



NOTICE OF THE CITY OF BRECKENRIDGE  
**REGULAR MEETING OF THE BRECKENRIDGE CITY  
COMMISSION**

February 03, 2026 at 5:30 PM

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**AGENDA**

Notice is hereby given as required by Title 5, Chapter 551.041 of the Government Code that the City Commission will meet in a Regular Meeting of the Breckenridge City Commission on February 03, 2026 at 5:30 PM at the Breckenridge City Offices, 105 N. Rose Avenue, Breckenridge, Texas.

**CALL TO ORDER**

**INVOCATION**

**PLEDGE OF ALLEGIANCE**

**American Flag**

**OPEN FORUM**

*This is an opportunity for the public to address the City Commission on any matter of public business, except public hearings. Comments related to public hearings will be heard when the specific hearing begins.*

**SPECIAL PRESENTATIONS AND ANNOUNCEMENTS**

*(Mayoral proclamations, presentations of awards and certificates, and other acknowledgements of significant accomplishments or service to the community.)*

**STAFF REPORT**

*(Staff Reports are for discussion only. No action may be taken on items listed under this portion of the agenda, other than to provide general direction to staff or to direct staff to place such items of a future agenda for action.)*

**City Manager**

1. City Business

Preliminary Park Scores

Project & Street Update

**City Secretary**

2. Upcoming Events

02/09 Cemetery Cleanup begins

02/13 Last day for candidates to file for a place on the ballot

02/16 City Offices Closed for Presidents Day

02/19 Bulk Pickup

### **Public Works Director**

3. Employee of the Month-Chance Neely

### **CONSENT AGENDA**

*Any commission member may request an item on the Consent Agenda to be taken up for individual consideration.*

- [4.](#) Consider approval of the January 6, 2026, regular commission meeting minutes as recorded.
- [5.](#) Consider approval of department head reports and monthly investment reports for December 2025.
- [6.](#) Consider approval of Resolution 2026-01 appointing members to the Planning and Zoning Commission with a term set to expire February 28, 2029.
- [7.](#) Consider approval of the 2025 annual Police Department Racial Profiling Report.
- [8.](#) Consider approval of Resolution 2026-05 appointing a member to the Board of Adjustments.
- [9.](#) Consider approval of an Interlocal for Municipal Court Services.
- [10.](#) Consider approval of Resolution 2026-06 continuing membership in the Steering Committee of Cities Served by Oncor and the 2026 assessment.

### **PUBLIC HEARING ITEMS**

11. Conduct a Public Hearing regarding the repeal of existing zoning regulations in Chapter 22 of the Breckenridge Code of Ordinances and adoption of a new Chapter 22, Zoning, to establish new zoning districts, new zoning regulations for uses of property in all zoning districts, and adopt a new zoning map.

### **ACTION ITEMS**

- [12.](#) Discussion and any necessary action regarding annual audit for FY 2024-2025.
- [13.](#) Discussion and any necessary action regarding adoption of Ordinance No. 2026-03 Repealing Existing Zoning Regulations in Chapter 22 of the Breckenridge Code of Ordinances and Enacting a new Chapter 22, Zoning, to Establish New Zoning Districts, New Zoning Regulations for Uses of Property in all Zoning Districts, and Adopt a New Zoning Map.

- [14.](#) Discussion and any necessary action regarding award of construction contract related to the TX-CDBG #CDM22-0020 Downtown Revitalization Project.
- [15.](#) Discussion and any necessary action on Resolution 2026-03 affirming policies related to the City's TX-CDBG CDV25-0207 (Panther Street) Grant.
- [16.](#) Discussion and any necessary action on Section 3 Policy Information for the City's TX-CDBG CDV25-207 (Panther Street) Grant.
- [17.](#) Discussion and any necessary action regarding approval of Ordinance 2026-02 ordering a Municipal General Election to be held on May 2, 2026, for the purpose of electing the offices of Mayor, and Commissioner Place 1 and Commissioner Place 2.

## **EXECUTIVE SESSION**

*Pursuant to Texas Government Code, Annotated, Chapter 551, Subchapter D, Texas Open Meetings Act (the "Act"), City Commission will recess into Executive Session (closed meeting) to discuss the following:*

### **Consultation with Attorney**

*§551.071(1),(2): Consultation with attorney regarding pending or anticipated litigation, or a settlement offer; or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter:*

18. City of Breckenridge vs. Akers Investments LLC, et al; Cause No. CV33796 in the 90th Judicial District Court of Stephens County, Texas.
19. Public Censure of Commissioner Akers.

### **Economic Development**

*§551.087: Economic Development negotiations (to discuss or deliberate commercial or financial information from a business prospect or to deliberate the offer of a financial or other incentives to a business prospect):*

20. Sagebrush

## **RECONVENE INTO OPEN SESSION**

*In accordance with Texas Government Code, Section 551, the City Commission will reconvene into Open Session and consider action, if any, on matters discussed in Executive Session.*

## **RECEIVE REQUESTS FROM COMMISSION MEMBERS/STAFF FOR ITEMS TO BE PLACED ON NEXT MEETING AGENDA**

*Discussion under this section must be limited to whether or not the Commission wishes to include a potential item on a future agenda.*

## **ADJOURN**

**NOTE:** As authorized by Section 551.071 of the Texas Government Code (Consultation with City Attorney), this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

**CERTIFICATION**

I hereby certify that the above notice was posted in the bulletin board at Breckenridge City Hall, 105 North Rose Avenue, Breckenridge, Texas , on the **28th day of JANUARY 2026.**

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City Secretary



***Persons with disabilities who plan to attend this public meeting and who may need auxiliary aid or services are requested to contact the Breckenridge City Hall 48 hours in advance, at 254-559-8287, and reasonable accommodations will be made for assistance.***





## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Consider approval of the January 6, 2026, regular commission meeting minutes as recorded.

**Department:** Administration

**Staff Contact:** Jessica Sutter

**Title:** City Secretary

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**BACKGROUND INFORMATION:**

Meeting minutes for the regular commission meeting on January 6, 2026.

**FINANCIAL IMPACT:**

N/A

**STAFF RECOMMENDATION:**

Consider approval of minutes as presented.



## REGULAR MEETING OF THE BRECKENRIDGE CITY COMMISSION

Tuesday, January 6, 2026, at 5:30 PM  
Breckenridge City Offices Commission Chambers  
105 North Rose Avenue  
Breckenridge, Texas 76424

### MINUTES

**REGULAR CITY COMMISSION MEETING OF THE CITY OF BRECKENRIDGE, TEXAS, HELD ON THIS DATE  
WITH THE FOLLOWING MEMBERS PRESENT.**

#### PRESENT

MAYOR  
COMMISSIONER, PLACE 1  
MAYOR PRO TEM, PLACE 2  
COMMISSIONER, PLACE 3  
COMMISSIONER, PLACE 4

BOB SIMS  
BLAKE HAMILTON  
GREG AKERS  
JUNIOR FERNANDEZ  
PAUL HUNTINGTON JR.

CITY MANAGER  
CITY SECRETARY  
ASSISTANT CITY SECRETARY  
POLICE CHIEF  
CODE ENFORCEMENT OFFICER  
FIRE CHIEF  
PUBLIC SERVICES DIRECTOR  
FINANCE DIRECTOR

CYNTHIA NORTHROP  
JESSICA SUTTER  
LACY BOTTS  
BLAKE JOHNSON  
J. POTTS  
MALCOLM BUFKIN  
TAYLOR HARDY  
DIANE LATHAM

#### CALL TO ORDER

Mayor Sims called the meeting to order at 5:30 p.m.

#### Invocation

#### PLEDGE OF ALLEGIANCE

#### OPEN FORUM

No Speakers

No Action Taken

## STAFF REPORT

### City Manager

#### 1. City Business

Emergency Declaration Recap

Public Works Director Update

Cynthia Northrop also reviewed the Brush Pickup updated schedule with Commissioners.

### City Secretary

#### 2. Upcoming events:

01/12 Session 1- Citizens Academy

01/14 First Day for candidates to file an application for a place on the Ballot

01/15 Bulk Pickup

01/19 City Offices closed in observance of Martin Luther King Jr. Day.

### Police Chief

#### 3. Employee of the Month-Christa Hanna

Discussion only. No Action Taken

## CONSENT AGENDA.

4. Consider approval of the December 2, 2025, regular commission meeting minutes as recorded.

5. Consider approval of department head reports and monthly investment reports for November 2025.

Mayor Pro Tem Akers made a motion to approve consent agenda items 4-5 as presented. Commissioner Fernandez seconded the motion. The motion passed 5-0.

## PUBLIC HEARING ITEMS

Mayor Sims opened the Public Hearing at 5:51 p.m.

6. Conduct a public hearing regarding request to replat the property located at 905 W. 5th (currently legally described as Roswell Addition, Block 10, Lot 9, 10 & E/32.6 of 110) into two lots.

With there being no speakers Mayor Sims closed the Public Hearing at 5:53 p.m.

## ACTION ITEMS

7. Discussion and any necessary action regarding a request to replat the property located at 905 W. 5th, currently described as Rosewell Addition, Block 10, Lot 9, 10, & E/32.6 of 11 into two lots.

City Manager, Cynthia Northrop stated that the property owner would like to replat the property from one lot into two lots and plans to build a home on the new lot. Planning and Zoning Commissioners met on December 15, 2025, and recommended approval of the replat.

Mayor Pro Tem Akers made a motion to approve the requested replat to the property located at 905 W. 5<sup>th</sup> as presented. Commissioner Hamilton seconded the motion. The motion passed 5-0.

8. Discussion and any necessary action regarding waiver of outstanding taxes for the following properties:

205 W. 3rd

601 N. Harvey

1305 W. 1st

919 N. Breckenridge Ave.

1005 E. Elm

City Manager Northrop explained that the city has acquired multiple substandard structures. Some of these properties have been sold, and others the city intends to sell. However, they have outstanding ad valorem taxes. City Staff believe that it should not be the responsibility of the new owners to pay the outstanding taxes from previous owners. Breckenridge ISD, Stephens Memorial Hospital, and Stephens County have all approved to waive their portion of the back taxes.

Commissioner Huntington made a motion to waive the city's portion of outstanding ad valorem taxes, included penalties and interest, on the listed properties. Mayor Pro Tem Akers seconded the motion. The motion passed 5-0.

9. Discussion and any necessary action regarding Ordinance 2025-20 authorizing the issuance of City of Breckenridge, Texas Combination Tax Surplus Revenue Certificates of Obligation, Series 2026, in the principal amount of \$1,720,000 to fund water system improvements and awarding sale of such Certificates of Obligation to the Texas Water Development Board; and resolving other matters relating to the subject.

Northrop explained that the City has applied for and received a combination grant and low-interest-rate loan through the Texas Water Development Board's Series 2026 Water Loss Assistance Fund for water line replacement. This ordinance authorizes the issuance of \$1,720,000 in Combination Tax and Surplus Revenue Certificates. There was an administrative error during preparation of documents. The Ordinance number is being corrected to a 2026 Ordinance number.

Commissioner Hamilton made a motion authorizing the issuance of City of Breckenridge, Texas Combination Tax Surplus Revenue Certificates of Obligation, Series 2026, in the principal amount of \$1,720,000 to fund water system improvements and awarding sale of such Certificates of Obligation to the Texas Water Development Board; and resolving other matters relating to the subject and correcting the ordinance number from 2025-20 to 2026-01. Commissioner Huntington seconded the motion. The motion passed 5-0.

10. Discussion and any necessary action regarding Resolution 2025-35 approving the execution and delivery of a grant agreement in the amount of \$4,003,900 for Water System Improvements; and resolving other matters relating to the subject.

City Manager Northrop stated that this resolution approves the grant agreement between the City of Breckenridge and the Texas Water Development Board where the City receives \$4,003,900 in grant funding for water line replacement.

Commissioner Huntington made a motion to approve the execution and delivery of a grant agreement in the amount of \$4,003,900 for Water System Improvements; and resolving other matters relating to the subject and correcting the Resolution number from 2025-35 to 2026-01. Mayor Pro Tem Akers seconded the motion. The motion passed 5-0.

11. Discussion and any necessary action regarding approval of Resolution 2025-36 authorizing and directing establishment of construction account with depository bank pursuant to bond ordinance; appointing authorized signatories with respect to such accounts; and resolving other matters relating to the subject.

Northrop stated that this resolution authorizes the establishment of two construction accounts with the depository bank related to the bond ordinance and grant agreement.

Commissioner Huntington made a motion to approve the establishment of construction account with depository bank pursuant to bond ordinance; appointing authorized signatories with respect to such accounts; and resolving other matters relating to the subject. And correcting the Resolution number from 2025-36 to 2026-02. Commissioner Hamilton seconded the motion. The motion passed 5-0.

Mayor Sims Convened the meeting into Executive Session at 6:01 p.m.

#### **EXECUTIVE SESSION**

*Pursuant to Texas Government Code, Chapter 551, Texas Open Meetings Act (the "Act"), the City Commission will recess into Executive Session (closed meeting) to discuss the following:*

**Consultation with Attorney**

*§551.071(1),(2): Consultation with attorney regarding pending or anticipated litigation, or a settlement offer; or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter:*

12. City of Breckenridge vs. Akers Investments, LLC, et al; Cause No. CV33796 in the 90th Judicial District Court of Stephens County, Texas.
13. Personnel Investigation.

Mayor Sims convened the meeting into open session at 6:32 p.m. with no action taken.

**REQUESTS FROM COMMISSION MEMBERS/STAFF FOR ITEMS TO BE PLACED ON THE NEXT MEETING AGENDA**

No requests.

**ADJOURN**

There being no further business, Mayor Sims adjourned the regular session at 6:32 p.m.

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Bob Sims, Mayor

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Jessica Sutter, City Secretary



## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Consider approval of department head reports and monthly investment reports for December 2025.

**Department:** Administration

**Staff Contact:** Jessica Sutter

**Title:** City Secretary

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### **BACKGROUND INFORMATION:**

The City approves an investment policy that complies with the Public Funds Investment Act of 1987 annually. The city allows investments in money market accounts, certificates of deposits, and investment pools. The Treasurer or their designee is required to provide a quarterly investment report to the Commissioners.

The staff provides commissioners monthly with departmental reports and finance reports, including investment reports. This aids in the transparency of the staff's accomplishments and the city's current financials for commissioners and citizens.

### **FINANCIAL IMPACT:**

N/A

### **STAFF RECOMMENDATION:**

Consider approval of departmental reports and monthly investment reports for December 2025.



# DEPARTMENTAL REPORTS

## DECEMBER 2025

105 N. Rose Ave.  
Breckenridge, TX 76424  
254.559.8287  
[www.breckenridgetx.gov](http://www.breckenridgetx.gov)



# Finance

## Bank

### Statement

### Balances



*Diane Latham*

	Account Name	Balances as of Dec. 2024	Balances as of Dec. 2023
1001	GENERAL FUND	\$ 2,190,249.04	\$ 1,995,851.86
1013	ARSON FUND	\$ 509.89	\$ 509.89
1014	FEDERAL TAX & LOAN	\$ 32,977.83	\$ 31,031.67
1001	WATER FUND	\$ 1,956,238.81	\$ 1,791,566.46
1001	WASTEWATER FUND	\$ 1,295,216.86	\$ 1,597,885.32
1001	SANITATION	\$ 35,444.66	\$ 47,791.69
1001	FIRE DEPT. SPECIAL	\$ 7,855.01	\$ 8,543.32
1001	FORFEITED PROPERTY	\$ 1,482.57	\$ 1,486.36
1002	PAYROLL FUND	\$ 52,314.20	\$ 54,819.73
1001	EQUIP. REPLACEMENT FUND	\$ 387,849.27	\$ 275,877.89
1001	STREET MAINTENANCE	\$ 366,689.44	\$ 569,954.39
1001	BRECKENRIDGE PARK FUND	\$ 10,040.93	\$ 8,736.86
1001	POLICE DEPT. SPECIAL	\$ 13,657.61	\$ 13,692.44
1001	Excess Sales Tax Revenue	\$ 17,689.35	\$ 17,734.49
1001	Breck Trade Days	\$ 39,551.71	\$ 39,652.63
1051	CO 2017 A&B Sinking /Rd	\$ -	\$ -
1001	Water Capital Projects	\$ (110,693.27)	\$ (110,693.27)
1001	Wastewater Capital Projects	\$ 164,314.28	\$ 164,314.28
1001	Capital Improvement Project	\$ 134,545.75	\$ 194,313.55
1058	GENERAL DEBT SERVICE FUND	\$ -	\$ -
1001	General Debt Service Fund P/C	\$ 518,205.49	\$ 490,821.60
1001	REVENUE DEBT SERVICE FUND	\$ 312,821.84	\$ 295,251.76
1025	Rescue Boat Donation	\$ 1,818.72	\$ 1,823.27
1073	CWSRF LF1001492	\$ 3.02	\$ 4,705.71
1076	CWSRF LF1001492 ESCROW	\$ 1,219,029.79	\$ 1,100,490.04
1056	CWSRF CO 2022A L1001491	\$ 1.00	\$ 1.00
1074	CWSRF CO 2022A L1001491 ESCROW	\$ 996,483.50	\$ 1,033,759.25
1072	CWSRF CO 2022A L1001426	\$ 1.00	\$ 1.00
1075	CWSRF CO 2022A L1001426 ESCROW	\$ 2,110,440.70	\$ 2,189,386.76
1071	DWSRF LF1001495	\$ 4.27	\$ 4.27
1079	DWSRF LF1001495 ESCROW	\$ 1,201,933.66	\$ 1,205,588.64
1070	DWSRF CO 2022B L1001493	\$ 1.00	\$ 1.00
1078	DWSRF CO 2022B L1001493 ESCROW	\$ 1,438,185.47	\$ 1,491,984.24
1057	DWSRF CO 2022B L1001494	\$ 1.00	\$ 1.00
1077	DWSRF CO 2022B L1001494 ESCROW	\$ 1,008,103.35	\$ 1,045,813.91
1010	LOGIC CO 2023	\$ 6,436,274.74	\$ 3,942,429.00
	<b>TOTAL - ALL FUNDS</b>	<b>\$ 21,839,242.49</b>	<b>\$ 19,505,132.01</b>

Item 5.

# Fiscal Year Sales Tax Revenue Received

MONTH RECEIVED	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
OCT	\$ 142,235.00	\$ 138,040.00	\$ 157,493.00	\$ 180,530.00	\$ 182,914.00	\$ 176,173.38	\$ 179,092.44
NOV	\$ 122,415.00	\$ 176,091.00	\$ 213,510.00	\$ 230,739.00	\$ 214,002.00	\$ 205,342.24	\$ 236,376.47
DEC	\$ 149,000.00	\$ 138,215.00	\$ 167,667.00	\$ 169,037.00	\$ 158,898.22	\$ 186,724.15	\$ 198,774.01
JAN	\$ 132,144.00	\$ 142,770.00	\$ 195,423.00	\$ 203,137.00	\$ 188,303.00	\$ 175,492.04	
FEB	\$ 175,232.00	\$ 204,822.00	\$ 222,525.00	\$ 228,165.00	\$ 214,081.01	\$ 256,722.47	
MARCH	\$ 127,285.00	\$ 149,849.00	\$ 150,395.00	\$ 166,133.00	\$ 161,140.16	\$ 163,877.32	
APRIL	\$ 121,607.00	\$ 119,118.00	\$ 138,407.00	\$ 175,455.75	\$ 169,163.00	\$ 157,154.10	
MAY	\$ 168,693.00	\$ 210,823.00	\$ 222,804.00	\$ 210,071.22	\$ 213,927.83	\$ 215,254.59	
JUNE	\$ 158,145.00	\$ 157,037.00	\$ 185,695.00	\$ 175,128.00	\$ 185,557.61	\$ 184,180.99	
JULY	\$ 167,474.00	\$ 160,631.00	\$ 187,757.00	\$ 185,736.00	\$ 184,363.32	\$ 205,052.41	
AUG	\$ 183,855.00	\$ 196,582.00	\$ 215,658.00	\$ 206,710.00	\$ 203,593.65	\$ 238,789.51	
SEPT	\$ 141,151.17	\$ 158,558.00	\$ 172,552.00	\$ 177,704.47	\$ 188,524.22	\$ 175,835.01	
TOTAL	\$ 1,789,236.17	\$ 1,952,536.00	\$ 2,229,886.00	\$ 2,308,546.44	\$ 2,264,468.02	\$ 2,340,598.21	\$ 614,242.92



# SECURITIES PLEDGED

The following shows the calculation of deposit coverage for the deposits of The City of Breckenridge held in  
 Clear Fork Bank on: December 30, 2025 and securities pledged as of: December 30, 2025

Checking account balances:	\$ 7,612,128.86
CD balances:	\$ -
Total on deposit:	<u>\$ 7,612,128.86</u>
FDIC Insurance coverage:	
Checking account balances:	\$ 250,000.00
CD balances:	\$ -
	<u>\$ 250,000.00</u>
Total Deposit balance	
less FDIC coverage:	<u>\$ 7,362,128.86</u>
Securities pledged at market value:	<u>\$ 7,691,590.16</u>
Excess securities pledged:	<u>\$ 329,461.30</u>

# 2023 CO BOND

BOND  
AMOUNT

•\$8,641,984.74

BANK  
TRANSFERS

•\$5,248,882.00

TOTAL  
INTEREST  
EARNED

•\$786,099.25

CURRENT  
BALANCE

•\$4,179,201.99

# 2023 CO BOND-LOGIC PROJECT EXPENDITURES

Item 5.

## STREETS

\$4,426,496.86

## PARK IMPROVEMENT

\$779,995.17

## FACILITIES IMPROVEMENT

\$279,118.76



# 2023 CO BOND-LOGIC INTEREST EARNED

**DECEMBER 2025: \$13,492.82**      **TOTAL: \$786,099.25**



# BUILDING & DEVELOPMENT

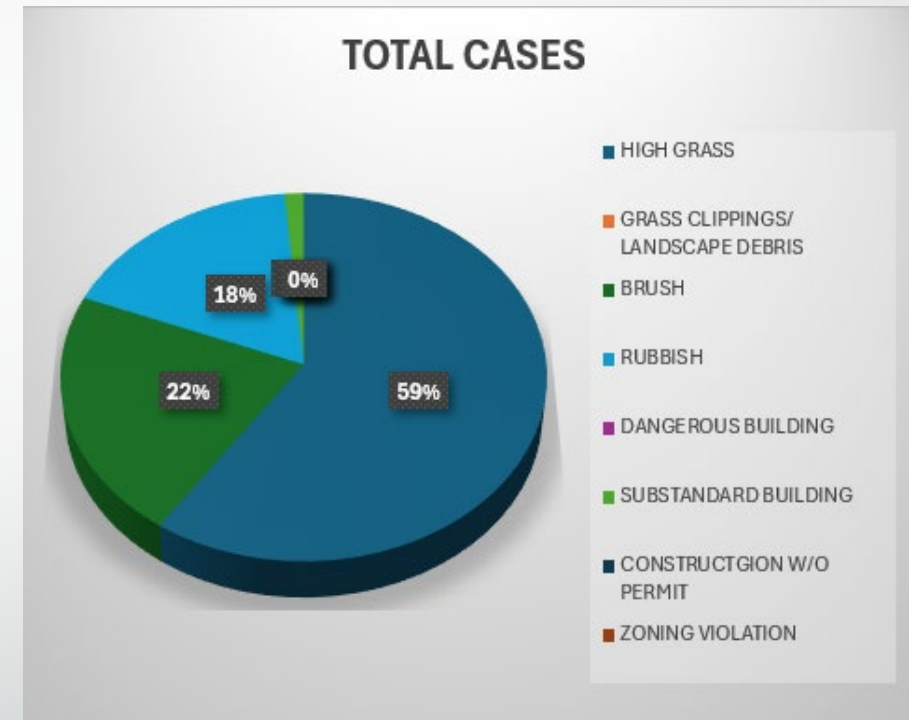
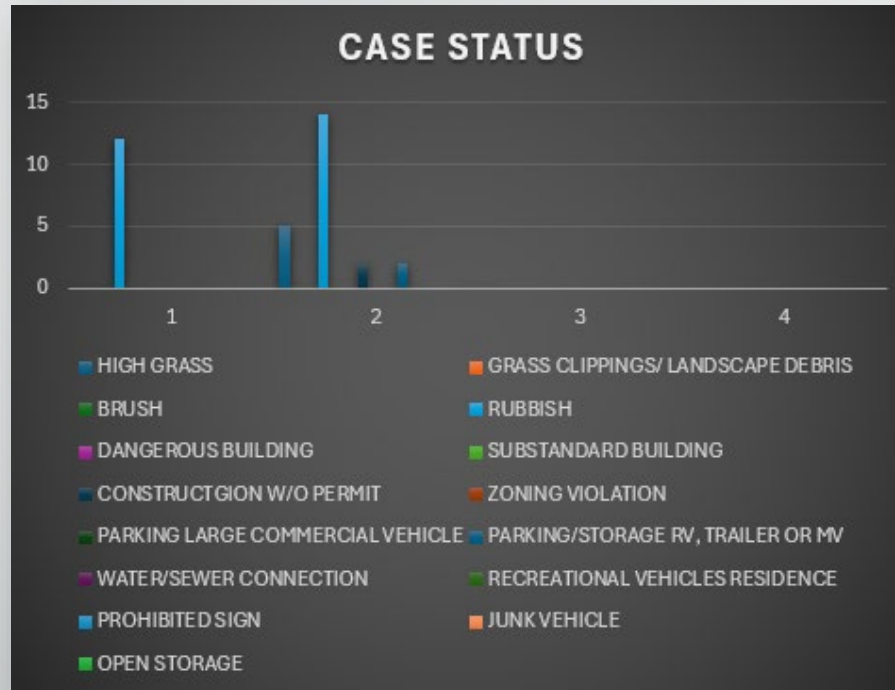
Item 5.

DECEMBER 2025		FY 2025-2026
Permits Issued:		
Building	3	8
Roof	0	3
Fence, windows, siding, etc.	0	1
Sign	0	0
Mobile home	1	1
Certificate of Occupancy	0	0
Electrical	1	16
Plumbing	1	4
Gas line	2	9
Irrigation	0	0
HVAC	0	2
Moving	0	0
Demolition	0	0
P&Z	1	2
Variance	0	1
Prelim/final plat/replat	1 replat	3 replats
Solicitor/vendor	0	2
Beer/wine/liquor license	1	2
Gaming machine license	0	0
Food Mobile Unit	0	3
Fire alarm	0	1
Fire sprinkler	0	0



# CODE ENFORCEMENT

## DECEMBER 2025 CASES: 49



**TOTAL CODE CASES DOR 2025: 1225**  
**TOTAL COMPLIANT: 811**  
**PROPERTY OWNER CITATIONS: 195**

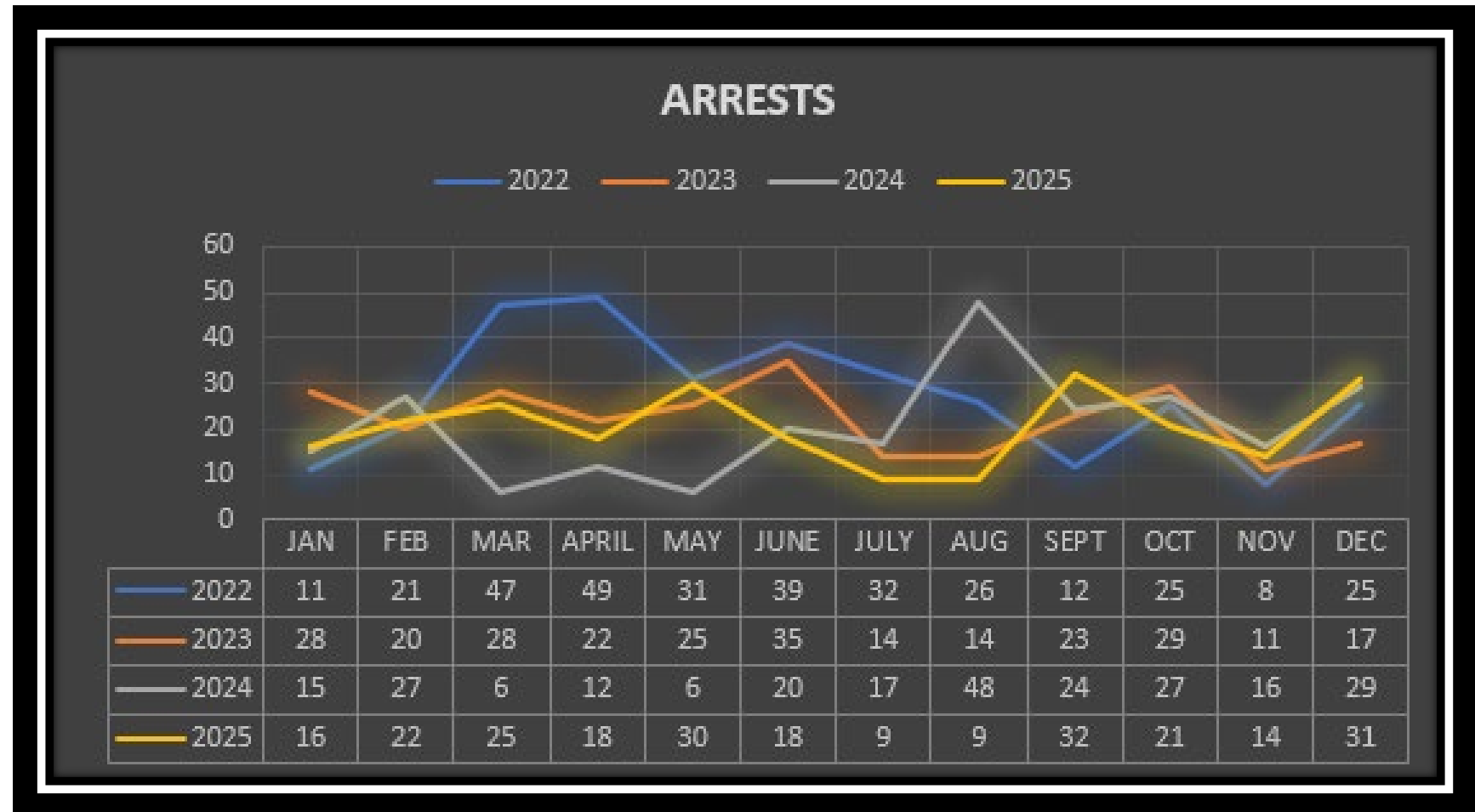


# BRECKENRIDGE POLICE DEPARTMENT

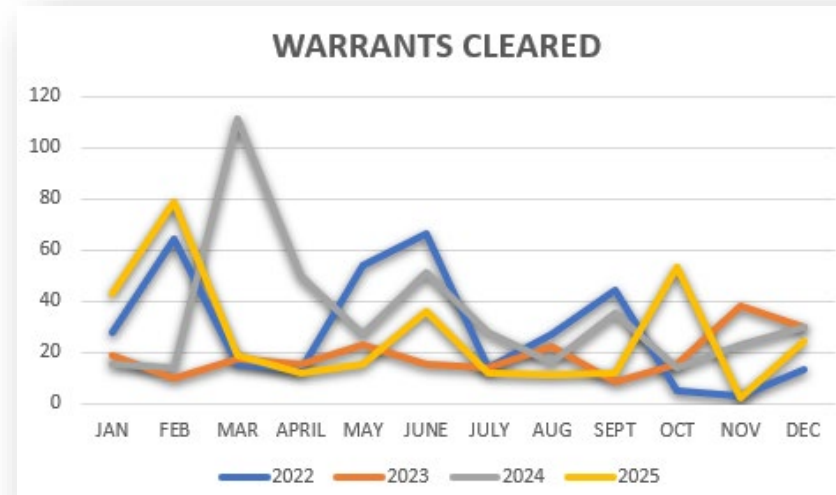
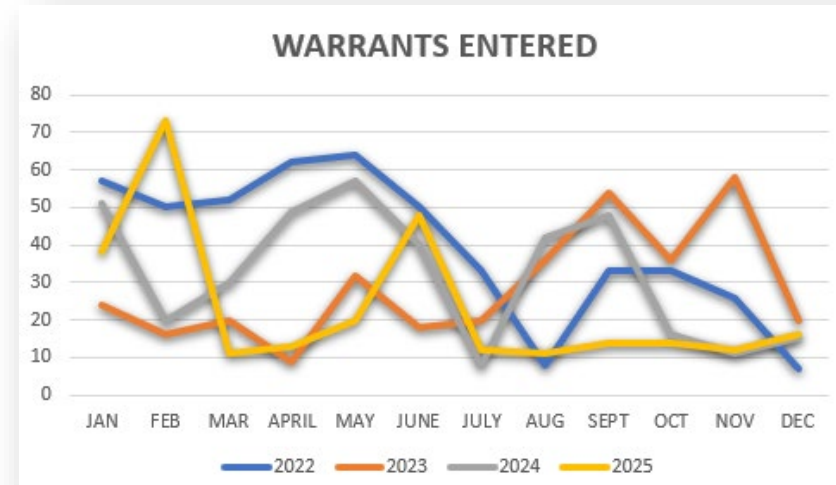
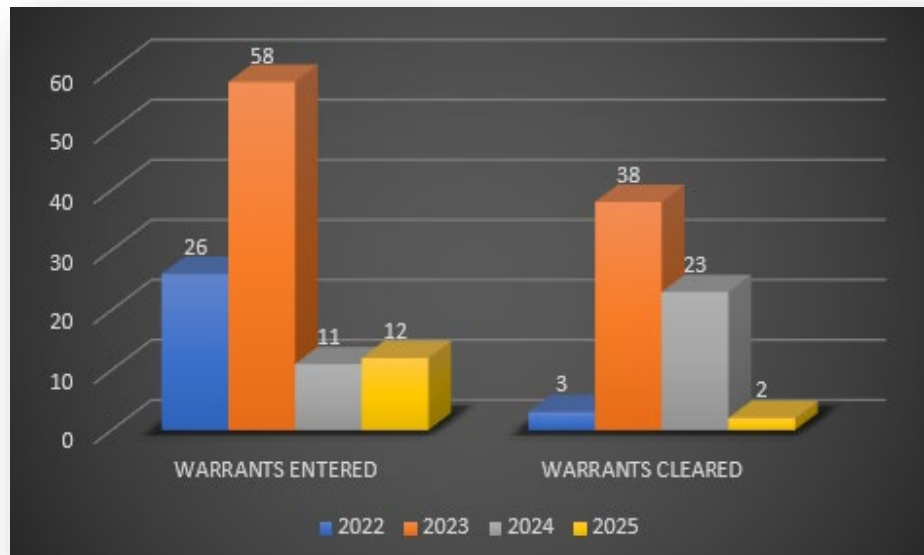




