City Electric Fund, Rural Electric Fund, Water Fund, Wastewater Fund, Solid Waste Fund, Insurance Fund, Special Projects Fund, Employee Benefits Fund, Bryan Commerce and Development Fund, and Coulter Airfield Fund. Costs of these services are allocated as follows:

	<u>General Fund</u>
<u>Administrative Costs Allocated to:</u>	
City and Rural Electric Fund	\$ 4,472,287
Water Fund	588,000
Wastewater Fund	583,465
Non-Major Enterprise Fund (Solid Waste Fund)	729,967
Internal Service Fund (Insurance Fund)	251,770
Street Improvement Fund	126,548
Drainage Fund	124,383
Internal Service Fund (Employee Benefits Fund)	198,803
Internal Service Fund (Warehouse Fund)	98,243
Non-Major Enterprise Fund (Bryan Commerce & Development)	63,716
Non-Major Enterprise Fund (Coulter Airfield Fund)	174,944
	<u>\$ 7,412,126</u>

18. LITIGATION MATTERS

The City was actively involved in fourteen litigation matters as of September 30, 2025. In one of these matters, there appears to be a low likelihood that the City would be exposed to significant damages and in the event of an unfavorable outcome in the lawsuits the financial statements of the City would not be materially affected. Two of these matters are administrative appeals and the financial statements of the City would not be materially affected in the event of an unfavorable outcome. Five of the matters relate to the City acquiring property interests and would resolve the amount of compensation the City would pay in exchange for the interests. Five matters were concluded subsequent to September 30, 2025, and present no further exposure to the City. Subject to following comment regarding The Turner Lawsuit, in all other claims asserted against the City, in the event of an unfavorable outcome in the lawsuits the financial statements of the City would not be materially affected.

On April 26, 2021, Randy Turner and many other plaintiffs filed a lawsuit (“The Turner Lawsuit” or the “lawsuit”) against several hundred defendants, including the City Electric System, in state district court. The lawsuit alleges numerous causes of action regarding personal injuries and alleged property damage arising from the 2021 Winter Weather Event. The Turner Lawsuit has been transferred to a multi-district litigation (MDL) pre-trial court, where over 150 other similar lawsuits have been transferred. In January 2022, the plaintiffs in the MDL amended their petitions to add most of the

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2025

existing defendants to most of the existing lawsuits pending in the MDL, such that the City Electric System is now named as a defendant in a total of 104 lawsuits pending in the MDL. The amended petitions in which BTU is named are very similar in allegations and causes of action alleged, including The Turner Lawsuit. The City Electric System denies any wrongdoing, denies any liability for the alleged injuries or damages, and intends to vigorously defend itself against the claims.

As of the date of this report, management, in consultation with counsel, have determined that we do not believe any potential loss is probable or estimable and as such have not determined that a liability to the City Electric System or the City exists.

19. RISK MANAGEMENT

In fiscal year 1989, the City decided not to purchase commercial liability insurance. At that time, City management believed that it was more economical to manage liability risks internally and set aside assets for the payment of claims in an internal service fund. The "Insurance Fund" was established to service all claims for risk of losses relating to general liability and workers' compensation.

In fiscal year 2022, the City moved its liability insurance program to the Texas Municipal League Intergovernmental Risk Pool (TMLIRP). TMLIRP coverage provides a \$2,000,000 limit per occurrence/\$6,000,000 aggregate limit for general liability with a \$500,000 deductible for claims. This coverage became effective October 1, 2022. Liability insurance providing a \$3,000,000 limit per occurrence/\$6,000,000 aggregate limit for police liability, and \$2,000,000 limit per occurrence/\$4,000,000 aggregate limit for public officials, and employment practices, with a \$500,000 deductible was purchased with coverage effective October 1, 2022. Auto liability insurance providing a \$3,000,000 limit for each occurrence with a \$500,000 deductible was purchased with coverage effective October 1, 2022. Worker's compensation coverage is provided at Texas Statutory limits with \$1,000,000 retention. There have been no settlements that have exceeded insurance coverage for each of the past three fiscal years.

All funds of the City participate in the Insurance Fund. The costs of providing claims servicing and claims payment are allocated by charging each fund a "premium" based upon a percentage of the respective fund's estimated current-year payroll and expenses and management's estimate of projected current costs. These charges consider exposure and recent trends in actual claims experience of the City as a whole and make provision for catastrophic losses.

The Insurance Fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City has recorded a potential liability in the amount of \$1,384,408 for claims that have been incurred but not reported as of September 30, 2025. Because actual claims liabilities depend on such complex factors as changes in legal doctrines and damage awards, the process used in computing liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2025

The schedule below represents the changes in estimated claims liabilities:

	<u>2025</u>	<u>2024</u>
Unpaid Claims at Beginning of Fiscal Year	\$ 1,937,686	\$ 1,619,915
Change in Unpaid Claims	514,395	1,348,040
Claim Payments	<u>(790,791)</u>	<u>(1,030,269)</u>
Total Unpaid Claims at End of Fiscal Year	<u>\$ 1,661,290</u>	<u>\$ 1,937,686</u>
Amounts Due in One Year	\$ 648,677	\$ 703,374

Texas law limits recovery, under legislatively defined governmental functions, to \$500,000 per occurrence. Claims proceeding from proprietary functions are not limited.

20. COMMITMENTS AND CONTINGENCIES

Traditions Development

In 1999, the City embarked on a major 850 acre development initiative for the City's west side. The City identified the land for possible development, located in Brazos County east of Highway 47 and south of Villa Maria Road. The City believed that a public interest would be served by purchasing this land to serve as a catalyst for development. The plans for the property included a first-class resort, golf course, and planned community known as the Bryan Resort Project (subsequently known as the Traditions Development).

As a result, the City and Jordan Community Properties, L.P. entered into a Master Economic Development Agreement ("MEDA") in 1999. One of the provisions of the MEDA was for the City to create a local government corporation to aid the City in completion of certain provisions in the MEDA. The local government corporation created was Bryan Commerce and Development, Incorporated ("BCDI"). BCDI purchased the land, identified by the City, for development. The City agreed to provide public infrastructure improvements including all major arterial streets, all major utilities including electrical, gas, water, sewer, telephone, cable, drainage structures, water delivery systems, street lighting, landscaping of median entryways, all signage for the project, traffic signals, and entryway structures for the project.

In 2000, the City approved an Ordinance creating Tax Increment Reinvestment Zone Ten ("Tirz 10"). Tirz 10, which includes most of the Traditions Development, funded public infrastructure improvements as further described in Note 25.

The partnership between BCDI and Jordan Community Properties, L.P. was named Bryan/Jordan L.P. (subsequently known as Bryan/Traditions, L.P.). Bryan/Jordan L.P. was formed as a limited partnership in 2000, under the laws of the State of Texas. The partners in Bryan/Jordan L.P. were CFJ Properties, Inc., a Texas corporation and the general partner, BCDI, a Texas local government corporation, a limited partner, and Jordan Community Properties, L.P., a Texas limited partnership

City of Bryan, Texas

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and a limited partner. The partnership interest was as follows: 1%, 55% and 44% for Jordan Properties, Inc. or an affiliate thereof, Jordan L.P. and BCDI, respectively.

The purpose of Bryan/Jordan L.P. was to develop a portion of the land, purchased by BCDI, into a planned community, including a residential community and a commercial development. This community would become known as Traditions. In order for Bryan/Jordan L.P. to develop the land, BCDI would periodically contribute portions of the land, as a partnership contribution, to Bryan/Jordan, L.P. by a special warranty deed.

Several changes to the original partnership agreement have taken place since 2000. In 2004, the partnership agreement was amended to reflect the change in names of certain partners. CFJ Properties, Inc. was changed to Rosemel Properties, Inc. and Jordan Community Properties, L.P. was changed to Melrose Community Properties, L.P. In addition, the name of the partnership was changed from Bryan/Jordan, L.P. to Bryan/Traditions, L.P.

In 2009, the partnership agreement was again amended and restated ("Amendment") to reflect certain changes. Traditions Acquisition Partnership, GP, LLC, a Texas limited liability company, acquired the general partnership interest originally owned by CFJ Properties, Inc. and subsequently known as Rosemel Properties, Inc. Traditions Acquisition Partnership GP, a Texas limited partnership, acquired the limited partnership interest originally owned by Jordan Community Properties, Inc., subsequently known as Melrose Community Properties, L.P. Concurrent with the Amendment, Traditions Acquisition Partnership, L.P. agreed to acquire a group of loans payable from Bryan/Traditions, L.P. and payable to M&I Bank, relating to the Melrose entities, with a balance at the closing date of \$1,840,432. Traditions Acquisition Partnership, L.P. executed a release that released the guarantors from their respective obligations for the loan from M&I Bank to Bryan/Traditions, L.P. In consideration for Traditions Acquisition Partnership, L.P.'s contribution, the Amendment specified the deeding of 34 existing lots within the Traditions Development, from Bryan/Traditions, L.P. to Traditions Acquisition Partnership.

Traditions Acquisition Partnership completed the club house as specified in the Agreement on March 1, 2011, which triggered subsequent provisions that included Traditions Acquisition Partnership receiving the first \$150,000 of the net sales proceeds of each of the next 20 lots developed by Bryan/Traditions, L.P. This obligation was fulfilled on or before September 30, 2016. Additionally, Traditions Acquisition Partnership had the option to purchase 50 acres of BCDI land known as Parcel 35 for \$1. They elected to exercise this option, which then released the City of all construction commitments and other obligations under the Agreement for Parcel 35.

In November 2020, the City of Bryan and BCDI purchased the former Nutrabolt campus for the development of the new Lake Walk Innovation Center (subsequently known as the Design Spark Innovation Center). The Innovation Center was comprised of a collection of companies that occupied the 27,000 square foot office building. It was organized and funded by a group of individuals and companies who desired to foster meaningful innovation in this region and support Texas A&M. Individually and collectively, they invested in locating and nurturing startup and early-stage companies with the express purpose of growing them to the point where they can successfully operate on their own in the Brazos Valley. The acquisition of the former Nutrabolt campus was via a

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combination of third-party bank debt, secured by real estate and tax revenues for the City of Bryan, and an equity investment by BCD of \$2,760,000 plus closing costs and fees. In 2023, the building was sold to Blue Forge Alliance, one of the companies that originated in the Design Spark Innovation Center. Proceeds of the sale were returned to BDCI for further economic development initiatives.

In October 2022, Bryan Commerce and Develop purchased a portion of the 55% limited partnership interest in Bryan/Traditions. In addition, five (5) key tracts on both Turkey Creek and Raymond Stotzer Parkway were acquired. The transaction included (i) the formation of a new entity, Bryan/Traditions Residential, (ii) the purchase by Bryan Commerce and Development (BCD) of tracts or parcels of commercial real property currently owned in fee by Traditions Acquisition Partnership (TAP) (iii) the amendment to the terms and conditions of the Memorandum of Master Economic Development Agreement (MEDA) and Memorandum of Traditions Development Agreement (TDA) to address the creation of Bryan/Traditions Residential and to include the tracts or parcels of commercial real property owned in fee by BCD, and (iv) the acquisition by William Cole (WC) and BCD of TAP's fifty-five percent (55.00%) limited partnership interest in Bryan/Traditions and consented to the acquisition by William Cole of the TAP General Partnership interest. The expenditures included a purchase of equity interest in the partnership for \$1.8 million and additional properties for \$3.0 million, combined for a total of expenditure of \$4.8 million.

Today, the Traditions Development currently includes a Jack Nicklaus designed golf course that is home to the Texas A&M Golf Team and a high-end housing development with numerous amenities. The area is also home to the Lake Walk development featuring The Stella Hotel and The Lumin, a premium Class A office space currently under construction. BDCI still holds approximately 165 acres to be developed under one of the partnerships and has invested over \$41 million towards land, infrastructure and operating costs. Both partnerships are expected to stay operational until all partnership property is sold. There is no debt outstanding related to land held by BDCI in the Traditions and Lake Walk developments. The City anticipates that the proceeds from BDCI's portion of future land sales will significantly exceed the cost of future City infrastructure required by the Traditions and Lake Walk Developments.

City of Bryan and Brazos County Economic Development Foundation Inc.

In 2009, the City of Bryan and Brazos County entered into an agreement to create the City of Bryan and Brazos County Economic Development Foundation Inc. ("BBCEDF"), a local government corporation formed under Subchapter D of Chapter 431 of the Texas Transportation Code. The BBCEDF was created to promote, develop, encourage and maintain employment, commerce, and economic development in the City and the County. In 2009, the BBCEDF purchased 191 acres of land in north Brazos County to be developed as a business park. Also in 2009, the BBCEDF entered into an option agreement that gave BBCEDF the right to purchase up to 724 adjacent acres. In fiscal year 2016, BBCEDF exercised the option to purchase 709 acres under the option agreement. In fiscal year 2017, BBCEDF purchased an adjacent 119 acres. The business park, known as the Texas Triangle Park, is currently the primary focus for economic development for the BBCEDF. In fiscal year 2024, the BBCEDF purchased 60 acres of land. Through September 30, 2025, the BBCEDF has sold or conveyed a total of 878 acres for economic development, rail easements and water well sites. Currently, the BBCEDF has a total of 201 acres for sale.

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2025

The City of Bryan's 50% ownership in BBCEDF is reflected on the Statement of Net Position as Investment in Economic Development Foundation.

Destination Bryan

In 2021, the City of Bryan entered into a funding agreement with Destination Bryan, a local 501(c)(6) tax exempt, Texas non-profit corporation. Destination Bryan was created for the promotion of tourism and the hotel convention industry, and to be the City of Bryan's destination marketing organization, now and in the future. Destination Bryan's funding is primarily derived from the funding agreement with the City of Bryan.

Destination Bryan is reflected on the government wide statements, in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Research Valley BioCorridor

In December 2011, the Cities of Bryan and College Station (the "Cities") adopted an inter-local agreement (ILA) for the development of the Research Valley BioCorridor. The purpose of the BioCorridor is to attract bio-related industries that develop life-changing medical technologies, build tax base, and attract high-paying jobs and investment to the Cities. The ILA outlines a number of ways the Cities will work together to create and manage an environment conducive for development and growth of the BioCorridor. The agreement applies to four tracts of land totaling approximately 196 acres owned by Bryan Commerce and Development, of which, approximately 147 acres are located in College Station.