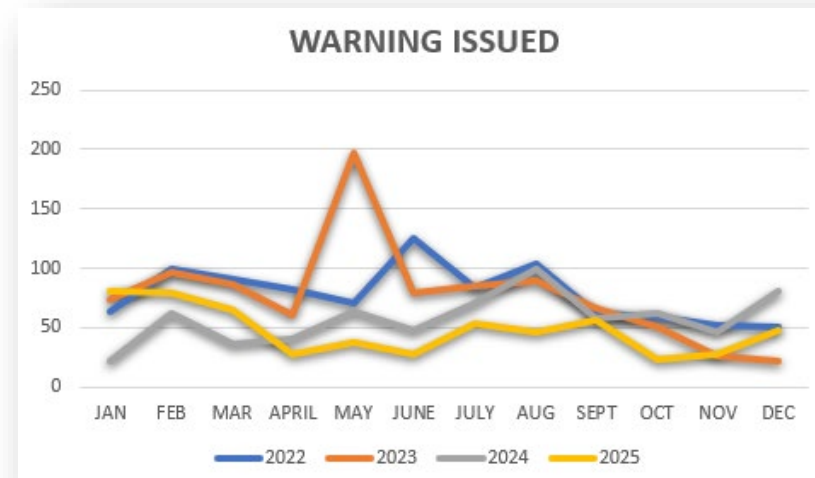
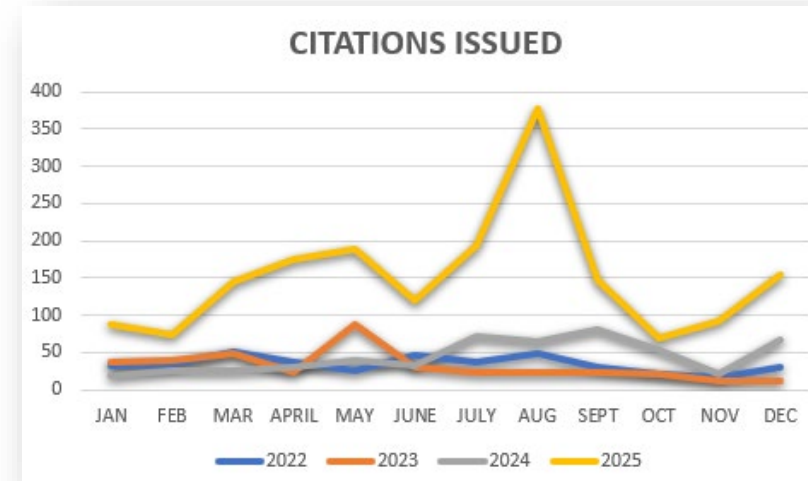
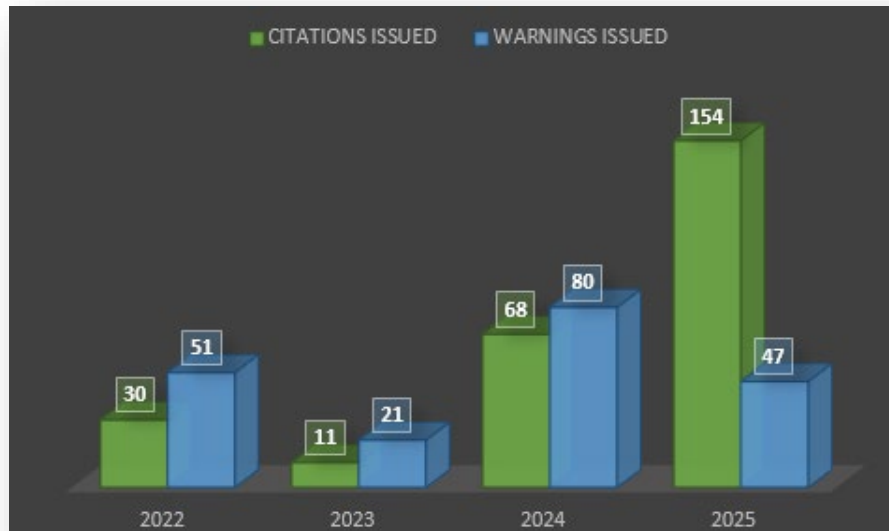




# DECEMBER WARRANTS



# DECEMBER CITATIONS & WARNINGS



# DECEMBER ANIMAL CONTROL

**TOTAL CALLS: 177**

CALL TYPE		
	CITY	COUNTY
AGGRESSIVE	3	
BITE		
CARCASS	32	
INJURED/SICK	1	
RETURNED TO OWNER IN FIELD		
RUNNING AT LARGE	22	5
NUISANCE/COMPLAINT		
WELFARE CHECK	28	
OTHER	86	
<b>TOTAL</b>	<b>172</b>	<b>5</b>

# DECEMBER

# ANIMAL CONTROL

SHELTER INTAKE		
	CITY	COUNTY
STRAY/RUNNING AT LARGE	14	1
SEIZED BY LAW	3	
OWNER SURRENDER		
RABIES QUARANTINE OBSERVATION		
<b>TOTAL</b>	<b>17</b>	<b>1</b>

LEFT THE SHELTER		
	CITY	COUNTY
ADOPTED FROM SHELTER	3	
RECLAIMED BY OWNER	4	
RETURNED AFTER QUARANTINE	1	
TRANSFERRED TO RESCUE PARTNER	5	
<b>TOTAL</b>	<b>13</b>	<b>0</b>

RABIES QUARANTINE OBSERVATION		
	CITY	COUNTY
HOME QUARANTINE		
SHELTER QUARANTINE		
<b>TOTAL</b>	<b>0</b>	<b>0</b>

HUMANE EUTHANASIA		
	CITY	COUNTY
BEHAVIORAL	7	
MEDICAL	1	
OWNER SURRENDER		
<b>TOTAL</b>	<b>8</b>	<b>0</b>

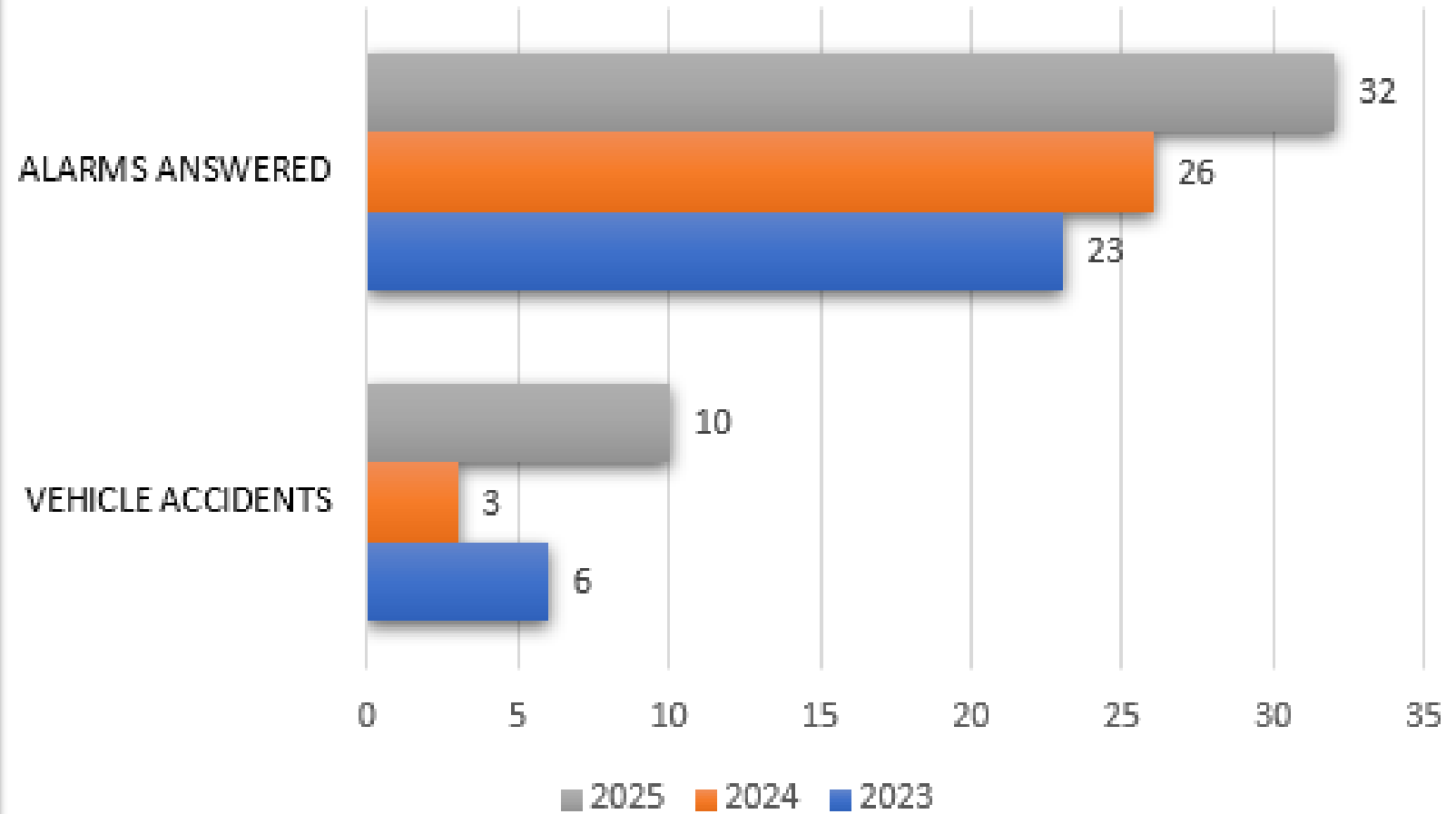
TOTAL IN SHELTER AT END OF MONTH		
CITY	8	
COUNTY	8	
CITY QUARANTINE		
COUNTY QUARANTINE		
<b>TOTAL</b>	<b>16</b>	

CITATIONS ISSUED	33
WARNING ISSUED	24
CASES IN MUNICIPAL COURT	2

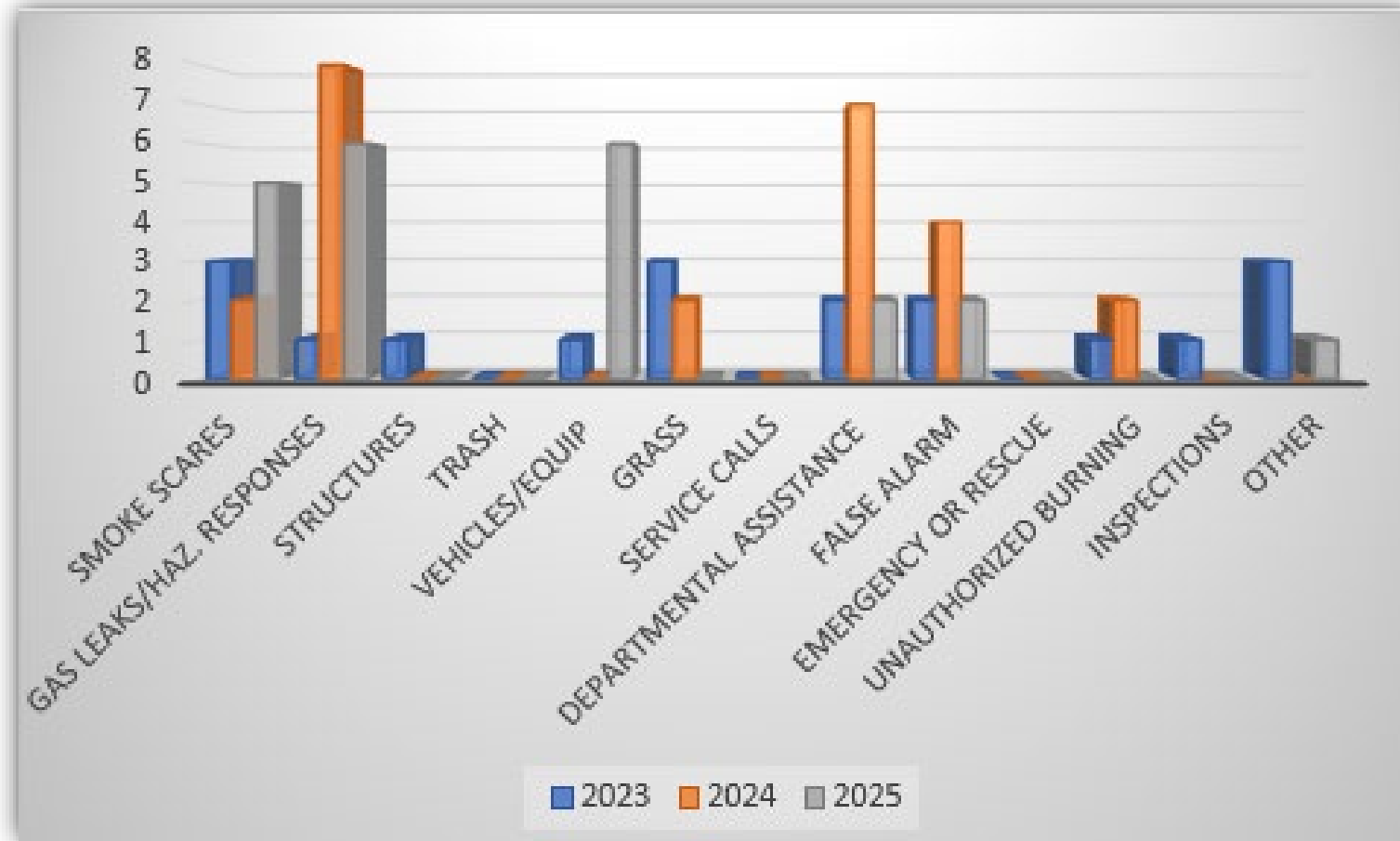




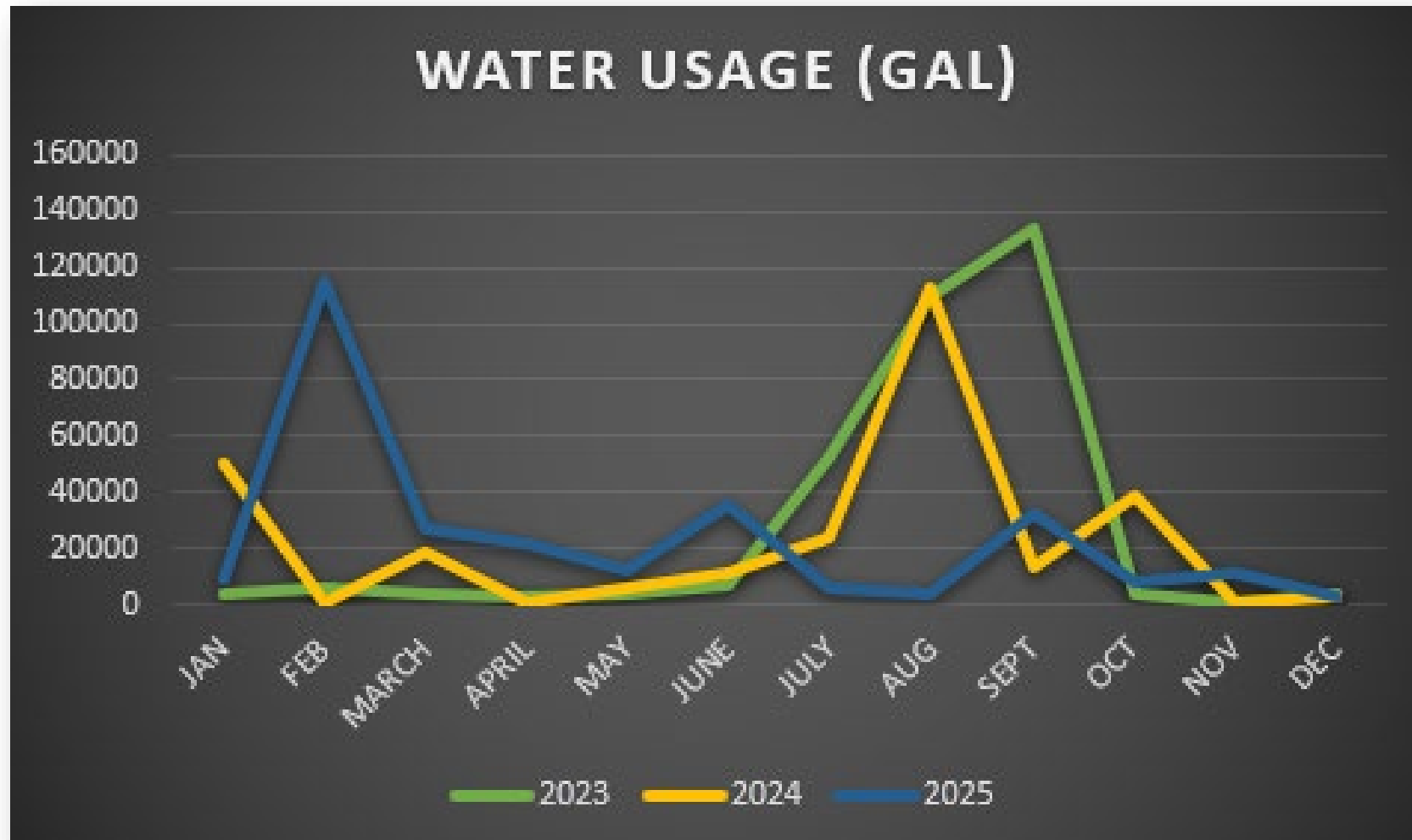
# DECEMBER 2025



# DECEMBER CALLS FOR SERVICE











# PARKS & CEMETERY





4 pavilion rentals

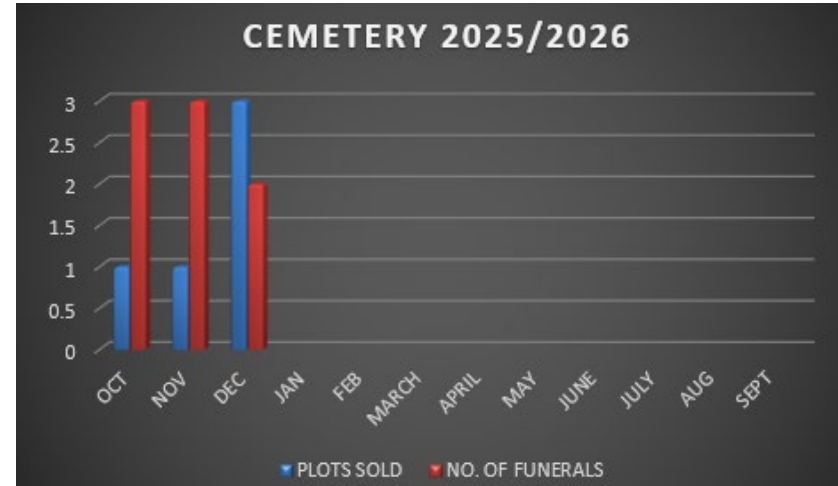
0 trade barn rentals

0 volleyball court rental

0 pickleball rental

Heavy usage at the parks

Maintaining all the parks



3 funerals to report

1 space sold for \$1,200

Helping Parks clean-up for events

Maintaining Cemetery

Maintaining equipment

# CEMETERY

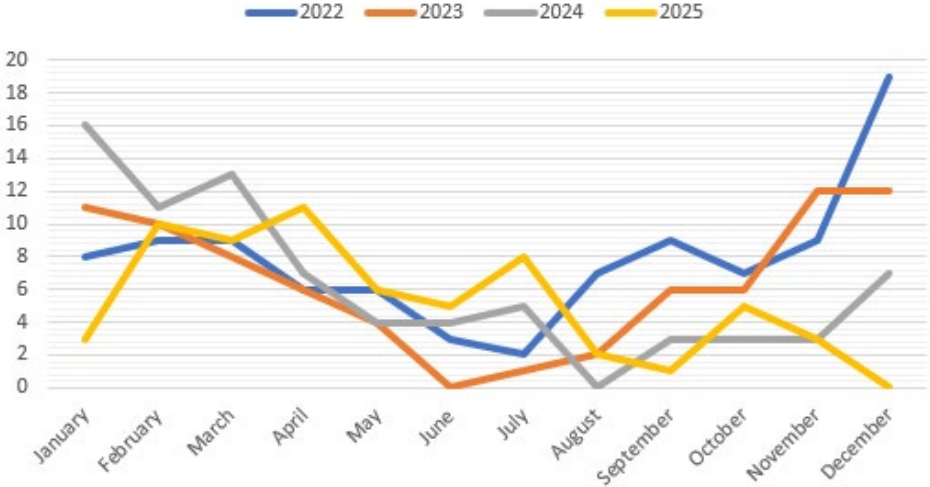
# PUBLIC



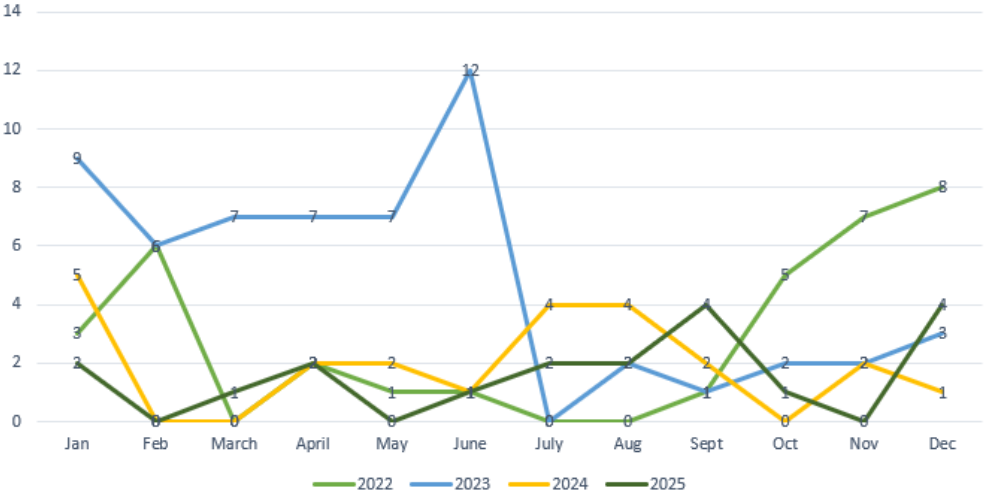
# WORKS



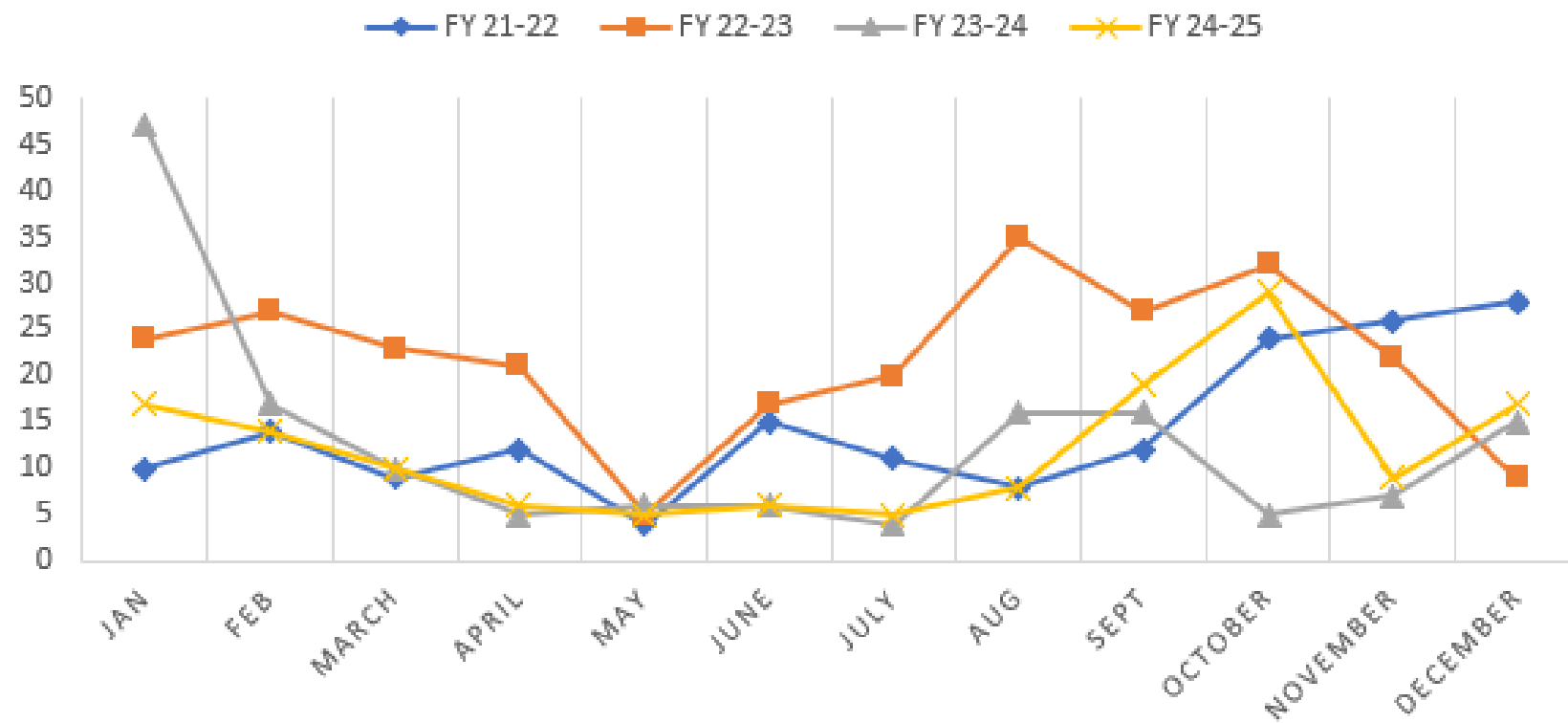
# SEWER STOPPAGES



# Meter Leak Report



## WATER LEAKS





## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Consider approval of Resolution 2026-01 appointing members to the Planning and Zoning Commission with a term set to expire February 28, 2029.

**Department:** Administration

**Staff Contact:** Cynthia Northrop

**Title:** City Manager

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### **BACKGROUND INFORMATION:**

The Planning and Zoning Commission is composed of seven members who are appointed by the City Commission for 3-year terms.

JB Sparks, and Genoa Goad's term are both set to expire on February 28, 2026. Both JB Sparks and Genoa Goad have agreed to be reappointed.

### **FINANCIAL IMPACT:**

### **STAFF RECOMMENDATION:**

Move to approve Resolution 2026-01 as presented.

**CITY OF BRECKENRIDGE, TEXAS  
RESOLUTION NO. 2026-01**

**A RESOLUTION BY THE CITY COMMISSION OF THE CITY OF  
BRECKENRIDGE, TEXAS, TO REAPPOINT OR APPOINT MEMBERS  
TO THE PLANNING AND ZONING COMMISSION AND TO SET TERM  
OF OFFICE FOR APPOINTEES.**

**WHEREAS**, Article II, Section 2-20 of the Code of Ordinances of the City of Breckenridge creates the Planning and Zoning Commission for the City of Breckenridge and provides appointment procedures, and Article II, Section 2-21 provides for setting terms of office; and

**WHEREAS**, the term of JB Sparks, and Genoa Goad will expire February 28, 2026;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF BRECKENRIDGE, TEXAS:** That JB Sparks, and Genoa Goad shall be appointed to the Planning and Zoning Commission for a three-year term to expire February 28, 2029.

**PASSED AND APPROVED** this 3rd day of February 2026 by the City Commission.

\_\_\_\_\_  
**Bob Sims, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Jessica Sutter, City Secretary**

S E A L



## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Consider approval of the 2025 annual Police Department Racial Profiling Report.

**Department:** Police Department

**Staff Contact:** Blake Johnson

**Title:** Police Chief

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**BACKGROUND INFORMATION:**

Texas Code of Criminal Procedure, Article 2.134, requires that a local law enforcement agency shall compile and analyze racial profiling data and submit a report to the Texas Commission on Law Enforcement (TCOLE) and the governing body of the municipality served by the agency. The Breckenridge Police Department has submitted its racial profiling report to TCOLE and is now presenting that report to the City Commission.

**FINANCIAL IMPACT:**

NA

**STAFF RECOMMENDATION:**

Consider approval of the 2025 annual Police Department Racial Profiling Report as presented.

# Racial Profiling Report | Full

Item 7.

Agency Name: BRECKENRIDGE POLICE DEPT.  
Reporting Date: 01/02/2026  
TCOLE Agency Number: 429201

Chief Administrator: BLAKE E JOHNSON

Agency Contact Information:  
Phone: (254) 559-2211  
Email: bjohnson@breckenridgetx.gov

Mailing Address:  
210 E DYER ST, BRECKENRIDGE, TX, 764243609

This Agency filed a full report

BRECKENRIDGE POLICE DEPT. has adopted a detailed written policy on racial profiling. Our policy:

- 1) clearly defines acts constituting racial profiling;
- 2) strictly prohibits peace officers employed by the BRECKENRIDGE POLICE DEPT. from engaging in racial profiling;
- 3) implements a process by which an individual may file a complaint with the BRECKENRIDGE POLICE DEPT. if the individual believes that a peace officer employed by the BRECKENRIDGE POLICE DEPT. has engaged in racial profiling with respect to the individual;
- 4) provides public education relating to the agency's complaint process;
- 5) requires appropriate corrective action to be taken against a peace officer employed by the BRECKENRIDGE POLICE DEPT. who, after an investigation, is shown to have engaged in racial profiling in violation of the BRECKENRIDGE POLICE DEPT. policy;
- 6) requires collection of information relating to motor vehicle stops in which a warning or citation is issued and to arrests made as a result of those stops, including information relating to:
  - a. the race or ethnicity of the individual detained;
  - b. whether a search was conducted and, if so, whether the individual detained consented to the search;
  - c. whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual;
  - d. whether the peace officer used physical force that resulted in bodily injury during the stop;
  - e. the location of the stop;
  - f. the reason for the stop.
- 7) requires the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:
  - a. the Commission on Law Enforcement; and
  - b. the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

The BRECKENRIDGE POLICE DEPT. has satisfied the statutory data audit requirements as prescribed in Article 2.133(c), Code of Criminal Procedure during the reporting period.

Executed by: blake johnson  
Chief

Date: 01/02/2026

# Total stops: 1132

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## Street address or approximate location of the stop

City street	876
US highway	242
County road	1
State highway	0
Private property or other	13

## Was race or ethnicity known prior to stop?

Yes	12
No	1120

## Race / Ethnicity

Alaska Native / American Indian	1
Asian / Pacific Islander	2
Black	41
White	859
Hispanic / Latino	229

## Gender

<b>Female</b>	<b>451</b>
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Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	16
White	361
Hispanic / Latino	0

<b>Male</b>	<b>681</b>
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Alaska Native / American Indian	1
Asian / Pacific Islander	2
Black	25
White	498
Hispanic / Latino	155

## Reason for stop?

<b>Violation of law</b>	<b>105</b>
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Alaska Native / American Indian	0
Asian / Pacific Islander	1
Black	4
White	82



Hispanic / Latino	18
<b>Preexisting knowledge</b>	<b>7</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	6
Hispanic / Latino	1
<b>Moving traffic violation</b>	<b>856</b>
Alaska Native / American Indian	1
Asian / Pacific Islander	1
Black	32
White	647
Hispanic / Latino	175
<b>Vehicle traffic violation</b>	<b>164</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	5
White	124
Hispanic / Latino	35
<b>Was a search conducted?</b>	
<b>Yes</b>	<b>27</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	24
Hispanic / Latino	3
<b>No</b>	<b>1105</b>
Alaska Native / American Indian	1
Asian / Pacific Islander	2
Black	41
White	835
Hispanic / Latino	226
<b>Reason for Search?</b>	
<b>Consent</b>	<b>6</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	5

Hispanic / Latino	1
<b>Contraband</b>	<b>2</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
<b>Probable</b>	<b>11</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	10
Hispanic / Latino	1
<b>Inventory</b>	<b>4</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	4
Hispanic / Latino	0
<b>Incident to arrest</b>	<b>4</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	4
Hispanic / Latino	0
<b>Was Contraband discovered?</b>	
<b>Yes</b>	<b>17</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	14
Hispanic / Latino	3
<b>No</b>	<b>10</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	10
Hispanic / Latino	0

Did the finding result in arrest?

(total should equal previous column)

Yes	0	No	0
Yes	0	No	0
Yes	0	No	0
Yes	8	No	6
Yes	1	No	2

**Description of contraband**

<b>Drugs</b>	<b>8</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	6
Hispanic / Latino	2
<b>Weapons</b>	<b>1</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	1
Hispanic / Latino	0
<b>Currency</b>	<b>0</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
<b>Alcohol</b>	<b>4</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	3
Hispanic / Latino	1
<b>Stolen property</b>	<b>0</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
<b>Other</b>	<b>4</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	4
Hispanic / Latino	0

**Result of the stop**

<b>Verbal warning</b>	<b>6</b>
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Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	6
Hispanic / Latino	0
<b>Written warning</b>	<b>321</b>
Alaska Native / American Indian	1
Asian / Pacific Islander	0
Black	15
White	259
Hispanic / Latino	46
<b>Citation</b>	<b>787</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	2
Black	26
White	578
Hispanic / Latino	181
<b>Written warning and arrest</b>	<b>2</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	1
Hispanic / Latino	1
<b>Citation and arrest</b>	<b>13</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	12
Hispanic / Latino	1
<b>Arrest</b>	<b>3</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	3
Hispanic / Latino	0
<b>Arrest based on</b>	
<b>Violation of Penal Code</b>	<b>12</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0

Black	0
White	11
Hispanic / Latino	1
<b>Violation of Traffic Law</b>	<b>2</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	2
Hispanic / Latino	0
<b>Violation of City Ordinance</b>	<b>0</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
<b>Outstanding Warrant</b>	<b>4</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	3
Hispanic / Latino	1

**Was physical force resulting in bodily injury used during stop?**

<b>Yes</b>	<b>1</b>
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	1
Hispanic / Latino	0
<b>Resulting in Bodily Injury To:</b>	
Suspect	0
Officer	0
Both	0
<b>No</b>	<b>1131</b>
Alaska Native / American Indian	1
Asian / Pacific Islander	2
Black	41
White	858
Hispanic / Latino	229

**Number of complaints of racial profiling**

Total	0
Resulted in disciplinary action	0
Did not result in disciplinary action	0

**Comparative Analysis**

- Use TCOLE's auto generated analysis ☐
- Use Department's submitted analysis ☐

**Optional Narrative**

N/A

Submitted electronically to the



The Texas Commission on Law Enforcement



BRECKENRIDGE CITY COMMISSION  
AGENDA SUMMARY FORM

**Subject:** Consider approval of Resolution 2026-05 appointing a member to the Board of Adjustments

**Department:** Administration

**Staff Contact:** Jessica Sutter

**Title:** City Secretary

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**BACKGROUND INFORMATION:**

The Board of Adjustments is a seven-member board tasked with conducting public hearings and grants, with or without conditions, or denies variances to the Zoning Codes, including variances from building height and building setback requirements; hears requests and renders decisions regarding special exceptions when applicants propose to expand not-conforming uses; and hears and renders decisions regarding appeals of decision or interpretations of the Building Official.

The Position of Alternate 1 has been vacant and has an expiring term of November 31, 2026. Jessica Cigarroa has agreed to fill the unexpired vacant term. Cigarroa’s application is included in the packet for review.

**FINANCIAL IMPACT:**

N/A

**STAFF RECOMMENDATION:**

Consider approval of Resolution 2026-05 as presented.



**CITY OF BRECKENRIDGE  
BOARD OR COMMISSION  
APPLICATION FOR APPOINTMENT**  
(MUST LIVE WITHIN THE CITY LIMITS)

Name: Jessica Cigarroa		Date Submitted: 1-8-2026	
Home Address: [REDACTED]		Business Address:	
Home Phone: [REDACTED]		Occupation: Postal worker	
E-Mail Address: [REDACTED]		Business Phone:	
Breckenridge Resident for <u>10</u> years.		Fax Phone:	
		Qualified voter: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Are you related to any City Commission Member or City Manager? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, please state the relationship:			
Special knowledge or experience qualifying you for this appointment: real estate student no previous experience but willing to learn			
Boards/Commissions/Committees you have previously served on:		Dates	
None			
Professional and/or Community Activities: <b>BA Psy Txstate University, Current CPM student Txstate, Real estate student, Citizenship Academy graduate, Chamber of Commerce member &amp; Ambassador</b>			
<b>Number in order of preference:</b> We will call and confirm before we appoint			
	Planning and Zoning Commission	1	Board of Adjustments 1
	Housing Authority Board	2	Economic Development Corporation 2

Please complete and return to: City Secretary, City of Breckenridge, 105 N Rose Ave., Breckenridge, TX 76424  
Phone: 254-559-8287      Fax: 254-559-7322      Email: [jsutter@breckenridgetx.gov](mailto:jsutter@breckenridgetx.gov)





## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Consider approval of an Interlocal for Municipal Court Services.

**Department:** Administration

**Staff Contact:** Cynthia

**Title:** City Manager

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### **BACKGROUND INFORMATION:**

In the interest of cooperation, the City of Breckenridge has several interlocal agreements with Stephens County.

This agreement is unchanged from the previous agreement and only renews the terms for a 2-year period.

### **FINANCIAL IMPACT:**

### **STAFF RECOMMENDATION:**

Consider approval of an Interlocal Agreement for Municipal Court Services as presented.

## AMENDED INTERLOCAL AGREEMENT

This Amended Interlocal Agreement (the “Agreement”) is entered on the 1 day of February, 2026 by and between the City of Breckenridge, Texas, a Texas home-rule municipality operating under Article XI, Sec. 5 of the Texas Constitution (the “City”) and Stephens County, a political subdivision of the State of Texas (the “County”).

### RECITALS

**WHEREAS**, the City operates a municipal court pursuant to Section 4.26 of its Charter and Section 29.002 of the Texas Government Code, which has jurisdiction over criminal cases arising under City ordinances and Class C misdemeanors occurring within the City limits;

**WHEREAS**, the County operates a justice court pursuant to Chapter 27 of the Texas Government Code, which has jurisdiction over Class C misdemeanors occurring within the County limits, civil cases in which the amount in controversy is less than \$20,000, cases of forcible entry and detainer, and certain foreclosures and expunction proceedings;

**WHEREAS**, for financial and efficiency purposes, the City and the County wish to coordinate the operation of the municipal and justice courts pursuant to the terms of this Agreement;

**WHEREAS**, to accomplish this purpose, the City and the County entered into an Interlocal Agreement dated January 18, 2022 whereby the County agreed that the Justice of the Peace could serve as the Municipal Court Judge and the Municipal Court offices would be housed in, and operated by, the County, provided that the City would reimburse the County’s expenses for such services on a quarterly basis;

**WHEREAS**, the City and the County wish to continue operating under said Interlocal Agreement, provided that the City begins paying the County a fixed amount for said services, and to coincide the term of the Agreement with the calendar year; and

**WHEREAS**, the City and the County are authorized to enter into an interlocal agreement pursuant to Chapter 791 of the Texas Government Code to cooperate with each other to perform governmental functions and services.

### AGREEMENT

**NOW THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the City and the County agree as follows:

1. Municipal Court Judge.

(a) The City Commission of the City shall appoint the currently serving Justice of the Peace (the “JP”) of the County to serve as the City’s Municipal Court Judge for a two-year term, effective as of February 1, 2022, January 1, 2024, and each January 1<sup>st</sup> of each even numbered year during the term of this Agreement. The County agrees that its JP will serve as the City’s Municipal Court Judge.

(b) The JP, serving as the Municipal Court Judge, shall be responsible for performing those duties customary to the office of Municipal Court Judge, including, but not limited to, magistrates defendants who are charged in the municipal court, issuing seizure warrants, and conducting animal hearings under the Texas Health & Safety Code, and conducting public nuisance hearings under Chapter 4 of the Breckenridge Code of Ordinances.

(c) As the Municipal Court Judge, the County's JP shall be required to complete sixteen (16) hours of training, per year, regarding municipal court powers, functions, and operations. The City shall be responsible for all reasonable costs incurred in completing said training.

(d) Should a different person be elected as the County's JP, the City Commission will remove the previous JP from office and appoint the new JP as the Municipal Court Judge.

(e) The City agrees to pay Six Hundred Dollars (\$600.00) per month, beginning on January 1, 2025, directly to the Municipal Court Judge.

## 2. Court Offices.

(a) On February 1, 2022, the City's Municipal Court offices will relocate to the County's Justice Court offices.

(b) The County shall allow the City to use the phone number and phone system used by the Justice Court and shall be responsible for all costs of the phone service, including, but not limited to, adding additional phone lines as may be necessary for the operation of both Courts. The City shall incur the initial cost, if any, to transfer the Municipal Court's phone and fax lines to Justice Court office.

(c) The County agrees to provide reasonable space for the City's Municipal Court Clerk, as well as all of the Municipal Court records, books, and other equipment or supplies used by the Court.

(d) The City's Municipal Court shall hold hearings and trials in the County's courtroom, and the County agrees to make reasonable accommodations to allow such proceedings to occur.

(e) The County shall be responsible for performing adequate maintenance of the Court offices and shall be responsible for all costs of utilities. The County shall also be responsible for equipping the Court office with adequate furniture.

(f) The City shall reimburse the County, on a quarterly basis, for half the cost of supplies. The County shall provide a detailed statement on the expenses incurred during the quarter.

## 3. Court Recordkeeping and Finances.

(a) The records and files of each the Municipal Court and the Justice Court shall remain separate.

(b) Each Court shall maintain its electronic files on separate computers using the respective Court's current computer system.

(c) The County's JP shall determine the fines and damages for cases filed in the Justice Court, and the JP, serving as the Municipal Court Judge, shall determine the fines for cases filed in the Municipal Court.

(d) All fines, court costs, and damages collected by each Court shall be maintained in separate accounts and not commingled in any way. All fines and court costs collected by the Municipal Court shall be the property of the City. All fines and court costs collected by the Justice Court shall be the property of the County.

#### 4. Court Clerks.

(a) The County's JP shall be responsible for supervising and overseeing the work of each Court Clerk. Discipline of the Justice Court Clerk shall be handled pursuant to the County's policies. Discipline of the Municipal Court Clerk shall be referred to, and handled by, the City's City Manager.

(b) If a new Municipal Court Clerk is hired by the City, the County's JP will be entitled to be involved in the hiring process.

(c) The salary and other employee benefits given to the Municipal Court Clerk shall be the sole responsibility of the City. The salary and other employee benefits given to the Justice Court Clerk shall be the sole responsibility of the County.

(d) Each Court Clerk may assist with tasks for the other Court, as directed by the County's JP. Either Court Clerk may accept and process payment for fines and court costs for either Court's cases.

(e) The Municipal Court Clerk shall attend Municipal Court Clerk training provided by the Texas Municipal Courts Education Center, annually, the cost of which shall be borne by the City. The Justice Court Clerk shall attend Justice Court Clerk training provided by Stephens County, annually, the cost of which shall be borne by the County.

#### 5. Prosecutors.

(a) The City Attorney, or Deputy City Attorney, shall be responsible for prosecution of cases filed with the Municipal Court. The City shall be solely responsible for the costs of the City Attorney or Deputy City Attorney in prosecuting Municipal Court cases.

(b) The County Attorney, or Deputy County Attorney, shall be responsible for prosecution of cases filed with the Justice Court. The County shall be solely responsible for the salary of the County Attorney or Deputy County Attorney.

#### 6. General.

(a) *Term.* The term of this Agreement shall be two years, beginning on February 1, 2026 and ending on January 31, 2028. This Agreement shall automatically renew for additional two-year terms beginning in January of 2028 unless either party provides notice to the other party that it does not wish to renew at least ninety (90) days before the end of the then-current term.

(b) *Nonappropriation of Funds.* Each party will strive to ensure that sufficient amounts are budgeted each year for each party to comply with this Agreement. However, should either party fail to appropriate adequate funds to comply with this Agreement, the party failing to so appropriate shall provide notice to the other party at least ninety (90) days prior to the end of the fiscal year in which funds were budgeted. In such case, this Agreement will terminate at the end of the fiscal year in which funds were budgeted.

(c) *Breach.* If any party fails to comply with any provision of this Agreement, the other party shall send written notice of that fact to the breaching party. The Agreement will terminate if the breach is not cured within thirty (30) days after the date notice is received. A waiver by a party of any breach of this Agreement will not operate as a waiver of any other breach of this Agreement.

(d) *Venue.* All parties agree that exclusive venue for any action arising from this Agreement will lie in the District Court located in Stephens County, Texas.

(e) *Severability.* If any portion of this Agreement is found to be invalid or unenforceable, the remaining provisions will remain in full force and effect and the parties will negotiate in good faith to substitute for such invalid, illegal, or unenforceable provision with a mutually acceptable provision consistent with the original intentions of the parties.

(f) *No Waiver of Defense.* Nothing in this Agreement will be construed to waive, modify, or amend any legal defense available to either party, or any past or present City Commissioners, County Commissioner, officer, agent, or employee, including but not limited to governmental immunity from suit as provided by law.

(g) *Assignment.* This Agreement may not be assigned without the written consent of both parties.

(h) *Independent Contractors.* The parties to this Agreement are independent contractors. No party will have any rights, power, or authority to act or create an obligation, express or implied, on behalf of another party except as specified in this Agreement.

**This Amended Interlocal Agreement was duly approved by the City Commission of the City of Breckenridge on the 3rd day of February, 2026.**

\_\_\_\_\_  
Cynthia Northrop, City Manager

ATTEST:

\_\_\_\_\_  
Jessica Sutter, City Secretary

S E A L

This Amended Interlocal Agreement was duly approved by the Commissioners Court of Stephens County on the \_\_\_\_\_ day of \_\_\_\_\_ 2025.

\_\_\_\_\_  
Michael Roach, County Judge

ATTEST:

\_\_\_\_\_  
Jackie Ensey, County Clerk



## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Consider approval of Resolution 2026-06 continuing membership in the Steering Committee of Cities Served by Oncor and the 2026 assessment.

**Department:** Administration

**Staff Contact:** Cynthia Northrop

**Title:** City Manager

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### **BACKGROUND INFORMATION:**

The City of Breckenridge is a member of a 174-member city coalition known as the Steering Committee of Cities Served by Oncor (Steering Committee). The resolution approves the assessment of a ten cent (\$0.10) per capita fee to fund the activities of the Steering Committee.

The Steering Committee undertakes activities on behalf of municipalities for which it needs funding support from its members. Municipalities have original jurisdiction over the electric distribution rates and services within the city. The Steering Committee has been in existence since the late 1980s. It took on a formal structure in the early 1990s. Empowered by city resolutions and funded by per capita assessments, the Steering Committee has been the primary public interest advocate before the Public Utility Commission, ERCOT, the courts, and the Legislature on electric utility regulation matters for over three decades.

The Steering Committee is actively involved in rate cases, appeals, rulemakings, and legislative efforts impacting the rates charged by Oncor Electric Delivery Company, LLC within the City. Steering Committee representation is also strong at ERCOT. It is possible that additional efforts will be necessary on new issues that arise during the year, and it is important that the Steering Committee be able to fund its participation on behalf of its member cities. A per capita assessment has historically been used and is a fair method for the members to bear the burdens associated with the benefits received from that membership.

### **FINANCIAL IMPACT:**

The annual assessment is \$586.80.

### **STAFF RECOMMENDATION:**

Consider approval of Resolution 2026-06 as presented.



RESOLUTION NO. 2026-06

A RESOLUTION AUTHORIZING CONTINUED PARTICIPATION WITH THE STEERING COMMITTEE OF CITIES SERVED BY ONCOR; AND AUTHORIZING THE PAYMENT OF TEN CENTS PER CAPITA TO THE STEERING COMMITTEE TO FUND REGULATORY AND LEGAL PROCEEDINGS AND ACTIVITIES RELATED TO ONCOR ELECTRIC DELIVERY COMPANY, LLC.

- WHEREAS, the City of Breckenridge is a regulatory authority under the Public Utility Regulatory Act (PURA) and has exclusive original jurisdiction over the rates and services of Oncor Electric Delivery Company, LLC (Oncor) within the municipal boundaries of the city; and
- WHEREAS, the Steering Committee of Cities Served By Oncor (Steering Committee) has historically intervened in Oncor rate proceedings and electric utility related rulemakings to protect the interests of municipalities and electric customers residing within municipal boundaries; and
- WHEREAS, the Steering Committee is participating in Public Utility Commission dockets and projects, as well as court proceedings, and legislative activity, affecting transmission and distribution utility rates; and
- WHEREAS, the City is a member of the Steering Committee; and
- WHEREAS, the Steering Committee functions under the direction of an Executive Committee which sets an annual budget and directs interventions before state and federal agencies, courts and legislatures, subject to the right of any member to request and cause its party status to be withdrawn from such activities; and
- WHEREAS, the Steering Committee at its December 2025 meeting set a budget for 2026 that compels an assessment of ten cents (\$0.10) per capita; and
- WHEREAS, in order for the Steering Committee to continue its participation in these activities which affects the provision of electric utility service and the rates to be charged, it must assess its members for such costs.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BRECKENRIDGE, TEXAS:

## I.

That the City is authorized to continue its membership with the Steering Committee of Cities Served by Oncor to protect the interests of the City of Breckenridge and protect the interests of the customers of Oncor Electric Delivery Company, LLC residing and conducting business within the City limits.

## II.

The City is further authorized to pay its assessment to the Steering Committee of ten cents (\$0.10) per capita based on the population figures for the City shown in the latest TML Directory of City Officials.

## III.

A copy of this Resolution and the assessment payment check made payable to "*Steering Committee of Cities Served by Oncor*" shall be sent to Brandi Stigler, Steering Committee of Cities Served by Oncor, c/o City Attorney's Office, Mail Stop 63-0300, 101 S. Mesquite St., Suite 300, Arlington, Texas 76010.

PRESENTED AND PASSED on this the 3<sup>rd</sup> day of February 2026, by a vote of \_\_\_\_\_ ayes and \_\_\_\_\_ nays at a regular meeting of the City Council of the City of Breckenridge, Texas.

\_\_\_\_\_  
Bob Sims  
Mayor

ATTEST:

\_\_\_\_\_  
Jessica Sutter  
City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Signature  
City Attorney

# 2025 OCSC Newsletter

## 2025 YEAR IN REVIEW ISSUE

This past year was an active one for the Steering Committee of Cities Served by Oncor. This Year in Review edition of the OCSC newsletter highlights significant 2025 events and looks ahead to 2026.



## ONCOR 2025 YEAR IN REVIEW

### Oncor Files 2025 Rate Case Ahead of Schedule; Reaches Settlement with OCSC, Other Parties

The OCSC and other interested parties have reached a settlement with Oncor Electric in a rate case under which the Dallas utility seeks to collect an additional \$834 million annually, or approximately 13 over the company's present revenues of \$6.4 billion.

Although the details have yet to be revealed, a letter was filed with the Public Utility Commission on Nov. 13, 2025, stating a settlement with parties has been reached in principle.

If approved without changes, the utility's initial rate request will add approximately \$7 to monthly bills of 1,000 kilowatt hours of use. According to Oncor, that would represent a 4.7 percent bill increase.

Oncor filed for the base rate change on June 26, which was more than a year ahead of schedule. The company indicated it filed early because of "hyper-growth" in its service territory and because it wants to profit from its investments more quickly.

Oncor's rate filing is based on system-wide financial results for the 12-month test year ending on Dec. 31, 2024. If approved without changes, the added \$834 million would represent a 13 percent increase over current annualized revenues of \$6.4 billion, according to the company.

In mid-November, parties to the pending rate case, including municipal and industry intervenors, notified the Administrative Law Judge of the settlement in principle. However, the formal settlement agreement has not yet been filed with the PUC.

Find more information under Docket No. 58306.



## Decatur, McGregor, and Thorndale Join OCSC in 2025

The Steering Committee of Cities Served by Oncor has added three new members in 2025: the cities of Decatur, McGregor and Thorndale. With these new additions, OCSC now has 174 members.

### Decatur

With a population of about 6,500, this charming town, about 40 miles northwest of Fort Worth, is named for the naval hero Stephen Decatur. In 1857, a post office was opened, and the first school was established in 1857. Decatur's crown jewel, the Wise County Courthouse, was built in 1896. Decatur also is home to one of the largest auto-swap meets in the nation, held every February at the Wise County Fairgrounds on the southern edge of the city. Area attractions also include the 13,000-acre Lake Bridgeport, offering a host of boating activities and prime fishing as well as an 18-hole golf course in Runaway Bay.

### McGregor

Located in McLennan and Coryell counties, near Waco, McGregor has a population of about 5,800. The town is the site of the former Bluebonnet Ordnance Plant that made munitions during World War II. After the war, the site was used by several rocket-making companies. SpaceX now has a rocket engine development and test facility in McGregor.

### Thorndale

With a population of about 1,400, Thorndale is an incorporated community located in Milam and Williamson counties about 40 miles northeast of Austin. Established in 1878, shortly after the construction of an International-Great Northern Railroad line through the area, Thorndale was named by a railroad employee after the area's abundant thorny vegetation—mesquite thorn, prickly pear, and sagebrush.

## PUC, RRC Implement in 2025 New Utility Laws from the 89th Texas Legislature

During the Texas Legislature's 89th regular session, lawmakers filed more than 250 bills relating to electric and gas utility matters. Of the smaller subset of these bills that made it past the finish line, several must now be expanded upon in rulemaking proceedings at state agencies. Meanwhile, other new laws from the 88th session are still undergoing agency implementation. Below, we highlight ongoing and recently completed rulemakings at the PUC.

**HB 145 by Rep. Ken King** relates to wildfire mitigation plans for electric utilities. On November 14, 2025, the PUC adopted new **16 Tex. Admin. Code § 25.60** and amended existing **16 Tex. Admin. Code § 25.231** to implement this new legislation. The new rules will require each electric utility, municipally owned utility, and electric cooperative that owns a transmission or distribution facility in a wildfire risk area to seek PUC approval of a wildfire mitigation plan and subsequently implement the plan. The PUC additionally modified criteria and conditions related to electric utilities' use of self-insurance reserve funds for damages from a wildfire event. The new rule took effect on December 4, 2025. More information is available on the PUC Interchange under Project No. 56789.

**Senate Bill ("SB") 6 by Sen. Phil King and Sen. Charles Schwertner** was a significant multi-faceted piece of utility legislation from the 89th session. The PUC divided the

necessary rulemakings into different projects based on sections of the bill. Under Section 4 of SB 6, large loads (75 megawatts ("MW") or greater) co-locating behind the meter with new generation resources are required to file a net-metering plan with ERCOT. The PUC approved a Proposal for Publication relating to net metering arrangements on September 18, 2025, and stakeholders filed comments throughout October. Proposed **16 Tex. Admin. Code § 25.205** will apply to net metering arrangements involving a large load and an existing generation resource. The rule will also establish criteria for ERCOT's study of a proposed net metering arrangement and prescribe certain procedural steps. More information is available on the PUC Interchange under Project No. 58479.

Section 2 of SB 6 calls for the establishment of criteria for ERCOT to forecast peak demand for large loads. The ERCOT forecast would then be used for transmission planning and evaluation of resource adequacy. The PUC approved a Proposal for Publication relating to large load forecasting criteria on September 18, 2025, and stakeholders filed comments throughout October. Proposed **16 Tex. Admin. Code § 25.370** will identify the criteria a large load customer must satisfy to be included in the load data submitted to ERCOT for developing the load forecasts contemplated under the new law. More information is available on the PUC Interchange under Project No. 58480.

A third SB 6 rulemaking focuses on reevaluation of the Four Coincident Peak (“4CP”) methodology of transmission cost allocation. The 4CP methodology was intended to equitably allocate transmission costs to those who impact system-wide peak demand the most. Any changes to the 4CP methodology could shift transmission cost responsibility among classes of market participants. Since August 2025, PUC Staff has issued multiple sets of questions for stakeholder input under Project No. 58484. While many respondents recognize a need to modify the 4CP methodology, there appears to be little consensus on the most appropriate method for the PUC to adopt.

Another SB 6 rulemaking focuses on establishing standards for interconnecting large load customers in the ERCOT power region in a manner designed to support business development in this state while minimizing the potential for stranded infrastructure costs and maintaining system reliability. The rule will also ensure that a large load customer who is subject to the standards adopted under PURA § 37.0561 contributes to the recovery of the interconnecting electric utility’s costs to interconnect the large load to the utility’s system. This rule is anticipated to be in place by July 2026. More information is available on the PUC Interchange under Project No. 58481.

A final SB 6 rulemaking relates to the PUC requiring ERCOT to develop a reliability service to competitively procure demand reductions from large load customers with a demand of at least 75 MWs to be deployed in the event of an anticipated emergency condition. No filings have been made yet related to this rulemaking, but more information will be available on the PUC Interchange under Project No. 58482.

**SB 231 by Sen. Phil King** reforms a pre-existing statute related to Temporary Emergency Electric Energy Facilities, known as “TEEEF” or colloquially referred to as “mobile generation.” Throughout September 2025, PUC Staff elicited initial and reply comments on proposed amendments to **16 Tex. Admin. Code § 25.56** under Project No. 58392. The draft rule focused on incorporating new guardrails from the amended law, including the process for PUC approval and parameters around mobility, boot-up time, and maximum generating capacity. As of the end of 2025, no final Proposal for Adoption had been published, but we can expect PUC consideration of a final draft rule in the coming months.

In addition to the above rulemakings arising out of the 89th session, the PUC used the latter half of 2025 to continue implementing new and modified laws from the 88th session. Of note is the implementation of **HB 1500 filed by several authors and known as the 2023 Sunset bill**. One

key feature of HB 1500 was the requirement for renewable resources interconnected after January 1, 2027, to be available during certain high risk and emergency intervals. On December 18, 2025, the PUC adopted Firming Program Requirements for Electric Generation Facilities in the ERCOT Region under new **16 Tex. Admin. Code § 25.65**. In addition to establishing electric generation performance requirements, the rule establishes a framework for ERCOT to impose financial penalties and incentives depending on a generation facility’s failure to comply or success in exceeding requirements. There continues to be discussion on how these requirements may interact with other legislative directions on electric market changes. The rule took effect on January 8, 2026. More information is available on the PUC Interchange under Project No. 58198.

HB 1500 additionally teed up a rulemaking on PUC verbal directives requiring ERCOT to take official action. Proposed **new 16 Tex. Admin. Code § 25.368** is meant to codify a statute that prohibits the PUC from verbally directing ERCOT to take an official action – except under limited circumstances. By law, the PUC may direct ERCOT to take an official action only through (1) a contested case; (2) a rulemaking; or (3) a memorandum or written order adopted by a majority vote. The PUC approved a Proposal for Publication relating to Commission directives to ERCOT on November 14, 2025, and stakeholders filed comments in December. More information can be found on the PUC Interchange under Project No. 57883.

The PUC also continues implementing provisions from SB 3, a broad-based law adopted in 2021 in response to that year’s winter emergency that led to statewide power outages. A proposed rule from that 2021 law that remains under consideration relates to the implementation of ERCOT’s Firm Fuel Supply Service, an ERCOT reliability service intended to address reliability during extreme heat and cold weather conditions. The FFSS provides market rewards to generators with on-site fuel. Resources eligible for the service under the authorizing statute, PURA § 39.159, include “on-site fuel storage, dual fuel capability, or fuel supply arrangements to ensure winter performance for several days.” PUC Staff have reviewed rulemaking recommendations filed in the spring by OCSC and other stakeholders, and then on October 23, 2025, proposed **new 16 Tex. Admin. Code § 25.520**. Under the proposed rule, FFSS eligibility would be expanded to include generators with off-site natural gas storage arrangements. More information can be found on the PUC Interchange under Docket No. 58434.



## Oncor to Develop Scores of Planned Transmission Projects

With the emergence of new energy-hungry cryptocurrency mining operations, AI data centers, and hydrogen-related manufacturing plants, ERCOT finds itself experiencing a surge in energy demand like never before. In 2030, for instance, ERCOT foresees peak demand reaching 150 gigawatts. That's about 80 percent more than this year's peak.

This surge will bring new transmission challenges for ERCOT, and to plan for them, the grid operator employs both its traditional Regional Transmission Planning process and a separate Permian Basin Reliability Plan. The PUC has also called for the deployment of massive new 765-kV transmission lines for the first time ever. These ultra-high-capacity systems will complement the smaller 138 kV and 345 kV lines traditionally used to serve the state's transmission network.

ERCOT, in 2025, released a summary of authorized transmission projects from the latest iteration of its Permian Basin Reliability Plan. This summary, which can be found on the PUC website under Project No. 55718, shows that the Oncor electric utility will be the developer for scores of these facilities. Separately, ERCOT has also released maps showing the general locations of anticipated lines both within the Permian Basin and statewide. We have reproduced clarified versions of those maps that you can find on the [OCSC website, here](#). The original maps can be found in a January 2025 ERCOT document found on the PUC website, also under Project No. 55718.

For the most part the exact routes for all these new lines have not been finalized. That process will be handled by the PUC over the next several years through complex "Certificate of Convenience and Necessity" proceedings that pit the state's power needs against the needs of property owners. Transmission providers and stakeholders — such as municipalities and private citizens — can participate in this process.

## Texas Supreme Court in 2025 Dismisses Bulk of Winter Storm Uri Claims

Oncor, CenterPoint and AEP — the state's three largest electric utilities — have prevailed in a Texas Supreme Court case under which the companies were alleged to have acted negligently during widespread blackouts four years ago.

In a June 27, 2025 order, the Texas high court ruled unanimously that the plaintiffs had not provided enough evidence to show purposeful negligence by the utilities when they cut power during Winter Storm Uri. At the time — the storm occurred in February 2021 — the utilities were acting under ERCOT orders.

"The alleged 'nuisance' here is prolonged freezing temperatures during Winter Storm Uri," Justice Debra Lehrmann wrote. "The allegations do not suggest that the utilities created or exacerbated the cold temperatures or affirmatively maintained them. Rather, the plaintiffs complain that the utilities failed to adequately respond to and mitigate the harm caused by those temperatures. That is not a basis for an intentional-nuisance claim."

Similarly, the court ruled against gross negligence claims by the plaintiffs, although the door was left open for plaintiffs to replead those claims at the Harris County multi-district litigation (MDL) court.

The utilities faced hundreds of lawsuits filed by thousands of customers after mass outages during the Uri. Those lawsuits were consolidated into an MDL proceeding. The February 2021 storm outage killed hundreds of Texans, resulted in billions of dollars in damages, and bankrupted several electric companies.

Oncor spokesperson Roxana Rubio expressed satisfaction that the ruling barred plaintiffs from pursuing six of the seven original causes of action they initially alleged, according to media reports. Ms. Rubio also expressed confidence that the case will "be fully dismissed should the plaintiffs attempt to pursue an allegation of gross negligence" under imitations of set by the high court. However, "we recognize this does not lessen the anguish experienced by our customers and by Texans across the state during that time," she said, according to media reports.

CenterPoint said the company "acted quickly to save the electric grid when demand exceeded supply" as it implemented ERCOT's load-shed orders. "If plaintiffs replead, CenterPoint will continue to vigorously defend against plaintiffs' remaining claim in the trial and appellate courts," the company said, according to media reports.



## 2025 Rate-Case Roundup

### Oncor Receives Another DCRF Rate Increase, Fifth Since 2023

Oncor received another interim rate increase under the Distribution Cost Recovery Factor program — its fifth request since June 2023. With this latest filing, under the PUC Doc. No. 57707, the total of approved or proposed DCRF increases for Oncor since the summer of 2023 comes to about \$484 million.

Under this latest request, filed with the PUC on Feb. 15, the company initially proposed to increase revenues by \$107,637,154. Under the final order, approved on April 24, 2025, the increase instead will be \$106,335,049 — or \$1,302,105 less than initially sought by Oncor. Even still, however, the increase remains the second-largest DCRF adjustment since the company received \$152,508,937 under its June 2023 request in PUC Doc. No. 55190.

In the latest filing, the per-customer DCRF charge will increase from \$.004443 per kilowatt hour approved in its most recent DCRF to \$.005772.

The repeated rate hikes are a result of state laws adopted in 2011 and 2023 that created and then modified the DCRF ratemaking process. Under it, transmission and distribution utilities can file for rate increases at the Public Utility Commission to recover capital expenditures on their distribution systems in an expedited fashion.

Under DCRF rules, the PUC reviews the rate requests in an accelerated fashion, and interested parties, such as the Steering Committee of Cities Served by Oncor, can intervene in those reviews. Details of Oncor's four recent rate filings include:

#### **Docket No. 55190**

- Application filed on June 29, 2023.
- Distribution revenue requirement increase requested by utility: \$152,777,465.
- Distribution revenue requirement increase granted: \$152,508,937 (\$268,528 decrease from request).

#### **Docket No. 55525**

- Application filed on September 15, 2023.
- Distribution revenue requirement increase requested by utility: \$56,536,428.
- Distribution revenue requirement increase granted: \$53,536,428 (\$3 million decrease from request).

#### **Docket No. 56306**

- Application filed on March 1, 2024.
- Distribution revenue requirement increase requested by utility: \$81,323,915.
- Distribution revenue requirement increase granted: \$81,323,915.

#### **Docket No. 56963**

- Application filed on August 16, 2024.
- Distribution revenue requirement increase requested by utility: \$90,288,143.
- Distribution revenue requirement increase granted: \$90,288,143.

#### **Docket No. 57707**

- Application filed on Feb. 15, 2025.
- Distribution revenue requirement increase requested by utility: \$107,637,154.
- Distribution revenue requirement increase granted: \$106,335,049 (\$1,302,105 less than requested).

## 2025 Transmission-Only Rate Cases

OCSC defended consumer interests during 2025 in several rate cases filed by major transmission-only electric utilities. Under ERCOT rules, transmission charges are borne by residential, commercial, and industrial customers.

- **Cross Texas Transmission (“CTT”):** CTT filed a statement of intent to change rates and tariffs on Jan. 14, 2025, where it sought a revenue requirement of \$76,506,194, representing an approximately 7.05% increase over its currently approved revenue requirement. Cross Texas also asked for a return on equity (“ROE”) of 10.6 percent. OCSC and other stakeholders conducted discovery and filed testimony. After discussions with Cross Texas and the other parties, all parties reached a settlement agreement resulting in a revenue requirement of \$72,631,149 and ROE of 9.60 percent. The PUC approved the rates, terms, and conditions set forth in the settlement agreement on September 11, 2025. More information can be found under PUC Docket No. 57467.
- **Wind Energy Transmission Texas (“WETT”):** WETT filed a statement of intent to change rates and tariffs on Dec. 3, 2024, seeking a revenue requirement for the provision of electric transmission service in Texas of \$136,602,978, an increase of \$15,949,204 over the utility’s adjusted test year revenues. WETT also requested a return on equity of 10.5 percent. OCSC and other stakeholders conducted discovery and filed direct testimony. After discussions with WETT and the other parties, all parties reached a settlement agreement resulting in a revenue requirement of \$130,631,220 and ROE of 9.6 percent. The PUC approved the rates, terms, and conditions set forth in the settlement agreement on June 20, 2025. More information can be found under PUC Docket No. 57299.
- **Electric Transmission Texas:** On Jan. 31, 2025 Electric Transmission Texas filed an application to change its rates and tariffs. ETT is a transmission-only utility that owns over 2,000 miles of transmission throughout the ERCOT region, including the Lower Rio Grande Valley and the Texas Panhandle. In its application, ETT sought a revenue requirement of approximately \$426.3 million — an increase of \$56.6 million over its test year revenue. In addition, ETT requested a 10.6 percent return on equity. Parties, including the OCSC, entered settlement negotiations over this proposed rate increase and agreed instead on a \$36.3 million decrease. Parties also agreed to a return on equity of 9.6 percent. The PUC adopted the order on Oct. 2. More information can be found under PUC Docket No. 57518.

2026 OCSC Meetings  
March 5  
June 11 — Virtual  
September 10  
December 10 — Virtual

OCSC Officers  
Chair—Molly Shortall  
Secretary—Chuong Phung  
Treasurer—David Johnson

For more questions or concerns regarding any ACSC matter or communication, please contact the following representative, who will be happy to provide assistance:



Thomas L. Brocato  
(512) 322-5857  
tbrocato@lglawfirm.com

Jamie Mauldin  
(512) 322-5890  
jmauldin@lglawfirm.com



## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Discussion and any necessary action regarding annual audit for FY 2024-2025.

**Department:** Administration

**Staff Contact:** Cynthia Northrop

**Title:** City Manager

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**BACKGROUND INFORMATION:**

Our Auditors have completed the annual audit for FY 2024/2025 and will make a presentation.

**FINANCIAL IMPACT:**

\$29,000 (budgeted expense)

**STAFF RECOMMENDATION:**

Consider acceptance of the annual audit 2024/2025.