The agreement provides for the joint construction and cost-sharing of HSC Parkway, the major roadway within the BioCorridor, creation of joint development standards, ad valorem revenue sharing on real and personal properties, sewer service to be provided by Bryan; Water service to be provided by College Station and a swap of exclusive sewer service territories that enables each City to more effectively provide service due to terrain and proximity to existing sewer systems.

Through September 30, 2025, The City of Bryan has expended \$6.4 million on roadways and sewer improvements under the agreement. Ad valorem taxes to be shared under the agreement are based on the lower of the Cities of Bryan and College Station's O&M tax rates, subject to a minimum rate of \$0.24 per \$100 valuation, and will be split on a 50/50 basis. Through September 30, 2025, the City of Bryan has paid a total of \$253,099 to the City of College Station under the tax sharing agreement.

Bryan Texas Utilities

BTU purchase and construction commitments were approximately \$445.5 million at September 30, 2025. This amount primarily includes provisions for future fuel and energy purchases.

On February 4 and February 10, 2025, BTU executed forward market power purchases for a one-year term 2028, 2029, and 2030, to support BTU's projected baseload energy requirements over those respective years. BTU transacted with four counterparties with total future commitments of approximately 3,276,870 MWh.

City of Bryan, Texas

Notes to the Financial Statements

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On July 1, 2024, BTU executed forward market power purchases for a year term 2026 for BTU's wholesale supply agreement with one counterparty to support a portion of Texas A&M University's (TAMU) projected baseload energy requirements over the respective year with total future commitments of approximately 108,690 MWh.

On March 24, 2023, BTU executed forward market power purchases for a year term 2025 and a partial year term 2026 for BTU's wholesale supply agreement with one counterparty to support a portion of Texas A&M University's (TAMU) projected baseload energy requirements over the respective years with total future commitments of approximately 156,720 MWh.

On April 5 and November 15, 2018, BTU executed forward market power purchases for a 5-year term from 2023 to 2027, to support BTU's projected baseload energy requirements over those respective years. BTU transacted with two counterparties with total future commitments of approximately 2,505,625 MWh.

On October 8, 2018, BTU entered into a 15-year power purchase agreement with an energy developer that was to construct a photovoltaic solar power plant in northeast Texas. The original agreement had an estimated commercial operation date of June 2022, and BTU was to purchase the output from 150 MW of generating capacity (100 MW for BTU and 50 MW on behalf of TAMU). Due to supply chain delays, BTU and the developer executed an amendment on August 31, 2022 that postponed the commercial operation date to December 31, 2022, and reduced the purchase output to 125 MW of generating capacity (75 MW for BTU and 50 for TAMU) with total future commitments of approximately 2,244,043 MWh for the remainder of the revised 14-year term.

On August 28, 2014, BTU entered into a 25-year power purchase agreement with Los Vientos Windpower, LLC, a subsidiary of Duke Energy. Under the agreement, BTU purchases 33% of the output from wind turbines with a generating capacity of 110 MW from the Los Vientos V wind project in Starr County, Texas; which began commercial operation in December 2015.

On October 14, 2010, BTU entered into a 15-year power purchase agreement with Peñasal II Wind Power, LLC, a subsidiary of Iberdrola Renewables; now known as Avangrid Texas Renewables, LLC (Avangrid). Under the agreement, which extends from January 1, 2011 to December 31, 2025, BTU will purchase the output from wind turbines representing 30MW of generating capacity from Avangrid's existing Peñasal 2 Wind Project in Kenedy County, Texas.

On April 30, 2010, BTU entered into a 25-year power purchase agreement with Fotowatio Renewable Ventures (FRV). FRV owns and operates a photovoltaic solar power plant in Presidio County, Texas. Under the agreement, which extends from 2013 to 2037, BTU will purchase the output from the 10MW facility.

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2025

Encumbrances

The General Fund assigned fund balance includes the impact of encumbrances. Encumbrances are commitments related to contracts for goods or services. At year end the dollar amount of encumbrances expected to be honored in the next year in the General Fund were \$8.9 million.

21. LEASE RECEIVABLE

During the fiscal year ended September 30, 2022, the City entered into a Chapter 380 program agreement for economic development with a grant amount of \$1.4 million, and amended a ground lease in the amount of \$350,000 per year for four years. This balance was fully repaid as of September 30, 2025. The initial ground lease dated February 12, 2020 has a term of 25 years with two ten year renewal options. Rental payments are variable and based on a percentage of adjusted gross value as defined in the agreement.

The City entered into a lessor arrangement on January 1, 2023 to provide building space for a period of twenty years. Lease payments are \$9,572.50 per month with an escalation of 1.5% per year.

The City entered into a lessor arrangement with an initial agreement date of February 28, 2021, as amended October 8, 2024, to provide a ground lease for a period of thirty years. Lease payments are \$1 for years 1-3, \$58,333 in year 4, \$116,666 in year 5, \$175,000 in year 6 with an escalation of 1% per year afterwards.

As of September 30, 2025, the City had a balance in deferred inflows - leases of \$4,011,875 and a balance in lease receivable of \$4,349,168. During the fiscal year ended September 30, 2025, the City recorded \$570,470 in lease revenue and \$93,274 in interest revenue.

22. RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Below is a reconciliation of the various restricted cash, cash equivalents and investments reported as of September 30, 2025:

	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Total
Debt Reserve	\$ 2,824,100	\$ -	\$ -	\$ -	\$ -	\$ 2,824,100
Debt Service	5,441,182	1,130,721	4,028,570	3,005,690	-	13,606,163
Rate Stabilization	1,791,141	-	-	-	-	1,791,141
Customer Deposits Liability	5,095,671	1,676,986	-	-	22,245	6,794,902
Counter-Party Collateral	35,580,000	-	-	-	-	35,580,000
Over-Recovered Fuel Cost	9,883,174	3,545,287	-	-	-	13,428,461
Capital Debt Proceeds	4,607,621	-	30,396,075	7,339,690	17,084	42,360,470
	<u>\$ 65,222,889</u>	<u>\$ 6,352,994</u>	<u>\$ 34,424,645</u>	<u>\$ 10,345,380</u>	<u>\$ 39,329</u>	<u>\$ 116,385,237</u>

*This table does not include investments in Brazos Valley Solid Waste Management Agency or City of Bryan and Brazos County Economic Development Foundation Inc. or equity interest in limited partnership.

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2025

23. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended September 30, 2025 budgetary expenditures in excess of appropriations are reported as indicated below:

<u>Fund</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - (Negative)</u>
General Fund	\$ 104,796,100	\$ 116,311,682	\$ (11,515,582)
Community Development	1,529,000	1,736,387	(207,387)

Appropriations are made at the fund level. For the fiscal year ended September 30, 2025, the General Fund exceeded expenditures at the fund level by \$11,515,582, and the Community Development Fund exceeded budgeted expenditures at the fund level by \$207,387. The variance in the General Fund is driven by capital expenditures. The variance in the Community Development fund is due to year-end adjustments related to the capital lease associated with the renting of the previously utilized Community Development office building.

24. FUND DEFICITS

The Community Development Fund, a Special Revenue Fund, has a deficit unassigned fund balance as of September 30, 2025 in the amount of \$15,356. This is the result of expenditures incurred in advance of processing the related grant requests, including retainage. The City will submit grant fund requests to cover the fund deficit in fiscal year 2026 when retainage is released to the vendor.

25. TAX INCREMENT REINVESTMENT ZONES

Chapter 311 of the Texas Tax Code allows for the creation of Tax Increment Reinvestment Zones (“TIRZ”). TIRZ are statutory tools available to municipalities in Texas to promote development or redevelopment in an area that would not occur in the foreseeable future solely through private investment. TIRZ are also a means to allow a community to enhance their ability to attract economic development or to allow businesses currently located within their area to expand. Once a City has designated a TIRZ, the governing bodies of the county and school district may choose to participate.

When a TIRZ is formed, a base value for the property located within the TIRZ is established. At the date of creation the appraised value is normally accepted as the base value. As the property within the TIRZ develops, property taxes are collected based upon appreciated appraised values at the rate established annually by the participating entities. Each participant in the TIRZ remits the amount of taxes attributable to the increase in the appraised values to the Tax Increment Financing Zone to be used to fund the project plan. Project plans normally include the creation of infrastructure such as roads, street improvements, water and sewer systems, lighting, landscaping, etc. A TIRZ may be terminated either on the date designated in the ordinance creating the zone, or the date on which all project costs, tax increment debt, and associated interest have been paid. A TIRZ may also be terminated by a subsequent ordinance providing for an earlier or later termination date.

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As of September 30, 2025, the City had four active Tax Increment Financing Zones:

Tax Increment Reinvestment Zone #10: In 2000, the City approved an ordinance creating a TIRZ known as “Reinvestment Zone Number Ten, City of Bryan, Texas” (“Zone Ten”). Zone Ten encompasses a portion of the west side of the City in the area known as Traditions. The development includes a Jack Nicklaus designed golf course and an 800-acre high end housing development. Through the fiscal year ended September 30, 2025, the City estimates that it has funded \$29.7 million in public infrastructure improvements and associated costs within Zone Ten. Combination Tax and Surplus Utility System Revenue Certificates of Obligation, Series 2000A, in the aggregate principal amount of \$17,000,000 were issued by the City to provide funds to commence certain of the public infrastructure improvements. In 2005, the Series 2000A bonds were refunded through the City’s issuance of \$13,696,712 of General Obligation refunding bonds. In 2015, the 2005 GO Ref bonds were refunded through the City’s issuance of \$12,150,000 of General Obligation refunding bonds of which \$7,965,728 was assigned to Zone Ten. All outstanding debt balances were paid in FY 2025. The City contributes all of its incremental tax revenues to Zone Ten. Brazos County has agreed to allow 80% of its maintenance and operations rate to be diverted to Zone Ten through 2025. Incremental ad valorem property taxes provided sufficient funds to cover the entirety of debt service obligations in FY 2025.

Tax Increment Reinvestment Zone #19: In 2005, the City approved an ordinance creating a TIRZ known as “Reinvestment Zone Number Nineteen, City of Bryan, Texas” (“Zone Nineteen”). The development consists of 122 acres in the central portion of the City of Bryan in the vicinity of Nash Street. Through the fiscal year ended September 30, 2025, the City estimates that it has funded \$2.8 million in public infrastructure improvements and associated costs within Zone Nineteen. Tax and Revenue Certificates of Obligation, Series 2005, in the aggregate principal amount of \$1,747,642 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Nineteen. Subsequently, in 2007, the City issued Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$200,000 for TIRZ Nineteen projects. In 2013 and 2014, the Series 2005 bonds were refunded through the City’s issuance of \$1,534,542 of General Obligation refunding bonds. In 2016, the 2007 CO Ref bonds were refunded through the City’s issuance of \$7,755,000 of General Obligation refunding bonds of which \$108,803 was assigned to Zone Nineteen. The outstanding debt balance as of September 30, 2025 is \$273,737 with debt service payments through 2031. The City contributes all of its incremental tax revenues to Zone Nineteen. Brazos County agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Nineteen through 2013. Incremental ad valorem property taxes provided sufficient funds to cover the entirety of debt service obligations in FY 2025. TIRZ zone #19 closed at the end of calendar year 2024. The remaining debt service obligations will be paid by the General Fund through the proceeds of the fund balance transfer from TIRZ #19 that occurred at closure.

Tax Increment Reinvestment Zone #21: In 2006, the City approved an ordinance creating a TIRZ known as “Reinvestment Zone Number Twenty-One, City of Bryan, Texas” (“Zone Twenty-One”). Zone Twenty-One is located in Downtown Bryan and was created to support the re-development of the Downtown district. In 2022, the City issued \$27,425,000 in Certificates of Obligation, \$5,517,000 of which was allocated to TIRZ Zone #21. The outstanding debt balance as of September 30, 2025 is \$5,306,781 with debt service payments through 2052. As of September 30, 2025, \$1.4 million has been spent on projects in the TIRZ #21 zone. Incremental ad valorem property taxes provided

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2025

sufficient funds to cover the entirety of debt service obligations in FY 2025. Brazos County will begin participating in the TIRZ in Fiscal Year 2027.

Tax Increment Reinvestment Zone #22: In 2007, the City approved an ordinance creating a TIRZ known as “Reinvestment Zone Number Twenty-Two, City of Bryan, Texas” (“Zone Twenty-Two”). Zone Twenty-Two is a retail development on the east side of the City of Bryan in the vicinity of Bryan Towne Center. Through the fiscal year ended September 30, 2025, the City estimates that it has funded \$9.8 million in public infrastructure improvements and associated costs within Zone Twenty-Two. Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$3,721,414 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Twenty-Two. Subsequently, in 2008, the City issued Tax and Revenue Certificates of Obligation, Series 2008, in the aggregate principal amount of \$287,914 for TIRZ Twenty-Two projects. In September 2013, bond funds of \$1,481,500 were assigned to Zone Twenty-Two from Tax and Revenue Certificates of Obligation, Series 2010. In 2016, the 2007 CO Ref bonds were refunded through the City’s issuance of \$7,755,000 of General Obligation refunding bonds of which \$2,404,981 was assigned to Zone Twenty-Two. In 2018, the 2008 CO bonds were refunded through the City’s issuance of \$6,265,000 of General Obligation refunding bonds of which \$162,649 was assigned to Zone Twenty-Two. In 2020, the 2010 CO bonds were refunded through the City’s issuance of \$7,125,000 of General Obligation refunding bonds of which \$927,209 was assigned to Zone Twenty-Two. The outstanding debt balance as of September 30, 2025 is \$792,474 with debt service payments through 2030. The City contributes all of its incremental tax revenues to Zone Twenty-Two. Brazos County has agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Twenty-Two through 2023. Incremental ad valorem property taxes provided sufficient funds to cover the entirety of debt service obligations in FY 2025.

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For the Fiscal Year Ended September 30, 2025

The following schedule is a five-year history of relevant data with regard to these TIRZ:

Zone/ Fiscal Year	Net Taxable Value	Base Value	Captured Value	TIRZ Tax Levy
<u># 10</u>				
2025	\$ 563,145,193	\$ 637,640	\$ 562,507,553	\$ 3,237,044
2024	533,081,465	637,640	532,443,825	3,240,318
2023	430,476,095	637,640	429,838,455	2,608,229
2022	388,925,552	637,640	388,287,912	2,398,692
2021	374,010,862	637,640	373,373,222	2,318,812
<u># 19</u>				
2025	89,531,221	2,213,289	87,317,932	484,299
2024	83,717,841	2,213,289	81,504,552	497,188
2023	77,473,107	2,213,289	75,259,818	434,745
2022	69,630,746	2,213,289	67,417,457	419,448
2021	68,467,694	2,213,289	66,254,405	411,629
<u># 21</u>				
2025	116,000,163	41,070,995	74,929,168	459,148
2024	116,859,503	41,070,995	75,788,508	681,871
2023	93,384,182	41,070,995	52,313,187	571,157
2022	82,549,749	41,070,995	41,478,754	515,285
2021	77,093,364	41,070,995	36,022,369	482,253
<u># 22</u>				
2025	85,223,004	2,464,400	82,758,604	506,607
2024	77,906,461	2,464,400	75,442,061	491,840
2023	70,941,634	2,464,400	68,477,234	444,135
2022	65,699,417	2,464,400	63,235,017	413,249
2021	66,384,360	2,464,400	63,919,960	418,215

TIRZ tax levy above includes 100% of levy on the taxable values within the TIRZ boundaries. Actual levy to be collected for the TIRZ is based on captured values.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

26. TAX ABATEMENTS

As of September 30, 2025, the City of Bryan provides tax abatement economic development incentives through four programs:

Chapter 311 Texas Tax Code

The City uses Tax Increment Financing as a tool to assist with needed improvements to infrastructure and buildings within a designated reinvestment zone. The cost of projects and improvements to the reinvestment zone is repaid by the future tax revenues of each taxing unit that levies taxes against the property. The City can choose to dedicate all, a portion of, or none of the tax revenue gained as a result of improvements within the reinvestment zone.

Chapter 312 Texas Tax Code

The City allows for the creation of tax abatement agreements between the taxpayer and the city exempting all or part of the value increase from real property and/or tangible personal property from taxation for up to 10 years. In return, the developer is required to make certain improvements to their property or meet certain performance benchmarks.

Chapter 351 Texas Tax Code

The City can reimburse all or portions of Hotel Occupancy Tax (HOT) collected by the City. Reimbursed funds can be used for the management and supervision of certain promotional services, programs and activities that are eligible to be funded with revenue derived by the City from Hotel HOT (collectively "Statutorily Authorized Promotional Programs" or "SAPP(s)") specifically permitted under the Texas Tax Code Section 351.101(a) (1-5), including, by way of example, advertising, solicitation, and promotional programs promoting visitor attractions, points of interest, entertainment opportunities, recreational facilities, and historical sites to attract tourists and convention delegates or registrants to the City.

Chapter 380 Local Government Code

The City uses Economic Development Agreements to provide a grant or a loan of city funds or services to promote economic development. Under a Chapter 380 agreement, a developer and the City negotiate a contract to provide incentives such as permit fee waivers, payments of portions of sales and property tax, grants for façade and safety improvements, assistance with infrastructure and other items in return for the project meeting performance benchmarks.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

At September 30, 2025, the City had established the following abatement agreements:

Property Owner	Date of Abatement	FY 2025 Appraised Values	FY 2025 Taxable Values	FY 2025 Abated Values	FY 2025 Eligible Taxes Levied *	FY 2025 Taxes Abated *
Chapter 311						
TIRZ 10	2001-2025	\$ 563,145,193	\$ 563,145,193	\$ 562,507,553	\$ 3,237,044	\$ 3,241,842
TIRZ 19	2006-2028	89,531,221	89,531,221	87,317,932	484,299	479,368
TIRZ 21	2007-2026	116,000,163	116,000,163	74,929,168	459,148	453,701
TIRZ 22 NORTH AND TARGET	2008-2027	85,223,004	85,223,004	82,758,604	506,607	506,607
Total Chapter 311		<u>\$ 853,899,581</u>	<u>\$ 853,899,581</u>	<u>\$ 807,513,257</u>	<u>\$ 4,687,098</u>	<u>\$ 4,681,518</u>
Chapter 312						
Lubrizol	2018-2027	\$ 32,725,230	\$ 32,725,230	\$ 9,778,700	\$ 61,019	\$ 61,019
Total Chapter 312		<u>\$ 32,725,230</u>	<u>\$ 32,725,230</u>	<u>\$ 9,778,700</u>	<u>\$ 61,019</u>	<u>\$ 61,019</u>
Chapter 351						
Atlas Hotel	2015-2026	N/A	N/A	N/A	\$ 328,062	\$ 370,853
Total Chapter 351		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 328,062</u>	<u>\$ 370,853</u>
Chapter 380						
Property Tax						
Adam Development	2019-2030	\$ 201,473,025	\$ 201,473,025	\$ 200,416,875	1,250,601	\$ 1,250,601
Capitol Flooring	2020-2025	1,440,570	1,440,570	1,440,570	8,989	-
Cimarron LLC	2025-2029				-	-
City of College Station (Biocorridor Revenue Sharing Agreement)		23,924,095	22,741,544	11,370,772	34,299	34,299
Cozumel Investors, Ltd. (The Ranch at Turkey Creek)	2018-2025	6,993,400	6,993,400	3,480,575	21,719	16,462
Clay Street Townhomes (Rock Pad, LLC)	2019-2025	3,743,404	3,743,404	1,713,282	10,691	10,691
EPMC Group (Legacy BTX Development)	7 years	24,356,640	24,356,640	21,475,432	67,003	-
Fujifilm	2014-2024	127,892,552	127,892,552	126,517,942	41,145	41,145
The American Trade Group	2019-2025	412,815	412,815	-	-	-
RELLIS Campus Data and Research Center, LLC	2023-2027	N/A	N/A	-	-	-
Total Property Tax		<u>390,236,501</u>	<u>389,053,950</u>	<u>366,415,448</u>	<u>1,434,447</u>	<u>1,353,198</u>
Sales Tax						
CrossFulton	2012-2027	N/A	N/A	N/A	N/A	N/A
Total Sales Tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Chapter 380		<u>\$ 390,236,501</u>	<u>\$ 389,053,950</u>	<u>\$ 366,415,448</u>	<u>\$ 1,434,447</u>	<u>\$ 1,353,198</u>
Total		<u>\$ 1,276,861,312</u>	<u>\$ 1,275,678,761</u>	<u>\$ 1,183,707,405</u>	<u>\$ 6,510,625</u>	<u>\$ 6,466,587</u>

* Taxes levied for the TIRZ only include the taxes related to the captured values. The FY 2025 taxes were collected from the Tax Year 2024 levy.

The City of Bryan has other contracts providing other economic incentives to attract businesses to the city. A full listing of these incentives are found on our website: <https://www.bryantx.gov/economic-development/>.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

27. FINANCIAL HEDGING

BTU's Energy Risk Management Policy (Risk Policy) allows for the purchase and sale of certain financial instruments defined as hedge instruments. The essential goal of the Risk Policy is to provide a framework for the operation of a fuel and energy purchasing and hedging program to better manage BTU's risk exposures in order to stabilize pricing and costs for the benefit of BTU's customers.

BTU applies GASB Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"), which addresses the recognition, measurement, and disclosures related to derivative instruments. BTU utilizes natural gas commodity swaps to hedge its exposure to fluctuating fuel prices. Since these derivatives are entered into for risk mitigation purposes, the instruments are considered potential hedging derivative instruments under GASB 53.

BTU's hedging program considers a two-step approach to reducing exposure to the fluctuations in the natural gas market. Forecasted natural gas exposure is first determined by estimating natural gas supply needs on an ongoing basis. Fifty percent of that exposure is hedged through two separate but related transactions. First, BTU executes NYMEX swaps to approximate the forward price of Houston Ship Channel (HSC) natural gas. This transaction is considered the hedging derivative. These monthly hedges are settled approximately three days prior to the month where fuel will be purchased. When the NYMEX swap settles, a second derivative, an HSC swap, is executed to hedge the actual HSC settlement price for the next month's delivered fuel. The HSC swap, while itself a hedging derivative with the hedgeable item being the HSC daily settlement price, is also the hedgeable item for the NYMEX swap. In effect, BTU is using the NYMEX swap to mitigate fluctuations in natural gas prices at a point in time based on the forward gas price curve. Because the HSC swap is illiquid on a longer-term basis, it would be costly (and ineffective) to enter into long-term derivatives approximating the HSC daily settlement using the HSC swap. Therefore, the NYMEX swap is used to hedge the HSC swap price on a longer-term basis. When the NYMEX swap expires, the HSC swap is put on to reduce the cash flow fluctuations in the daily market settlement price.

To measure the effectiveness of the NYMEX swap, the hedgeable instrument is the HSC swap and the effectiveness test used is the regression analysis as prescribed by GASB 53.

To measure the effectiveness of the HSC swap, the hedgeable instrument is the HSC daily settlement price and meets the criteria for the consistent critical terms method as prescribed by GASB 53.

BTU evaluated all potential hedging derivative instruments for effectiveness as of September 30, 2025 and determined the derivatives to be effective in substantially offsetting the changes in cash flows of the hedgeable items.

For the fiscal year ended September 30, 2025, the total fair value of outstanding hedging derivative instruments was a net liability of \$337,009. The fair value of those derivative financial instruments maturing within one year are reported on the Statements of Net Position as a current liability of \$337,009 at September 30, 2025. The fair value of those derivative financial instruments with maturities exceeding one year was \$0 at September 30, 2025.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

Hedge accounting treatment outlined in GASB 53 and GASB 63 requires changes in the fair value of derivative instruments deemed effective in offsetting changes in cash flows of hedged items be reported as deferred (inflows) outflows of resources on the Statements of Net Position. During the fiscal year ended September 30, 2025, the fair value of the City Electric System's hedging derivative instruments - NYMEX-based commodity swaps - increased by \$408,587; which is reported in the Statement of Net Position as a decrease of deferred outflows of resources. The deferred outflows are reported until respective contract expirations occur in conjunction with hedged expected physical fuel purchases. When fuel purchase transactions occur, the deferred balance associated with the expired fuel hedging contract is recorded as an adjustment to fuel expense. Reported on the Statement of Net Position, at September 30, 2025, the deferred outflows of resources related to hedging derivatives was \$337,009.

The following information details the City Electric System's hedging derivative instruments as of September 30, 2025:

Type	Terms	Volume Hedged (MMBtu)	Effective Dates	Maturity Dates	Reference Index	Fair Value
Commodity Swaps	BTU pays prices of \$3.113 - 4.23	2,638,000	Nov 2023 - July 2025	Oct 2025 - Dec 2027	NYMEX	\$ (337,009)

The estimated fair value of the hedging derivative instruments is classified as a level 2 measurement under the hierarchy estimated by GASB 72 and are valued at the difference between the closing futures price at the end of the reporting period, and the futures price at the time the positions were established, less applicable commissions.

Fuel swap contracts represent a financial obligation to buy or sell the underlying settlement point price. If held to expiration, as is BTU's policy, the financial difference determined by mark-to-market valuation must be settled on a cash basis.

Credit Risk - BTU's hedging derivative instruments generate exposure to a certain amount of risk that could give rise to financial loss. By engaging in hedging activities, BTU is exposed to counterparty credit risk. However, if necessary, BTU has the ability to require collateralization of the fair value of derivative instruments as defined by the credit terms in counterparty contracts.

Basis Risk - BTU is exposed to basis risk because the expected gas purchases being hedged will settle based on a pricing point (HSC) different than the pricing point of the hedge transactions (NYMEX). For September 2025, prompt month prices were \$2.867/MMBtu and \$2.515/MMBtu, for NYMEX and HSC, respectively.

Termination Risk - Exposure to termination risk occurs because BTU or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. BTU's fuel hedges are exchange-traded instruments, and consequently, termination risk is mitigated by rules established by NYMEX, which is governed by the Commodity Futures Trade Commission.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2025

28. SUBSEQUENT EVENTS

In December 2025, the City of Bryan issued revenue bonds dated December 18, 2025 (“Electric System Revenue Bonds, Series 2025”) totaling \$36,225,000 for the Bryan Texas Utilities City Electrical System. Proceeds from the bond issuance will be used to fund transmission capital projects.

In December 2025, the City of Bryan issued revenue bonds dated December 18, 2025 (“Rural Electric System Revenue Bonds, Series 2025”) totaling \$18,675,000 for the Bryan Texas Utilities Rural Electrical System. Proceeds from the bond issuance will be used to fund transmission capital projects.

In October 2025, Bryan Commerce and Development (BCD), through the existing Bryan/Traditions, L.P. Partnership, entered into an agreement for a property development in the Lake Walk development on the City’s west side. The development will include the construction of a 100,000 square foot Class A office building known as The Lumin. The site will also include a 200 space parking garage to be constructed and owned by the BioCorridor Property Owners Association (BPOA). The garage will be utilized by The Lumin and other developments in Lake Walk and operations and maintenance will be funded by assessments paid to the BPOA. The site work required of BCD as the primary development partner in Bryan/Traditions is currently estimated at \$4,723,583.

On October 30, 2025, the City of Bryan Texas, operating under its municipally-owned utility under the name Bryan Texas Utilities (BTU), filed an application for approval to change rates for wholesale transmission cost of service (TCOS) and revise its wholesale transmission service tariff under 16 Texas Administrative Code (TAC) § 25.192. Specifically, BTU is requesting an annual TCOS of \$31,766,370 and a corresponding annual wholesale transmission rate of \$0.391971.