January 27, 2026

Honorable Mayor and City Commission Members  
City of Breckenridge

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Breckenridge, Texas for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 30, 2025. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Breckenridge, Texas are described in Note 1 to the financial statements. The City changed accounting policies related to compensated absences by adopting Statement of Governmental Standards (GASB Statement) No. 101 Compensated Absences, in 2025 as described in Note 16 to the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated key factors and assumptions used to develop estimates in determining it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements. The attached list of misstatements detected as a result of audit procedures were corrected by management.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the City's financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 27, 2026.

### *Management Consultation with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the Management’s Discussion and Analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, Schedule of Changes in Net Pension Liability and Related ratios – Texas Municipal Retirement System, Schedule of Contributions – Texas Municipal Retirement System, and Schedule of Changes in Total OPEB Liability and Related Ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

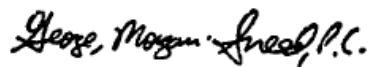
We were engaged to report on the combining fund statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### Restriction on Use

This information is intended solely for the use of the City Commission and management of the City of Breckenridge, Texas, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



GEORGE, MORGAN & SNEED, P.C.



**Client:** CITY OF BRECKENRIDGE  
**Engagement:** City of Breckenridge 2025  
**Current Period:** 09/30/2025  
**Workpaper:** proposed audit adjustments

Account	Description	Debit	Credit	Net Income Effect
<b>GMS01</b>				
To adjust opeb liabilities at year end				
102-1-00-1914	DEFFERED OUTFLOW-TMRS OPEB	0.00	2,411.00	
102-2-00-2083	Deferred Inflow-TMRS OPEB	0.00	771.00	
102-2-00-2082	TMRS OPEB LIABILITY	0.00	6,073.00	
102-5-70-5210	Retirement	1,024.00	0.00	
102-5-71-5210	Retirement	533.00	0.00	
102-5-73-5210	Retirement	2,601.00	0.00	
102-5-74-5210	Retirement	5,097.00	0.00	
103-1-00-1914	DEFERRED OUTFLOW-TMRS OPEB	0.00	1,412.00	
103-2-00-2083	Deferred Inflow-TMRS OPEB	2,400.00	0.00	
103-2-00-2082	TMRS OPEB LIABILITY	7,497.00	0.00	
103-5-77-5210	Retirement	0.00	8,485.00	
104-1-00-1914	Deferred Outflow - TMRS OPEB	39.00	0.00	
104-2-00-2083	Deferred Inflow - TMRS OPEB	0.00	132.00	
104-2-00-2082	TMRS OPEB Liability	0.00	478.00	
104-5-42-5210	Retirement	571.00	0.00	
<b>Total</b>		<b>19,762.00</b>	<b>19,762.00</b>	<b>(1,341.00)</b>

**GMS02**

To adjust net pension liability at year end

102-1-00-1913	Deferred Outflow-Investment Ex	0.00	34,982.00	
102-2-00-2080	Deferred Inflow-Actual Experi	0.00	12,958.00	
102-2-00-2081	Net Pension Liability	18,188.00	0.00	
102-5-70-5210	Retirement	3,290.00	0.00	
102-5-71-5210	Retirement	1,715.00	0.00	
102-5-73-5210	Retirement	8,361.00	0.00	
102-5-74-5210	Retirement	16,386.00	0.00	
103-1-00-1913	Deferred Outflow-Investment Ex	0.00	21,848.00	
103-2-00-2080	Deferred Inflow-Actual Experi	652.00	0.00	
103-2-00-2081	Net Pension Liability	26,828.00	0.00	
103-5-77-5210	Retirement	0.00	5,632.00	
104-1-00-1913	Deferred Outflow-Investment Ex	460.00	0.00	
104-2-00-2080	Deferred Inflow-Actual Experi	0.00	270.00	
104-2-00-2081	Net Pension Liability	0.00	1,018.00	
104-5-42-5210	Retirement	828.00	0.00	
102-1-00-1912	Deferred Outflow of ResoucesCo	0.00	938.00	
102-5-70-5210	Retirement	104.00	0.00	
102-5-71-5210	Retirement	54.00	0.00	
102-5-73-5210	Retirement	263.00	0.00	
102-5-74-5210	Retirement	517.00	0.00	
103-1-00-1912	Deferred Outflow of ResoucesCo	29.00	0.00	
103-5-77-5210	Retirement	0.00	29.00	
104-1-00-1912	Deferred Outflow of ResoucesCo	1,405.00	0.00	
104-5-42-5210	Retirement	0.00	1,405.00	

<b>Total</b>	<b>79,080.00</b>	<b>79,080.00</b>	<b>(24,452.00)</b>
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**GMS03**

To adjust property tax receivable to current year amount.

101-1-00-1207	CURRENT TAXES RECEIVABLE	0.00	116,875.99	
101-1-00-1209	DELINQUENT TAXES RECEIVABLE	119,709.42	0.00	
101-2-00-2051	ALLOW.- UNCOLLECTABLE PROP.	0.00	2,484.53	
101-2-00-2055	DEFERRED TAX REVENUE	0.00	348.90	
198-1-00-1207	Current Taxes Receivable	0.00	38,939.00	
198-1-00-1209	Delinquent Taxes Receivable	36,105.57	0.00	
198-2-00-2051	Allow. for Uncollectable Prope	0.00	783.61	
198-2-00-2055	Deferred Tax Revenue	3,617.04	0.00	
<b>Total</b>		<b>159,432.03</b>	<b>159,432.03</b>	<b>0.00</b>

**GMS04**

To adjust allowances for doubtful accounts.

102-1-00-1290	Allowance for Doubtful Account	0.00	10,245.08	
102-4-00-4201	Water Sales - Metered	10,245.08	0.00	
103-1-00-1290	Allowance for Doubtful Account	0.00	9,125.41	
103-4-00-4209	Waste Water Services	9,125.41	0.00	
104-1-00-1290	Allowance for Doubtful Account	0.00	3,372.29	
104-4-00-4215	Residential/Poly Cart	3,372.29	0.00	
<b>Total</b>		<b>22,742.78</b>	<b>22,742.78</b>	<b>(22,742.78)</b>

**GMS05**

To balance transfers.

103-1-00-1517	Construction in Progress	152,000.00	0.00	
103-4-00-4915	Operating Transfers In	0.00	152,000.00	
<b>Total</b>		<b>152,000.00</b>	<b>152,000.00</b>	<b>152,000.00</b>

**GMS06**

To adjust accrued interest to current year amount.

102-2-00-2029	Accrued Interest Payable Bond	301.23	0.00	
102-5-90-7492	Interest Expense	0.00	301.23	
103-2-00-2029	Accrued Interest Payable Bond	1,095.76	0.00	
103-5-90-7614	Interest Expense	0.00	1,095.76	
<b>Total</b>		<b>1,396.99</b>	<b>1,396.99</b>	<b>1,396.99</b>

**GMS07**

To reclassify copier lease payments according to GASB 87.

103-2-00-2137	Lease Financing Liability	250.49	0.00	
103-2-00-2138	Long Term Lease Financing Liab	542.40	0.00	
103-5-77-7105	Rentals	0.00	823.08	
103-5-77-7135	Lease Financing Interest	30.19	0.00	
102-2-00-2137	Lease Financing Liability	0.00	2,662.79	
102-2-00-2138	Long Term Lease Financing Liab	3,455.68	0.00	
102-5-73-7105	Rentals	0.00	823.08	
102-5-73-7135	Lease Financing Interest	30.19	0.00	
101-5-18-7145	Lease Financing Principal	6,255.48	0.00	
101-5-18-7135	Lease Financing Interest	238.20	0.00	

101-5-18-7105	Rentals	0.00	6,493.68	
101-5-20-7145	Lease Financing Principal	5,113.03	0.00	
101-5-20-7135	Lease Financing Interest	194.69	0.00	
101-5-20-7105	Rentals	0.00	5,307.72	
101-5-24-7145	Lease Financing Principal	2,731.24	0.00	
101-5-24-7135	Lease Financing Interest	104.00	0.00	
101-5-24-7105	Rentals	0.00	2,835.24	
125-1-00-1560	Accum Amort:Right-of-Use Asset	0.00	13,611.00	
125-3-00-3111	Investment in GFA General Fund	13,611.00	0.00	
<b>Total</b>		<b>32,556.59</b>	<b>32,556.59</b>	<b>1,585.78</b>

**GMS08**

To adjust earned but unbilled utility revenue to current year amount.

102-4-00-4201	Water Sales - Metered	322.09	0.00	
102-4-00-4206	Water Sales - TDCJ	3,715.20	0.00	
102-4-00-4212	Water Sales High Mesa	90.00	0.00	
102-4-00-4202	Water Sales - Raw - at Plant	2,280.00	0.00	
102-1-00-1220	Unbilled Water/WasteWater Rece	0.00	6,407.29	
103-4-00-4209	Waste Water Services	19,027.99	0.00	
103-4-00-4207	Waste Water Services - TDCJ	2,181.60	0.00	
103-1-00-1220	Unbilled Water/WasteWater Rece	0.00	21,209.59	
<b>Total</b>		<b>27,616.88</b>	<b>27,616.88</b>	<b>(27,616.88)</b>

**GMS09**

To adjust court receivable to current year amount.

101-1-00-1235	ACCOUNTS RECEIVABLE COURT	59,050.00	0.00	
101-1-00-1236	ALLOWANCE FOR COURT COST	0.00	29,525.00	
101-2-00-2064	DEFERRED COURT COSTS	0.00	29,525.00	
<b>Total</b>		<b>59,050.00</b>	<b>59,050.00</b>	<b>0.00</b>

**GMS10**

To adjust accounts payable

101-2-00-2008	RESTRAINT FINES PAYABLE	81.50	0.00	
101-2-00-2007	COURT COST PAYABLE	13,631.58	0.00	
197-5-43-7231	Street Improvement Purchase	26,100.00	0.00	
102-5-74-5524	Lift Stations Repair By Contra	8,442.50	0.00	
101-5-24-5568	Legal Fees	2,203.25	0.00	
101-5-90-5567	Attorney	4,335.04	0.00	
101-5-20-5718	Law Enforcement Center Utiliti	10,797.25	0.00	
102-5-73-5536	WCTMWD Water	27,378.30	0.00	
101-5-21-5327	Euthanasia Supplies	14.47	0.00	
101-5-21-5333	Minor Equip	19.98	0.00	
101-5-16-5333	Minor Equipment	39.99	0.00	
101-5-20-5305	Office Supplies	65.73	0.00	
101-5-20-5305	Office Supplies	60.98	0.00	
101-2-00-2005	ACCOUNTS PAYABLE	0.00	31,249.77	
102-2-00-2005	Accounts Payable	0.00	35,820.80	
197-2-00-2005	Accounts Payable	0.00	26,100.00	
<b>Total</b>		<b>93,170.57</b>	<b>93,170.57</b>	<b>(79,457.49)</b>

**GMS11**

To adjust general fixed assets.

125-1-00-1517	Construction in Progress	3,601,309.95	0.00	
125-1-00-1517	Construction in Progress	0.00	725,998.76	
125-1-00-1505	Buildings	69,165.00	0.00	
125-1-00-1506	Building Improvements	382,129.76	0.00	
125-1-00-1502	INFRASTRUCTURE	432,768.00	0.00	
125-1-00-1511	Vehicles & Equipment	0.00	148,651.80	
125-1-00-1552	AccDep-Buildings	0.00	34,045.90	
125-1-00-1553	AccDep-Buildings Improvement	0.00	7,288.23	
125-1-00-1551	AccDep-Infrastructure	0.00	172,701.28	
125-1-00-1550	AccDep-Land Improvements	0.00	10,399.92	
125-1-00-1554	AccDep-Vehicles & Equipment	0.00	50,689.62	
125-1-00-1555	AccDep-Furniture/Fixtures	0.00	3,606.66	
125-1-00-1560	Accum Amort:Right-of-Use Asset	0.00	0.00	
125-3-00-3111	Investment in GFA General Fund	0.00	3,331,990.54	
<b>Total</b>		<b>4,485,372.71</b>	<b>4,485,372.71</b>	<b>0.00</b>

**GMS12**

To adjust enterprise funds fixed assets

102-1-00-1517	Construction in Progress	130,700.00	0.00	
102-1-00-1507	Water System	183,728.16	0.00	
102-5-73-7230	SYSTEMS IMPROVE PURCHASE	0.00	41,337.16	
102-5-74-7230	System Improvement Purchase	0.00	142,391.00	
195-5-73-7242	WTP-DWSRF Improvement	0.00	130,700.00	
102-1-00-1550	AccDep-Land Improvements	0.00	759.06	
102-1-00-1556	AccDep-Collection & Distributi	0.00	633,883.61	
102-1-00-1553	AccDep-Buildings Improvement	0.00	19,217.52	
102-1-00-1554	AccDep-Vehicles & Equipment	0.00	22,741.36	
102-1-00-1560	Accum Amort:Right-of-Use Asset	0.00	765.00	
102-5-74-7606	Amort Exp:Right-of-Use Asset	765.00	0.00	
102-5-90-7605	Depreciation Expense	676,601.55	0.00	
103-1-00-1556	AccDep-Collection & Distributi	0.00	227,599.62	
103-1-00-1553	AccDep-Buildings Improvement	0.00	1,587.30	
103-1-00-1554	AccDep-Vehicles & Equipment	0.00	127,973.67	
103-1-00-1560	Accum Amort:Right-of-Use Asset	0.00	765.00	
103-5-77-7606	Amort Exp: Right-of-Use Asset	765.00	0.00	
103-5-90-7605	Depreciation Expense	357,160.59	0.00	
132-1-00-1550	AccDep-Land Improvements	0.00	164.34	
132-1-00-1552	AccDep-Buildings	0.00	4,861.98	
132-5-90-7605	Depreciation Expense	5,026.32	0.00	
<b>Total</b>		<b>1,354,746.62</b>	<b>1,354,746.62</b>	<b>(725,890.30)</b>

**GMS14**

Accrue compensated absences in accordance with new GASB 101.

102-2-00-2084	Compensated Absences Payable	0.00	76,358.57	
102-3-00-3005	Retained Earnings	76,003.27	0.00	
102-5-74-5105	Regular Salaries	355.30	0.00	
103-2-00-2084	Compensated Absences Payable	0.00	20,339.45	
103-3-00-3005	Retained Earnings	19,212.43	0.00	
103-5-77-5105	Regular Salaries	1,127.02	0.00	

104-2-00-2084	Compensated Absences Payable	0.00	1,913.44	
104-3-00-3005	Fund Balance	312.00	0.00	
104-5-42-5105	Regular Salaries	1,601.44	0.00	
<b>Total</b>		<b>98,611.46</b>	<b>98,611.46</b>	<b>(3,083.76)</b>

**GMS15**

To reclassify capital lease payments.

111-4-00-4909	Transfer from Water Fund	344.65	0.00	
111-5-71-7220	Motor Vehicle Purchase	0.00	344.65	
102-5-90-9004	Transfer to Equip. Replacement	0.00	344.65	
102-5-90-7492	Interest Expense	344.65	0.00	
111-5-32-7223	Equipment Purchase	0.00	8,570.00	
111-5-33-7220	Motor Vehicle Purchase	0.00	12,099.00	
111-5-43-7220	Motor Vehicle Purchase	0.00	17,644.75	
111-5-71-7220	Motor Vehicle Purchase	0.00	1,459.91	
111-5-32-7125	LEASE PURCHASE EQUIPMENT	8,850.97	0.00	
111-5-32-7115	INTEREST/L-P EQUIPMENT	296.33	0.00	
111-5-33-7125	LEASE PURCHASE EQUIPMENT	10,805.61	0.00	
111-5-33-7115	INTEREST/L-P EQUIPMENT	361.77	0.00	
111-5-43-7125	LEASE PURCHASE EQUIPMENT	18,828.60	0.00	
111-5-43-7115	INTEREST/L-P EQUIPMENT	630.38	0.00	
112-1-00-1350	Amts to be Provided for Capita	151,889.91	0.00	
112-2-00-2137	Lease Financing Liability	0.00	9,645.31	
112-2-00-2138	Long Term Lease Financing Liab	0.00	142,244.60	
<b>Total</b>		<b>192,352.87</b>	<b>192,352.87</b>	<b>0.00</b>

<b>GRAND TOTAL</b>	<b>6,777,891.50</b>	<b>6,777,891.50</b>	<b>(729,601.44)</b>
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**CITY OF BRECKENRIDGE, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2025**



**CITY OF BRECKENRIDGE, TEXAS**  
Annual Financial Report  
For the year ended September 30, 2025

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**CITY OF BRECKENRIDGE, TEXAS**  
Annual Financial Report  
For the year ended September 30, 2025

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Members of the City Commission  
City of Breckenridge, Texas

### Report on the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Breckenridge, 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, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the governmental activities, business-type activities, 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 cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not

a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 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 judgement, there are conditions or events, considering 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 on pages 4-15, budgetary comparison – general fund, schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule of changes in total OPEB liability and related ratios on pages 52 - 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or

provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

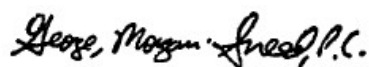
### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprised the other supplementary information 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



George, Morgan & Sneed, P.C.  
Weatherford, Texas  
January 27, 2026



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of The City of Breckenridge, Texas, we offer readers of The City of Breckenridge's financial statements this narrative overview and analysis of the financial activities of The City of Breckenridge for the fiscal year ended September 30, 2025.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Breckenridge exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$29,639,357 (*net position*) compared to net position of \$28,286,568 for the prior year. Unrestricted net position which may be used to meet the City's ongoing obligations to citizens and creditors was \$6,447,219 at year end.
- The City's total net position increased by \$1,711,067. The City's operations increased the governmental activities net position by \$1,332,124 and increased the business-type activities net position by \$378,943.
- As of the close of the current fiscal year, the City of Breckenridge's governmental funds reported combined ending fund balances of \$8,739,143. This compares to an ending fund balance of \$11,125,569 in the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,222,019, or 45% of total general fund expenditures. This compares to an unassigned fund balance of \$1,938,658 in the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report consists of three components 1) management's discussion and analysis, 2) the basic financial statements (government-wide financial statements, fund financial statements and notes to the financial statements) and 3) supplementary information.

#### Government-wide financial statements.

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

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

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

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). All of the City's services are included here, such as general government, public works and safety, and community services in the governmental activities and water, wastewater, and sanitation in the business-type or proprietary activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate component unit: Breckenridge Economic Development Corporation ("BEDC") 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.

The government-wide financial statements can be found on Exhibits A-1 and B-1 of this report.

### **Fund financial statements.**

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

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

All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide a reconciliation that explains the relationship (or differences) between them.

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, debt service fund and general capital projects fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated

presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C-1 through C-4 of this report.

**Proprietary funds.** Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City maintains one type of proprietary funds. The City uses enterprise funds to account for its water, wastewater, sanitation services, and trade day events. The basic proprietary fund financial statements can be found on Exhibits D-1 through D-3 of this report.

**Notes to the financial statements** provide additional information that is necessary for a complete understanding of the data provided in the government-wide and fund financial statements.

**Supplementary information** further explains and supports the information in the financial statements.

### **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 exceeded liabilities by \$29,630,357 as of September 30, 2025.

The largest portion of the City's net position (73%) reflects its investment in capital assets (e.g. land, buildings and improvements, vehicles and equipment, infrastructure and water and wastewater systems); less any related debt used to acquire those assets that is still outstanding. 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, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (6%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position that may be used to meet the government's ongoing obligations to citizens and creditors was \$6,447,219 at the end of the year.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for its governmental and business-type activities and its component unit.

Below is a summary of the City's Statement of Net Position.

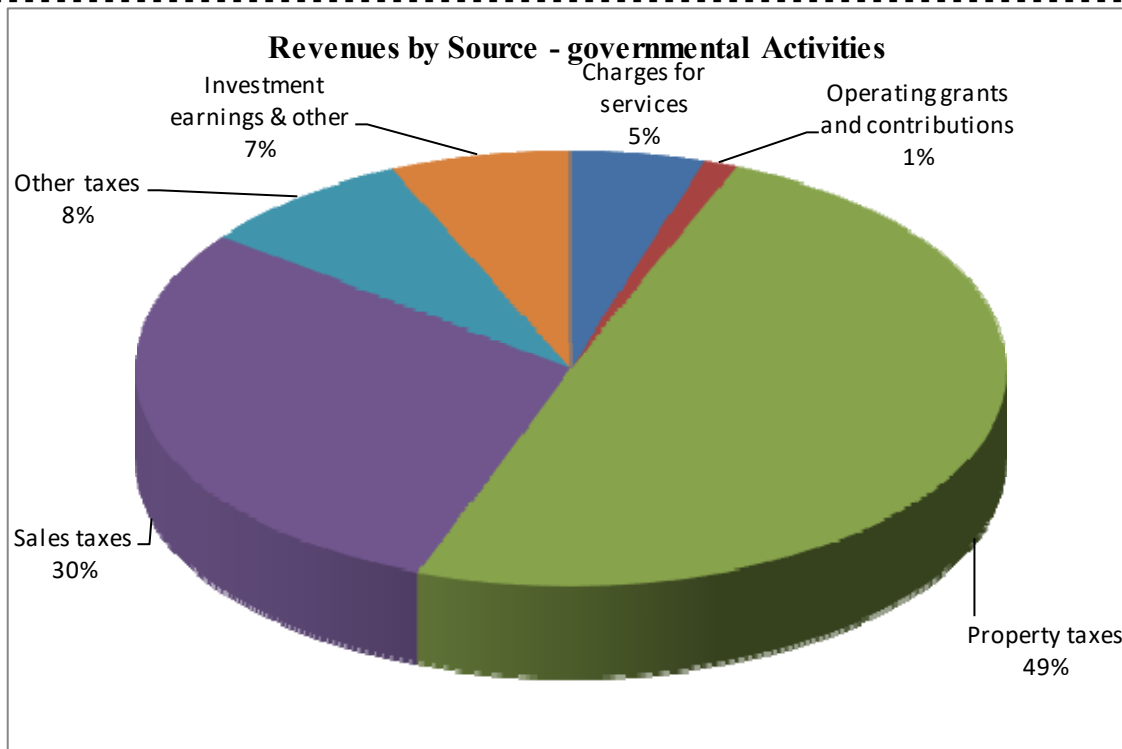
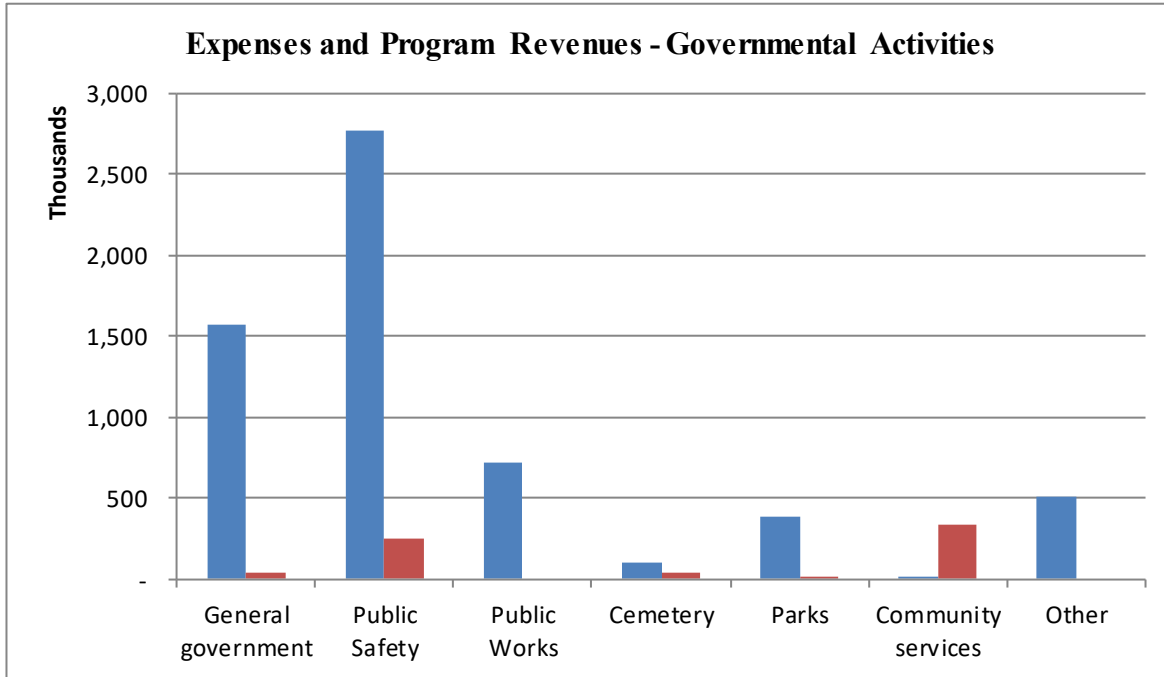
**Condensed Statement of Net Position**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 9,209,341	\$ 11,509,695	\$ 12,619,428	\$ 12,132,870	\$ 21,828,769	\$ 23,642,565
Capital assets	12,924,213	9,676,678	19,365,852	19,980,362	32,290,065	29,657,040
Total Assets	<u>22,133,554</u>	<u>21,186,373</u>	<u>31,985,280</u>	<u>32,113,232</u>	<u>54,118,834</u>	<u>53,299,605</u>
Deferred outflows of resources	<u>304,072</u>	<u>490,625</u>	<u>99,750</u>	<u>159,408</u>	<u>403,822</u>	<u>650,033</u>
Current liabilities	173,376	121,696	2,488,967	2,617,372	2,662,343	2,739,068
Long-term liabilities	12,794,516	13,184,261	9,264,802	9,618,501	22,059,318	22,802,762
Total liabilities	<u>12,967,892</u>	<u>13,305,957</u>	<u>11,753,769</u>	<u>12,235,873</u>	<u>24,721,661</u>	<u>25,541,830</u>
Deferred inflows of resources	<u>121,342</u>	<u>92,023</u>	<u>40,297</u>	<u>29,218</u>	<u>161,639</u>	<u>121,241</u>
Net Position:						
Net investment in capital assets	5,436,290	4,683,767	16,116,145	16,105,584	21,552,435	20,789,351
Restricted	1,639,703	1,231,894	-	-	1,639,703	1,231,894
Unrestricted	2,272,399	2,363,357	4,174,820	3,901,966	6,447,219	6,265,323
Total Net Position	<u>\$ 9,348,392</u>	<u>\$ 8,279,018</u>	<u>\$ 20,290,965</u>	<u>\$ 20,007,550</u>	<u>\$ 29,639,357</u>	<u>\$ 28,286,568</u>

Below is a summary of the City's Statement of Activities.

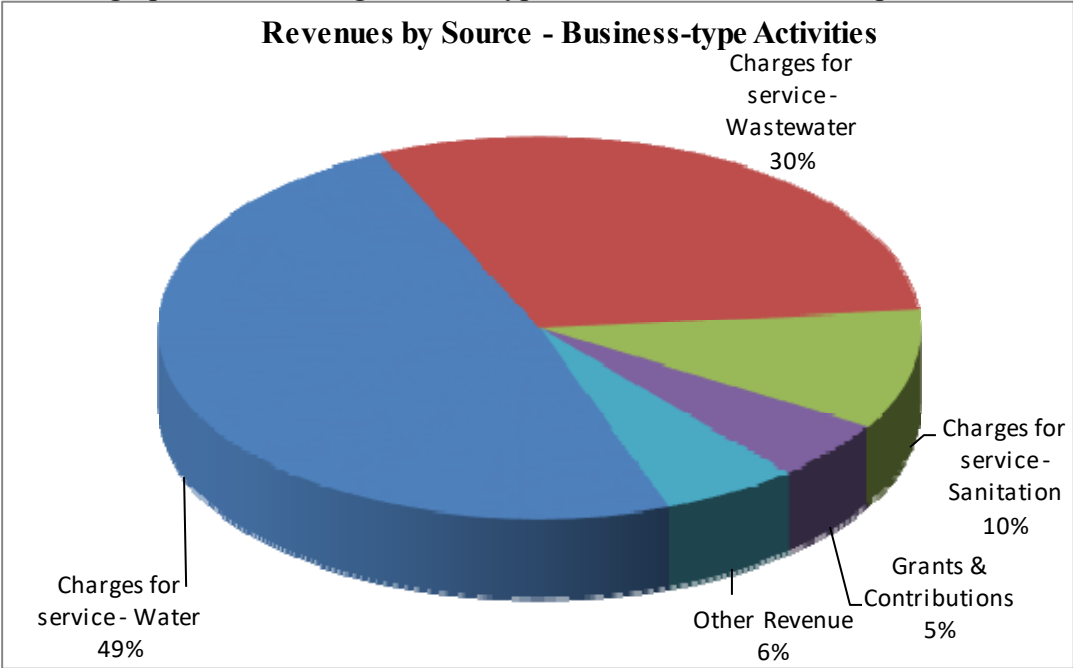
Statement of Activities						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 304,455	\$ 212,934	\$ 4,929,410	\$ 4,997,052	\$ 5,233,865	\$ 5,209,986
Operating grants and contributions	74,993	196,124	-	-	74,993	196,124
Capital grants and contributions	290,343	-	282,700	146,350	573,043	146,350
General revenues:					-	
Property taxes	2,992,857	2,858,721	-	-	2,992,857	2,858,721
Sales and use taxes	1,793,777	1,699,127	-	-	1,793,777	1,699,127
Franchise taxes	440,954	442,287	-	-	440,954	442,287
Hotel motel taxes	44,705	42,369	-	-	44,705	42,369
Investment earnings	306,902	539,254	320,008	378,439	626,910	917,693
Other Revenue	99,777	249,301	-	28,600	99,777	277,901
Total revenues	6,348,763	6,240,117	5,532,118	5,550,441	11,880,881	11,790,558
Expenses						
General government	1,569,510	1,420,492	-	-	1,569,510	1,420,492
Public Safety	2,770,986	2,530,198	-	-	2,770,986	2,530,198
Public Works	721,516	628,804	-	-	721,516	628,804
Health and sanitation	-	-	512,955	528,889	512,955	528,889
Cemetery	100,996	121,786	-	-	100,996	121,786
Parks	391,944	382,730	-	-	391,944	382,730
Community services	14,018	15,486	-	-	14,018	15,486
Tourism	36,320	46,825	-	-	36,320	46,825
Interest on long-term	471,810	450,905	-	-	471,810	450,905
Bond issuance costs	-	-	-	-	-	-
Water and wastewater	-	-	3,574,733	3,429,638	3,574,733	3,429,638
Trade Days	-	-	5,026	5,026	5,026	5,026
Total expenses	6,077,100	5,597,226	4,092,714	3,963,553	10,169,814	9,560,779
Increase (decrease) in net position						
before transfers	271,663	642,891	1,439,404	1,586,888	1,711,067	2,229,779
Transfers	1,060,461	793,046	(1,060,461)	(793,046)	-	-
Increase (decrease) in net position	1,332,124	1,435,937	378,943	793,842	1,711,067	2,229,779
Net Position October 1	8,279,018	6,843,082	20,007,549	19,213,707	28,286,567	26,056,789
Prior Period Adjustment	(262,750)	-	(95,527)	-	(358,277)	-
Net Position September 30	\$ 9,348,392	\$ 8,279,019	\$ 20,290,965	\$ 20,007,549	\$ 29,639,357	\$ 28,286,568

**Governmental Activities.** Governmental activities increased the City's net position by \$1,332,124 in the current year. Total governmental activities revenues increased by \$108,645. Property taxes increased \$134,136 due to a \$16 million increase in property values and decrease of \$0.01 of tax rate. Total governmental activities expenses increased \$479,873 (9%). The largest increase was salaries and benefits in public safety due to being closer to full staff. Below are two graphs summarizing governmental revenue and expense:

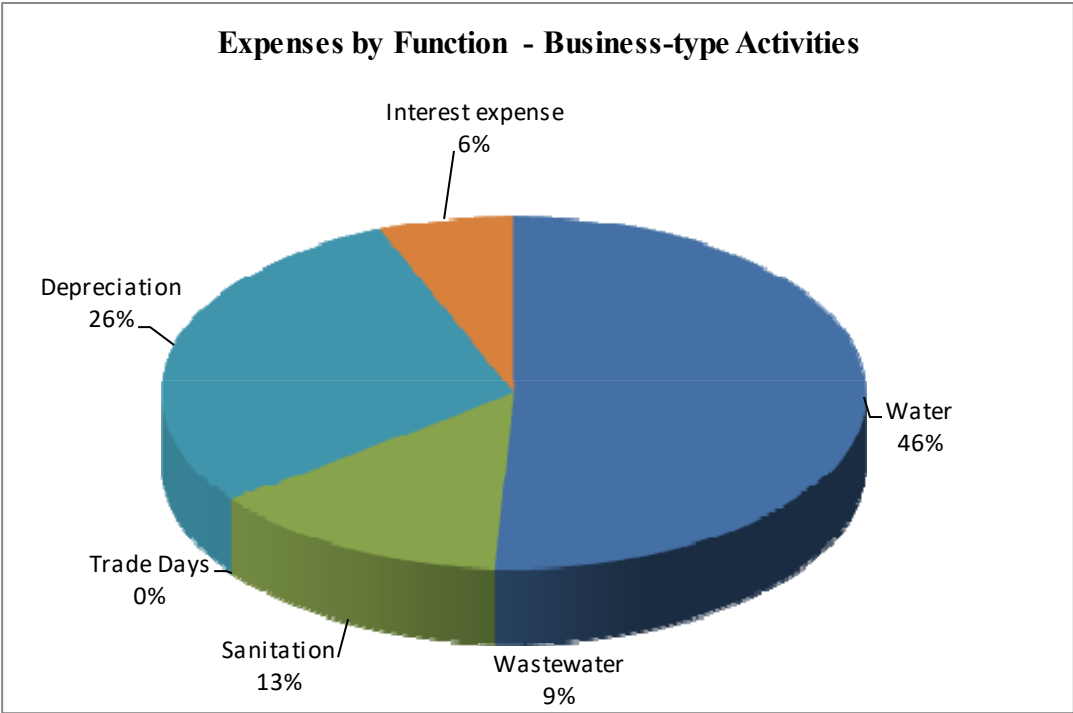


**Business-type activities.** Business-type activities increased the City’s net position by \$378,943. The business-type activities total revenues decreased \$18,323 and total expenses increased \$129,161. Charges for service decreased \$67,692 primarily because less gallons of water were sold. Capital grants and contributions increased \$136,356. The largest increase in expenses was depreciation expense.