CITY OF BRYAN, TEXAS

Required Supplementary Information
 Schedule of Contributions
 Texas Municipal Retirement System
 Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarial Determined Contribution	\$ 8,279,509	\$ 8,521,169	\$ 8,887,727	\$ 9,224,947	\$ 9,525,048	\$ 9,921,334	\$ 7,519,738	\$ 6,738,064	\$ 7,712,728	\$ 8,556,554
Contributions in Relation to the Actuarially Determined Contribution	8,279,509	8,521,169	8,887,727	9,224,947	9,525,048	9,921,334	7,555,519	7,114,657	8,027,710	8,742,300
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (35,781)	\$ (376,593)	\$ (314,982)	\$ (185,746)
Covered Payroll	\$ 54,614,239	\$ 55,894,466	\$ 58,312,792	\$ 61,308,968	\$ 62,882,877	\$ 64,682,955	\$ 69,476,693	\$ 75,406,309	\$ 82,917,248	\$ 88,047,332
Contributions as a Percentage of Covered Payroll	15.16%	15.25%	15.24%	15.05%	15.15%	15.34%	10.87%	9.44%	9.68%	9.93%

Note to Schedule of Contributions

Ten years of data are presented in accordance with GASB Standard No. 68. Additionally, GASB Standard No. 68 requires that the information on this schedule correspond with the period covered as of the City's fiscal year end of September 30, not the measurement date of the Actuary's report.

Methods and Assumptions Used to Determine the Contribution Ratio

Actuarial Cost Method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization period	20 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information	Adopted 50% non-retroactive repeating COLA.

Notes: The actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

CITY OF BRYAN, TEXAS

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios

Texas Municipal Retirement System

Last Ten Calendar Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	\$ 7,796,505	\$ 8,498,467	\$ 8,991,102	\$ 9,355,492	\$ 9,823,079	\$ 10,515,585	\$ 10,529,924	\$ 11,336,514	\$ 12,339,241	\$ 13,945,236
Interest (on the Total Pension Liability)	19,160,943	19,655,455	20,795,590	21,996,726	23,265,601	24,643,477	26,073,483	27,598,610	29,339,786	30,713,722
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-	(5,309,413)
Difference Between Expected and Actual Experience	(1,545,768)	450,762	395,105	631,794	26,678	1,130,387	3,222,804	5,049,014	5,368,366	7,189,543
Change of Assumptions	3,577,731	-	-	-	719,741	-	-	-	(2,779,090)	-
Benefit Payments, including Refunds of Employee Contributions	(11,685,311)	(12,067,133)	(11,853,082)	(13,285,700)	(13,553,597)	(13,983,161)	(16,239,518)	(19,030,550)	(18,350,048)	(20,464,529)
Net Change in Total Pension Liability	17,304,100	16,537,551	18,328,715	18,698,312	20,281,502	22,306,288	23,586,693	24,953,588	25,918,255	26,074,559
Total Pension Liability - Beginning	275,672,153	292,976,253	309,513,804	327,842,519	346,540,831	366,822,333	389,128,621	412,715,314	437,668,902	463,587,157
Total Pension Liability - Ending (a)	\$ 292,976,253	\$ 309,513,804	\$ 327,842,519	\$ 346,540,831	\$ 366,822,333	\$ 389,128,621	\$ 412,715,314	\$ 437,668,902	\$ 463,587,157	\$ 489,661,716
Plan Fiduciary Net Position										
Contributions - Employer	\$ 7,727,068	\$ 8,035,947	\$ 8,656,073	\$ 8,972,275	\$ 9,290,815	\$ 64,152,235	\$ 10,084,137	\$ 6,538,898	\$ 7,350,594	\$ 8,235,370
Contributions - Employee	3,490,130	3,741,223	3,964,541	4,123,958	4,335,533	4,586,237	4,586,281	4,947,357	5,416,546	5,912,577
Net Investment Income	349,403	15,980,505	34,922,324	(8,610,807)	43,051,984	24,391,784	52,276,194	(32,955,033)	47,560,119	47,009,341
Benefit Payments, including Refunds of Employee Contributions	(11,685,311)	(12,067,133)	(11,853,082)	(13,285,700)	(13,553,597)	(13,983,161)	(16,239,518)	(19,030,550)	(18,350,048)	(20,464,529)
Administrative Expense	(212,814)	(180,465)	(180,962)	(166,408)	(243,255)	(157,833)	(241,472)	(284,750)	(302,140)	(301,217)
Other	(10,510)	(9,723)	(9,171)	(8,692)	(7,308)	(6,159)	1,654	339,791	(2,111)	(7,044)
Net Change in Plan Fiduciary Net Position	(342,034)	15,500,354	35,499,723	(8,975,374)	42,874,172	78,983,103	50,467,276	(40,444,287)	41,672,960	40,384,498
Plan Fiduciary Net Position - Beginning	236,784,515	236,442,481	251,942,835	287,442,558	278,467,184	321,341,356	400,324,459	450,791,735	410,347,448	452,020,408
Plan Fiduciary Net Position - Ending (b)	\$ 236,442,481	\$ 251,942,835	\$ 287,442,558	\$ 278,467,184	\$ 321,341,356	\$ 400,324,459	\$ 450,791,735	\$ 410,347,448	\$ 452,020,408	\$ 492,404,906
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 56,533,772	\$ 57,570,969	\$ 40,399,961	\$ 68,073,647	\$ 45,480,977	\$ (11,195,838)	\$ (38,076,421)	\$ 27,321,454	\$ 11,566,749	\$ (2,743,190)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.70%	81.40%	87.68%	80.36%	87.60%	102.88%	109.23%	93.76%	97.50%	100.56%
Covered Payroll	\$ 49,849,779	\$ 53,382,332	\$ 56,512,266	\$ 58,913,678	\$ 61,936,186	\$ 65,517,665	\$ 65,484,602	\$ 70,676,521	\$ 77,313,539	\$ 84,465,390
Net Pension Liability (Asset) as a Percentage of Covered Payroll	113.41%	107.85%	71.49%	115.55%	73.43%	-17.09%	-58.15%	38.66%	14.96%	-3.25%

Note to Schedule of Changes in the City's Net Pension Liability and Related Ratios

The schedule above reflects the changes in the pension liability for the current year. GASB 68 requires 10 fiscal years of data to be provided in this schedule. The employer should retain the annual GASB packages to utilize in this schedule.

CITY OF BRYAN, TEXAS

Required Supplementary Information
Schedule of Contributions

Other Post Employment Benefits - City of Bryan

Last Ten Fiscal Years (will ultimately be displayed) ending September 30

	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 1,498,635	\$ 1,528,513	\$ 1,559,061	\$ 1,590,296	\$ 1,601,390	\$ 1,633,919	\$ 1,917,440	\$ 1,956,445
Actual Contributions	1,471,374	1,624,112	2,072,827	2,238,608	517,474	1,306,797	1,281,592	1,436,147
Contribution Deficiency (Excess)	\$ 27,261	\$ (95,599)	\$ (513,766)	\$ (648,312)	\$ 1,083,916	\$ 327,122	\$ 635,848	\$ 520,298
Covered Employee Payroll	\$ 58,312,792	\$ 61,308,968	\$ 62,882,877	\$ 64,682,955	\$ 69,476,693	\$ 75,406,309	\$ 82,917,248	\$ 88,047,332
Actual Contribution as a % of Covered Payroll	2.52%	2.65%	3.30%	3.46%	0.74%	1.73%	1.55%	1.63%

Note to Schedule of Contributions

Only eight years of data are presented in accordance with GASB Standard No. 75 as the data for the years other than what is presented is not available. Additionally, GASB Standard No. 75 requires that the information on this schedule correspond with the period covered as of the City's fiscal year end of September 30, not the measurement date of the Actuary's report.

Methods and Assumptions Used to Determine the Contribution Ratio

Actuarial Cost Method	Individual Entry-Age Normal
Amortization Method	Level percentage of pay
Amortization Period	Closed, 23 years as of FYE25
Asset Valuation	Market Value
Investment Rate of Return	6.25%, net of investment expenses, including inflation
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Payroll Growth	1.50%
Demographic Assumptions	Based on the December 31, 2018 experience study as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Cost Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years
Participation Rates	<u>Rule of 80</u> : 60% of pre-65 retirees and 6% of post-65 retirees; 90% of retirees are assumed to lapse coverage at age 65. <u>Under Rule of 80</u> : 10% pre-65 and 0% post-65

Other Information

Notes: There were no benefits changes this year. The actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

CITY OF BRYAN, TEXAS

Required Supplementary Information
 Schedule of Changes in the City's Net OPEB Liability and Related Ratios
 Other Post Employment Benefits - City of Bryan
 Last Ten Calendar Years (will ultimately be displayed)

Measurement Period Ending December 31	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service Cost	\$ 478,077	\$ 492,419	\$ 546,768	\$ 533,421	\$ 574,199	\$ 648,479	\$ 714,590	\$ 748,619
Interest (on the Total OPEB Liability)	1,021,963	1,052,909	1,103,438	1,071,099	1,124,019	1,301,949	1,363,127	1,224,503
Difference Between Expected and Actual Experience	-	306,887	1,378,181	451,655	2,266,651	(318,378)	(4,027,960)	76,287
Change of Assumptions	-	-	(1,671,518)	-	(189,270)	-	2,841,917	(369,647)
Benefit Payments, including Refunds of Employee Contributions	(983,981)	(1,078,262)	(1,125,781)	(1,251,388)	(1,208,285)	(723,441)	(649,080)	(1,056,110)
Net Change in Total OPEB Liability	516,059	773,953	231,088	804,787	2,567,314	908,609	242,594	623,652
Total OPEB Liability - Beginning	15,975,467	16,491,526	17,265,479	17,496,567	18,301,354	20,868,668	21,777,277	22,019,871
Total OPEB Liability - Ending (a)	<u>\$ 16,491,526</u>	<u>\$ 17,265,479</u>	<u>\$ 17,496,567</u>	<u>\$ 18,301,354</u>	<u>\$ 20,868,668</u>	<u>\$ 21,777,277</u>	<u>\$ 22,019,871</u>	<u>\$ 22,643,523</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,608,981	\$ 1,578,262	\$ 1,625,781	\$ 1,751,388	\$ 1,708,285	\$ 1,223,441	\$ 1,149,080	\$ 1,556,110
Net Investment Income	17,311	(46,639)	221,183	247,603	279,268	(489,775)	460,516	408,996
Benefit Payments	(983,981)	(1,078,262)	(1,125,781)	(1,251,388)	(1,208,285)	(723,441)	(649,080)	(1,056,110)
Plan Administrative Expense	(770)	(4,565)	(7,690)	(11,618)	(16,879)	(18,581)	(21,201)	(27,106)
Net Change in Plan Fiduciary Net Position	641,541	448,796	713,493	735,985	762,389	(8,356)	939,315	881,890
Plan Fiduciary Net Position - Beginning	-	641,541	1,090,337	1,803,830	2,539,815	3,302,204	3,293,848	4,233,163
Plan Fiduciary Net Position - Ending (b)	<u>\$ 641,541</u>	<u>\$ 1,090,337</u>	<u>\$ 1,803,830</u>	<u>\$ 2,539,815</u>	<u>\$ 3,302,204</u>	<u>\$ 3,293,848</u>	<u>\$ 4,233,163</u>	<u>\$ 5,115,053</u>
Net OPEB Liability - Ending (a) - (b)	\$ 15,849,985	\$ 16,175,142	\$ 15,692,737	\$ 15,761,539	\$ 17,566,464	\$ 18,483,429	\$ 17,786,708	\$ 17,528,470
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	3.89%	6.32%	10.31%	13.88%	15.82%	15.13%	19.22%	22.59%
Covered Employee Payroll	\$ 56,523,781	\$ 58,936,756	\$ 61,961,283	\$ 65,543,364	\$ 66,777,586	\$ 70,691,468	\$ 77,344,376	\$ 84,513,150
Net OPEB Liability as a Percentage of Covered Employee Payroll	28.04%	27.44%	25.33%	24.05%	26.31%	26.15%	23.00%	20.74%
Single Discount Rate	6.50%	6.50%	6.25%	6.25%	6.25%	6.25%	5.60%	5.75%

Notes to Schedule of Changes in the City's Net OPEB Liability and Related Ratios

Only eight years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than calendar years that are presented are not available. Additionally, GASB Standard No. 75 requires that the information on this schedule correspond with the period covered as of December 31, the measurement date of the City's net OPEB liability.

For the year ending September 30, 2020 the changes of assumptions reflect lower participation assumptions, updates to health care trend assumptions to reflect the repeal of the "Cadillac Tax", a change in the Single Discount Rate from 6.50% as of December 31, 2018 to 6.25% as of December 31, 2019, and revised TMRS demographic and salary increase assumptions.

For the year ending September 30, 2022 the changes of assumptions reflect a change to the methodology used to determine service cost. The attribution period for the accumulation of service costs is now based only on employment with the City of Bryan.

For the year ending September 30, 2024 the demographic assumptions were updated to reflect the 2023 TMRS Experience Study, the health care trend rates to reflect the plan's anticipated experience and a change in the Single Discount Rate from 6.25% to 5.6%.

For the year ending September 30, 2025, the single discount rate is at 5.75%. The single discount rate as of December 31, 2023 and as of December 31, 2024 is at 5.6%. The demographic and salary increase assumptions were updated to reflect the 2024 TMRS Experience Study and the health care trend rates were updated to reflect the plan's anticipated experience.

CITY OF BRYAN, TEXAS

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 39,197,900	\$ 39,197,900	\$ 40,169,853	\$ 971,953
Sales	31,663,500	31,663,500	31,961,976	298,476
Franchise	1,986,000	1,986,000	2,019,463	33,463
Alcoholic Beverage	202,000	202,000	323,857	121,857
Bingo	202,000	202,000	246,966	44,966
Charges for Services:				
Ambulance Charges	4,121,200	4,121,200	3,810,810	(310,390)
Recreational Charges	578,100	578,100	1,144,422	566,322
Health and Public Safety	1,647,400	1,647,400	1,922,913	275,513
Miscellaneous Charges	251,300	251,300	303,880	52,580
Fines and Court Charges:				
Municipal Court	1,720,000	1,720,000	1,876,127	156,127
Licenses and Permits	977,000	977,000	1,223,549	246,549
Grants:				
Texas Attorney General - LEOSE	8,100	8,100	22,035	13,935
U.S. Department of Treasury	-	-	5,325,561	5,325,561
Contributions to Library - College Station	1,312,700	1,312,700	1,660,584	347,884
Other	121,200	121,200	97,689	(23,511)
Investment Earnings	1,007,900	1,007,900	2,363,994	1,356,094
Investment Mark to Market	-	-	(81,111)	(81,111)
Other	773,100	773,100	2,162,986	1,389,886
Total Revenues	<u>85,769,400</u>	<u>85,769,400</u>	<u>96,555,554</u>	<u>10,786,154</u>
Expenditures:				
Current:				
General Government and Administration:				
Executive	4,402,200	4,552,200	4,274,666	(277,534)
City Secretary	1,290,800	1,290,800	1,079,120	(211,680)
Legal Services	998,200	998,200	894,971	(103,229)
Payments to Other Agencies	6,371,400	6,371,400	8,783,243	2,411,843
Fiscal Services	2,296,800	2,296,800	2,364,569	67,769
Information Technology	8,091,600	8,091,600	8,057,921	(33,679)
Human Resources	1,013,900	1,013,900	1,049,443	35,543
Fleet Services	1,017,400	1,017,400	966,433	(50,967)
Facility Services	2,570,500	2,570,500	2,600,915	30,415
ARPA Administration	-	-	90,823	90,823
Total General Government and Administration	<u>28,052,800</u>	<u>28,202,800</u>	<u>30,162,104</u>	<u>1,959,304</u>
Development Services:				
Planning	3,068,900	3,068,900	2,853,080	(215,820)
Engineering	2,377,800	2,377,800	1,786,913	(590,887)
Building	529,900	529,900	524,557	(5,343)
Special Projects	302,400	302,400	349,668	47,268
Total Development Services	<u>6,279,000</u>	<u>6,279,000</u>	<u>5,514,218</u>	<u>(764,782)</u>
Public Works Services:				
Drainage and Streets	2,397,800	2,397,800	2,107,403	(290,397)
Traffic Operations	2,213,900	2,213,900	2,064,376	(149,524)
Total Public Works Services	<u>4,611,700</u>	<u>4,611,700</u>	<u>4,171,779</u>	<u>(439,921)</u>

continued

CITY OF BRYAN, TEXAS

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual (continued)

For the Fiscal Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Public Safety:				
Police Services	27,220,700	27,220,700	26,961,799	(258,901)
Fire and Emergency Medical Services	25,699,400	28,099,400	28,391,278	291,878
Animal Center	1,171,000	1,171,000	1,140,638	(30,362)
Municipal Court	1,839,700	1,839,700	1,722,487	(117,213)
Total Public Safety	<u>55,930,800</u>	<u>58,330,800</u>	<u>58,216,202</u>	<u>(114,598)</u>
Cultural and Recreational:				
Library Services	3,279,100	3,279,100	3,306,530	27,430
Parks and Recreation Services	6,210,900	6,210,900	5,608,474	(602,426)
Total Cultural and Recreational	<u>9,490,000</u>	<u>9,490,000</u>	<u>8,915,004</u>	<u>(574,996)</u>
Administrative Reimbursement	(7,412,100)	(7,412,100)	(7,412,126)	(26)
Capital Outlay	2,543,900	5,293,900	16,174,186	10,880,286
Right of Use Principal	-	-	476,570	476,570
Right of Use Interest	-	-	93,745	93,745
Total Expenditures	<u>99,496,100</u>	<u>104,796,100</u>	<u>116,311,682</u>	<u>11,515,582</u>
(Excess) Deficiency of Expenditures (Over) Under Revenues	(13,726,700)	(19,026,700)	(19,756,128)	(729,428)
Other Financing Sources (uses):				
Sale of Capital Assets	-	-	140,434	140,434
Lease Financing	-	-	635,766	635,766
Transfers In	17,576,700	17,576,700	18,382,297	805,597
Transfers Out	(5,138,800)	(5,738,800)	(4,210,629)	1,528,171
Total Other Financing Sources (uses)	<u>12,437,900</u>	<u>11,837,900</u>	<u>14,947,868</u>	<u>3,109,968</u>
Net Change in Fund Balance	(1,288,800)	(7,188,800)	(4,808,260)	2,380,540
Fund Balance, October 1, 2024	52,570,547	52,570,547	52,570,547	-
Fund Balance, September 30, 2025	<u>\$ 51,281,747</u>	<u>\$ 45,381,747</u>	<u>\$ 47,762,287</u>	<u>\$ 2,380,540</u>

Supplementary Information

- Non-Major Governmental Funds
 - Special Revenue Funds
 - Capital Project Funds
 - Permanent Funds
- Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual
 - Debt Service Fund
 - Community Development Fund
 - Hotel and Motel Tax Fund
 - Oil and Gas Fund
 - Capital Reserve Fund
 - Midtown Park Operations Fund
 - Phillips Event Center Fund
 - Queen and Palace Theater Fund
 - Court Technology Fund
 - Street Improvement Fund
 - Drainage Improvement Fund
 - TIRZ #10-22
- Non-Major Enterprise Funds
- Internal Service Funds

**COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

Grant Fund – To account for the receipt and expenditure of grant revenues for all governmental funds other than the Community Development Fund. The source of funds is grants awarded to the City. The use of these funds is restricted by the terms of each grant.

Community Development Fund – To account for Federal grant revenues provided through the Department of Housing and Urban Development for the development of environmental and economic opportunities, principally for persons of low and moderate income. The use of these funds is restricted by the terms of the grants.

Hotel and Motel Tax Fund – To account for the receipt and expenditure of funds received by the City from the assessment of hotel and motel occupancy tax. Usage of funds is restricted to construction and maintenance of convention and civic facilities, and the promotion of tourism and the arts within the City of Bryan.

Oil and Gas Fund – This fund was established by City of Bryan Ordinance to account for revenues associated with oil and gas leases, royalties and mineral property taxes. The use of these funds is committed for projects of a non-recurring nature determined by City Council.

Capital Reserve Fund – This fund was established by City of Bryan Ordinance to accumulate miscellaneous one-time revenues. The use of these funds is committed for projects of a non-recurring nature determined by City Council.

Midtown Park Operations – This fund was established by City of Bryan Ordinance to track funds used for the operations of Midtown Park. The source of start-up revenues for this fund are derived primarily from the Capital Reserve Fund, and the fund is expected to be self-funding following the startup phase.

Phillips Event Center Fund – This fund was established by City of Bryan Ordinance to track funds used for the operations of the Phillips Event Center. The source of start-up revenues for this fund are derived primarily from the General Fund, and the fund is expected to be self-funding following the startup phase.

Queen and Palace Theater Fund – This fund was established by City of Bryan Ordinance to track funds used for the operations of the Queen and Palace Theater. The source of start-up revenues for this fund are derived primarily from the General Fund, and the fund is expected to be self-funding following the startup phase.

Sidewalks Fund – This fund was established by City of Bryan Ordinance to collect and track funds from developers and property owners for the construction and maintenance of sidewalks. The use of these funds is committed for this purpose. Funds received are refunded to the remitter if not used within 10 years.

Court Technology Fund – To account for revenues derived from a portion of court fees dedicated to use for technology improvements for Municipal Court functions. These funds are restricted to technology necessary for the Court's operations.

Street Improvement Fund – To account for revenue derived from a fee assessed on utility bills for the purpose of street improvements. The use of these funds is committed to the purposes of planning, constructing, operating, monitoring and maintaining the transportation system of the City

Drainage Improvement Fund – To account for revenue derived from a fee assessed on utility bills for the purpose of drainage improvements. The use of these funds is committed for the planning, constructing, operating, monitoring, and maintaining the City’s drainage system.

Tax Increment Reinvestment Zone #10 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Traditions Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone. The use of these funds is restricted to the geographical area within this zone.

Tax Increment Reinvestment Zone #19 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Villa Maria-FM 158 Corridor Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone. The use of these funds is restricted to the geographical area within this zone.

Tax Increment Reinvestment Zone #21 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Downtown Bryan Tax Increment Reinvestment Zone. The taxes from the captured assessed valuation will be used to handle operating expenses within the zone. The use of these funds is restricted to the geographical area within this zone.

Tax Increment Reinvestment Zone #22 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for the Lauth Development Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone. The use of these funds is restricted to the geographical area within this zone.

Destination Bryan - was created for the promotion of tourism and the hotel convention industry, and to be the City of Bryan’s destination marketing organization, now and in the future. In 2021, the City of Bryan entered into a funding agreement with Destination Bryan, a local 501(c)(6) tax exempt, Texas non-profit corporation. Since Destination Bryan’s funding is primarily derived from the funding agreement with the City of Bryan. Destination Bryan is considered a blended component unit.

Capital Project Funds

2016 Certificates of Obligation Fund – To account for the construction of streets, drainage, sidewalks, lighting, soundwalls, landscaping, traffic signal improvements and the acquisition of fire-fighting equipment and improving fire department facilities.

2018 Certificates of Obligation Fund – To account for the construction of streets, drainage, sidewalks, lighting, soundwalls, landscaping, traffic signal improvements and the acquisition of fire-fighting equipment and improving fire department facilities.

2022 Certificates of Obligation - To account for the construction of streets, drainage, sidewalks, lighting, soundwalls, landscaping, and traffic signal improvements.

2024 Certificates of Obligation – To account for constructing, acquiring, improving, renovating, expanding and developing parks and recreation facilities and related infrastructure, vehicles and equipment, including tennis and multipurpose facilities and other improvements to Travis Bryan Midtown Park; constructing, improving, renovating, extending, expanding, and developing streets and related infrastructure, including drainage, traffic signalization, lighting, sidewalks, soundwalls and landscaping, and acquiring right-of-way, vehicles and equipment related thereto; constructing, improving, repairing, renovating, enlarging, extending and equipping the drainage utility system, and acquiring right-of-way, vehicles and equipment related thereto; constructing, acquiring, improving, renovating, expanding and developing airport improvements; purchasing fire-fighting equipment, including fire trucks.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City’s programs.

Relating to Bryan cemeteries:

- Brandon Cemetery
- J. W. English Cemetery
- L. B. Hervey Cemetery
- Mills Trust Cemetery
Cemetery
- M. C. Astin Cemetery
- Bade Trust Cemetery

Relating to Bryan libraries:

- F. L. Henderson Library
- Rountree Library

CITY OF BRYAN, TEXAS
Combining Balance Sheet
Non-Major Governmental Funds
As of September 30, 2025

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
<u>Assets</u>				
Cash and Cash Equivalents	\$ 12,261,734	\$ 10,288,686	\$ 647,071	\$ 23,197,491
Investments	23,533,276	21,393,735	1,345,483	46,272,494
Receivables:				
Accounts Receivable	1,618,683	-	-	1,618,683
Less Allowance for Uncollectible	(70,651)	-	-	(70,651)
Leases	1,465,578	-	-	1,465,578
Notes	2,270,287	-	-	2,270,287
Less Allowance for Uncollectible - Notes	(313,033)	-	-	(313,033)
Grants	232,892	361,132	-	594,024
Interest	236,575	215,345	13,543	465,463
Due from Other Funds	253,221	-	-	253,221
Inventory	122,615	-	-	122,615
Prepaid and Other Assets	240,445	-	-	240,445
Total Assets	<u>\$ 41,851,622</u>	<u>\$ 32,258,898</u>	<u>\$ 2,006,097</u>	<u>\$ 76,116,617</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
Liabilities:				
Accounts Payable	\$ 1,785,900	\$ 1,222,391	\$ -	\$ 3,008,291
Accrued Liabilities	67,661	-	-	67,661
Retainage Payable	490,462	907,463	-	1,397,925
Due to Other Funds	275,081	-	-	275,081
Unearned Revenue	2,436,973	-	-	2,436,973
Total Liabilities	<u>5,056,077</u>	<u>2,129,854</u>	<u>-</u>	<u>7,185,931</u>
Deferred Inflows:				
Deferred Inflows - Right of Use Assets	1,327,153	-	-	1,327,153
Other Unavailable Revenue	-	361,132	-	361,132
Unavailable Notes Receivable	1,957,254	-	-	1,957,254
Total Deferred Inflows	<u>3,284,407</u>	<u>361,132</u>	<u>-</u>	<u>3,645,539</u>
Fund Balances:				
Nonspendable	363,060	-	1,693,154	2,056,214
Restricted	12,931,141	29,767,912	312,943	43,011,996
Committed	20,232,293	-	-	20,232,293
Unassigned (Deficit)	(15,356)	-	-	(15,356)
Total Fund Balances	<u>33,511,138</u>	<u>29,767,912</u>	<u>2,006,097</u>	<u>65,285,147</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 41,851,622</u>	<u>\$ 32,258,898</u>	<u>\$ 2,006,097</u>	<u>\$ 76,116,617</u>

CITY OF BRYAN, TEXAS
 Combining Balance Sheet
 Non-Major Governmental Funds - Special Revenue Funds
 As of September 30, 2025