Below are two graphs summarizing business-type activities revenue and expense:



\*\*\*\*\*





## Financial Analysis of the Government's Funds

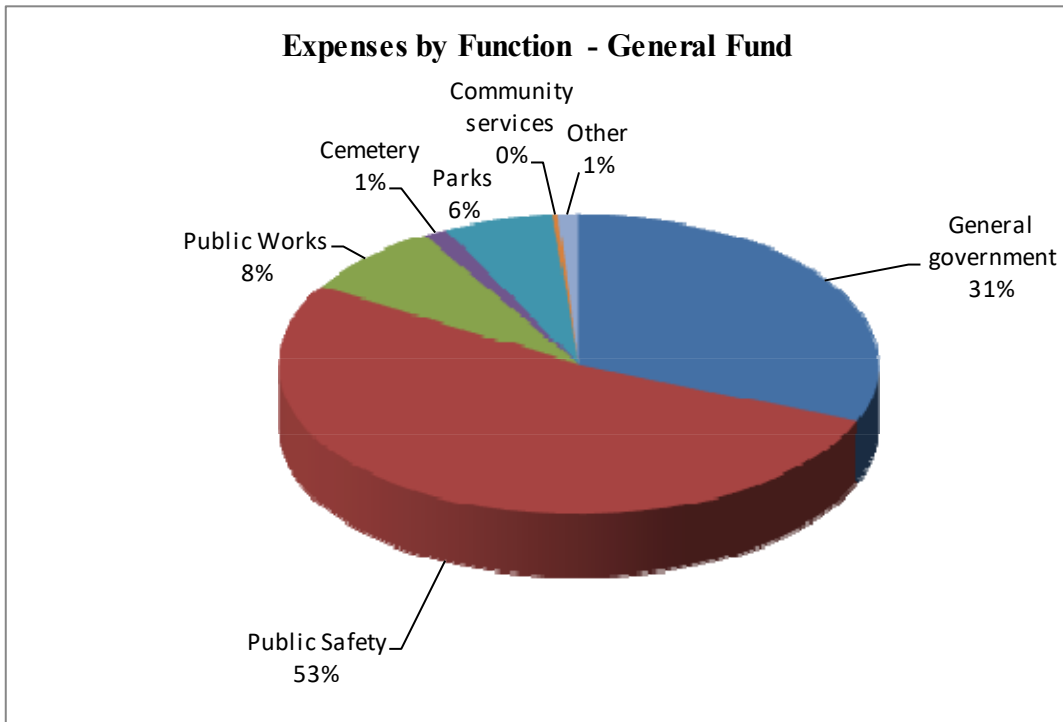
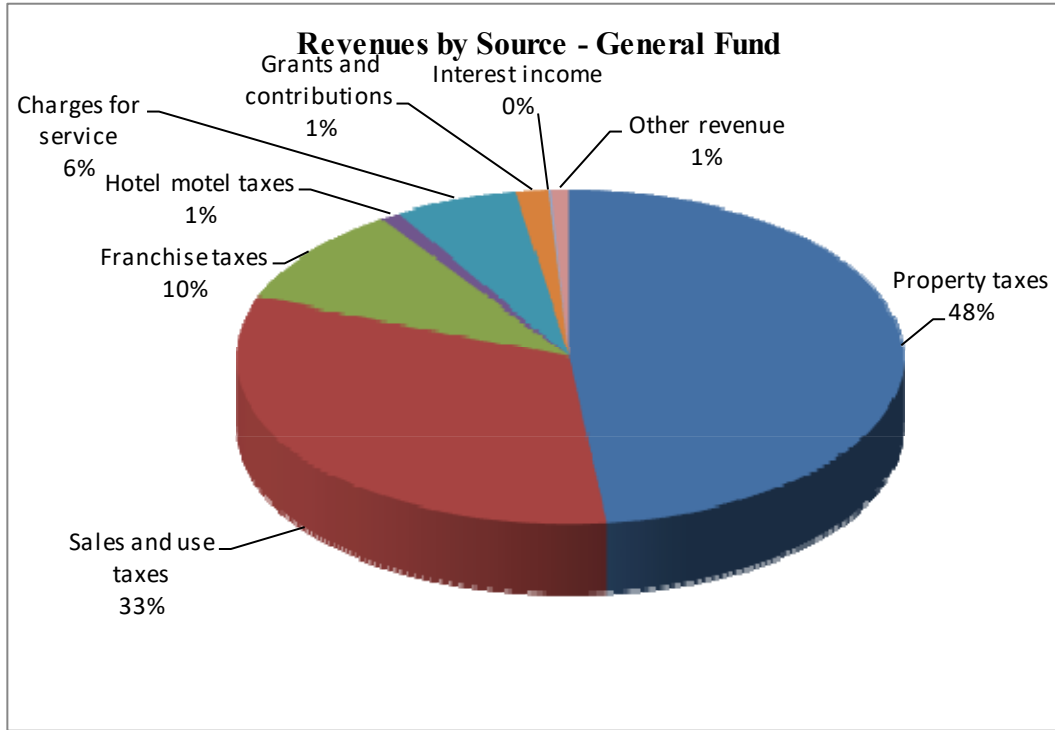
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances 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.

At year end, the City's governmental funds reported combined ending fund balances of \$8,739,143. \$2,222,019 (25%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either restricted, committed or assigned. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,222,019. Below is a comparison of the general fund's net change in fund balance for 2025 and 2024.

	2025	2024	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Taxes:				
Property taxes	\$ 2,208,344	\$ 2,171,466	\$ 36,878	1.70%
Sales and use tax	1,495,878	1,416,918	78,960	5.57%
Franchise	440,954	442,287	(1,333)	-0.30%
Hotel motel taxes	44,705	42,369	2,336	5.51%
Charges for service	274,931	212,934	61,997	29.12%
Grants and contributions	70,599	73,215	(2,616)	-3.57%
Interest income	5,873	5,069	804	15.86%
Other revenue	40,525	44,716	(4,191)	-9.37%
Total revenues	<u>4,581,809</u>	<u>4,408,974</u>	<u>172,835</u>	<u>3.92%</u>
Expenditures:				
Current				
General government	1,523,763	1,340,034	183,729	13.71%
Public Safety	2,573,914	2,366,507	207,407	8.76%
Public Works	385,258	393,894	(8,636)	-2.19%
Cemetery	63,454	78,254	(14,800)	-18.91%
Parks	293,061	292,989	72	0.02%
Community services	14,018	14,594	(576)	-3.95%
Tourism	36,320	46,825	(10,505)	-22.43%
Debt service:				
Principal	14,099	13,670	429	3.14%
Interest and fiscal charges	537	967	(430)	-44.47%
Total expenditures	<u>4,904,424</u>	<u>4,547,734</u>	<u>356,690</u>	<u>7.84%</u>
Other financing sources (uses):				
Insurance recoveries	3,796	42,012	(38,216)	-90.96%
Proceeds Sale of Assets	4,260	75,042	(70,782)	100.00%
Transfers in	935,000	595,000	340,000	57.14%
Transfers out	<u>(337,034)</u>	<u>(181,034)</u>	<u>(156,000)</u>	<u>-100.00%</u>
Net change in fund balances	\$ <u>283,407</u>	\$ <u>392,260</u>	\$ <u>(38,071)</u>	\$ <u>-9.71%</u>

Below are two graphs summarizing general fund revenue and expenditures.



**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water Fund, Wastewater Fund, Sanitation Fund, and Trade Days Fund at the end of the year amounted to \$4,174,820. The total change in net position was \$378,943. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

During the year, the City amended its budget. General fund budgeted revenues increased \$146,933. Actual revenues were \$28,137 more than budgeted. Budget amendments increased expenditures \$94,913. Actual expenditures of the general fund were \$250,916 less than budgeted.

### Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2025, amounts to \$32,290,063 (net of accumulated depreciation). Major capital asset events during the current fiscal year included the following:

#### Governmental Activities:

- \$3,251,950 for street improvements
- \$20,412 for facilities improvements
- \$328,948 for downtown revitalization

#### Business-type activities:

- \$152,000 and \$130,700 engineering for wastewater and water projects, respectively

### The City of Breckenridge's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 194,585	\$ 194,785	\$ 193,297	\$ 193,297	\$ 387,882	\$ 388,082
Construction in progress	4,074,766	1,199,455	546,500	263,800	4,621,266	1,463,255
Land Improvements	-	-	27,812	28,735	27,812	28,735
Buildings and improvements	805,745	466,259	266,601	292,268	1,072,346	758,527
Water and sewer systems	-	-	17,647,096	18,324,852	17,647,096	18,324,852
Infrastructure	6,824,106	6,602,242	-	-	6,824,106	6,602,242
Vehicles and equipment	355,746	460,413	552,226	702,941	907,972	1,163,354
Intangible right-to-use equipment	669,265	753,720	132,320	174,470	801,585	928,190
Total	<u>\$ 12,924,213</u>	<u>\$ 9,676,874</u>	<u>\$ 19,365,852</u>	<u>\$ 19,980,363</u>	<u>\$ 32,290,065</u>	<u>\$ 29,657,237</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

## Long-Term Debt

### City of Breckenridge's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Financed Purchases	\$ -	\$ 61,460	\$ 381,196	\$ 451,211	\$ 381,196	\$ 512,671
Lease Financing Payable	699,838	763,956	140,928	179,282	840,766	943,238
Certificates of Obligation	11,001,000	11,339,000	8,494,000	8,793,000	19,495,000	20,132,000
Total	<u>\$ 11,700,838</u>	<u>\$ 12,164,416</u>	<u>\$ 9,016,124</u>	<u>\$ 9,423,493</u>	<u>\$ 20,716,962</u>	<u>\$ 21,587,909</u>

No direct funded debt limitation is imposed on the City under current state law or the City's Home Rule Charter. More detailed information about the City's debt is presented in the notes to the Financial Statements.

### Economic factors and the Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2026 budget, tax rate, and fees that will be charged for the governmental and business-type activities. The major factor affecting all decisions is the changing economy within the framework of the national economic recovery. Along with the rest of the nation, Breckenridge only saw a minimal increase in sales and hotel occupancy taxes. In addition, the local oil and gas industry continues to struggle and remains very volatile. Based on these two factors, sales tax projections remained flat for the fiscal year 2026 budget.

The City prides itself on a quality school district and "hometown" atmosphere. The Breckenridge Economic Development Corporation (BEDC) works to attract businesses with relocation incentives as well as business retention incentives such as workforce training opportunities in coordination with the school district and Texas State Technical College. The BEDC receives one-fourth of the sales tax collected and remitted to the City to support these growth and development initiatives. The City of Breckenridge considered these factors when adopting the General Fund budget for fiscal year 2026. The budgeted revenues for fiscal year 2026 total \$5,606,124 for the General Fund, which is a \$274,385 or 5.14% increase from the previous fiscal year budget. Ad valorem tax revenue is determined by two factors – the total assessed value established by the Stephens County Appraisal District and the tax rate established by the Breckenridge City Commission. The property tax rate for the budgeted year decreased by 0.01 cents to \$1.02893 per hundred dollars of assessed value for 2025. Certified taxable property value is \$312,124,764. This is a 4.26% increase over the last year's values, or \$12 million.

**Request for Information**

This financial report is designed to provide our citizens, taxpayers, customers and all investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, you may contact the City Offices at 105 North Rose Avenue or by telephone at 254-559-8287.

Readers can find separately issued financial statements for the Breckenridge Economic Development Corporation at the Chamber of Commerce, 100 East Elm Street, Breckenridge, Texas 76424.

## **BASIC FINANCIAL STATEMENTS**

## EXHIBIT A-1

CITY OF BRECKENRIDGE, TEXAS  
Statement of Net Position  
September 30, 2025

	Primary Government			Component Unit
	Governmental	Business-type		Breckenridge
	Activities	Activities	Total	Economic
				Development
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,449,258	\$ 3,715,845	\$ 7,165,103	\$ 870,201
Investments	5,063,207	-	5,063,207	-
Receivables (Net of allowances for uncollectibles)				
Property taxes	195,915	-	195,915	-
Other taxes	426,664	-	426,664	103,867
Accounts	23,794	516,356	540,150	-
Miscellaneous	50,503	-	50,503	350,482
Internal Balances	-	-	-	-
Supplies inventory	-	182,918	182,918	-
Restricted assets:				
Cash and cash equivalents	-	8,204,309	8,204,309	-
Notes receivable	-	-	-	762,201
Capital assets (net of accumulated depreciation):				
Non-depreciable assets	4,269,351	739,797	5,009,148	29,466
Depreciable assets	8,654,862	18,626,055	27,280,917	65,777
Land held for economic development, at cost				1,918,128
<b>Total Assets</b>	<b>22,133,554</b>	<b>31,985,280</b>	<b>54,118,834</b>	<b>4,100,122</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred outflow related to TMRS pension	292,179	95,800	387,979	-
Deferred outflow related to TMRS OPEB	11,893	3,950	15,843	-
<b>Total Deferred Outflows of Resources</b>	<b>304,072</b>	<b>99,750</b>	<b>403,822</b>	<b>-</b>
<b>LIABILITIES:</b>				
Accounts Payable	97,903	167,707	265,610	-
Accrued Payroll	52,943	17,103	70,046	-
Due to other governments	3,970	-	3,970	-
Unearned Revenue	-	1,993,729	1,993,729	-
Current Liabilities Payable from Restricted Assets:				
Interest payable	18,560	15,897	34,457	-
Customer deposits	-	294,531	294,531	-
Noncurrent liabilities:				
Due within one year	639,507	436,176	1,075,683	-
Due in more than one year	12,155,009	8,828,626	20,983,635	-
<b>Total Liabilities</b>	<b>12,967,892</b>	<b>11,753,768</b>	<b>24,721,661</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred inflow related to TMRS pension	80,950	26,882	107,832	-
Deferred inflow related to TMRS OPEB	40,392	13,415	53,807	-
Deferred inflows - leases	-	-	-	350,482
<b>Total Deferred Inflows of Resources</b>	<b>121,342</b>	<b>40,297</b>	<b>161,639</b>	<b>350,482</b>
<b>NET POSITION:</b>				
Net Investments in Capital Assets	5,436,290	16,116,145	21,552,435	95,243
Restricted Net Position (Expendable)				
Restricted for USDA loan program	-	-	-	450,144
Debt service	336,359	-	336,359	-
Property tax reduction	17,723	-	17,723	-
Public safety	21,876	-	21,876	-
Public works	604,151	-	604,151	-
Cemetery	650,900	-	650,900	-
Parks	8,694	-	8,694	-
Unrestricted Net Position	2,272,399	4,174,820	6,447,219	3,204,253
<b>Total Net Position</b>	<b>\$ 9,348,392</b>	<b>\$ 20,290,965</b>	<b>\$ 29,639,357</b>	<b>\$ 3,749,640</b>

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



CITY OF BRECKENRIDGE, TEXAS  
Statement of Activities  
For the Year Ended September 30, 2025

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 1,569,510	\$ 41,023	\$ -	\$ -
Public Safety	2,770,986	242,077	8,474	-
Public Works	721,516	-	-	-
Cemetery	100,996	20,155	16,333	-
Parks	391,944	1,200	628	-
Community services	14,018	-	49,558	290,343
Tourism	36,320	-	-	-
Interest on long-term debt	471,810	-	-	-
Total governmental activities	<u>6,077,100</u>	<u>304,455</u>	<u>74,993</u>	<u>290,343</u>
Business-type activities:				
Water and wastewater	3,574,733	4,375,154	-	282,700
Sanitation	512,955	554,256	-	-
Trade Days	5,026	-	-	-
Total business-type activities	<u>4,092,714</u>	<u>4,929,410</u>	<u>-</u>	<u>282,700</u>
Total primary government	\$ <u>10,169,814</u>	\$ <u>5,233,865</u>	\$ <u>74,993</u>	\$ <u>573,043</u>
<b>Component Unit</b>				
Governmental activities:				
General administration	\$ 188,630	\$ -	\$ -	\$ -
Economic development	687,125	-	-	-
Community development	59,187	-	-	-
Total component unit	\$ <u>934,942</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

General Revenues:

Taxes:

Property Taxes, levied for general purposes

Property Taxes, levied for debt service

Sales and Use Taxes

Rental Income

Franchise Taxes

Hotel Motel Taxes

Investment Earnings

Other Revenue

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position October 1, 2024

Prior Period Adjustment

Net Position September 30, 2025

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

## EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Breckenridge Economic Development
\$ (1,528,487)	\$ -	\$ (1,528,487)	\$ -
(2,520,435)	-	(2,520,435)	-
(721,516)	-	(721,516)	-
(64,508)	-	(64,508)	-
(390,116)	-	(390,116)	-
325,883	-	325,883	-
(36,320)	-	(36,320)	-
(471,810)	-	(471,810)	-
<u>(5,407,309)</u>	<u>-</u>	<u>(5,407,309)</u>	<u>-</u>
-	1,083,121	1,083,121	-
-	41,301	41,301	-
-	(5,026)	(5,026)	-
<u>-</u>	<u>1,119,396</u>	<u>1,119,396</u>	<u>-</u>
<u>\$ (5,407,309)</u>	<u>\$ 1,119,396</u>	<u>\$ (4,287,913)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (188,630)
-	-	-	(687,125)
-	-	-	(59,187)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (934,942)</u>
\$ 2,210,829	\$ -	\$ 2,210,829	\$ -
782,028	-	782,028	-
1,793,777	-	1,793,777	597,117
-	-	-	149,238
440,954	-	440,954	-
44,705	-	44,705	-
306,902	320,008	626,910	68,756
99,777	-	99,777	55,626
1,060,461	(1,060,461)	-	-
<u>6,739,433</u>	<u>(740,453)</u>	<u>5,998,980</u>	<u>870,737</u>
1,332,124	378,943	1,711,067	(64,205)
8,279,018	20,007,549	28,286,567	3,813,845
(262,750)	(95,527)	(358,277)	-
<u>\$ 9,348,392</u>	<u>\$ 20,290,965</u>	<u>\$ 29,639,357</u>	<u>\$ 3,749,640</u>

## EXHIBIT C-1

CITY OF BRECKENRIDGE, TEXAS  
Balance Sheet  
Governmental Funds  
September 30, 2025

	General Fund	General Debt Service Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Assets:					
Cash and cash equivalents	\$ 2,038,319	\$ 354,919	\$ 194,187	\$ 861,833	\$ 3,449,258
Investments	-	-	4,412,307	650,900	5,063,207
Receivables (Net of allowances)					
Property taxes	143,793	52,122	-	-	195,915
Other taxes	374,730	-	-	51,934	426,664
Accounts	23,794	-	-	-	23,794
Miscellaneous	50,503	-	-	-	50,503
Total assets	<u>\$ 2,631,139</u>	<u>\$ 407,041</u>	<u>\$ 4,606,494</u>	<u>\$ 1,564,667</u>	<u>\$ 9,209,341</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 71,224	\$ -	\$ 26,100	\$ 579	\$ 97,903
Accrued payroll	52,943	-	-	-	52,943
Due to other funds	-	-	-	-	-
Due to other governments	3,970	-	-	-	3,970
Total liabilities	<u>128,137</u>	<u>-</u>	<u>26,100</u>	<u>579</u>	<u>154,816</u>
Deferred inflows of resources:					
Deferred property tax	143,794	52,122	-	-	195,916
Other deferred revenue	119,466	-	-	-	119,466
Total deferred inflows of resources	<u>263,260</u>	<u>52,122</u>	<u>-</u>	<u>-</u>	<u>315,382</u>
Fund Balances:					
Restricted fund balance	17,723	354,919	4,580,394	1,285,621	6,238,657
Committed fund balance	-	-	-	278,467	278,467
Unassigned Fund Balance	2,222,019	-	-	-	2,222,019
Total fund balances	<u>2,239,742</u>	<u>354,919</u>	<u>4,580,394</u>	<u>1,564,088</u>	<u>8,739,143</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,631,139</u>	<u>\$ 407,041</u>	<u>\$ 4,606,494</u>	<u>\$ 1,564,667</u>	<u>\$ 9,209,341</u>

**EXHIBIT C-2**

CITY OF BRECKENRIDGE, TEXAS  
Reconciliation of the Governmental Funds Balance Sheet  
To the Statement of Net Position  
September 30, 2025

Total Fund Balances - Governmental Funds	8,739,143
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of these assets was \$18,570,108 and the accumulated depreciation was \$5,645,895.	12,924,213
Long-term liabilities, including \$274,346 compensated absences payable, \$699,837 lease financing payable and \$11,368,471 certificates of obligation bonds are not due and payable in the current period and, therefore are not reported as liabilities in the fund financial statements.	(12,342,654)
Some liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the statement of net position. Including interest payable results in a decrease to net position.	(18,560)
Property taxes, franchise taxes, and municipal court fines and fees are not available soon enough to pay for the current period's expenditures and therefore are deferred inflows of resources in the fund financial statements.	315,382
Included in the items related to noncurrent liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of \$305,589 , a Deferred Resource Inflow related to pensions in the amount of \$80,950, and a Deferred Resource Outflow related to pensions in the amount of \$292,179. This results in a decrease in Net Position.	(94,360)
Included in the items related to noncurrent liabilities is the recognition of the City's total OPEB liability required by GASB 75 in the amount of \$146,274, Deferred Resource Inflow related to OPEB in the amount of \$40,392, and a Deferred Resource Outflow related to OPEB in the amount of \$11,893. This results in a decrease in Net Position.	(174,772)
Net Position of Governmental Activities	9,348,392

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

## EXHIBIT C-3

CITY OF BRECKENRIDGE, TEXAS  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the year ended September 30, 2025

	General Fund	General Debt Service Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property taxes	\$ 2,208,344	\$ 781,244	\$ -	\$ -	\$ 2,989,588
Sales and use tax	1,495,878	-	-	297,899	1,793,777
Franchise	440,954	-	-	-	440,954
Hotel motel taxes	44,705	-	-	-	44,705
Charges for service	274,931	-	-	-	274,931
Grants and contributions	70,599	-	290,343	4,394	365,336
Investment earnings	5,873	1,194	258,632	41,203	306,902
Other revenue	40,525	-	-	3,420	43,945
Total revenues	<u>4,581,809</u>	<u>782,438</u>	<u>548,975</u>	<u>346,916</u>	<u>6,260,138</u>
Expenditures:					
Current					
General government	1,523,763	-	-	-	1,523,763
Public Safety	2,573,914	-	-	3,518	2,577,432
Public Works	385,258	-	-	63,794	449,052
Cemetery	63,454	-	-	20,982	84,436
Parks	293,061	-	23,000	1,595	317,656
Community services	14,018	-	-	-	14,018
Tourism	36,320	-	-	-	36,320
Capital Outlay	-	-	3,604,410	180,557	3,784,967
Debt service:					
Principal	14,099	338,000	-	203,705	555,804
Interest and fiscal charges	537	454,061	-	57,036	511,634
Total expenditures	<u>4,904,424</u>	<u>792,061</u>	<u>3,627,410</u>	<u>531,187</u>	<u>9,855,082</u>
Excess (deficiency) of revenue over (under) expenditures	\$ <u>(322,615)</u>	\$ <u>(9,623)</u>	\$ <u>(3,078,435)</u>	\$ <u>(184,271)</u>	\$ <u>(3,594,944)</u>
Other financing sources (uses):					
Lease Financing	-	-	-	92,412	92,412
Insurance recoveries	3,796	-	-	1,600	5,396
Proceeds Sale of Assets	4,260	-	-	45,989	50,249
Transfers in	935,000	159,686	75,000	227,809	1,397,495
Transfers out	<u>(337,034)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(337,034)</u>
Net change in fund balances	283,407	150,063	(3,003,435)	183,539	(2,386,426)
Fund balance, October 1, 2024	<u>1,956,335</u>	<u>204,856</u>	<u>7,583,829</u>	<u>1,380,549</u>	<u>11,125,569</u>
Fund balance, September 30, 2025	\$ <u><u>2,239,742</u></u>	\$ <u><u>354,919</u></u>	\$ <u><u>4,580,394</u></u>	\$ <u><u>1,564,088</u></u>	\$ <u><u>8,739,143</u></u>

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

**EXHIBIT C-4**

CITY OF BRECKENRIDGE, TEXAS  
Reconciliation of Statement of Revenues,  
Expenditures and Changes in Fund Balances of  
The Governmental Funds to the Statement of Activities  
For the Year Ended September 30, 2025

Total Net Change in Fund Balances - Governmental Funds	(2,386,426)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including \$3,781,124 of capital outlays and \$555,804 of debt principal payments is to increase net position.	4,336,928
Depreciation and amortization is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation and amortization is to decrease net position.	(533,589)
Current year lease financing are other financing sources in the fund financial statements. The increase in long-term debt is a decrease in net position.	(92,226)
Current year compensated absences and amortization premiums of the governmental fund are not due and payable in the current period, therefore are not reported as liabilities in the funds. The changes in these balances decrease net position.	26,631
Current year interest payable of the governmental funds is not due and payable in the current period and, therefore is not reported as a liability in the funds. The increase in interest payable decreases net position.	1,598
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds.	32,794
GASB 68 required the City to recognize their net pension liability, deferred resource inflow related to pension, and deferred resource outflow related to pension. The changes in these balances decreased net pension.	(59,588)
GASB 75 requires the City to recognize their OPEB liability and deferred resource outflow related to OPEB. The changes in these balances decreased net pension.	6,002
Change in Net Position of Governmental Activities	1,332,124

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

## Exhibit D-1

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

	Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Nonmajor Fund	Totals
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 1,817,664	\$ 1,821,867	\$ 36,687	\$ 39,627	\$ 3,715,845
Receivables (Net of allowances):					
Accounts	308,882	165,598	41,876	-	516,356
Miscellaneous	-	-	-	-	-
Due from other funds	-	-	-	-	-
Supplies inventory	182,918	-	-	-	182,918
Restricted Assets:					
Cash and cash equivalents	3,895,938	4,308,371	-	-	8,204,309
Total current assets	6,205,402	6,295,836	78,563	39,627	12,619,428
Noncurrent Assets:					
Capital assets, at cost:					
Land and land improvements	165,068	22,289	39,000	18,382	244,739
Construction in progress	279,000	267,500	-	-	546,500
Buildings and improvements	993,146	108,363	-	209,322	1,310,831
Water system	21,121,496	-	-	-	21,121,496
Wastewater system	-	10,079,274	-	-	10,079,274
Vehicles and equipment	404,655	866,654	-	-	1,271,309
Intangible Right-to-Use - Leased Equipment	206,674	3,572	-	-	210,246
Less: accumulated depreciation and amortization	(10,634,271)	(4,732,060)	-	(52,214)	(15,418,545)
Capital assets, net	12,535,768	6,615,592	39,000	175,490	19,365,850
Total noncurrent assets	12,535,768	6,615,592	39,000	175,490	19,365,850
Total assets	18,741,170	12,911,428	117,563	215,117	31,985,278
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred outflow related to TMRS pension	82,728	11,207	1,865	-	95,800
Deferred outflow related to TMRS OPEB	3,447	464	39	-	3,950
Total Deferred Outflows of Resources	86,175	11,671	1,904	-	99,750
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts payable	120,248	12,272	35,187	-	167,707
Accrued payroll	14,362	2,031	710	-	17,103
Unearned revenues	1,033,809	959,920	-	-	1,993,729
Current portion of compensated absences payable	20,617	5,492	517	-	26,626
Current portion of long-term debt	227,874	181,674	-	-	409,548
Interest payable	5,127	10,770	-	-	15,897
Current Liabilities Payable from Restricted Assets:					
Customer deposits payable	294,531	-	-	-	294,531
Total current liabilities	1,716,568	1,172,159	36,414	-	2,925,141
Noncurrent Liabilities:					
Long-term portion of bonds payable	4,636,190	3,552,810	-	-	8,189,000
Long-term portion of compensated absences payable	55,742	14,848	1,397	-	71,987
Long-term portion of financed purchases payable	-	317,415	-	-	317,415
Long-term portion of lease financing payable	100,161	-	-	-	100,161
Net pension liability	88,537	11,926	1,018	-	101,481
Total OPEB liability	42,399	5,704	478	-	48,581
Total noncurrent liabilities	4,923,029	3,902,703	2,893	-	8,828,625
Total liabilities	6,639,597	5,074,862	39,307	-	11,753,766
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred inflow related to TMRS	23,453	3,159	270	-	26,882
Deferred inflow related to OPEB	11,708	1,575	132	-	13,415
Total Deferred Inflows of Resources	35,161	4,734	402	-	40,297
<b>NET POSITION:</b>					
Net Investment in Capital Assets	9,977,438	5,924,217	39,000	175,490	16,116,145
Unrestricted	2,175,149	1,919,286	40,758	39,627	4,174,820
Total net position	\$ 12,152,587	\$ 7,843,503	\$ 79,758	\$ 215,117	\$ 20,290,965

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



## Exhibit D-2

CITY OF BRECKENRIDGE, TEXAS  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended September 30, 2025

	Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Nonmajor Fund	Totals
Operating revenues:					
Charges for sales and services	\$ 2,627,311	\$ 1,665,534	\$ 554,256	\$ -	\$ 4,847,101
Miscellaneous	68,935	13,374	-	-	82,309
Total operating revenue	<u>2,696,246</u>	<u>1,678,908</u>	<u>554,256</u>	<u>-</u>	<u>4,929,410</u>
Operating expenses:					
Water and sewer commercial	155,325	48,139	-	-	203,464
Water meters and readers	64,906	-	-	-	64,906
Lake Daniel	9,143	-	-	-	9,143
Water production	867,396	-	-	-	867,396
Water distribution	790,191	-	-	-	790,191
Sewer treatment	-	333,864	-	-	333,864
Solid waste	-	-	512,955	-	512,955
Depreciation and amortization	717,988	357,926	-	5,026	1,080,940
Total operating expenses	<u>2,604,949</u>	<u>739,929</u>	<u>512,955</u>	<u>5,026</u>	<u>3,862,859</u>
Operating income (loss)	<u>91,297</u>	<u>938,979</u>	<u>41,301</u>	<u>(5,026)</u>	<u>1,066,551</u>
Nonoperating revenues (expenses):					
Interest revenue	148,300	171,523	84	101	320,008
Gain on Sale of Assets	-	-	-	-	-
Interest expense and fiscal charges	<u>(138,509)</u>	<u>(91,346)</u>	<u>-</u>	<u>-</u>	<u>(229,855)</u>
Total nonoperating revenues (expenses)	<u>9,791</u>	<u>80,177</u>	<u>84</u>	<u>101</u>	<u>90,153</u>
Income (loss) before contributions and transfers	<u>101,088</u>	<u>1,019,156</u>	<u>41,385</u>	<u>(4,925)</u>	<u>1,156,704</u>
Transfers (to) from other funds and contributions:					
Capital Grants & Contributions	130,700	152,000	-	-	282,700
Transfers in	-	-	-	-	-
Transfers out	<u>(262,447)</u>	<u>(773,014)</u>	<u>(25,000)</u>	<u>-</u>	<u>(1,060,461)</u>
Change in Net Position	<u>(30,659)</u>	<u>398,142</u>	<u>16,385</u>	<u>(4,925)</u>	<u>378,943</u>
Net Position, October 1, 2024	<u>12,259,249</u>	<u>7,464,573</u>	<u>63,685</u>	<u>220,042</u>	<u>20,007,549</u>
Prior Period Adjustment	<u>(76,003)</u>	<u>(19,212)</u>	<u>(312)</u>	<u>-</u>	<u>(95,527)</u>
Net Position, September 30, 2025	<u>\$ 12,152,587</u>	<u>\$ 7,843,503</u>	<u>\$ 79,758</u>	<u>\$ 215,117</u>	<u>\$ 20,290,965</u>

## EXHIBIT D-3

CITY OF BRECKENRIDGE, TEXAS  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended September 30, 2025

	Enterprise Funds				
	Water Fund	Wastewater Fund	Sanitation Fund	Nonmajor Fund	Totals
Cash flows from operating activities:					
Cash received from customers	\$ 2,702,033	\$ 1,696,514	\$ 553,643	\$ -	\$ 4,952,190
Cash paid to suppliers	(2,323,101)	(481,234)	(509,251)	-	(3,313,586)
Cash paid to employees	591,290	93,187	24,449	-	708,926
Net cash provided (used) by operating activities	<u>970,222</u>	<u>1,308,467</u>	<u>68,841</u>	<u>-</u>	<u>2,347,530</u>
Cash flow from noncapital financing activities:					
Due to/from other funds	76,078	-	-	-	76,078
Transfers in	-	-	-	-	-
Transfers out	(262,447)	(773,014)	(25,000)	-	(1,060,461)
Net cash provided (used) by noncapital financing activities	<u>(186,369)</u>	<u>(773,014)</u>	<u>(25,000)</u>	<u>-</u>	<u>(984,383)</u>
Cash flow from capital and related financing activities:					
Capital expenditures	(314,428)	(152,000)	-	-	(466,428)
Principal payments on long-term debt	(229,997)	(177,372)	-	-	(407,369)
Interest paid on bonds	(138,813)	(92,439)	-	-	(231,252)
Net cash (used) by capital and related financing activities	<u>(683,238)</u>	<u>(421,811)</u>	<u>-</u>	<u>-</u>	<u>(1,105,049)</u>
Cash flow from investing activities:					
Interest received	148,300	171,523	84	101	320,008
Net cash provided by investing activities	<u>148,300</u>	<u>171,523</u>	<u>84</u>	<u>101</u>	<u>320,008</u>
Net increase (decrease) in cash and cash equivalents	248,915	285,165	43,925	101	578,106
Cash and cash equivalents, October 1, 2024	<u>5,464,687</u>	<u>5,845,073</u>	<u>(7,238)</u>	<u>39,526</u>	<u>11,342,048</u>
Cash and cash equivalents, September 30, 2025	<u>\$ 5,713,602</u>	<u>\$ 6,130,238</u>	<u>\$ 36,687</u>	<u>\$ 39,627</u>	<u>\$ 11,920,154</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income	\$ 91,297	\$ 938,979	\$ 41,301	\$ (5,026)	\$ 1,066,551
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	717,988	357,926	-	5,026	1,080,940
(Increase) decrease in accounts receivable	(1,523)	17,606	(613)	-	15,470
(Increase) decrease in supplies inventory	-	-	-	-	-
Increase (decrease) in accounts payable	111,122	6,494	25,848	-	143,464
Increase (decrease) in accrued payroll	3,727	481	710	-	4,918
Increase (decrease) in compensated absences	356	1,127	1,601	-	3,084
Increase (decrease) in customer meter deposits	7,310	-	-	-	7,310
Increase (decrease) in net pension balances	30,690	(5,661)	(577)	-	24,452
Increase (decrease) in total OPEB balances	9,255	(8,485)	571	-	1,341
Total adjustments	<u>878,925</u>	<u>369,488</u>	<u>27,540</u>	<u>5,026</u>	<u>1,280,979</u>
Net cash provided by operating activities	<u>\$ 970,222</u>	<u>\$ 1,308,467</u>	<u>\$ 68,841</u>	<u>\$ -</u>	<u>\$ 2,347,530</u>

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City operates under a Home Rule/Commission/Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highway and streets, sanitation, social services, public improvements, planning and zoning, parks and recreation, and general administration services. Other services include water production and distribution and sewer disposal.