	Grant Fund	Community Development Fund	Hotel and Motel Tax Fund	Oil and Gas Fund	Capital Reserve Fund	Midtown Park Operations Fund	Phillips Event Center	Queen and Palace Theater
<u>Assets</u>								
Cash and Cash Equivalents	\$ -	\$ -	\$ 542,378	\$ 794,743	\$ 456,682	\$ 1,357,487	\$ 187,881	\$ 130,521
Investments	-	-	1,127,789	1,652,546	949,599	2,286,108	19	635
Receivables:								
Accounts Receivable	-	-	258,910	11,740	-	555,150	91,600	110,028
Less Allowance for Uncollectible	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	1,465,578	-	-
Notes	-	2,270,287	-	-	-	-	-	-
Less Allowance for Uncollectible - Notes	-	(313,033)	-	-	-	-	-	-
Grants	125,016	107,876	-	-	-	-	-	-
Interest	-	-	11,352	16,634	9,558	22,713	-	6
Due from Other Funds	92,373	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	31,602	80,356	10,657
Prepaid and Other Assets	-	-	-	-	-	173,313	2,270	16,759
Total Assets	<u>\$ 217,389</u>	<u>\$ 2,065,130</u>	<u>\$ 1,940,429</u>	<u>\$ 2,475,663</u>	<u>\$ 1,415,839</u>	<u>\$ 5,891,951</u>	<u>\$ 362,126</u>	<u>\$ 268,606</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>								
Liabilities:								
Accounts Payable	\$ 9,357	\$ 3,882	\$ 1,150	\$ 3,458	\$ -	\$ 251,952	\$ 117,922	\$ 50,310
Accrued Liabilities	-	19,806	3,916	-	-	43,939	-	-
Retainage Payable	-	-	10,095	-	-	-	107,317	-
Due to Other Funds	175,537	99,544	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	2,040,346	49,792	-
Total Liabilities	<u>184,894</u>	<u>123,232</u>	<u>15,161</u>	<u>3,458</u>	<u>-</u>	<u>2,336,237</u>	<u>275,031</u>	<u>50,310</u>
Deferred Inflows:								
Deferred Inflows - Right of Use Assets	-	-	-	-	-	1,327,153	-	-
Unavailable Notes Receivable	-	1,957,254	-	-	-	-	-	-
Total Deferred Inflows	<u>-</u>	<u>1,957,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,327,153</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Non-Spendable	-	-	-	-	-	204,915	82,626	27,416
Restricted:								
Grants	32,495	-	-	-	-	-	-	-
Hotel/Motel	-	-	1,925,268	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-
TIRZ Development	-	-	-	-	-	-	-	-
Committed:								
Streets	-	-	-	-	-	-	-	-
Drainage	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	2,023,646	4,469	190,880
Sidewalks	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	2,472,205	1,415,839	-	-	-
Unassigned (Deficit)	-	(15,356)	-	-	-	-	-	-
Total Fund Balances	<u>32,495</u>	<u>(15,356)</u>	<u>1,925,268</u>	<u>2,472,205</u>	<u>1,415,839</u>	<u>2,228,561</u>	<u>87,095</u>	<u>218,296</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 217,389</u>	<u>\$ 2,065,130</u>	<u>\$ 1,940,429</u>	<u>\$ 2,475,663</u>	<u>\$ 1,415,839</u>	<u>\$ 5,891,951</u>	<u>\$ 362,126</u>	<u>\$ 268,606</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet (continued)

Non-Major Governmental Funds - Special Revenue Funds

As of September 30, 2025

	Sidewalks Fund	Court Technology Fund	Street Improvement Fund	Drainage Improvement Fund	Tax Increment Reinvestment Zone #10 Fund	Tax Increment Reinvestment Zone #19 Fund	Tax Increment Reinvestment Zone #21 Fund	Tax Increment Reinvestment Zone #22 Fund	Destination Bryan	Total
<u>Assets</u>										
Cash and Cash Equivalents	\$ 113,770	\$ 63,723	\$ 4,030,880	\$ 740,290	\$ 3,177,601	\$ -	\$ 243,001	\$ 54,816	\$ 367,961	\$ 12,261,734
Investments	236,568	132,502	8,381,594	1,539,320	6,607,330	-	505,283	113,983	-	23,533,276
Receivables:										
Accounts Receivable	-	-	495,575	83,787	1,249	-	-	-	10,644	1,618,683
Less Allowance for Uncollectible	-	-	(49,428)	(21,223)	-	-	-	-	-	(70,651)
Leases	-	-	-	-	-	-	-	-	-	1,465,578
Notes	-	-	-	-	-	-	-	-	-	2,270,287
Less Allowance for Uncollectible	-	-	-	-	-	-	-	-	-	(313,033)
Grants	-	-	-	-	-	-	-	-	-	232,892
Interest	2,381	1,334	84,364	15,494	66,506	-	5,086	1,147	-	236,575
Due from Other Funds	-	-	137,847	23,001	-	-	-	-	-	253,221
Inventory	-	-	-	-	-	-	-	-	-	122,615
Prepaid and Other Assets	-	-	-	-	-	-	-	-	48,103	240,445
Total Assets	<u>\$ 352,719</u>	<u>\$ 197,559</u>	<u>\$ 13,080,832</u>	<u>\$ 2,380,669</u>	<u>\$ 9,852,686</u>	<u>\$ -</u>	<u>\$ 753,370</u>	<u>\$ 169,946</u>	<u>\$ 426,708</u>	<u>\$ 41,851,622</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>										
Liabilities:										
Accounts Payable	\$ -	\$ 183	\$ 935,098	\$ 175,989	\$ -	\$ -	\$ -	\$ -	\$ 236,599	\$ 1,785,900
Accrued Liabilities	-	-	-	-	-	-	-	-	-	67,661
Retainage Payable	-	-	363,845	9,205	-	-	-	-	-	490,462
Due to Other Funds	-	-	-	-	-	-	-	-	-	275,081
Unearned Revenue	305,135	-	-	-	-	-	-	-	41,700	2,436,973
Total Liabilities	<u>305,135</u>	<u>183</u>	<u>1,298,943</u>	<u>185,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,299</u>	<u>5,056,077</u>
Deferred Inflows:										
Deferred Inflows - Right of Use Assets	-	-	-	-	-	-	-	-	-	1,327,153
Deferred Notes Receivable	-	-	-	-	-	-	-	-	-	1,957,254
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,284,407</u>
Fund Balances:										
Non-Spendable	-	-	-	-	-	-	-	-	48,103	363,060
Restricted:										
Grants	-	-	-	-	-	-	-	-	-	32,495
Hotel/Motel	-	-	-	-	-	-	-	-	-	1,925,268
Municipal Court	-	197,376	-	-	-	-	-	-	-	197,376
TIRZ Development	-	-	-	-	9,852,686	-	753,370	169,946	-	10,776,002
Committed:										
Streets	-	-	11,781,889	-	-	-	-	-	-	11,781,889
Drainage	-	-	-	2,195,475	-	-	-	-	-	2,195,475
Parks	-	-	-	-	-	-	-	-	-	2,218,995
Sidewalks	47,584	-	-	-	-	-	-	-	-	47,584
Other Purposes	-	-	-	-	-	-	-	-	100,306	3,988,350
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	(15,356)
Total Fund Balances	<u>47,584</u>	<u>197,376</u>	<u>11,781,889</u>	<u>2,195,475</u>	<u>9,852,686</u>	<u>-</u>	<u>753,370</u>	<u>169,946</u>	<u>148,409</u>	<u>33,511,138</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 352,719</u>	<u>\$ 197,559</u>	<u>\$ 13,080,832</u>	<u>\$ 2,380,669</u>	<u>\$ 9,852,686</u>	<u>\$ -</u>	<u>\$ 753,370</u>	<u>\$ 169,946</u>	<u>\$ 426,708</u>	<u>\$ 41,851,622</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Non-Major Governmental Funds - Capital Project Funds

As of September 30, 2025

	2016 Certificates of Obligation Fund	2018 Certificates of Obligation Fund	2022 Certificates of Obligation Fund	2024 Certificates of Obligation Fund	Total
<u>Assets</u>					
Cash and Cash Equivalents	\$ -	\$ -	\$ 5,677,345	\$ 4,611,341	\$ 10,288,686
Investments	-	-	11,805,162	9,588,573	21,393,735
Grants receivable	-	-	-	361,132	361,132
Interest Receivable	-	-	118,824	96,521	215,345
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,601,331</u>	<u>\$ 14,657,567</u>	<u>\$ 32,258,898</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ 650	\$ 1,221,741	\$ 1,222,391
Retainage Payable	-	-	-	907,463	907,463
Total Liabilities	<u>-</u>	<u>-</u>	<u>650</u>	<u>2,129,204</u>	<u>2,129,854</u>
Deferred Inflows:					
Other Unavailable Revenue	-	-	-	361,132	361,132
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,132</u>	<u>361,132</u>
Fund Balances:					
Restricted to Capital Projects	-	-	17,600,681	12,167,231	29,767,912
Total Fund Balances	<u>-</u>	<u>-</u>	<u>17,600,681</u>	<u>12,167,231</u>	<u>29,767,912</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,601,331</u>	<u>\$ 14,657,567</u>	<u>\$ 32,258,898</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Non-Major Governmental Funds - Permanent Funds

As of September 30, 2025

	Brandon Cemetery Fund	J.W. English Cemetery Fund	L.B. Hervey Cemetery Fund	Mills Trust Cemetery Fund	Cemetery Fund	M.C. Astin Cemetery Fund	Bade Trust Cemetery Fund	F.L. Henderson Library Fund	Rountree Library Fund	Totals
<u>Assets</u>										
Cash and Cash Equivalents	\$ 1,017	\$ 3,642	\$ 5,786	\$ 365	\$ 606,932	\$ 24,016	\$ 349	\$ 1,995	\$ 2,969	647,071
Investments	2,115	7,571	12,031	758	1,262,021	49,939	725	4,148	6,175	1,345,483
Interest Receivable	22	76	121	8	12,703	503	7	41	62	13,543
Total Assets	<u>\$ 3,154</u>	<u>\$ 11,289</u>	<u>\$ 17,938</u>	<u>\$ 1,131</u>	<u>\$ 1,881,656</u>	<u>\$ 74,458</u>	<u>\$ 1,081</u>	<u>\$ 6,184</u>	<u>\$ 9,206</u>	<u>\$ 2,006,097</u>
Non-Spendable - Permanent Funds Corpus	\$ 1,399	\$ 5,000	\$ 1,500	\$ 500	\$ 1,670,511	\$ 4,950	\$ 500	\$ 2,085	\$ 6,709	\$ 1,693,154
Restricted:										
Cemeteries	1,755	6,289	16,438	631	211,145	69,508	581	-	-	306,347
Libraries	-	-	-	-	-	-	-	4,099	2,497	6,596
Total Fund Balances	<u>3,154</u>	<u>11,289</u>	<u>17,938</u>	<u>1,131</u>	<u>1,881,656</u>	<u>74,458</u>	<u>1,081</u>	<u>6,184</u>	<u>9,206</u>	<u>2,006,097</u>
Total Liabilities and Fund Balances	<u>\$ 3,154</u>	<u>\$ 11,289</u>	<u>\$ 17,938</u>	<u>\$ 1,131</u>	<u>\$ 1,881,656</u>	<u>\$ 74,458</u>	<u>\$ 1,081</u>	<u>\$ 6,184</u>	<u>\$ 9,206</u>	<u>\$ 2,006,097</u>

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Non-Major Governmental Funds
 For the Fiscal Year Ended September 30, 2025

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Revenues:				
Property Taxes	\$ 6,443,821	\$ -	\$ -	\$ 6,443,821
Hotel Occupancy Taxes	2,931,409	-	-	2,931,409
Transportation and Drainage Assessments	7,802,754	-	-	7,802,754
Fines and Court Charges	37,675	-	-	37,675
Grants	2,023,177	-	-	2,023,177
Investment Earnings	1,540,641	1,742,486	105,110	3,388,237
Investment Mark to Market	(46,991)	(63,246)	(25,666)	(135,903)
Oil and Gas Royalties	100,397	-	-	100,397
Parks & Recreation Operations	6,523,838	-	-	6,523,838
Destination Bryan	112,423	-	-	112,423
Other	211,964	-	110,763	322,727
Total Revenues	27,681,108	1,679,240	190,207	29,550,555
Expenditures:				
Current:				
General Government and Administration	3,037,466	-	-	3,037,466
Development Services	2,154,662	-	-	2,154,662
Public Works Services	5,462,899	-	-	5,462,899
Public Safety	709,840	-	-	709,840
Cultural and Recreational	9,630,476	-	-	9,630,476
Capital Outlay	3,768,000	15,477,440	-	19,245,440
Debt Service:				
Lease Principal	138,629	-	-	138,629
Lease Interest	17,818	-	-	17,818
Total Expenditures	24,919,790	15,477,440	-	40,397,230
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,761,318	(13,798,200)	190,207	(10,846,675)
Other Financing Sources (uses):				
Issuance of Lease	281,005	-	-	281,005
Transfers In	5,163,246	2,876,667	-	8,039,913
Transfers Out	(5,793,611)	(2,876,667)	-	(8,670,278)
Total other Financing Sources (uses)	(349,360)	-	-	(349,360)
Net Change in Fund Balances	2,411,958	(13,798,200)	190,207	(11,196,035)
Fund Balances, October 1, 2024	31,099,180	43,566,112	1,815,890	76,481,182
Fund Balances, September 30, 2025	\$ 33,511,138	\$ 29,767,912	\$ 2,006,097	\$ 65,285,147

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Non-Major Governmental Funds - Special Revenue Funds
 For the Fiscal Year Ended September 30, 2025

	Grant Fund	Community Development Fund	Hotel and Motel Tax Fund	Oil and Gas Fund	Capital Reserve Fund	Midtown Park Operations Fund	Phillips Event Center	Queen and Palace Theater
Revenues:								
Property Taxes	\$ -	\$ -	\$ -	\$ 198,900	\$ -	\$ -	\$ -	\$ -
Hotel Occupancy Taxes	-	-	2,931,409	-	-	-	-	-
Transportation and Drainage Assessments	-	-	-	-	-	-	-	-
Grants	680,389	1,342,788	-	-	-	-	-	-
Fines and Court Charges	-	-	-	-	-	-	-	-
Investment Earnings	-	-	60,357	96,590	58,706	235,442	6,705	7,204
Investment Mark to Market	-	-	(2,721)	(2,947)	(1,921)	(6,176)	(6)	-
Oil and Gas Royalties	-	-	-	100,397	-	-	-	-
Parks & Recreation Operations	-	-	-	-	-	3,241,991	2,734,826	547,021
Destination Bryan	-	-	-	-	-	-	-	-
Other	-	121,438	90,526	-	-	-	-	-
Total Revenues	680,389	1,464,226	3,079,571	392,940	56,785	3,471,257	2,741,525	554,225
Expenditures:								
Current:								
General Government and Administration	-	-	-	-	-	-	-	-
Development Services	-	1,410,435	-	-	-	-	-	-
Public Works Services	-	-	-	-	-	-	-	-
Public Safety	680,389	-	-	-	-	-	-	-
Cultural and Recreational	-	-	817,422	-	-	4,006,178	3,476,054	1,330,822
Capital Outlay	-	281,005	-	-	-	110,927	743,547	-
Debt Service:								
Lease Principal	-	39,764	-	-	-	-	-	-
Lease Interest	-	5,183	-	-	-	-	-	-
Total Expenditures	680,389	1,736,387	817,422	-	-	4,117,105	4,219,601	1,330,822
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(272,161)	2,262,149	392,940	56,785	(645,848)	(1,478,076)	(776,597)
Other Financing Sources (Uses):								
Issuance of Lease	-	281,005	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	1,528,457	684,789
Transfers Out	-	-	(2,470,000)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	281,005	(2,470,000)	-	-	-	1,528,457	684,789
Net Change in Fund Balances	-	8,844	(207,851)	392,940	56,785	(645,848)	50,381	(91,808)
Fund Balances, October 1, 2024	32,495	(24,200)	2,133,119	2,079,265	1,359,054	2,874,409	36,714	310,104
Fund Balances, September 30, 2025	\$ 32,495	\$ (15,356)	\$ 1,925,268	\$ 2,472,205	\$ 1,415,839	\$ 2,228,561	\$ 87,095	\$ 218,296