The reporting entity consists of the City of Breckenridge, Texas ("City") and its component unit. Component unit are legally separate entities for which the City is financially accountable or other organizations whose nature and significant relationship with the City are such that the exclusion would cause the City's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either the City's ability to impose its will on the organization or there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

The financial statements include one discretely presented component unit which has a September 30 year-end. The 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.

*Discretely Presented Component Unit*

The Breckenridge Economic Development Corporation (the "BEDC") was incorporated under the Development Corporation Act of 1979 (the "Act"), with the approval of the City. The purpose of the BEDC is to promote the economic development of the City of Breckenridge through the use of a ½% 4B sales tax approved by the voters of the City. The BEDC receives its authority from the City of Breckenridge. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the BEDC. The City has the authority to appoint board members and approve budgets and contracts. The City is the sole beneficiary of the BEDC and will receive the remaining assets and assume the remaining liabilities upon termination. Readers can find separately issued financial statements for the Breckenridge Economic Development Corporation at the Chamber of Commerce, 100 East Elm Street, Breckenridge, Texas 76424.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds and individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are 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. The City considers all revenues available if they are collected within 60 days after year-end. Expenditures generally are recorded when the related fund liability is incurred, however, debt service expenditures and expenditures related to compensated absences and claims and judgments, are recognized when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, charges for service, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives payment.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *general debt service fund* was established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated.

The *general capital projects fund* is used to account for bonds proceeds issued for capital projects.

The City reports the following major proprietary funds:

The *water fund* is used to account for the operation of the water utility.

The *wastewater fund* is used to account for the operation of the wastewater utility.

The *sanitation fund* is used to account for the operation of residential trash.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges and transfers between the governmental activities and the business-type activities, which cannot be eliminated.

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

Proprietary funds, distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund and wastewater fund are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Financial Statement Amounts**

**1. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments that are highly liquid with maturity within three months or less when purchased.

**2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance for the general fund of \$143,793 and the general debt service fund of \$52,122 is equal to 50% of outstanding delinquent property taxes at September 30, 2025. The court fines and fees receivable is reported net of an allowance of \$50,121 which is 50% of the outstanding receivable. Trade accounts receivable in the enterprise funds are reported net of an allowance of \$157,460 which is the accounts aged over 60 days. The Breckenridge Economic Development Corporation notes receivable are reported net of an allowance of \$32,854 which is based on historical experience and collectability.

**3. Property Tax**

Ad valorem property taxes are levied each October 1 from valuations assessed as of the prior January 1 for all real and business personal property. Taxes are due on receipt of the tax bill and are delinquent if not paid before the following February 1. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Inventory**

The City's water fund inventory is recorded under the purchase method. Under the purchase method the inventory is first recorded as an expense when purchased and then adjusted at the end of the year to reflect the value of inventory at that date. Inventories held by the water fund are priced at the lower of cost or market on the first-in, first-out method.

**5. Capital Assets**

Capital assets, which include property, plant and equipment, and infrastructure assets, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the primary government and proprietary funds are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	30 - 50 years
Building	50 years
Building improvements	20 years
Vehicles	2 - 15 years
Office equipment	3 - 15 years
Computer equipment	3 - 5 years

The City has reported infrastructure capital assets acquired prior to the implementation of GASB Statement No. 34 at estimated historical cost.

**6. Compensated Absences**

Regular full-time employees earn vacation, sick leave and compensatory time in accordance with City guidelines. Vacation, sick pay and compensatory time benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

In accordance with GASB Statement No. 101, *Compensated Absences*, the City recognizes a liability for compensated absences when the leave is earned, rather than when it is taken or paid. Vacation leave that is payable upon separation are measured at 100% of the amount earned using the employee's pay rate in effect at year-end. Sick leave is recognized to the extent it is expected to result in a payout, based on the City's eligibility rules and historical payout experience. Employees are permitted to use compensatory time within a reasonable period after making a request.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**7. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when they are incurred and are no longer amortized over the term of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and report amounts of revenues and expenses during the period. Actual amounts could differ from those estimates.

**9. Fund Balances – Governmental Funds**

In accordance with GASB No. 54, the City classified fund balances in the governmental funds as follows:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to formal action by City Commission, the City's highest level of decision making authority. Commitments may be modified or rescinded only through formal action of City Commission.

Assigned – includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the City's adopted policy, amounts may be assigned by the City Manager and the City Secretary.

Unassigned – All amounts not included in other spendable classifications.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been first spent out of committed funds, then assigned, and finally unassigned as needed.



**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The following table is a summary of the fund balance of the governmental funds.

	General Fund	General Debt Service Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Restricted:					
Debt service	\$ -	\$ 354,919	\$ -	\$ -	\$ 354,919
Property tax reduction	17,723	-	-	-	17,723
Public Safety	-	-	-	21,876	21,876
Public Works	-	-	-	604,151	604,151
Cemetery	-	-	-	650,900	650,900
Parks	-	-	-	8,694	8,694
Capital projects	-	-	4,580,394	-	4,580,394
Committed:					
Equipment replacement	-	-	-	278,467	278,467
Unassigned	2,222,019	-	-	-	2,222,019
	<u>\$2,239,742</u>	<u>\$ 354,919</u>	<u>\$ 4,580,394</u>	<u>\$ 1,564,088</u>	<u>\$ 8,739,143</u>

**10. Use of Restricted/Unrestricted Net Position**

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

**11. Pensions**

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

**NOTE 2: DEPOSITS AND INVESTMENTS**

The City of Breckenridge investment policies and types of investments are governed by the State Public Funds Investment Act (the "Act"). The Act authorizes the City to invest, with certain restrictions, in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, banker's acceptances, mutual funds and investment pools. The City's management believes that it complied with the requirements of the Act and the City's investment policies.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 2: DEPOSITS AND INVESTMENTS (continued)**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's funds are required to be deposited and invested under the terms of a depository contract. The City's deposits are required to be collateralized with securities held by the pledging institution's trust department or agent in the City's name. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance. The BEDC's deposits are secured by a pledge of securities and FDIC Insurance in BEDC's name. At September 30, 2025, the City's and BEDC's deposits were fully collateralized and insured.

Credit Risk– Investments

The City controls credit risk by limiting its investments to those instruments allowed by the State Public Funds Investment Act described above.

Interest Rate Risk – Investments

As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The City coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

The City's fiduciary funds (Cemetery Perpetual Care Trust Fund) are invested in accordance with the provision of a trust agreement. These funds are invested by the trustee according to Section 113.056 of the Texas Trust Code. The City has the following types of investments:

Investment	Credit Rating	Cost	Fair Value	Percentage of Total Investments	Investment Maturities (in Years)			
					Less than 1 year	1-5 Years	6-10 Years	Over 10 Years
Cash	N/A	8,340	8,340	0.16%	8,340	-	-	-
Equity Mutual Funds	N/A	127,235	190,769	3.77%	190,769	-	-	-
Bond Mutual Funds	N/A	213,322	203,264	4.01%	203,264	-	-	-
Corporate Bonds	Aaa - Baa2	119,752	116,524	2.30%	25,726	65,248	12,702	12,848
U.S. Treasuries	N/A	59,814	52,014	1.03%	-	12,935	9,917	29,162
U.S. Government Agencies	N/A	83,706	79,989	1.58%	2	6,949	8,926	64,112
Logic Investment Pool	AAAm	4,412,307	4,412,307	87.14%	4,412,307	-	-	-
		<u>\$ 5,024,476</u>	<u>\$ 5,063,207</u>		<u>\$4,840,408</u>	<u>\$ 85,132</u>	<u>\$ 31,545</u>	<u>\$106,122</u>

Investment Valuation

All securities are stated at fair value as reported by the City's portfolio manager. For securities traded on a major exchange, market values are priced as of the statement date, September 30, 2025, as provided by various pricing services (Level 1 inputs). The method and frequency of pricing assets not traded on major exchanges varies depending on the type of assets (Level 2 inputs); therefore, the market value may not be a current value as of the statement date.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 3:      RESTRICTED ASSETS**

The following cash and investments in the government-wide statement of net position are restricted for the following purposes:

	<u>Cash</u>
Business-type Activities	
Customer water deposits	\$ 294,531
Construction - water fund	3,601,407
Construction - wastewater fund	<u>4,308,371</u>
	<u>\$ 8,204,309</u>

\$8,020,429 of the City's restricted cash balances are held in escrow accounts that investment in government securities money market funds. These funds were deposited in these escrow accounts pursuant to an agreement with the Texas Water Development Board. The escrowed funds are kept in separate accounts and can only be disbursed or withdrawn to pay the costs of approved projects and solely upon written authorization from the Texas Water Development Board.

**NOTE 4:      DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify in this category. They are deferred outflow related to TMRS pension and deferred outflows related to TMRS OPEB reported in the government-wide statement of net position and proprietary funds statement of net position.

In addition to liabilities, the statement of financial position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resource (revenue) until that time. The City has three types of items in this category. Unavailable revenues for governmental funds and deferred inflows related to pensions and deferred inflows related to OPEB in the government-wide statement of net position and propriety funds statements are reported as deferred inflows of resources. The BEDC has deferred inflows related to leases. At the end of the fiscal year the components of deferred inflows in the governmental funds were as follows:

<b>Deferred inflows of resources - governmental funds</b>	
Deferred property taxes receivable (general fund)	\$ 143,794
Deferred property taxes receivable (general debt service fund)	52,122
Deferred franchise taxes receivable (general fund)	69,345
Deferred court fines (general fund)	<u>50,121</u>
Total deferred inflows for governmental funds	<u>\$ 315,382</u>

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 5:      INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS**

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2025, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Water Fund	\$ 310,000
General Fund	Wastewater Fund	600,000
General Fund	Sanitation Fund	25,000
General Debt Service	Wastewater Fund	159,685
General Capital Projects	General Fund	75,000
Other governmental funds	General Fund	<u>227,809</u>
Total Governmental Funds Transfers In		<u>\$ 1,397,494</u>

Each year the water fund and wastewater fund transfer unrestricted revenues to finance various programs accounted for in the general fund in accordance with budgetary authorizations. Amounts transferred to the general capital projects fund and other governmental funds were for construction projects and equipment replacement. The general debt service fund was created to pay part of the water and wastewater debt and the amounts paid were treated as transfers.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 6: CAPITAL ASSETS**

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

Governmental activities:	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Transfers	
Non - Depreciable Assets:					
Land	\$ 194,585	\$ -	\$ -	\$ -	\$ 194,585
Construction in Progress	1,199,455	3,601,310	-	(725,999)	4,074,766
Total non-depreciable assets	1,394,040	3,601,310	-	(725,999)	4,269,351
Depreciable Assets:					
Buildings and improvements	1,501,805	87,588	-	293,231	1,882,624
Infrastructure	8,915,340	-	-	432,768	9,348,108
Vehicles and Equipment	2,236,206	-	(104,503)	-	2,131,703
Intangible Right-to-Use Lease vehicles and equipment	846,096	92,226	-	-	938,322
Total capital assets being depreciated	13,499,447	179,814	(104,503)	725,999	14,300,757
Accumulated Depreciation and Amortization:					
Buildings and improvements	(1,035,545)	(41,334)	-	-	(1,076,879)
Infrastructure	(2,313,098)	(210,904)	-	-	(2,524,002)
Vehicles and Equipment	(1,775,790)	(104,670)	104,503	-	(1,775,957)
Intangible Right-to-Use Lease - vehicles and equipment	(92,376)	(176,681)	-	-	(269,057)
Total accumulated depreciation and amortization	(5,216,809)	(533,589)	104,503	-	(5,645,895)
Governmental activities capital assets, net	\$ 9,676,678	\$ 3,247,535	\$ -	\$ -	\$ 12,924,213

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
General government	29,345
Public Safety	148,645
Public Works	268,511
Cemetery	15,743
Parks	71,345
Community services	-
Total - governmental activities	<u>\$ 533,589</u>

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 6: CAPITAL ASSETS - (Continued)**

Business-type activities:	Primary Government				
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non - Depreciable Assets:					
Land	\$ 193,297	\$ -	\$ -	\$ -	\$ 193,297
Construction in Progress	263,800	282,700	-	-	546,500
Total non-depreciable assets	457,097	282,700	-	-	739,797
Depreciable Assets:					
Land improvements	51,442	-	-	-	51,442
Buildings and improvements	1,310,830	-	-	-	1,310,830
Water and sewer systems	31,017,042	183,728	-	-	31,200,770
Vehicles and equipment	1,271,310	-	-	-	1,271,310
Intangible Right-to-Use Lease Vehicles and equipment	210,246	-	-	-	210,246
Total capital assets being depreciated	33,860,870	183,728	-	-	34,044,598
Accumulated Depreciation and Amortization:					
Land improvements	(22,707)	(923)	-	-	(23,630)
Buildings and improvements	(1,018,562)	(25,667)	-	-	(1,044,229)
Water and sewer systems	(12,692,190)	(861,484)	-	-	(13,553,674)
Vehicles and equipment	(568,369)	(150,715)	-	-	(719,084)
Intangible Right-to-Use Lease - Vehicles and equipment	(35,776)	(42,150)	-	-	(77,926)
Total accumulated depreciation and amortization	(14,337,604)	(1,080,939)	-	-	(15,418,543)
Business-type activities capital assets, net	\$ 19,980,363	\$ (614,511)	\$ -	\$ -	\$ 19,365,852

Depreciation and amortization expense was charged to functions/programs of the business-type activities as follows:

Business-type activities:	
Water	\$ 717,988
Wastewater	357,925
Sanitation	-
Trade Days	5,026
Total - business-type activities	<u>\$1,080,939</u>

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 6: CAPITAL ASSETS - (Continued)**

Discretely Presented Component Unit

Activity for the Breckenridge Economic Development Corporation for the year ended September 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non - Depreciable Assets:				
Land	\$ 29,466	\$ -	\$ -	\$ 29,466
Total non-depreciable assets	29,466	-	-	29,466
Depreciable Assets:				
Buildings and improvements	121,790	-	-	121,790
Office furniture and equipment	5,400	-	-	5,400
Total capital assets being depreciated	127,190	-	-	127,190
Accumulated Depreciation:				
Buildings and improvements	(50,442)	(5,571)	-	(56,013)
Office furniture and Equipment	(5,400)	-	-	(5,400)
Total accumulated depreciation	(55,842)	(5,571)	-	(61,413)
Governmental activities capital assets, net	\$ 100,814	\$ (5,571)	\$ -	\$ 95,243

Properties Held for Economic Development

BEDC's goal is to promote and develop the industrial and manufacturing enterprises in order to encourage employment in the City of Breckenridge. Property and equipment are acquired with the intent of making these properties available to prospective companies at a reasonable price as an incentive to relocate their business in Breckenridge. These properties are not considered investments and are reported at cost. At September 30, 2025, properties held for economic development at cost was \$1,918,128.

**NOTE 7: FINANCED PURCHASES**

The City has entered into agreements to finance the acquisition of equipment for the general fund and water fund. These leases qualify as financed purchases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

\$199,876 agreement dated April 1, 2015, for a fire truck due in annual payments of \$23,719 including interest at 3.24% which matured April 1, 2025.

\$151,241 agreement dated April 15, 2022, for four trucks due in annual payments of \$50,414 including interest at 3.35% which matured April 15, 2025. This was split between the governmental activities and business-type activities.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 7: FINANCED PURCHASES- (Continued)**

\$125,138 agreement dated February 15, 2024 for 2 backhoe loaders due in monthly payments of \$2,462 including interest at 6.72% maturing February 15, 2029.

\$378,951 agreement dated February 22, 2024, for sewer cleaner equipment due in annual payments of \$59,133 including interest at 6.72% maturing May 1, 2029.

Future minimum commitments are as follows:

	Governmental Activities	Business-type Activities
2026	\$ -	\$ 88,672
2027	-	88,672
2028	-	88,672
2029	-	187,798
Total debt service requirements	-	453,814
Less: Interest Portion	-	72,616
Debt Principal	<u>\$ -</u>	<u>\$ 381,198</u>

Assets and related accumulated depreciation are as follows:

	Governmental Activities	Business-Type Activities
Vehicles and equipment	\$ 330,838	\$ 526,200
Less: Accumulated depreciation	<u>(216,125)</u>	<u>(356,258)</u>
Net	<u>\$ 114,713</u>	<u>\$ 169,942</u>

**NOTE 8: LEASE FINANCING**

The City, as a lessee, has entered into lease agreements involving copiers, printers and vehicles. The total of the City's leased assets are recorded at a cost of \$1,148,568, less accumulated amortization of \$346,983. With the implementation of Governmental Accounting Standards Board Statement No. 87, Leases, a lease meeting the criteria of this statement requires the lessee to recognize a lease liability and an intangible right to use asset. This lease and assets are split between governmental and business-type activities.

The lease agreement is summarized as follows:

Description	Date	Payment Terms	Interest Rate	Total Lease Liability	Balance 9/30/2025
Copiers/Printers	5/28/2021	60 months	3.10%	\$ 70,661	\$ 10,730
Vehicles		60 months	7.25 - 8.01%	1,077,907	830,035
Total				<u>\$ 1,148,568</u>	<u>\$ 840,765</u>



**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 8: LEASE FINANCING – (Continued)**

The future lease payments under lease agreements are as follows:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 173,627	47,641	\$ 221,268	\$ 40,761	\$ 9,344	\$ 50,105
2027	177,125	34,385	211,510	42,827	6,186	49,013
2028	188,964	20,201	209,165	43,535	2,815	46,350
2029	146,279	6,044	152,323	13,800	252	14,052
2030	13,842	420	14,262	-	-	-
Total	\$ 699,837	\$ 108,691	\$ 808,528	\$ 140,923	\$ 18,597	\$ 159,520

**NOTE 9: LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2025.

Primary Government	9/30/2024	Additions	Retirements	9/30/2025	Due Within One Year
Governmental Activities.:					
Direct Placement					
Certificates of Obligation, Series 2017B	\$ 3,189,000	\$ -	\$ 73,000	\$ 3,116,000	\$ 75,000
Certificates of Obligation, Series 2023	8,150,000	-	265,000	7,885,000	280,000
Series 2023 unamortized premium	405,696	-	38,226	367,470	36,807
Financed purchases	61,460	-	61,460	-	-
Lease Financing Payable	763,956	92,226	156,344	699,838	173,627
Compensated absences payable	262,750	274,345	262,750	274,345	74,073
Net pension liability	458,175		152,586	305,589	-
Total OPEB liability	155,974	-	9,700	146,274	-
Total Governmental Activities	13,447,011	366,571	1,019,066	12,794,516	639,507
Business-type Activities:					
Direct Placement					
Certificates of Obligation	8,793,000	-	299,000	8,494,000	305,000
Financed purchases	451,211	-	70,015	381,196	63,782
Lease Financing Payable	179,282	-	38,354	140,928	40,766
Compensated absences payable	95,527	98,611	95,527	98,611	26,625
Net pension liability	145,479		43,998	101,481	-
Total OPEB liability	49,527	-	946	48,581	-
Total Business-type Activities	9,714,026	98,611	547,840	9,264,797	436,173
Total Long-Term Liabilities	\$ 23,161,037	\$ 465,182	\$ 1,566,906	\$ 22,059,313	\$ 1,075,680

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 9:      LONG-TERM DEBT – (continued)**

At September 30, 2025, governmental activities and business-type activities bonds payable consisted of the following issues:

	<u>Primary Government</u>
<u>Governmental Activities</u>	
\$4,262,000 Combination Tax and Revenue Certificates of Obligation, Series 2017B, due in annual installments through September 15, 2057, bearing interest at 2.75%	\$ 3,116,000
\$8,385,000 Combination Tax and Revenue Certificates of Obligation, Series 2023, due in annual installments through September 15, 2043, bearing interest at 4.00 - 5.00%	<u>7,885,000</u>
Total Governmental Activities	<u>\$ 11,001,000</u>
<u>Business-Type Activities</u>	
\$1,680,000 Combination Tax and Surplus Revenue Certificates of Obligation Series 2012, due in annual installments through September 15, 2044, bearing interest at 0% - 2.27%.	\$ 435,000
\$840,000 Combination Tax and Surplus Revenue Certificates of Obligation Series 2013, due in annual installments through September 15, 2044, bearing interest at 0% - 2.27%.	565,000
\$2,380,000 Combination Tax and Surplus Revenue Certificates of Obligation Series 2014, due in annual installments through September 15, 2045, bearing interest at 0% - 4.30%	1,845,000
\$846,000 Combination Tax and Revenue Certificates of Obligation Series, 2017A, due in annual installments through September 15, 2057, bearing interest at 2.75%	684,000
\$2,935,000 Combination Tax and Surplus Revenue Certificates of Obligation Series 2022A, due in annual installments through March 15, 2053, bearing interest at 0.9%-2.02%	2,770,000
\$2,325,000 Combination Tax and Surplus Revenue Certificates of Obligation Series 2022B, due in annual installments through March 15, 2053, bearing interest at 0.74%-1.89%	<u>2,195,000</u>
Total business-type activities	<u>\$ 8,494,000</u>

Certain Certificates of Obligation Bonds are direct placements and include provisions that in the event the City defaults in the payments or performance of covenants, conditions, or obligations, the bond holders shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City to observe and perform the covenant, condition and obligation prescribed by the bond ordinance.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 9: LONG-TERM DEBT – (continued)**

The annual requirements to amortize governmental activities and business-type activities bonds outstanding as of September 30, 2025 are as follows:

Primary Government	Certificates of Obligation					
	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 355,000	\$ 438,100	\$ 793,100	\$ 305,000	183,392	\$ 488,392
2027	372,000	421,635	793,635	310,000	178,206	488,206
2028	389,000	404,588	793,588	316,000	172,793	488,793
2029	406,000	386,290	792,290	321,000	167,011	488,011
2030	429,000	367,271	796,271	322,000	161,054	483,054
2031-2035	2,454,000	1,517,122	3,971,122	1,616,000	706,894	2,322,894
2036-2040	3,061,000	906,978	3,967,978	1,619,000	529,361	2,148,361
2041-2045	2,388,000	308,970	2,696,970	1,798,000	310,762	2,108,762
2046-2050	687,000	111,488	798,488	1,101,000	137,165	1,238,165
2051-2055	460,000	19,194	479,194	786,000	29,372	815,372
Total debt service requirements	\$ 11,001,000	\$ 4,881,636	\$ 15,882,636	\$ 8,494,000	\$ 2,576,010	\$ 11,070,010

Tax and revenue bonds are payable from property taxes pledges and surplus revenues of the water and wastewater system. The debt ordinances provide for tax pledges to be budgeted annually to the extent budgeted net operating water and wastewater system revenues fall short of annual retirements of principal and interest. A tax rate of \$.28309 per \$100 of assessed valuation was levied for this purpose during the current year. The debt ordinances also provide for the establishment of sinking funds for the retirement of debt principal and interest. The balances in the interest and sinking funds was \$354,919 for the general debt service at year-end. Management of the City believes that it is in compliance with all significant financial requirements required by debt covenants as of September 30, 2025.

**NOTE 10: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance to cover these risks. There have been no significant reductions in coverage and the amount of settlements during the past three years has not exceeded the insurance coverage.

**NOTE 11: TAX ABATEMENTS**

The City of Breckenridge is authorized to provide assistance for economic development under Chapter 380 of the Texas Local Government Code. The economic development must serve the purpose of promoting state or local economic development by stimulating business or commercial activity within the City. The assistance may be in the form of loans, grants, tax rebates and use of City personnel and services. The City has entered into Chapter 380 Economic Development Program Agreements with a developer and has agreed to provide sales tax grants and rebates. The City will pay to developer an amount equal to 60% of the project sales tax revenue for a period of ten years up to a maximum of \$325,000. The first payment was made in February 2018 and the final payment will be made in February 2027 if the maximum has not been paid at that date. The 380 Agreement was entered into in conjunction with a Performance Agreement between a developer and Breckenridge Economic Development Corporation, the two agreements being contingent upon execution of the other.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 11: TAX ABATEMENTS - (Continued)**

Below is a table of tax abatements for the year ended September 30, 2025.

Type of Business	Purpose	Tax Abated	Percent Abated	Abated City	BEDC
Retail shopping center	Purchase, remodel and redevelop property	Sales Tax	60% of 1 cent	\$17,033	

**NOTE 12: DEFINED BENEFIT PENSION PLANS**

Plan Description

The City participates in one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TRMS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](http://tmrs.com).

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

Benefits Provided

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the city-financed monetary credits with interest. The retiring member may select one of seven monthly benefit 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 member contributions and interest.

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

	Plan Year 2024
Employee deposit rate	5%
Matching ratio (city to employee)	1.5 -1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 12:      DEFINED BENEFIT PENSION PLANS – (Continued)**

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

Active Employees	63
Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	<u>76</u>
	196

Contributions

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

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.62% and 8.54% in calendar years 2025 and 2024, respectively. The city's contributions to TMRS for the year ended September 30, 2025, were \$277,107, and were more than the required contributions.

Net Pension Liability

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

*Actuarial Assumptions:*

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

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

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 12: DEFINED BENEFIT PENSION PLANS – (Continued)**

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality 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 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% 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. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (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 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected rate of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
Total	100.0%	

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 12: DEFINED BENEFIT PENSION PLANS – (Continued)**

*Discount Rate*

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member 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.

*Changes in the Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/23	\$ 9,500,660	\$ 8,897,004	\$ 603,656
Changes for the year:			
Service cost	316,180	-	316,180
Interest	633,039	-	633,039
Difference between expected and actual experience	195,764	-	195,764
Changes of assumptions	-	-	-
Contributions-employer	-	269,616	(269,616)
Contributions-employee	-	157,303	(157,303)
Net investment income	-	920,716	(920,716)
Benefit payments, including refunds of employee contributions	(560,803)	(560,803)	-
Administrative expense	-	(5,929)	5,929
Other changes	-	(139)	139
Net changes	584,180	780,764	(196,584)
Balance at 12/31/24	<u>\$ 10,084,840</u>	<u>\$ 9,677,768</u>	<u>\$ 407,072</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

	1% Decrease in Discount Rate (5.75%)		1% Increase in Discount Rate (7.75%)	
City's Net Pension Liability	\$	1,649,578	\$	407,070
			\$	(620,142)

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 12: DEFINED BENEFIT PENSION PLANS – (Continued)**

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2025, the City recognized pension expense of \$361,744.

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	\$ 184,090	\$ -
Changes in actuarial assumptions	-	22,718
Differences between projected and actual investment earnings	-	85,114
Contributions subsequent to the measurement date	203,889	-
Total	<u>\$ 387,979</u>	<u>\$ 107,832</u>

\$203,889 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction to 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:

	Net Deferred outflows (inflows) of resources
Year ended December 31:	
2025	\$ 121,416
2026	161,002
2027	(142,127)
2028	(64,032)
2029	-
Thereafter	-
	<u>\$ 76,259</u>



**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 13: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

Texas Municipal Retirement System (TMRS) administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active members with optional coverage for their retirees. The death benefit for active members provides a lump-sum payment approximately equal to the member's annual salary (calculated based on the member's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

The participating city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis.

**B. Benefits Provided**

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	33
Inactive employees entitled to but not yet receiving benefits	11
Active employees	63
	107

**C. Total OPEB Liability**

The City's total OPEB liability was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:*

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

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85% including inflation
Retirees' share of benefit related costs	\$0

All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 13: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – (Continued)**

Mortality rates for service retirees were based the 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).

Mortality rates for disabled retirees were based the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

*Discount Rate:*

The discount rate used to measure the Total OPEB Liability was 4.08%. The discount rate was based on Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

*Changes in the OPEB Liability*

	Total OPEB Liability (a)
Balances as of December 31, 2023	\$ 205,501
Changes for the year:	
Service cost	7,236
Interest on total OPEB liability	7,747
Effect of plan changes	-
Effect of economic/demographic gains or losses	(8,515)
Effect of assumptions changes or inputs	(9,878)
Benefit payments	(7,236)
Net changes	(10,646)
Balances as of December 31, 2024	\$ 194,855

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

	1% decrease discount rate 3.08%	Current Discount Rate 4.08%	1% increase discount rate 5.08%
Total OPEB Liability	\$ 229,527	\$ 194,855	\$ 167,352

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 13: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – (Continued)**

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$2,033.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources relate to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,434	\$ 9,657
Changes in assumptions	7,981	44,150
Contributions made subsequent to measurement date	5,428	-
Total	<u>\$ 15,843</u>	<u>\$ 53,807</u>

\$5,428 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026. Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan year ended December 31:	
2025	\$ (19,091)
2026	(18,438)
2027	(3,610)
2028	(2,253)
2029	-
Thereafter	-
Total	<u>\$ (43,392)</u>

**NOTE 14: CONTINGENT LIABILITIES**

**A. Federal and State Programs**

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency. These programs are governed by various statutory rules and regulations of the grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required.

As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 14: CONTINGENT LIABILITIES (Continued)**

**B. USDA Loan Program**

The Breckenridge Economic Development Corporation (BEDC) has in the past received funds from the USDA for a loan program to allow BEDC to assist new businesses with low interest loans. There are no reporting requirements on the use of the funds; however, the funds are required to be maintained intact with interest earned for the loan program. To the extent, if any, the BEDC has not complied with all the rules and regulations return of fund money may be required.

**NOTE 15: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

GASB Statement No. 96, Subscription-Based Information Technology Arrangements was effective beginning the fiscal year ended September 30, 2025. The City has entered into subscription-based information technology arrangements involving:

- A SCADA (Supervisory Control and Data Acquisition) watch service suite regarding the Agency's water system.
- Various desktop and server software subscriptions
- Accounting and payroll services software
- Work order and code enforcement software
- Police and dispatch
- Emergency notification system

The City has outflows of resources during the fiscal year totaling \$95,063 that are not included in the measurement of a subscription liability. The City's software subscriptions are not commitments longer than twelve months therefore a subscription liability is not calculated.

**NOTE 16: NEW ACCOUNTING PRONOUNCEMENTS**

The City implemented GASB Statement No. 101, *Compensated Absences* for the fiscal year ended September 30, 2025. This Statement requires governments to recognize a liability for compensated absences when leave benefits are earned, rather than when the leave is taken or paid. The Statement also requires governments to incorporate expected payout estimates for leave that is payable only under certain conditions.

During implementation, the City evaluated its policies for vacation and sick leave. Under City policy, employees' vacation and sick time are payable upon separation from service. The City reviewed historical separation patterns and past sick leave payouts to estimate the portion of sick leave expected to result in payment.

Implementation of the Statement resulted in the compensated absences liability being measured using employee pay rates in effect at year-end, expected payout percentages for sick leave, and applicable salary related costs such as the City's share of payroll taxes. As a result of adopting this Statement, the City's compensated absences liability increased \$358,277.

**CITY OF BRECKENRIDGE, TEXAS**  
**Notes to Financial Statements**  
**September 30, 2025**

**NOTE 16: NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

Beginning net position of the governmental activities and business-type activities was reduced by the following prior period adjustments:

	Governmental Activities	Business-type Activities	Water Fund	Wastewater Fund	Sanitation Fund
Net Position per 9/30/24 audited financial statements	8,279,018	20,007,550	12,259,249	7,464,573	63,685
Compensated Absences	(262,750)	(95,527)	(76,003)	(19,212)	(312)
Restated Net Position 9/30/24	<u>\$ 8,016,268</u>	<u>\$ 19,912,023</u>	<u>\$ 12,183,246</u>	<u>\$ 7,445,361</u>	<u>\$ 63,373</u>

**NOTE 17: SUBSEQUENT EVENTS**

Subsequent events were evaluated through January 27, 2026, which is the date the financial statements were available to be issued.

January 14, 2026, the City issued \$1,720,000 Combination Tax and Surplus Revenue Certificates of Obligation, Series 2026 and received a \$4,003,900 grant from the Texas Water Development Board to acquire, construct, and install additions, improvements, extensions, and equipment for the City's water system, including without limitation water lines, water storage facilities, pump stations, service connections, valves, fittings, SCADA and related infrastructure improvements. The certificates of obligation mature March 15, 2046 and have interest rates of 1.64% - 3.01%.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## EXHIBIT F-1

## CITY OF BRECKENRIDGE, TEXAS

## General Fund

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

For the year ended September 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property taxes	\$ 2,179,319	\$ 2,198,319	\$ 2,208,344	10,025
Sales and use tax	1,476,750	1,476,750	1,495,878	19,128
Franchise	440,000	449,530	440,954	(8,576)
Hotel motel taxes	75,000	75,000	44,705	(30,295)
Charges for service	203,570	234,723	274,931	40,208
Grants and contributions	11,800	75,586	70,599	(4,987)
Interest income	2,500	5,350	5,873	523
Other revenue	17,800	38,414	40,525	2,111
Total revenues	<u>4,406,739</u>	<u>4,553,672</u>	<u>4,581,809</u>	<u>28,137</u>
Expenditures:				
Current				
General government	1,603,797	1,546,087	1,523,763	22,324
Public Safety	2,525,885	2,668,508	2,573,914	94,594
Public Works	436,172	436,172	385,258	50,914
Cemetery	75,500	75,500	63,454	12,046
Parks	330,073	340,073	293,061	47,012
Community services	14,000	14,000	14,018	(18)
Tourism	75,000	75,000	36,320	38,680
Debt service:				
Principal	-	-	14,099	(14,099)
Interest and fiscal charges	-	-	537	(537)
Total expenditures	<u>5,060,427</u>	<u>5,155,340</u>	<u>4,904,424</u>	<u>250,916</u>
Excess (deficiency) of revenue over (under) expenditures	\$ <u>(653,688)</u>	\$ <u>(601,668)</u>	\$ <u>(322,615)</u>	<u>279,053</u>
Other financing sources (uses):				
Insurance recoveries	-	-	3,796	3,796
Proceeds Sale of Assets	-	4,260	4,260	-
Transfers in	925,000	935,000	935,000	-
Transfers out	<u>(262,034)</u>	<u>(337,034)</u>	<u>(337,034)</u>	<u>-</u>
Net change in fund balances	9,278	558	283,407	282,849
Fund balance, October 1, 2024	<u>1,956,335</u>	<u>1,956,335</u>	<u>1,956,335</u>	<u>-</u>
Fund balance, September 30, 2025	\$ <u><u>1,965,613</u></u>	\$ <u><u>1,956,893</u></u>	\$ <u><u>2,239,742</u></u>	<u><u>282,849</u></u>

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF BRECKENRIDGE  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last 10 Years

**Total pension liability**

Plan Year	2015	2016	2017	2018
Service Cost	\$ 202,264	\$ 210,034	\$ 208,582	\$ 216,654
Interest (on the Total Pension Liability)	529,436	528,297	542,655	544,367
Differences between expected and actual experience	9,535	7,317	(186,991)	(211,430)
Change of assumptions	20,408	-	-	-
Benefit payments, including refunds of employee contributions	(490,767)	(513,801)	(550,633)	(535,182)
Net Change in Total Pension Liability	270,876	231,847	13,613	14,409
Total Pension Liability-Beginning	\$ 7,707,630	\$ 7,978,506	\$ 8,210,353	\$ 8,223,966
<b>Total Pension Liability-Ending (a)</b>	<b>\$ 7,978,506</b>	<b>\$ 8,210,353</b>	<b>\$ 8,223,966</b>	<b>\$ 8,238,375</b>

**Plan Fiduciary Net Position**

Contributions-Employer	194,097	190,642	202,916	195,613
Contributions-Employee	111,625	108,714	120,197	112,140
Net Investment Income	10,008	446,397	946,773	(225,809)
Benefit payments, including refunds of employee contributions	(490,767)	(513,801)	(550,633)	(535,182)
Administrative Expense	(6,097)	(5,039)	(4,905)	(4,367)
Other	(302)	(272)	(248)	(228)
Net Change in Plan Fiduciary Net Position	(181,436)	226,641	714,100	(457,833)
Plan Fiduciary Net Position-Beginning	6,783,781	6,602,345	6,828,986	7,543,086
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>\$ 6,602,345</b>	<b>\$ 6,828,986</b>	<b>\$ 7,543,086</b>	<b>\$ 7,085,253</b>
<b>Net Pension Liability/(Asset) -Ending (a) - (b)</b>	<b>\$ 1,376,161</b>	<b>\$ 1,381,367</b>	<b>\$ 680,880</b>	<b>\$ 1,153,122</b>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability

82.75%      83.18%      91.72%      86.00%

Covered Employee Payroll

\$ 2,232,491      \$ 2,174,270      \$ 2,152,549      \$ 2,242,795

Net Pension Liability as a Percentage of Covered Employee Payroll

61.64%      63.53%      31.63%      51.41%

The accompanying notes to the required supplementary information are an integral part of this schedule.



## EXHIBIT F-2

2019	2020	2021	2022	2023	2024
\$ 221,658	\$ 207,065	\$ 198,705	\$ 236,527	\$ 258,438	\$ 316,180
547,074	563,096	561,614	575,798	599,877	633,039
(23,452)	(200,387)	5,208	102,048	257,409	195,764
48,717	-	-	-	(96,004)	-
(488,813)	(609,861)	(565,226)	(583,396)	(553,810)	(560,803)
305,184	(40,087)	200,301	330,977	465,910	584,180
\$ 8,238,375	8,543,559	\$ 8,503,472	\$ 8,703,773	\$ 9,034,750	\$ 9,500,660
\$ 8,543,559	8,503,472	\$ 8,703,773	\$ 9,034,750	\$ 9,500,660	\$ 10,084,840
199,772	186,334	176,398	210,001	224,293	269,616
114,375	106,734	102,320	121,911	131,320	157,303
1,094,327	606,416	1,078,262	(660,505)	941,264	920,716
(488,813)	(609,861)	(565,226)	(583,396)	(553,810)	(560,803)
(6,189)	(3,929)	(4,997)	(5,730)	(6,008)	(5,929)
(187)	(152)	36	6,836	(42)	(139)
913,285	285,542	786,793	(910,883)	737,017	780,764
7,085,253	7,998,537	8,284,079	9,070,872	8,159,989	8,897,006
\$ 7,998,538	8,284,079	\$ 9,070,872	\$ 8,159,989	\$ 8,897,006	\$ 9,677,770
\$ 545,021	\$ 219,393	\$ (367,099)	\$ 874,761	\$ 603,654	\$ 407,070
93.62%	97.42%	104.22%	90.32%	93.65%	95.96%
\$ 2,287,492	\$ 2,134,687	\$ 2,046,397	\$ 2,416,006	\$ 2,626,401	\$ 3,146,066
23.83%	10.28%	-17.94%	36.21%	22.98%	12.94%

The accompanying notes to the required supplementary information are an integral part of this schedule.

**EXHIBIT F-3**

CITY OF BRECKENRIDGE  
Schedule of Contributions  
Last 10 Fiscal Years

Fiscal Year Ending September 30	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Contribuiton as a % of Covered Payroll
2016	180,812	196,535	(15,723)	2,224,633	8.83%
2017	172,193	187,357	(15,164)	2,174,270	8.62%
2018	176,428	194,107	(17,679)	2,222,130	8.74%
2019	173,077	198,814	(25,737)	2,285,528	8.70%
2020	159,687	197,208	(37,521)	2,260,850	8.72%
2021	142,074	176,634	(34,560)	2,043,408	8.64%
2022	153,711	206,889	(53,178)	2,400,092	8.62%
2023	155,043	217,960	(62,917)	2,545,260	8.56%
2024	187,562	254,215	(66,653)	2,968,699	8.56%
2025	218,693	277,107	(58,414)	3,214,273	8.62%

The accompanying notes to required supplementary information are an integral part of this schedule.

## EXHIBIT F-4

CITY OF BRECKENRIDGE  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Last 10 Years

**Total OPEB liability**

Plan Year	2017	2018	2019	2020	2021	2022	2023	2024
Service Cost	\$ 6,888	\$ 8,298	\$ 7,091	\$ 10,033	\$ 9,823	\$ 11,355	\$ 7,879	\$ 7,236
Interest (on the Total Pension Liability)	6,417	6,520	6,933	6,120	5,230	4,884	7,427	7,747
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(10,010)	(11,819)	(6,035)	(13,794)	277	4,218	(8,515)
Change of assumptions or other inputs	14,955	(12,381)	33,783	32,024	7,546	(89,506)	10,482	(9,878)
Benefit payments, including refunds of employee contributions	(1,507)	(2,019)	(1,830)	(1,708)	(4,502)	(6,765)	(7,879)	(7,236)
Net Change in Total Pension Liability	26,753	(9,592)	34,158	40,434	4,303	(79,755)	22,127	(10,646)
Total Pension Liability-Beginning	167,073	193,826	184,234	218,392	258,826	263,129	183,374	205,501
<b>Total Pension Liability-Ending (a)</b>	<b>\$ 193,826</b>	<b>\$ 184,234</b>	<b>\$ 218,392</b>	<b>\$ 258,826</b>	<b>\$ 263,129</b>	<b>\$ 183,374</b>	<b>\$ 205,501</b>	<b>\$ 194,855</b>
Covered Employee Payroll	\$ 2,152,549	\$ 2,242,795	\$ 2,287,492	\$ 2,134,687	\$ 2,046,397	\$ 2,416,006	\$ 2,626,401	\$ 3,146,066
Employee Payroll	9.00%	8.21%	9.55%	12.12%	12.86%	7.59%	7.82%	6.19%

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF BRECKENRIDGE  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2025

Budget

Annual operating budget is adopted on a basis consistent with generally accepted accounting principles for all general fund, special revenue, capital projects and proprietary funds. All annual appropriations lapse at fiscal year end.

The City Commission follows these procedures in establishing budgetary data reflected in the financial statements.

- a. The City Commission prior to October 1 formally adopts the City's budget at a duly advertised public meeting and before expenditure of funds for the budget year. The budget is legally enacted by the adoption of an ordinance.
- b. The budget may be amended with the approval of a voting majority of the members of the City Commission. The budget was amended once during the year.
- c. Budgetary control is maintained at the fund level, subject to adjustments permitted as described above.

Excess of Expenditures over Appropriations

Debt Service expenditures exceeded the budget in the general fund, however total expenditures were \$250,916 less than budgeted.

CITY OF BRECKENRIDGE  
Notes to the Required Supplementary Information  
For the Year Ended September 30, 2025

**Schedule of Contributions**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

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	<p>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).</p> <p>Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% General Employee tables used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).</p>

**Other Information:**

Notes There were no benefit changes during the year.

**Schedule of Changes in Total OPEB Liability**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

**COMBINING FINANCIAL STATEMENTS**  
**NONMAJOR GOVERNMENTAL FUNDS**

CITY OF BRECKENRIDGE, TEXAS  
Nonmajor Funds  
Combining Balance Sheet  
September 30, 2025

	Special Revenue Funds			
	Fire Department	Park	Police Department	Total Special Revenue Funds
Assets:				
Cash	\$ 8,192	\$ 8,694	\$ 13,684	\$ 30,570
Investments	-	-	-	-
Receivables (Net of allowances)				
Other taxes	-	-	-	-
Grant	-	-	-	-
Total assets	<u>\$ 8,192</u>	<u>\$ 8,694</u>	<u>\$ 13,684</u>	<u>\$ 30,570</u>
Liabilities and fund balance:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted fund balance	\$ 8,192	\$ 8,694	\$ 13,684	\$ 30,570
Committed fund balance	-	-	-	-
Total fund balance	<u>8,192</u>	<u>8,694</u>	<u>13,684</u>	<u>30,570</u>
Total liabilities and fund balances	<u>\$ 8,192</u>	<u>\$ 8,694</u>	<u>\$ 13,684</u>	<u>\$ 30,570</u>

## EXHIBIT G-1

Capital Project Funds			Permanent Fund	
Equipment Replacement	Street Maintenance Fund	Total Capital Projects Funds	Cemetery Fund	Total Nonmajor Funds
\$ 279,046	\$ 552,217	\$ 831,263	\$ -	\$ 861,833
-	-	-	650,900	650,900
-	51,934	51,934	-	51,934
-	-	-	-	-
<u>\$ 279,046</u>	<u>\$ 604,151</u>	<u>\$ 883,197</u>	<u>\$ 650,900</u>	<u>\$ 1,564,667</u>
\$ 579-	\$ -	\$ 579	\$ -	\$ 579
-	-	-	-	-
<u>579</u>	<u>-</u>	<u>579</u>	<u>-</u>	<u>579</u>
\$ -	\$ 604,151	\$ 604,151	\$ 650,900	\$ 1,285,621
<u>278,467</u>	<u>-</u>	<u>278,467</u>	<u>-</u>	<u>278,467</u>
278,467	604,151	882,618	650,900	1,564,088
<u>\$ 279,046</u>	<u>\$ 604,151</u>	<u>\$ 883,197</u>	<u>\$ 650,900</u>	<u>\$ 1,564,667</u>



## CITY OF BRECKENRIDGE, TEXAS

## Nonmajor Funds

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended September 30, 2025

	Special Revenue Funds			
	Fire Department	Park	Police Department	Total Special Revenue Funds
Revenues:				
Sales and use tax	\$ -	\$ -	\$ -	\$ -
Grants and contributions	3,767	627		4,394
Investment earnings	19	24	35	78
Other revenue	-	-	-	-
Total revenue	<u>3,786</u>	<u>651</u>	<u>35</u>	<u>4,472</u>
Expenditures:				
Current:				
General Government	-	-	-	-
Public Safety	3,518	-	-	3,518
Public Works	-	-	-	-
Parks	-	1,595	-	1,595
Cemetery	-	-	-	-
Capital Outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>3,518</u>	<u>1,595</u>	<u>-</u>	<u>5,113</u>
Excess (deficiency) of revenue over (under) expenditures	<u>268</u>	<u>(944)</u>	<u>35</u>	<u>(641)</u>
Other financing sources (uses):				
Proceeds Sale of Assets	-	-	-	-
Insurance Casualty Loss				
Lease Financing	-	-	-	-
Transfers in	-	-	-	-
Net change in fund balances	268	(944)	35	(641)
Fund Balance, October 1, 2024	<u>7,924</u>	<u>9,638</u>	<u>13,649</u>	<u>31,211</u>
Fund Balance, September 30, 2025	<u>\$ 8,192</u>	<u>\$ 8,694</u>	<u>\$ 13,684</u>	<u>\$ 30,570</u>

## EXHIBIT G-2

Capital Project Funds			Permanent Fund	
Equipment Replacement	Street Maintenance Fund	Total Capital Projects Funds	Cemetery Fund	Total Nonmajor Funds
\$	\$ 297,899	\$ 297,899	\$	\$ 297,899
		-		4,394
926	1,109	2,035	39,090	41,203
		-	3,420	3,420
926	299,008	299,934	42,510	346,916
-	-	-	-	-
-	-	-	-	3,518
-	63,794	63,794	-	63,794
-	-	-	-	1,595
-	-	-	20,981	20,981
180,557	-	180,557	-	180,557
203,705	-	203,705	-	203,705
57,036	-	57,036	-	57,036
441,298	63,794	505,092	20,981	531,186
(440,372)	235,214	(205,158)	21,529	(184,270)
45,989	-	45,989	-	45,989
1,600		1,600		1,600
92,411	-	92,411	-	92,411
227,809	-	227,809	-	227,809
(72,563)	235,214	162,651	21,529	183,539
351,030	368,937	719,967	629,371	1,380,549
\$ 278,467	\$ 604,151	\$ 882,618	\$ 650,900	\$ 1,564,088

**OTHER SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**CITY OF BRECKENRIDGE, TEXAS**

Schedule of Delinquent Property Taxes Receivable

For the fiscal year ended September 30, 2025

Last Ten Years Ended Sept 30	Tax Rate		Assessed Value	Beginning Balance October 1
	Maintenance	Debt Service		
2016 and prior	0.6148	0.3252	196,762,440	42,391
2017	0.6588	0.3812	184,686,029	8,054
2018	0.6846	0.3519	185,111,143	10,382
2019	0.7330	0.2870	186,178,825	14,993
2020	0.7850	0.2850	186,070,474	17,517
2021	0.8384	0.2839	180,018,850	21,611
2022	0.7605	0.2995	200,655,886	43,026
2023	0.7648	0.2552	257,613,426	64,674
2024	0.7996	0.2551	283,363,231	154,280
2025( Year under audit)	0.7616	0.2831	299,375,606	
TOTALS				<u>\$ 376,928</u>

## EXHIBIT G-3

Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance September 30
	(2,655)	(1,404)	(268)	38,064
	(633)	(366)	(197)	6,858
	(1,164)	(598)	(227)	8,393
	(3,314)	(1,298)	(357)	10,024
	(3,998)	(1,452)	(346)	11,721
-	(3,919)	(1,327)	(477)	15,888
-	(10,971)	(4,321)	(575)	27,159
	(17,983)	(5,999)	(1,409)	39,283
	(59,389)	(18,947)	(3,047)	72,897
2,934,614	(2,007,381)	(746,178)	(30,679)	150,376
<u>\$ 2,934,614</u>	<u>\$ (2,111,407)</u>	<u>\$ (781,890)</u>	<u>\$ (37,582)</u>	<u>\$ 380,663</u>

**EXHIBIT G-4**

City of Breckenridge, Texas  
 Statistics - Water and Wastewater Fund  
 For the year ended September 30, 2025  
 (Unaudited)

Number of water connections at end of year	2,260
Number of wastewater connections at end of year	1,955
Gallons of water billed through the system during the fiscal year	192,710,958

	2025	2024
<u>Outstanding Bonds and Certificates:</u>		
Combination Tax and Revenue Certificates of Obligation, Series 2012	\$ 435,000	\$ 485,000
Combination Tax and Revenue Certificates of Obligation, Series 2013	565,000	590,000
Combination Tax and Revenue Certificates of Obligation, Series 2014	1,845,000	1,905,000
Combination Tax and Revenue Certificates of Obligation, Series 2017A	684,000	698,000
Combination Tax and Revenue Certificates of Obligation, Series 2022A	2,770,000	2,855,000
Combination Tax and Revenue Certificates of Obligation, Series 2022B	2,195,000	2,260,000
	<u>\$ 8,494,000</u>	<u>\$ 8,793,000</u>

<u>Water and Wastewater Operating Income Available for Debt Retirement:</u>		
Net Operating Income	\$ 1,030,276	\$ 1,236,014
Net Nonoperating Interest Income	319,823	378,288
Add Depreciation and Amortization Expense	1,075,914	963,400
	<u>\$ 2,426,013</u>	<u>\$ 2,577,702</u>

<u>Annual Debt Service Requirements and Coverage:</u>		
Combination Tax and Revenue Certificates of Obligation, Series 2012	\$ 58,061	\$ 58,781
Combination Tax and Revenue Certificates of Obligation, Series 2013	36,615	36,965
Combination Tax and Revenue Certificates of Obligation, Series 2014	136,910	138,893
Combination Tax and Revenue Certificates of Obligation, Series 2017A	33,000	33,440
Combination Tax and Revenue Certificates of Obligation, Series 2022A	127,533	123,293
Combination Tax and Revenue Certificates of Obligation, Series 2022B	95,191	95,662
	<u>487,310</u>	<u>487,034</u>
Total Debt Service Requirements	487,310	487,034
	<u>\$ 487,310</u>	<u>\$ 487,034</u>
Net System Fund Requirements		
	<u>4.98</u>	<u>5.29</u>

Cash Available in Bond Sinking Funds

General Debt Service	\$ 354,919	\$ 204,855
Revenue Debt Service	38,830	38,224
	<u>\$ 393,749</u>	<u>\$ 243,079</u>

## EXHIBIT G-5

## CITY OF BRECKENRIDGE, TEXAS

Insurance in Force

September 30, 2025

(Unaudited)

	Coverage
Flood, Fire and Extended Coverage	
Buildings and Contents	\$ 19,630,184
Errors & Omission Liability	
Each Wrongful Act	1,000,000
Aggregate	2,000,000
Commercial General Liability	
Per Occurrence	1,000,000
Aggregate	2,000,000
Law Enforcement Personal Liability	
Each Wrongful Act	1,000,000
Annual Aggregate	2,000,000
Fidelity Bonds	
City Secretary	10,000
Finance Director	10,000
Other Public Employees not Excluded	10,000
City Manager	15,000
Accounts Payable/Payroll/Human Resources	10,000
Municipal Court Clerk	10,000
City Vehicles	
Liability/Uninsured Motorist	1,000,000
Combined Single Limit	25,000
Heavy Equipment	
Physical Damage	1,045,163
Crime	
Public Employee Dishonesty	5,000
Theft Disappearance & Destruction	5,000
Cyber Insurance	
Tower 1: Data & Network & Media Aggregate Limit of Liability	1,000,000
Tower 2: Aggregate Limit of Liability Coverage	250,000
Tower 3: Breach Response Aggregate Limit Coverage	150,000

This statement is prepared from the insurance policies. It is intended as a descriptive summary only and no expression of opinion as to the adequacy of the coverage is given. As the actual coverage per policy varies depending on the nature of the event and other factors, these dollar limitations reflect the approximate upper limitation of losses recoverable under the policies.

## List of Insurance Carriers

Company	Insurance Type	Expiration
Texas Municipal League	Fire - Buildings and Contents	10/1/2025
Texas Municipal League	Commercial Auto	10/1/2025
Texas Municipal League	Flood	10/1/2025
Texas Municipal League	Public Officials Liability	10/1/2025
Texas Municipal League	Law Enforcement Liability	10/1/2025
CNA Surety Corporation	Fidelity Bond - City Secretary	4/25/2026
CNA Surety Corporation	Fidelity Bond - Finance Director	1/20/2026
CNA Surety Corporation	City Manager & Other Public Employees	1/20/2026
Texas Municipal League	Heavy Equipment	10/1/2025
CNA Surety Corporation	Fidelity Bond - Accounts Payable/PR/HR	12/20/2025
CNA Surety Corporation	Fidelity Bond - Municipal Court Clerk	1/20/2026

**OVERALL COMPLIANCE AND INTERNAL CONTROL  
SECTION**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

Members of the City Commission  
City of Breckenridge, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Breckenridge, 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 and have issued our report thereon dated January 27, 2026.

**Report on Internal Control over Financial Reporting**

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

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

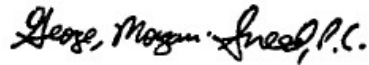
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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



Weatherford, Texas  
January 27, 2026



## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Discussion and any necessary action regarding adoption of Ordinance No. 2026-03 Repealing Existing Zoning Regulations in Chapter 22 of the Breckenridge Code of Ordinances and Enacting a new Chapter 22, Zoning, to Establish New Zoning Districts, New Zoning Regulations for Uses of Property in all Zoning Districts, and Adopt a New Zoning Map.

**Department:** Administration

**Staff Contact:** Cynthia Northrop

**Title:** City Manager

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### BACKGROUND INFORMATION:

The City of Breckenridge received a grant in 2022 to update its Comprehensive Development Plan, which had not been updated since the 1960s. After months of meetings, including public meetings, P&Z, and City Commission meetings, the P&Z recommended approval, and the City Commission adopted the updated Comprehensive Development Plan (July 2024). The next step in that process is the updating of our Comprehensive Zoning Ordinance. The City has hosted two public meetings, P&Z has discussed the Zoning Update several times, and as held two Public Hearings (January 5, 2026 and February 2, 2026).

After reviewing several options, the P&Z is recommending City Commissioner approval of XXX.

Much of their deliberations have centered on the sum acreage allowed for Manufactured Housing.

Currently, MHs are allowed in Residential 4 (R4) and all commercial zoning. Based on best practices for zoning and in alignment with our updated Comprehensive Development Plan and our Strategic Plan to beautify Breckenridge as well as to provide housing diversity, like uses and paying attention to graduating uses (i.e., commercial or industrial not right next to residential areas, generally) we are separating out residential uses; Single Family, Duplex, Townhomes, Manufactured homes.

Sum Acreage by zoning class (MH):

Current – 1.8% (Comprehensive Development Plan pg. 33)

Option 1 (current draft option) - 2.45%

Option 2 – 5.88%

Option 3 – 9.73%

The following map is a heat map (included in our Comprehensive Development Plan) of existing MH. The color code legend is as follows:

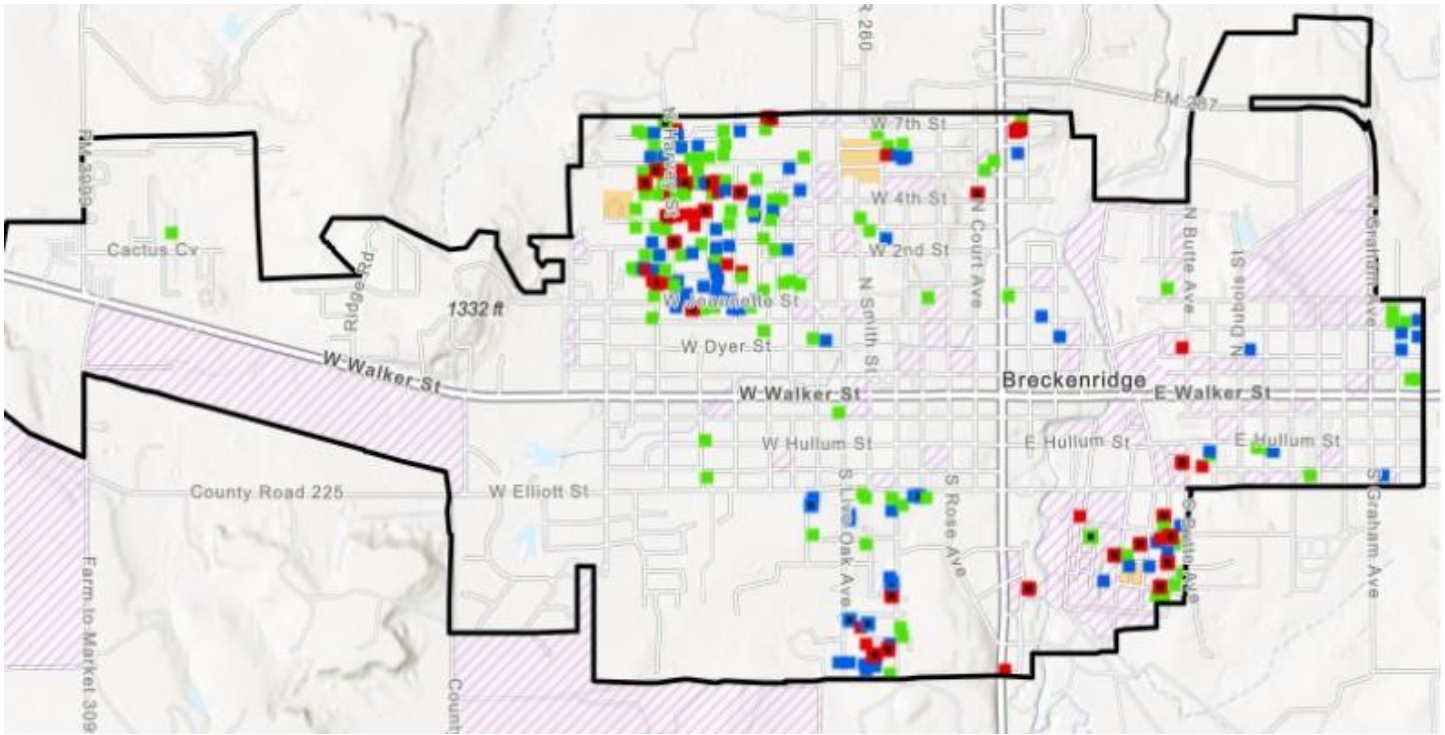
Green = Standard

Blue = Deteriorated

Red = Dilapidated

(those colors with sold black square in the color denote vacant)

At the time of the onsite inventory conducted by Public Management, there were a total of 236 MH; of those 103 were in standard condition, 74 were in deteriorated condition and 24 were dilapidated condition.



**FINANCIAL IMPACT:**

NA

**STAFF RECOMMENDATION:**

Consider approval of P&Z's recommendation to adopt Ordinance 2026-03 as presented.



## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Discussion and any necessary action regarding award of construction contract related to the TX-CDBG #CDM22-0020 Downtown Revitalization Project

**Department:** Administration

**Staff Contact:** Cynthia Northrop

**Title:** Admin

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### BACKGROUND INFORMATION:

The City received a Downtown Revitalization grant for \$500,000 for sidewalk improvements at Rose Avenue and Elm Street. The construction contract came in lower than expected which has allowed us to use left over funds to pave Elm Street from Rose Avenue to McAmis. That is also the location of water line improvements currently underway through the TWDB DWSRF project. That project is also underway and they are starting the water line replacement for W. Elm with the section between Rose and McAmis first, so we can immediately follow up with the pavement project using left over funds from the Downtown Revitalization project.

A Request for Proposals was issued and the engineers are recommending awarding the project to the lowest and best bid; XXXXX.

### FINANCIAL IMPACT:

NA

### STAFF RECOMMENDATION:

Consider approval of award of construction contract to XX for the TX-CDBG #CDM22-0020 Downtown Revitalization Project



## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Discussion and any necessary action on Resolution 2026-03 affirming policies related to the City's TX-CDBG CDV25-0207 (Panther Street) Grant

**Department:** Administration

**Staff Contact:** Cynthia Northrop

**Title:** Admin

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### BACKGROUND INFORMATION:

The City applied for and received a CDBG Grant for \$750,000 to improve Panther Street, 4<sup>th</sup> Street and 2<sup>nd</sup> Street. Use and receipt of grant funds requires the City's commitment to meet applicable federal requirements. This resolution affirms the City's agreement. See resolution for details.

### FINANCIAL IMPACT:

NA

### STAFF RECOMMENDATION:

Consider approval of Resolution 2026-03 affirming policies related to the City's TX-CDBG CDV25-0207 (Panther Street) Grant.

**RESOLUTION No.2026-03 Regarding Civil Rights -****The City of Breckenridge, Texas**

Whereas, the City of Breckenridge, Texas, (hereinafter referred to as “City of Breckenridge”) has been awarded TxCDBG funding through a TxCDBG grant from the Texas Department of Agriculture (hereinafter referred to as “TDA”);

Whereas, the City of Breckenridge, in accordance with Section 109 of the Title I of the Housing and Community Development Act. (24 CFR 6); the Age Discrimination Act of 1975 (42 U.S.C. 6101-6107); and Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and for construction contracts greater than \$10,000, must take actions to ensure that no person or group is denied benefits such as employment, training, housing, and contracts generated by the CDBG activity, on the basis of race, color, religion, sex, national origin, age, or disability;

Whereas, the City of Breckenridge, in consideration for the receipt and acceptance of federal funding, agrees to comply with all federal rules and regulations including those rules and regulations governing citizen participation and civil rights protections;

Whereas, the City of Breckenridge, in accordance with Section 3 of the Housing and Urban Development Act of 1968, as amended, and 24 CFR Part 75, is required, to the greatest extent feasible, to provide training and employment opportunities to lower income residents and contract opportunities to businesses in the Section 3 Service Area;

Whereas, the City of Breckenridge, in accordance with Section 104(1) of the Housing and Community Development Act, as amended, and State’s certification requirements at 24 CFR 91.325(b)(6), must adopt an excessive force policy that prohibits the use of excessive force against non-violent civil rights demonstrations;

Whereas, the City of Breckenridge, in accordance with Executive Order 13166, must take reasonable steps to ensure meaningful access to services in federally assisted programs and activities by persons with limited English proficiency (LEP) and must have an LEP plan in place specific to the locality and beneficiaries for each TxCDBG project;

Whereas, the City of Breckenridge, in accordance with Section 504 of the Rehabilitation Act of 1973, does not discriminate on the basis of disability and agrees to ensure that qualified individuals with disabilities have access to programs and activities that receive federal funds; and

Whereas, the City of Breckenridge, in accordance with Section 808(e)(5) of the Fair Housing Act (42 USC 3608(e)(5)) that requires HUD programs and activities be administered in a manner affirmatively to further the policies of the Fair Housing Act, agrees to conduct at least one activity during the contract period of the TxCDBG contract, to affirmatively further fair housing;

Whereas, the City of Breckenridge, in accordance with the Violence Against Women Act (VAWA) Reauthorization Act of 2022, to ensure that no local nuisance or crime-free ordinances must not result in penalties or eviction for victims of domestic violence and/or violent crimes.

Whereas, the City of Breckenridge, agrees to maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF BRECKENRIDGE, TEXAS, that:

The CITY OF BRECKENRIDGE REAFFIRMS The following policies:

1. Citizen Participation Plan and Grievance Procedures (Form A1013);
2. Excessive Force Policy (Form A1003);
3. Fair Housing Policy (Form A1015).
4. Section 504 Policy and Grievance Procedures (Form A1004); and
5. Code of Conduct Policy (Form A1002).

The City affirms its commitment to:

6. Ensuring the right to seek law enforcement and/or emergency assistance as documented in the Violence Against Women Act Certification (Form A1025).

The City affirms its commitment to conduct a project-specific analysis and take all appropriate action necessary to comply with program requirements for the following:

6. Section 3 economic opportunity;
7. Limited English Proficiency; and
8. Activity to Affirmatively Further Fair Housing Choice.

**Passed and approved this 3<sup>rd</sup> day of February, 2026.**

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Bob Sims, Mayor  
City of Breckenridge, Texas

ATTEST:

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Jessica Sutter, City Secretary  
City of Breckenridge, Texas



**RESOLUCIÓN No. 2026-03 Con respecto a los Derechos Civiles -****La ciudad de Breckenridge, Texas**

Considerando que, la Ciudad de Breckenridge, Texas, (en lo sucesivo denominada "Ciudad de Breckenridge") ha recibido fondos de TxCDBG a través de una subvención de TxCDBG del Departamento de Agricultura de Texas (en lo sucesivo denominada "TDA");

Considerando que, la Ciudad de Breckenridge, de conformidad con la Sección 109 del Título I de la Ley de Vivienda y Desarrollo Comunitario (24 CFR 6); la Ley de Discriminación por Edad de 1975 (42 U.S.C. 6101-6107); y la Sección 504 de la Ley de Rehabilitación de 1973 (29 U.S.C. 794) y para los contratos de construcción de más de \$10,000, debe tomar medidas para garantizar que a ninguna persona o grupo se le nieguen beneficios como el empleo, capacitación, vivienda y contratos generados por la actividad de CDBG, por motivos de raza, color, religión, sexo, origen nacional, edad o discapacidad;

Considerando que, la Ciudad de Breckenridge, en consideración a la recepción y aceptación de fondos federales, acepta cumplir con todas las reglas y regulaciones federales, incluidas las reglas y regulaciones que rigen la participación ciudadana y las protecciones de los derechos civiles;

Considerando que, la Ciudad de Breckenridge, de acuerdo con la Sección 3 de la Ley de Vivienda y Desarrollo Urbano de 1968, según enmendada, y 24 CFR Parte 75, está obligada, en la mayor medida posible, a proporcionar oportunidades de capacitación y empleo a los residentes de bajos ingresos y oportunidades de contrato a las empresas en el Área de Servicio de la Sección 3;

Considerando que, la Ciudad de Breckenridge, de conformidad con la Sección 104(1) de la Ley de Vivienda y Desarrollo Comunitario, según enmendada, y los requisitos de certificación del Estado en 24 CFR 91.325(b)(6), debe adoptar una política de fuerza excesiva que prohíba el uso de fuerza excesiva contra manifestaciones no violentas de derechos civiles;

Considerando que, la Ciudad de Breckenridge, de acuerdo con la Orden Ejecutiva 13166, debe tomar medidas razonables para garantizar un acceso significativo a los servicios en programas y actividades con asistencia federal por parte de personas con dominio limitado del inglés (LEP) y debe tener un plan LEP específico para la localidad y los beneficiarios para cada proyecto de TxCDBG;

Considerando que, la Ciudad de Breckenridge, de acuerdo con la Sección 504 de la Ley de Rehabilitación de 1973, no discrimina por motivos de discapacidad y acuerda garantizar que las personas calificadas con discapacidades tengan acceso a programas y actividades que reciben fondos federales; y

Considerando que, la Ciudad de Breckenridge, de acuerdo con la Sección 808(e)(5) de la Ley de Vivienda Justa (42 USC 3608(e)(5)) que requiere que los programas y actividades de HUD se administren de manera afirmativa para promover las políticas de la Ley de Vivienda Justa, acuerda realizar al menos una actividad durante el período del contrato de TxCDBG, promover afirmativamente la equidad en la vivienda;

Visto y considerando: Que la Ciudad de Breckenridge, de acuerdo con la Ley de Reautorización de la Ley de Violencia contra la Mujer (VAWA) de 2022, para garantizar que ninguna ordenanza local molesta o libre de delitos no debe resultar en sanciones o desalojo para las víctimas de violencia doméstica y/o delitos violentos.

Visto y considerando: Que la Ciudad de Breckenridge, se compromete a mantener normas de conducta escritas que cubran los conflictos de intereses y rijan las acciones de sus empleados que participan en la selección, adjudicación y administración de contratos.

**AHORA, POR LO TANTO, RESUÉLVASE POR LA COMISIÓN DE LA CIUDAD DE BRECKENRIDGE, TEXAS, QUE:**

La CIUDAD DE BRECKENRIDGE REAFIRMA las siguientes políticas:

1. Plan de Participación Ciudadana y Procedimientos de Quejas (Formulario A1013);
2. Póliza de Fuerza Excesiva (Formulario A1003);
3. Política de Vivienda Justa (Formulario A1015).
4. Sección 504 Política y Procedimientos de Quejas (Formulario A1004); y
5. Política del Código de Conducta (Formulario A1002).

La Ciudad reafirma su compromiso de:

6. Garantizar el derecho a buscar asistencia policial y/o de emergencia como se documenta en la Certificación de la Ley de Violencia contra la Mujer (Formulario A1025).

La Ciudad afirma su compromiso de llevar a cabo un análisis específico del proyecto y tomar todas las medidas apropiadas necesarias para cumplir con los requisitos del programa para lo siguiente:

6. Sección 3 oportunidades económicas;
7. Dominio limitado del inglés; y
8. Actividad para Promover Afirmativamente la Elección de Vivienda Justa.

**Aprobado y aprobado el día 3 de febrero de 2026.**

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Bob Sims, Alcaldesa  
Ciudad de Breckenridge, Texas

**ATESTIGUAR:**

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Jessica Sutter, Secretaria de la Ciudad  
Ciudad de Breckenridge, Texas



## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Discussion and any necessary action on Section 3 Policy Information for the City's TX-CDBG CDV25-207 (Panther Street) Grant

**Department:** Administration

**Staff Contact:** Cynthia Northrop

**Title:** Admin

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### BACKGROUND INFORMATION:

The City applied for and received a CDBG Grant for \$750,000 to improve Panther Street, 4<sup>th</sup> Street and 2<sup>nd</sup> Street. Use and receipt of grant funds requires the City's commitment to affirm agreement to several policies including citizen participation, excessive force policy, fair housing policy, Section 504 Policy, Code of Conduct and Conflict of Interest Policy.

### FINANCIAL IMPACT:

NA

### STAFF RECOMMENDATION:

Consider approval of agreement to Section 3 Policy Information for City's TX-CDBG CDV25-0207 (Panther St.) Grant.

## CITIZEN PARTICIPATION PLAN

### TEXAS COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

#### COMPLAINT PROCEDURES

These complaint procedures comply with the requirements of the Texas Department of Agriculture's Texas Community Development Block Grant (TxCDBG) Program and Local Government Requirements found in 24 CFR §570.486 (Code of Federal Regulations). Citizens can obtain a copy of these procedures at the City of Breckenridge, 105 N. Rose Avenue, Breckenridge, Texas 76424, (254) 559-8287, during regular business hours.

Below are the formal complaint and grievance procedures regarding the services provided under the TxCDBG project.

1. A person who has a complaint or grievance about any services or activities with respect to the TxCDBG project, whether it is a proposed, ongoing, or completed TxCDBG should contact City of Breckenridge, at 105 N. Rose Avenue, Breckenridge, Texas 76424, or may call, (254) 559-8287
2. A copy of the complaint or grievance shall be transmitted by the City Secretary to the entity that is the subject of the complaint or grievance and to the City Attorney within five (5) working days after the date of the complaint or grievance was received.
3. The City shall complete an investigation of the complaint or grievance, if practicable, and provide a timely written answer to the person who made the complaint or grievance within ten (10) days.
4. If the investigation cannot be completed within ten (10) working days per 3 above, the person who made the grievance or complaint shall be notified, in writing, within fifteen (15) days where practicable after receipt of the original complaint or grievance and shall detail when the investigation should be completed.
5. If necessary, the grievance and a written copy of the subsequent investigation shall be forwarded to the TxCDBG for their further review and comment.
6. If appropriate, provide copies of grievance procedures and responses to grievances in both English and Spanish, or other appropriate language.

#### TECHNICAL ASSISTANCE

When requested, the City shall provide technical assistance to groups that are representative of persons of low- and moderate-income in developing proposals for the use of TxCDBG funds. The City, based upon the specific needs of the community's residents at the time of the request, shall determine the level and type of assistance.

#### PUBLIC HEARING PROVISIONS

For each public hearing scheduled and conducted by the City, the following public hearing provisions shall be observed:

1. Public notice of all hearings must be published at least seventy-two (72) hours prior to the scheduled hearing. The public notice must be published in a local newspaper. Each public notice must include the date, time, location, and topics to be considered at the public hearing. A published newspaper article can also be used to meet this requirement so long as it meets all content and timing requirements. Notices should also be prominently posted in public buildings and distributed to local Public Housing Authorities and other interested community groups.
2. When a significant number of non-English speaking residents are a part of the potential service area of the TxCDBG project, vital documents such as notices should be published in the predominant language of these non-English speaking citizens.
3. Each public hearing shall be held at a time and location convenient to potential or actual beneficiaries and will include accommodation for persons with disabilities. Persons with disabilities must be able to attend

the hearings and the City must make arrangements for individuals who require auxiliary aids or services if contacted at least two days prior to the hearing.

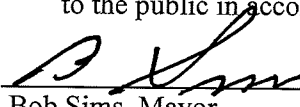
4. A public hearing held prior to the submission of a TxCDBG application must be held after 5:00 PM on a weekday or at a convenient time on a Saturday or Sunday.
5. When a significant number of non-English speaking residents can be reasonably expected to participate in a public hearing, an interpreter should be present to accommodate the needs of the non-English speaking residents.

The City shall comply with the following citizen participation requirements for the preparation and submission of an application for a TxCDBG project:

1. At a minimum, the City shall hold at least one (1) public hearing prior to submitting the application to the Texas Department of Agriculture.
2. The City shall retain documentation of the hearing notice(s), a listing of persons attending the hearing(s), minutes of the hearing(s), and any other records concerning the proposed use of funds for three (3) years from closeout of the grant to the state. Such records shall be made available to the public in accordance with Chapter 552, Texas Government Code.
3. The public hearing shall include a discussion with citizens as outlined in the applicable TxCDBG application manual to include, but is not limited to, the development of housing and community development needs, the amount of funding available, all eligible activities under the TxCDBG program, and the use of past TxCDBG contract funds, if applicable. Citizens, with particular emphasis on persons of low- and moderate-income who are residents of slum and blight areas, shall be encouraged to submit their views and proposals regarding community development and housing needs. Citizens shall be made aware of the location where they may submit their views and proposals should they be unable to attend the public hearing.
4. When a significant number of non-English speaking residents can be reasonably expected to participate in a public hearing, an interpreter should be present to accommodate the needs of the non-English speaking residents.

The City must comply with the following citizen participation requirements in the event that the City receives funds from the TxCDBG program:

1. The City shall also hold a public hearing concerning any substantial change, as determined by TxCDBG, proposed to be made in the use of TxCDBG funds from one eligible activity to another again using the preceding notice requirements.
2. Upon completion of the TxCDBG project, the City shall hold a public hearing and review its program performance including the actual use of the TxCDBG funds.
3. When a significant number of non-English speaking residents can be reasonably expected to participate in a public hearing, for either a public hearing concerning substantial change to the TxCDBG project or for the closeout of the TxCDBG project, publish notice in both English and Spanish, or other appropriate language and provide an interpreter at the hearing to accommodate the needs of the non-English speaking residents.
4. The City shall retain documentation of the TxCDBG project, including hearing notice(s), a listing of persons attending the hearing(s), minutes of the hearing(s), and any other records concerning the actual use of funds for a period of three (3) years from closeout of the grant to the state. Such records shall be made available to the public in accordance with Chapter 552, Texas Government Code.

  
Bob Sims, Mayor

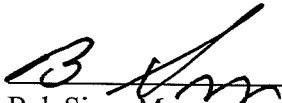
10-11-22  
Date

**Excessive Force Policy**

In accordance with 24 CFR 91.325(b)(6), City of Breckenridge hereby adopts and will enforce the following policy with respect to the use of excessive force:

1. It is the policy of City of Breckenridge to prohibit the use of excessive force by the law enforcement agencies within its jurisdiction against any individual engaged in non-violent civil rights demonstrations;
2. It is also the policy of City of Breckenridge to enforce applicable State and local laws against physically barring entrance to or exit from a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.
3. City of Breckenridge will introduce and pass a resolution adopting this policy.

As officers and representatives of City of Breckenridge, we the undersigned have read and fully agree to this plan, and become a party to the full implementation of this program.

  
Bob Sims, Mayor


10-11-22  
Date

**Fair Housing Policy**

In accordance with Fair Housing Act, the City of Breckenridge hereby adopts the following policy with respect to the Affirmatively Furthering Fair Housing:

1. City of Breckenridge agrees to affirmatively further fair housing choice for all seven protected classes (race, color, religion, sex, disability, familial status, and national origin).
2. City of Breckenridge agrees to plan at least one activity during the contract term to affirmatively further fair housing.
3. City of Breckenridge will introduce and pass a resolution adopting this policy.

As officers and representatives of the City of Breckenridge, we the undersigned have read and fully agree to this plan, and become a party to the full implementation of this program.

  
Bob Sims, Mayor

10-11-22  
Date

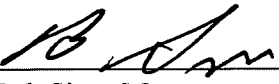
**Section 504 Policy Against Discrimination**  
**based on Handicap and Grievance Procedures**

In accordance with 24 CFR Section 8, Nondiscrimination based on Handicap in federally assisted programs and activities of the Department of Housing and Urban Development, Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and Section 109 of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5309), City of Breckenridge hereby adopts the following policy and grievance procedures:

1. Discrimination prohibited. No otherwise qualified individual with handicaps in the United States shall, solely by reason of his or her handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance from the Department of Housing and Urban Development (HUD).
2. The City of Breckenridge does not discriminate on the basis of handicap in admission or access to, or treatment or employment in, its federally assisted programs and activities.
3. The City of Breckenridge recruitment materials or publications shall include a statement of this policy in 1. above.
4. The City of Breckenridge shall take continuing steps to notify participants, beneficiaries, applicants and employees, including those with impaired vision or hearing, and unions or professional organizations holding collective bargaining or professional agreements with the recipients that it does not discriminate on the basis of handicap in violation of 24 CFR Part 8.
5. For hearing and visually impaired individuals eligible to be served or likely to be affected by the TxCDBG program, City of Breckenridge shall ensure that they are provided with the information necessary to understand and participate in the TxCDBG program.
6. Grievances and Complaints
  - A. Any person who believes she or he has been subjected to discrimination on the basis of disability may file a grievance under this procedure. It is against the law for City of Breckenridge to retaliate against anyone who files a grievance or cooperates in the investigation of a grievance.
  - B. Complaints should be addressed to: City of Breckenridge, City Secretary, 105 N. Rose Avenue, Breckenridge, Texas 76424, (254) 559-8287, who has been designated to coordinate Section 504 compliance efforts
  - C. A complaint should be filed in writing or verbally, contain the name and address of the person filing it, and briefly describe the alleged violation of the regulations.
  - D. A complaint should be filed within thirty (30) working days after the complainant becomes aware of the alleged violation.
  - E. An investigation, as may be appropriate, shall follow a filing of a complaint. The investigation will be conducted by the City. Informal but thorough investigations will afford all interested persons and their representatives, if any, an opportunity to submit evidence relevant to a complaint.
  - F. A written determination as to the validity of the complaint and description of resolution, if any, shall be issued by the City, and a copy forwarded to the complainant with fifteen (15) working days after the filing of the complaint where practicable.
  - G. The Section 504 coordinator shall maintain the files and records of the City of Breckenridge relating to the complaint's files.



- H. The complainant can request a reconsideration of the case in instances where he or she is dissatisfied with the determination/resolution as described in f. above. The request for reconsideration should be made to the City of Breckenridge within ten working days after the receipt of the written determination/resolution.
- I. The right of a person to a prompt and equitable resolution of the complaint filed hereunder shall not be impaired by the person's pursuit of other remedies such as the filing of a Section 504 complaint with the U.S. Department of Housing and Urban Development. Utilization of this grievance procedure is not a prerequisite to the pursuit of other remedies.
- J. These procedures shall be construed to protect the substantive rights of interested persons, to meet appropriate due process standards and assure that the City of Breckenridge complies with Section 504 and HUD regulations.

  
\_\_\_\_\_  
Bob Sims, Mayor

10-11-22  
Date

**CODE OF CONDUCT****CONFLICT OF INTEREST POLICY PERTAINING TO PROCUREMENT PROCEDURES**

As a Grant Recipient of a TxCDBG contract, the City of Breckenridge shall avoid, neutralize or mitigate actual or potential conflicts of interest so as to prevent an unfair competitive advantage or the existence of conflicting roles that might impair the performance of the TxCDBG contract or impact the integrity of the procurement process.

For procurement of goods and services, no employee, officer, or agent of the City of Breckenridge shall participate in the selection, award, or administration of a contract supported by TxCDBG funds if he or she has a real or apparent conflict of interest. Such a conflict could arise if the employee, officer or agent; any member of his/her immediate family; his/her partner; or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

No officer, employee, or agent of the City of Breckenridge shall solicit or accept gratuities, favors or anything of monetary value from contractors or firms, potential contractors or firms, or parties to sub-agreements, except where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value.

Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

For all other cases, no employee, agent, consultant, officer, or elected or appointed official of the state, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving TxCDBG funds, that has any grant-related function/responsibility, or is in a position to participate in a decision-making process or gain inside information, may obtain a financial interest or benefit from the federal or state grant activity.

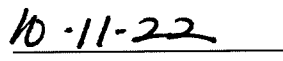
The conflict of interest restrictions and procurement requirements identified herein shall apply to a benefitting business, utility provider, or other third party entity that is receiving assistance, directly or indirectly, under TxCDBG contract or award, or that is required to complete some or all work under a TxCDBG contract in order to meet any National Program Objectives.

Any person or entity including any benefitting business, utility provider, or other third party entity that is receiving assistance, directly or indirectly, under a TxCDBG contract or award, or that is required to complete some or all work under the TxCDBG contract in order to meet a National Program Objective, that might potentially receive benefits from TxCDBG awards may not participate in the selection, award, or administration of a contract supported by CDBG funding.

Any alleged violations of these standards of conduct shall be referred to the City of Breckenridge's Attorney. Where violations appear to have occurred, the offending employee, officer or agent shall be subject to disciplinary action, including but not limited to dismissal or transfer; where violations or infractions appear to be substantial in nature, the matter may be referred to the appropriate officials for criminal investigation and possible prosecution.



Bob Sims, Mayor  
City of Breckenridge



Date

## PLAN DE PARTICIPACIÓN CIUDADANA

### PROGRAMA DE SUBVENCIONES EN BLOQUE PARA EL DESARROLLO COMUNITARIO DE TEXAS

#### PROCEDIMIENTOS DE RECLAMACIÓN

Estos procedimientos de queja cumplen con los requisitos del Programa de Subvención en Bloque de Desarrollo Comunitario de Texas (TxCDBG) del Departamento de Agricultura de Texas y los Requisitos del Gobierno Local que se encuentran en 24 CFR §570.486 (Código de Regulaciones Federales). Los ciudadanos pueden obtener una copia de estos procedimientos en la Ciudad de Breckenridge, 105 N. Rose Avenue, Breckenridge, Texas 76424, (254) 559-8287, durante el horario comercial regular.

A continuación se presentan los procedimientos formales de quejas y quejas con respecto a los servicios prestados en el marco del proyecto TxCDBG.

1. Una persona que tenga una queja o queja sobre cualquier servicio o actividad con respecto al proyecto TxCDBG, ya sea un TxCDBG propuesto, en curso o completado, debe comunicarse con la Ciudad de Breckenridge, en 105 N. Rose Avenue, Breckenridge, Texas 76424, o puede llamar, (254) 559-8287
2. Una copia de la queja o queja será transmitida por el Secretario de la Ciudad a la entidad que es objeto de la queja o queja y al Abogado de la Ciudad dentro de los cinco (5) días hábiles posteriores a la fecha de recepción de la queja o queja.
3. La Ciudad completará una investigación de la queja o queja, si es posible, y proporcionará una respuesta oportuna por escrito a la persona que hizo la queja o queja dentro de los diez (10) días.
4. Si la investigación no puede completarse dentro de los diez (10) días hábiles por 3 anteriores, la persona que hizo la queja o queja será notificada, por escrito, dentro de los quince (15) días cuando sea posible después de la recepción de la queja o queja original y detallará cuándo debe completarse la investigación.
5. Si es necesario, la queja y una copia escrita de la investigación posterior se enviarán al TxCDBG para su posterior revisión y comentarios.
6. Si es apropiado, proporcione copias de los procedimientos de quejas y las respuestas a las quejas en inglés y español, u otro idioma apropiado.

#### ASISTENCIA TÉCNICA

Cuando se solicite, la Ciudad proporcionará asistencia técnica a los grupos que sean representativos de personas de ingresos bajos y moderados en el desarrollo de propuestas para el uso de los fondos de TxCDBG. La Ciudad, con base en las necesidades específicas de los residentes de la comunidad en el momento de la solicitud, determinará el nivel y el tipo de asistencia.

#### DISPOSICIONES SOBRE AUDIENCIAS PÚBLICAS

Para cada audiencia pública programada y conducida por la Ciudad, se observarán las siguientes disposiciones de audiencia pública:

1. El aviso público de todas las audiencias debe publicarse al menos setenta y dos (72) horas antes de la audiencia programada. El aviso público debe publicarse en un periódico local. Cada aviso público debe incluir la fecha, hora, lugar y temas que se considerarán en la audiencia pública. Un artículo de periódico publicado también se puede utilizar para cumplir con este requisito, siempre y cuando cumpla con todos los requisitos de contenido y tiempo. Los avisos también deben publicarse de manera prominente en los edificios públicos y distribuirse a las autoridades locales de vivienda pública y otros grupos comunitarios interesados.

2. Cuando un número significativo de residentes que no hablan inglés forman parte del área de servicio potencial del proyecto TxCDBG, los documentos vitales, como los avisos, deben publicarse en el idioma predominante de estos ciudadanos que no hablan inglés.
3. Cada audiencia pública se llevará a cabo en un momento y lugar conveniente para los beneficiarios potenciales o reales e incluirá adaptaciones para personas con discapacidades. Las personas con discapacidades deben poder asistir a las audiencias y la Ciudad debe hacer arreglos para las personas que requieren ayudas o servicios auxiliares si se contacta al menos dos días antes de la audiencia.
4. Una audiencia pública celebrada antes de la presentación de una solicitud de TxCDBG debe llevarse a cabo después de las 5:00 PM en un día laborable o a una hora conveniente un sábado o domingo.
5. Cuando se puede esperar razonablemente que un número significativo de residentes que no hablan inglés participen en una audiencia pública, un intérprete debe estar presente para satisfacer las necesidades de los residentes que no hablan inglés.

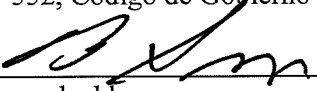
La Ciudad deberá cumplir con los siguientes requisitos de participación ciudadana para la preparación y presentación de una solicitud para un proyecto TxCDBG:

1. Como mínimo, la Ciudad deberá celebrar al menos una (1) audiencia pública antes de presentar la solicitud al Departamento de Agricultura de Texas.
2. La Ciudad conservará la documentación de los avisos de audiencia, una lista de las personas que asisten a la(s) audiencia(s), las actas de la(s) audiencia(s) y cualquier otro registro relacionado con el uso propuesto de los fondos durante tres (3) años a partir del cierre de la subvención al estado. Dichos registros se pondrán a disposición del público de acuerdo con el Capítulo 552, Código de Gobierno de Texas.
3. La audiencia pública incluirá una discusión con los ciudadanos como se describe en el manual de solicitud de TxCDBG aplicable para incluir, pero no se limita a, el desarrollo de las necesidades de vivienda y desarrollo comunitario, la cantidad de fondos disponibles, todas las actividades elegibles bajo el programa TxCDBG y el uso de fondos de contratos txCDBG anteriores, si corresponde. Se alentará a los ciudadanos, haciendo especial hincapié en las personas de ingresos bajos y moderados que residan en barrios marginales y zonas de tizón, a que presenten sus opiniones y propuestas sobre el desarrollo comunitario y las necesidades de vivienda. Se informará a los ciudadanos del lugar donde pueden presentar sus opiniones y propuestas en caso de que no puedan asistir a la audiencia pública.
4. Cuando se puede esperar razonablemente que un número significativo de residentes que no hablan inglés participen en una audiencia pública, un intérprete debe estar presente para satisfacer las necesidades de los residentes que no hablan inglés.

La Ciudad debe cumplir con los siguientes requisitos de participación ciudadana en caso de que la Ciudad reciba fondos del programa TxCDBG:

1. La Ciudad también celebrará una audiencia pública con respecto a cualquier cambio sustancial, según lo determinado por TxCDBG, propuesto para ser realizado en el uso de los fondos de TxCDBG de una actividad elegible a otra nuevamente utilizando los requisitos de notificación anteriores.
2. Una vez finalizado el proyecto TxCDBG, la Ciudad celebrará una audiencia pública y revisará el desempeño de su programa, incluido el uso real de los fondos de TxCDBG.
3. Cuando se pueda esperar razonablemente que un número significativo de residentes que no hablan inglés participen en una audiencia pública, ya sea para una audiencia pública sobre un cambio sustancial en el proyecto TxCDBG o para el cierre del proyecto TxCDBG, publique un aviso en inglés y español, u otro idioma apropiado y proporcione un intérprete en la audiencia para satisfacer las necesidades de los residentes que no hablan inglés.
4. La Ciudad conservará la documentación del proyecto TxCDBG, incluidos los avisos de audiencia, una lista de las personas que asisten a la audiencia, las actas de la audiencia y cualquier otro registro relacionado con el uso real de los fondos durante un período de tres (3) años a partir del cierre de la

subvención al estado. Dichos registros se pondrán a disposición del público de acuerdo con el Capítulo 552, Código de Gobierno de Texas.

  
\_\_\_\_\_  
Bob Sims, alcalde

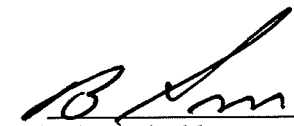
10-11-22

**Política de Fuerza Excesiva**

De acuerdo con 24 CFR 91.325 (b) (6), la Ciudad de Breckenridge adopta y hará cumplir la siguiente política con respecto al uso excesivo de la fuerza:

1. Es política de la ciudad de Breckenridge prohibir el uso excesivo de la fuerza por parte de los organismos encargados de hacer cumplir la ley dentro de su jurisdicción contra cualquier persona que participe en manifestaciones no violentas de derechos civiles;
2. También es política de la Ciudad de Breckenridge hacer cumplir las leyes estatales y locales aplicables contra la prohibición física de la entrada o salida de una instalación o ubicación que sea objeto de tales manifestaciones de derechos civiles no violentas dentro de su jurisdicción.
3. La ciudad de Breckenridge presentará y aprobará una resolución que adopte esta política.

Como oficiales y representantes de la Ciudad de Breckenridge, nosotros, los abajo firmantes, hemos leído y estamos totalmente de acuerdo con este plan, y nos hemos convertido en parte de la plena implementación de este programa.

  
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Bob Sims, alcalde

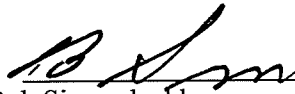
10-11-22

**Política de Vivienda Justa**

De acuerdo con la Ley de Vivienda Justa, la Ciudad de Breckenridge adopta la siguiente política con respecto a la Promoción Afirmativa de la Vivienda Justa:

1. La ciudad de Breckenridge acuerda afirmativamente promover una elección de vivienda justa para las siete clases protegidas (raza, color, religión, sexo, discapacidad, estado familiar y origen nacional).
2. La ciudad de Breckenridge acuerda planificar al menos una actividad durante el plazo del contrato para promover afirmativamente una vivienda justa.
3. La ciudad de Breckenridge presentará y aprobará una resolución que adopte esta política.

Como oficiales y representantes de la Ciudad de Breckenridge, nosotros, los abajo firmantes, hemos leído y estamos totalmente de acuerdo con este plan, y nos hemos convertido en parte de la plena implementación de este programa.

  
Bob Sims, alcalde

10-11-22

**Sección 504 Política contra la Discriminación  
basado en procedimientos de discapacidad y quejas**

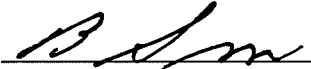
De acuerdo con 24 CFR Sección 8, No discriminación basada en discapacidad en programas y actividades con asistencia federal del Departamento de Vivienda y Desarrollo Urbano, Sección 504 de la Ley de Rehabilitación de 1973, según enmendada (29 U.S.C. 794), y la Sección 109 de la Ley de Vivienda y Desarrollo Comunitario de 1974, según enmendada (42 U.S.C. 5309), la Ciudad de Breckenridge adopta por la presente los siguientes procedimientos de política y quejas:

1. Discriminación prohibida. Ninguna persona calificada con discapacidades en los Estados Unidos, únicamente por razón de su discapacidad, será excluida de la participación, se le negarán los beneficios o estará sujeta a discriminación bajo cualquier programa o actividad que reciba asistencia financiera federal del Departamento de Vivienda y Desarrollo Urbano (HUD).
2. La Ciudad de Breckenridge no discrimina sobre la base de la discapacidad en la admisión o el acceso a, o el tratamiento o el empleo en, sus programas y actividades asistidas por el gobierno federal.
3. Los materiales o publicaciones de reclutamiento de la Ciudad de Breckenridge incluirán una declaración de esta política en 1. encima.
4. La Ciudad de Breckenridge tomará medidas continuas para notificar a los participantes, beneficiarios, solicitantes y empleados, incluidos aquellos con problemas de visión o audición, y a los sindicatos u organizaciones profesionales que celebren negociaciones colectivas o acuerdos profesionales con los destinatarios que no discrimina sobre la base de la discapacidad en violación de 24 CFR Parte 8.
5. Para las personas con discapacidad auditiva y visual elegibles para ser atendidas o que puedan verse afectadas por el programa TxCDBG, la Ciudad de Breckenridge se asegurará de que se les proporcione la información necesaria para comprender y participar en el programa TxCDBG.
6. Quejas y quejas
  - R. Cualquier persona que crea que ha sido objeto de discriminación por motivos de discapacidad puede presentar una queja bajo este procedimiento. Es contra la ley que la Ciudad de Breckenridge tome represalias contra cualquier persona que presente una queja o coopere en la investigación de una queja.
  - B. Las quejas deben dirigirse a: Ciudad de Breckenridge, Secretario de la Ciudad, 105 N. Rose Avenue, Breckenridge, Texas 76424, (254) 559-8287, quien ha sido designado para coordinar los esfuerzos de cumplimiento de la Sección 504
  - C. Una queja debe presentarse por escrito o verbalmente, contener el nombre y la dirección de la persona que la presenta y describir brevemente la presunta violación de las regulaciones.
  - D. Una queja debe presentarse dentro de los treinta (30) días hábiles posteriores a que el reclamante tenga conocimiento de la presunta violación.
  - E. La investigación, según proceda, seguirá a la presentación de una denuncia. La investigación será llevada a cabo por la Ciudad. Las investigaciones oficiosas pero exhaustivas brindarán a todas las personas interesadas y a sus representantes, si los hubiere, la oportunidad de presentar pruebas pertinentes para una denuncia.
  - F. La Ciudad emitirá una determinación por escrito sobre la validez de la queja y la descripción de la resolución, si corresponde, y una copia enviada al reclamante con quince (15) días hábiles después de la presentación de la queja cuando sea posible.
  - G. El coordinador de la Sección 504 mantendrá los archivos y registros de la Ciudad de Breckenridge relacionados con los archivos de la queja.
  - H. El demandante puede solicitar una reconsideración del caso en los casos en que no esté satisfecho con la determinación/resolución descrita en f. supra. La solicitud de reconsideración debe hacerse



a la Ciudad de Breckenridge dentro de los diez días hábiles posteriores a la recepción de la determinación / resolución por escrito.

- I. El derecho de una persona a una resolución rápida y equitativa de la queja presentada en virtud del presente no se verá afectado por la búsqueda de otros recursos por parte de la persona, como la presentación de una queja de la Sección 504 ante el Departamento de Vivienda y Desarrollo Urbano de los Estados Unidos. La utilización de este procedimiento de quejas no es un requisito previo para la búsqueda de otros recursos.
- J. Estos procedimientos se interpretarán para proteger los derechos sustantivos de las personas interesadas, para cumplir con los estándares apropiados del debido proceso y garantizar que la Ciudad de Breckenridge cumpla con la Sección 504 y las regulaciones de HUD.

  
\_\_\_\_\_  
Bob Sims, Alcalde

10-11-22  
\_\_\_\_\_  
Date

**CÓDIGO DE CONDUCTA**  
**POLÍTICA DE CONFLICTO DE INTERESES RELATIVA A LOS PROCEDIMIENTOS DE**  
**CONTRATACIÓN**

Como Beneficiario de una Subvención de un contrato de TxCDBG, la Ciudad de Breckenridge evitará, neutralizará o mitigará los conflictos de intereses reales o potenciales para evitar una ventaja competitiva injusta o la existencia de roles conflictivos que puedan perjudicar el cumplimiento del contrato de TxCDBG o afectar la integridad del proceso de adquisición.

Para la adquisición de bienes y servicios, ningún empleado, funcionario o agente de la Ciudad de Breckenridge participará en la selección, adjudicación o administración de un contrato respaldado por fondos de TxCDBG si él o ella tiene un conflicto de intereses real o aparente. Tal conflicto podría surgir si el empleado, funcionario o agente; cualquier miembro de su familia inmediata; su pareja; o una organización que emplee o esté a punto de emplear a cualquiera de las partes indicadas en este documento, tenga un interés financiero o de otro tipo o un beneficio personal tangible de una empresa considerada para un contrato.

Ningún funcionario, empleado o agente de la Ciudad de Breckenridge solicitará o aceptará propinas, favores o cualquier cosa de valor monetario de contratistas o empresas, contratistas o empresas potenciales, o partes en subacuerdos, excepto cuando el interés financiero no sea sustancial o el regalo sea un artículo no solicitado de valor intrínseco nominal.


Los contratistas que elaboren o redacten especificaciones, requisitos, declaraciones de trabajo o invitaciones a licitar o solicitar propuestas deben quedar excluidos de competir por dichas adquisiciones.

Para todos los demás casos, ningún empleado, agente, consultor, funcionario o funcionario electo o designado del estado, o de una unidad del gobierno local general, o de cualquier agencia pública designada, o subbencipiantes que estén recibiendo fondos de TxCDBG, que tenga alguna función / responsabilidad relacionada con la subvención, o esté en condiciones de participar en un proceso de toma de decisiones u obtener información privilegiada, puede obtener un interés financiero o beneficiarse de la actividad de subvención federal o estatal.

Las restricciones de conflicto de intereses y los requisitos de adquisición identificados en este documento se aplicarán a una empresa beneficiaria, proveedor de servicios públicos u otra entidad de terceros que esté recibiendo asistencia, directa o indirectamente, bajo el contrato o adjudicación de TxCDBG, o que se requiera completar parte o todo el trabajo bajo un contrato de TxCDBG para cumplir con los Objetivos del Programa Nacional.

Cualquier persona o entidad, incluida cualquier empresa beneficiaria, proveedor de servicios públicos u otra entidad de terceros que esté recibiendo asistencia, directa o indirectamente, en virtud de un contrato o adjudicación de TxCDBG, o que deba completar parte o todo el trabajo bajo el contrato de TxCDBG para cumplir con un Objetivo del Programa Nacional, que potencialmente podría recibir beneficios de las adjudicaciones de TxCDBG no puede participar en la selección, adjudicación o administración de un contrato respaldado por fondos de CDBG.

Cualquier presunta violación de estas normas de conducta se remitirá al Abogado de la Ciudad de Breckenridge. Cuando parezca que se han producido violaciones, el empleado, funcionario o agente infractor estará sujeto a medidas disciplinarias, que incluyen, entre otras, el despido o la transferencia; cuando las violaciones o infracciones parezcan ser de naturaleza sustancial, el asunto podrá remitirse a los funcionarios competentes para su investigación penal y posible enjuiciamiento.

  
Bob Sims, alcalde  
Ciudad de Breckenridge

10-11-22

## PRESENTATION SUMMARY

The City of Breckenridge received Grant Contract CDV25-0207 the amount of \$750,000, funded through the Community Development Block Grant, via the U.S. Department of Housing and Urban Development and Texas Department of Agriculture, for the purpose of street improvements.

The overall purpose of Section 3 is to facilitate contract and employment opportunities for low and very low-income workers, specifically those that live close to the project location. To report on these efforts, the presentation details new reporting requirements and other efforts to increase Section 3 participation in the CDBG program.

HUD instituted new Section 3 policy requirements (24 CFR 75), effective November 30, 2020.

In July 1, 2021, TDA implemented the final rule for all existing and future construction CDBG grants. As part of these requirements, each grant recipient is required to review and discuss a Section 3 Presentation during a meeting of its governing body.

The additional pages dive deeper into Section 3 concepts, definitions for Section 3 businesses and workers, contractor outreach recommendations for new hires, and recordkeeping requirements pertaining to the grant.

Going forward, the grant administrator (Public Management, Inc) will coordinate with all parties to:

- Monitor public postings and contractor requirements pertaining to Section 3 provisions
- Track the number of hours of anyone who works on the grant project, including
  - Local government employees (i.e., City secretary, City Administrator, Public Works, WSC Operators, etc)
  - Construction contractor's laborers and staff
  - Grant administration employees.
  - \*Engineers, surveyors, and other professionals are exempt for hourly reporting requirements

There is no action required tonight. This presentation is simply required in order to meet the documentation required for the TDA grant. Please reach out to your grant administrator with any questions on these changes.

## **Section 3 Policy Updates - Effective July 1, 2021 Presentation**

The City of Breckenridge recently received Grant Contract CDV25-0207 for the amount of \$750,000, funded through the Community Development Block Grant, via the U.S. Department of Housing and Urban Development and Texas Department of Agriculture, for street improvements.

### **SECTION 3 CONCEPTS**

As a condition of funding, the City must comply with Section 3 of the Housing and Urban Development Act of 1968. To the greatest extent feasible, Grant Recipients must direct economic opportunities generated by CDBG funds to low- and very low-income persons.

In part, this means ensuring that:

- Section 3 Businesses have the information to submit a bid or proposal for the project; and
- Section 3