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)

Non-Major Governmental Funds - Special Revenue Funds

For the Fiscal Year Ended September 30, 2025

	Sidewalks Fund	Court Technology Fund	Street Improvement Fund	Drainage Improvement Fund	Tax Increment Reinvestment Zone #10 Fund	Tax Increment Reinvestment Zone #19 Fund	Tax Increment Reinvestment Zone #21 Fund	Tax Increment Reinvestment Zone #22 Fund	Destination Bryan	Total
Revenues:										
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 4,804,732	\$ 479,368	\$ 453,701	\$ 507,120	\$ -	\$ 6,443,821
Hotel Occupancy Taxes	-	-	-	-	-	-	-	-	-	2,931,409
Transportation and Drainage Assessments	-	-	6,686,959	1,115,795	-	-	-	-	-	7,802,754
Grants	-	-	-	-	-	-	-	-	-	2,023,177
Fines and Court Charges	-	37,675	-	-	-	-	-	-	-	37,675
Investment Earnings	12,907	8,334	517,442	82,791	360,570	40,672	33,393	19,528	-	1,540,641
Investment Mark to Market	(393)	(257)	(19,380)	(2,181)	(7,966)	(1,215)	(1,375)	(453)	-	(46,991)
Oil and Gas Royalties	-	-	-	-	-	-	-	-	-	100,397
Parks & Recreation Operations	-	-	-	-	-	-	-	-	-	6,523,838
Destination Bryan	-	-	-	-	-	-	-	-	112,423	112,423
Other	-	-	-	-	-	-	-	-	-	211,964
Total Revenues	12,514	45,752	7,185,021	1,196,405	5,157,336	518,825	485,719	526,195	112,423	27,681,108
Expenditures:										
Current:										
General Government and Administration	-	-	-	-	-	-	-	-	3,037,466	3,037,466
Development Services	-	-	-	-	25,068	-	384,159	335,000	-	2,154,662
Public Works Services	-	-	5,283,652	179,247	-	-	-	-	-	5,462,899
Public Safety	-	29,451	-	-	-	-	-	-	-	709,840
Cultural and Recreational	-	-	-	-	-	-	-	-	-	9,630,476
Capital Outlay	-	-	2,321,947	265,778	-	-	12,550	-	32,246	3,768,000
Debt Service:										
Lease Principal	-	-	-	32,459	-	-	-	-	66,406	138,629
Lease Interest	-	-	-	7,041	-	-	-	-	5,594	17,818
Total Expenditures	-	29,451	7,605,599	484,525	25,068	-	396,709	335,000	3,141,712	24,919,790
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,514	16,301	(420,578)	711,880	5,132,268	518,825	89,010	191,195	(3,029,289)	2,761,318
Other Financing Sources (Uses):										
Issuance of Lease	-	-	-	-	-	-	-	-	-	281,005
Transfers In	-	-	-	-	-	-	-	-	2,950,000	5,163,246
Transfers Out	-	-	(372,100)	(91,509)	(707,354)	(1,425,516)	(322,264)	(404,868)	-	(5,793,611)
Total Other Financing Sources (Uses)	-	-	(372,100)	(91,509)	(707,354)	(1,425,516)	(322,264)	(404,868)	2,950,000	(349,360)
Net Change in Fund Balances	12,514	16,301	(792,678)	620,371	4,424,914	(906,691)	(233,254)	(213,673)	(79,289)	2,411,958
Fund Balances, October 1, 2024	35,070	181,075	12,574,567	1,575,104	5,427,772	906,691	986,624	383,619	227,698	31,099,180
Fund Balances, September 30, 2025	\$ 47,584	\$ 197,376	\$ 11,781,889	\$ 2,195,475	\$ 9,852,686	\$ -	\$ 753,370	\$ 169,946	\$ 148,409	\$ 33,511,138

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Governmental Funds - Capital Project Funds

For the Fiscal Year Ended September 30, 2025

	2016 Certificates of Obligation Fund	2018 Certificates of Obligation Fund	2022 Certificates of Obligation Fund-General	2024 Certificates of Obligation Fund-General	Total
Revenues:					
Investment Earnings	\$ 19,457	\$ 55,256	\$ 698,425	\$ 969,348	\$ 1,742,486
Investment Mark to Market	-	-	(26,843)	(36,403)	(63,246)
Total Revenues	<u>19,457</u>	<u>55,256</u>	<u>671,582</u>	<u>932,945</u>	<u>1,679,240</u>
Expenditures:					
Current:					
Capital Outlay	14,796	92,179	1,579,789	13,790,676	15,477,440
Total Expenditures	<u>14,796</u>	<u>92,179</u>	<u>1,579,789</u>	<u>13,790,676</u>	<u>15,477,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,661	(36,923)	(908,207)	(12,857,731)	(13,798,200)
Other Financing Sources (Uses):					
Transfers In	-	-	2,876,667	-	2,876,667
Transfers Out	(747,617)	(2,129,050)	-	-	(2,876,667)
Total Other Financing Sources (Uses)	<u>(747,617)</u>	<u>(2,129,050)</u>	<u>2,876,667</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(742,956)	(2,165,973)	1,968,460	(12,857,731)	(13,798,200)
Fund Balances, October 1, 2024	<u>742,956</u>	<u>2,165,973</u>	<u>15,632,221</u>	<u>25,024,962</u>	<u>43,566,112</u>
Fund Balances, September 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,600,681</u>	<u>\$ 12,167,231</u>	<u>\$ 29,767,912</u>

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Non-Major Governmental Funds - Permanent Funds
 For the Fiscal Year Ended September 30, 2025

	Brandon Cemetery Fund	J.W. English Cemetery Fund	L.B. Hervey Cemetery Fund	Mills Trust Cemetery Fund	Cemetery Fund	M.C. Astin Cemetery Fund	Bade Trust Cemetery Fund	F.L. Henderson Library Fund	Rountree Library Fund	Totals
Revenues:										
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 110,763	\$ -	\$ -	\$ -	\$ -	\$ 110,763
Investment Earnings	23,036	650	723	61	74,477	2,988	51	2,654	470	105,110
Investment Mark to Market	(22,909)	(197)	(4)	(15)	(24)	(2)	(8)	(2,406)	(101)	(25,666)
Total Revenues	<u>127</u>	<u>453</u>	<u>719</u>	<u>46</u>	<u>185,216</u>	<u>2,986</u>	<u>43</u>	<u>248</u>	<u>369</u>	<u>190,207</u>
Net Change in Fund Balances	127	453	719	46	185,216	2,986	43	248	369	190,207
Fund Balances, October 1, 2024	<u>3,027</u>	<u>10,836</u>	<u>17,219</u>	<u>1,085</u>	<u>1,696,440</u>	<u>71,472</u>	<u>1,038</u>	<u>5,936</u>	<u>8,837</u>	<u>1,815,890</u>
Fund Balances, September 30, 2025	<u>\$ 3,154</u>	<u>\$ 11,289</u>	<u>\$ 17,938</u>	<u>\$ 1,131</u>	<u>\$ 1,881,656</u>	<u>\$ 74,458</u>	<u>\$ 1,081</u>	<u>\$ 6,184</u>	<u>\$ 9,206</u>	<u>\$ 2,006,097</u>

CITY OF BRYAN, TEXAS

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Property taxes	\$ 13,750,000	\$ 13,750,000	\$ 13,785,287	\$ 35,287
Investment earnings	100,000	100,000	463,051	363,051
Investment mark to market	-	-	(9,056)	(9,056)
Other	377,400	377,400	57,385	(320,015)
Total revenues	<u>14,227,400</u>	<u>14,227,400</u>	<u>14,296,667</u>	<u>69,267</u>
Expenditures:				
Debt service:				
Bond and principal retirement	10,880,400	10,880,400	10,880,414	14
Interest and fiscal charges	7,641,900	7,641,900	7,671,699	29,799
Debt issuance costs	500,000	500,000	-	(500,000)
Total expenditures	<u>19,022,300</u>	<u>19,022,300</u>	<u>18,552,113</u>	<u>(470,187)</u>
Excess of revenues over expenditures	(4,794,900)	(4,794,900)	(4,255,446)	539,454
Other financing sources (uses):				
Transfers in	3,179,000	3,179,000	2,528,584	(650,416)
Total other financing sources (uses)	<u>3,179,000</u>	<u>3,179,000</u>	<u>2,528,584</u>	<u>(650,416)</u>
Net change in fund balance	(1,615,900)	(1,615,900)	(1,726,862)	(110,962)
Fund Balance, October 1, 2024	<u>5,436,344</u>	<u>26,764,434</u>	<u>26,764,434</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 3,820,444</u>	<u>\$ 25,148,534</u>	<u>\$ 25,037,572</u>	<u>\$ (110,962)</u>

CITY OF BRYAN, TEXAS

Community Development Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Grants	\$ 819,000	\$ 819,000	\$ 1,342,788	\$ 523,788
Other	110,000	110,000	121,438	11,438
Total Revenues	<u>929,000</u>	<u>929,000</u>	<u>1,464,226</u>	<u>535,226</u>
Expenditures:				
Development Services	929,000	1,529,000	1,410,435	(118,565)
Capital Outlay	-	-	281,005	281,005
Debt Service:				
Lease Principal	-	-	39,764	39,764
Lease Interest	-	-	5,183	5,183
Total Expenditures	<u>929,000</u>	<u>1,529,000</u>	<u>1,736,387</u>	<u>207,387</u>
Excess of Revenues over Expenditures	-	(600,000)	(272,161)	327,839
Other Financing Sources (Uses):				
Issuance of Lease	-	-	281,005	281,005
Net Change in Fund Balance	-	(600,000)	8,844	608,844
Fund Balance, October 1, 2024	-	(24,200)	(24,200)	-
Fund Balance, September 30, 2025	<u>\$ -</u>	<u>\$ (624,200)</u>	<u>\$ (15,356)</u>	<u>\$ 608,844</u>

CITY OF BRYAN, TEXAS

Hotel and Motel Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Hotel Occupancy Taxes	\$ 2,400,000	\$ 2,400,000	\$ 2,931,409	\$ 531,409
Investment Earnings	72,000	72,000	60,357	(11,643)
Investment Mark to Market	-	-	(2,721)	(2,721)
Other	-	-	90,526	90,526
Total Revenues	<u>2,472,000</u>	<u>2,472,000</u>	<u>3,079,571</u>	<u>607,571</u>
Expenditures:				
Cultural and Recreational	910,200	1,110,200	817,422	(292,778)
Capital Outlay	<u>50,000</u>	<u>50,000</u>	-	<u>(50,000)</u>
Total Expenditures	<u>960,200</u>	<u>1,160,200</u>	<u>817,422</u>	<u>(342,778)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,511,800	1,311,800	2,262,149	950,349
Other Financing Uses:				
Transfers Out	<u>(2,470,000)</u>	<u>(2,470,000)</u>	<u>(2,470,000)</u>	<u>-</u>
Net Change in Fund Balance	(958,200)	(1,158,200)	(207,851)	950,349
Fund Balance, October 1, 2024	<u>1,424,707</u>	<u>2,133,119</u>	<u>2,133,119</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 466,507</u>	<u>\$ 974,919</u>	<u>\$ 1,925,268</u>	<u>\$ 950,349</u>

CITY OF BRYAN, TEXAS

Oil and Gas Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Property Taxes - Mineral	\$ 198,900	\$ 198,900	\$ 198,900	\$ -
Investment Earnings	52,100	52,100	96,590	44,490
Investment Mark to Market	-	-	(2,947)	(2,947)
Oil and Gas Royalties	140,000	140,000	100,397	(39,603)
Total Revenues	<u>391,000</u>	<u>391,000</u>	<u>392,940</u>	<u>1,940</u>
Net Change in Fund Balance	391,000	391,000	392,940	1,940
Fund Balance, October 1, 2024	<u>1,995,567</u>	<u>2,079,265</u>	<u>2,079,265</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 2,386,567</u>	<u>\$ 2,470,265</u>	<u>\$ 2,472,205</u>	<u>\$ 1,940</u>

CITY OF BRYAN, TEXAS

Capital Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Investment Earnings	\$ 45,000	\$ 45,000	\$ 58,706	\$ 13,706
Investment Mark to Market	-	-	(1,921)	(1,921)
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>56,785</u>	<u>11,785</u>
Net Change in Fund Balance	45,000	45,000	56,785	11,785
Fund Balance, October 1, 2024	<u>1,311,626</u>	<u>1,359,054</u>	<u>1,359,054</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 1,356,626</u>	<u>\$ 1,404,054</u>	<u>\$ 1,415,839</u>	<u>\$ 11,785</u>

CITY OF BRYAN, TEXAS

Midtown Park Operations Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Parks & Recreation Operations	\$ 2,362,000	\$ 2,362,000	\$ 3,241,991	\$ 879,991
Investment Earnings	75,000	75,000	235,442	160,442
Investment Mark to Market	-	-	(6,176)	(6,176)
Total Revenues	<u>2,437,000</u>	<u>2,437,000</u>	<u>3,471,257</u>	<u>1,034,257</u>
Expenditures:				
Cultural and Recreational	4,258,900	4,258,900	4,006,178	(252,722)
Capital Outlay	46,200	46,200	110,927	64,727
Total Expenditures	<u>4,305,100</u>	<u>4,305,100</u>	<u>4,117,105</u>	<u>(187,995)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,868,100)	(1,868,100)	(645,848)	846,262
Other Financing Sources (Uses)				
Transfers In	1,000,000	1,000,000	-	(1,000,000)
Total Other Financing Sources (Uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Net Change in Fund Balance	(868,100)	(868,100)	(645,848)	222,252
Fund Balance, October 1, 2024	<u>6,090,247</u>	<u>2,874,409</u>	<u>2,874,409</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 5,222,147</u>	<u>\$ 2,006,309</u>	<u>\$ 2,228,561</u>	<u>\$ 222,252</u>

CITY OF BRYAN, TEXAS

Phillips Event Center Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Parks & Recreation Operations	\$ 1,850,000	\$ 1,850,000	\$ 2,734,826	\$ 884,826
Investment Earnings	-	-	6,705	6,705
Investment Mark to Market	-	-	(6)	(6)
Total Revenues	<u>1,850,000</u>	<u>1,850,000</u>	<u>2,741,525</u>	<u>891,525</u>
Expenditures:				
Cultural and Recreational	2,396,600	3,896,600	3,476,054	(420,546)
Capital Outlay	499,700	499,700	743,547	243,847
Total Expenditures	<u>2,896,300</u>	<u>4,396,300</u>	<u>4,219,601</u>	<u>(176,699)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,046,300)	(2,546,300)	(1,478,076)	1,068,224
Other Financing Sources:				
Transfer In	1,100,000	1,100,000	1,528,457	428,457
Total Other Financing Sources	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,528,457</u>	<u>428,457</u>
Net Change in Fund Balance	53,700	(1,446,300)	50,381	1,496,681
Fund Balance, October 1, 2024	<u>142,683</u>	<u>36,714</u>	<u>36,714</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 196,383</u>	<u>\$ (1,409,586)</u>	<u>\$ 87,095</u>	<u>\$ 1,496,681</u>

CITY OF BRYAN, TEXAS

Queen and Palace Theater Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Parks & Recreation Operations	\$ 400,000	\$ 400,000	\$ 547,021	\$ 147,021
Investment Earnings	-	-	7,204	7,204
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>554,225</u>	<u>154,225</u>
Expenditures:				
Cultural & Recreational	<u>1,236,100</u>	<u>1,686,100</u>	<u>1,330,822</u>	<u>(355,278)</u>
Total Expenditures	<u>1,236,100</u>	<u>1,686,100</u>	<u>1,330,822</u>	<u>(355,278)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(836,100)	(1,286,100)	(776,597)	509,503
Other Financing Sources:				
Transfer In	<u>800,000</u>	<u>800,000</u>	<u>684,789</u>	<u>(115,211)</u>
Total Other Financing Sources	<u>800,000</u>	<u>800,000</u>	<u>684,789</u>	<u>(115,211)</u>
Net Change in Fund Balance	(36,100)	(486,100)	(91,808)	394,292
Fund Balance, October 1, 2024	<u>149,679</u>	<u>310,104</u>	<u>310,104</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 113,579</u>	<u>\$ (175,996)</u>	<u>\$ 218,296</u>	<u>\$ 394,292</u>

CITY OF BRYAN, TEXAS

Court Technology Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Technology Fee	\$ 29,000	\$ 29,000	\$ 37,675	\$ 8,675
Investment Earnings	6,000	6,000	8,334	2,334
Investment Mark to Market	-	-	(257)	(257)
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>45,752</u>	<u>10,752</u>
Expenditures:				
Public Safety	<u>41,500</u>	<u>41,500</u>	<u>29,451</u>	<u>(12,049)</u>
Total Expenditures	<u>41,500</u>	<u>41,500</u>	<u>29,451</u>	<u>(12,049)</u>
Net Change in Fund Balance	(6,500)	(6,500)	16,301	22,801
Fund Balance, October 1, 2024	<u>158,618</u>	<u>181,075</u>	<u>181,075</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 152,118</u>	<u>\$ 174,575</u>	<u>\$ 197,376</u>	<u>\$ 22,801</u>

CITY OF BRYAN, TEXAS

Street Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Transportation Assessments	\$ 6,460,000	\$ 6,460,000	\$ 6,686,959	\$ 226,959
Investment Earnings	300,000	300,000	517,442	217,442
Investment Mark to Market	-	-	(19,380)	(19,380)
Total Revenues	<u>6,760,000</u>	<u>6,760,000</u>	<u>7,185,021</u>	<u>425,021</u>
Expenditures:				
Public Works Services	1,981,100	1,981,100	5,283,652	3,302,552
Capital Outlay	<u>6,250,000</u>	<u>6,250,000</u>	<u>2,321,947</u>	<u>(3,928,053)</u>
Total Expenditures	<u>8,231,100</u>	<u>8,231,100</u>	<u>7,605,599</u>	<u>(625,501)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,471,100)	(1,471,100)	(420,578)	1,050,522
Other Financing Sources (Uses):				
Transfers Out	<u>(373,400)</u>	<u>(373,400)</u>	<u>(372,100)</u>	<u>1,300</u>
Total Other Financing Sources (Uses)	<u>(373,400)</u>	<u>(373,400)</u>	<u>(372,100)</u>	<u>1,300</u>
Net Change in Fund Balance	(1,844,500)	(1,844,500)	(792,678)	1,051,822
Fund Balance, October 1, 2024	<u>12,452,895</u>	<u>12,574,567</u>	<u>12,574,567</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 10,608,395</u>	<u>\$ 10,730,067</u>	<u>\$ 11,781,889</u>	<u>\$ 1,051,822</u>

CITY OF BRYAN, TEXAS

Drainage Improvement Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Drainage Assessments	\$ 1,030,000	\$ 1,030,000	\$ 1,115,795	\$ 85,795
Investment Earnings	30,000	30,000	82,791	52,791
Investment Mark to Market	-	-	(2,181)	(2,181)
Total Revenues	<u>1,060,000</u>	<u>1,060,000</u>	<u>1,196,405</u>	<u>136,405</u>
Expenditures:				
Public Works Services	220,900	220,900	179,247	(41,653)
Capital Outlay	769,300	769,300	265,778	(503,522)
Debt Service:				
Lease Principal	-	-	32,459	32,459
Lease Interest	-	-	7,041	7,041
Total Expenditures	<u>990,200</u>	<u>990,200</u>	<u>484,525</u>	<u>(505,675)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	69,800	69,800	711,880	642,080
Other Financing Uses:				
Transfers Out	(91,000)	(91,000)	(91,509)	(509)
Total Other Financing Sources (Uses)	<u>(91,000)</u>	<u>(91,000)</u>	<u>(91,509)</u>	<u>(509)</u>
Net Change in Fund Balance	(21,200)	(21,200)	620,371	641,571
Fund Balance, October 1, 2024	<u>1,438,226</u>	<u>1,575,104</u>	<u>1,575,104</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 1,417,026</u>	<u>\$ 1,553,904</u>	<u>\$ 2,195,475</u>	<u>\$ 641,571</u>

CITY OF BRYAN, TEXAS

Tax Increment Reinvestment Zone #10 Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Property Taxes	\$ 4,901,000	\$ 4,901,000	\$ 4,804,732	\$ (96,268)
Investment Earnings	120,000	120,000	360,570	240,570
Investment Mark to Market	-	-	(7,966)	(7,966)
Total Revenues	<u>5,021,000</u>	<u>5,021,000</u>	<u>5,157,336</u>	<u>136,336</u>
Expenditures:				
Development Services	50,000	50,000	25,068	(24,932)
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>25,068</u>	<u>(24,932)</u>
Excess of Revenues Over Expenditures	4,971,000	4,971,000	5,132,268	111,404
Other Financing Uses:				
Transfers Out	(707,400)	(707,400)	(707,354)	46
Total Other Financing Uses	<u>(707,400)</u>	<u>(707,400)</u>	<u>(707,354)</u>	<u>46</u>
Net Change in Fund Balance	4,263,600	4,263,600	4,424,914	161,314
Fund Balance, October 1, 2024	<u>5,012,211</u>	<u>5,427,772</u>	<u>5,427,772</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 9,275,811</u>	<u>\$ 9,691,372</u>	<u>\$ 9,852,686</u>	<u>\$ 161,314</u>

CITY OF BRYAN, TEXAS

Tax Increment Reinvestment Zone #19 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Property Taxes	\$ 440,000	\$ 440,000	\$ 479,368	\$ 39,368
Investment Earnings	20,000	20,000	40,672	20,672
Investment Mark to Market	-	-	(1,215)	(1,215)
Total Revenues	<u>460,000</u>	<u>460,000</u>	<u>518,825</u>	<u>58,825</u>
Other Financing Uses:				
Transfers Out	<u>(111,500)</u>	<u>(1,711,500)</u>	<u>(1,425,516)</u>	<u>(285,984)</u>
Total Other Financing Uses	<u>(111,500)</u>	<u>(1,711,500)</u>	<u>(1,425,516)</u>	<u>(285,984)</u>
Net Change in Fund Balance	348,500	(1,251,500)	(906,691)	344,809
Fund Balance, October 1, 2024	<u>817,182</u>	<u>906,691</u>	<u>906,691</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 1,165,682</u>	<u>\$ (344,809)</u>	<u>\$ -</u>	<u>\$ 344,809</u>

CITY OF BRYAN, TEXAS

Tax Increment Reinvestment Zone #21 Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Property Taxes	\$ 441,600	\$ 441,600	\$ 453,701	\$ 12,101
Investment Earnings	30,000	30,000	33,393	3,393
Investment Mark to Market	-	-	(1,375)	(1,375)
Total Revenues	<u>471,600</u>	<u>471,600</u>	<u>485,719</u>	<u>14,119</u>
Expenditures:				
Development Services	-	600,000	384,159	(215,841)
Capital Outlay	-	-	12,550	12,550
Total Expenditures	<u>-</u>	<u>600,000</u>	<u>396,709</u>	<u>(203,291)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	471,600	(128,400)	89,010	217,410
Other Financing Sources (Uses)				
Transfers Out	(322,300)	(322,300)	(322,264)	36
Total Other Financing Sources	<u>(322,300)</u>	<u>(322,300)</u>	<u>(322,264)</u>	<u>36</u>
Net Change in Fund Balance	149,300	(450,700)	(233,254)	217,446
Fund Balance, October 1, 2024	<u>1,049,240</u>	<u>986,624</u>	<u>986,624</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 1,198,540</u>	<u>\$ 535,924</u>	<u>\$ 753,370</u>	<u>\$ 217,446</u>

CITY OF BRYAN, TEXAS

Tax Increment Reinvestment Zone #22 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended September 30, 2025

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues:				
Property Taxes	\$ 508,800	\$ 508,800	\$ 507,120	\$ (1,680)
Investment Earnings	9,000	9,000	19,528	10,528
Investment Mark to Market	-	-	(453)	(453)
Total Revenues	<u>517,800</u>	<u>517,800</u>	<u>526,195</u>	<u>8,395</u>
Expenditures:				
Development Services	<u>340,000</u>	<u>390,000</u>	<u>335,000</u>	<u>(55,000)</u>
Total Expenditures	<u>340,000</u>	<u>390,000</u>	<u>335,000</u>	<u>(55,000)</u>
Excess of Revenues Over Expenditures	177,800	127,800	191,195	63,395
Other Financing Uses:				
Transfers Out	<u>(404,900)</u>	<u>(404,900)</u>	<u>(404,868)</u>	<u>32</u>
Total Other Financing Uses	<u>(404,900)</u>	<u>(404,900)</u>	<u>(404,868)</u>	<u>32</u>
Net Change in Fund Balance	(227,100)	(277,100)	(213,673)	63,427
Fund Balance, October 1, 2024	<u>282,457</u>	<u>383,619</u>	<u>383,619</u>	<u>-</u>
Fund Balance, September 30, 2025	<u>\$ 55,357</u>	<u>\$ 106,519</u>	<u>\$ 169,946</u>	<u>\$ 63,427</u>



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APPENDIX C
FORM OF BOND COUNSEL'S OPINION



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FORM OF BOND COUNSEL OPINION

_____, 2026

We have acted as bond counsel for the City of Bryan, Texas (the “City”) in connection with the issuance of its Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”), dated June 1, 2026, in the aggregate principal amount of \$_____. The Certificates are issuable in fully-registered form only, in denominations of \$5,000 or integral multiples thereof, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the ordinance adopted by the City Council of the City on June 9, 2026 authorizing the issuance of the Certificates (the “Ordinance”).

We have acted as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Certificates from gross income under federal income tax law. In such capacity, we have examined the Constitution and laws of the State of Texas; federal income tax law; and a transcript of certain certified proceedings pertaining to the issuance of the Certificates, as described in the Ordinance. The transcript contains certified copies of certain proceedings of the City; the tax certificate of the City dated the date hereof (the “Tax Certificate”); certain certifications and representations and other material facts within the knowledge and control of the City, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Certificates. We have also examined executed Certificate No. R-1.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Certificates on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Certificates on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Certificates has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed that each document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and constitutes a valid and binding agreement of, each party thereto other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the



Ordinance and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions, or events will not cause interest on the Certificates to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Certificates, the Ordinance and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal against governmental entities such as the City in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Certificates and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently in effect. The Certificates constitute valid and legally binding obligations of the City, and the Certificates have been authorized and delivered in accordance with law;
- (2) The Certificates are payable, both as to principal and interest, from the receipts of a continuing, direct, annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property located within the City, which taxes have been pledged irrevocably to pay the principal of and interest on the Certificates, and a limited pledge of surplus revenues of the City's waterworks and sewer system, not to exceed \$1,000; and
- (3) Interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Certificates is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Certificates included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Certificates.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP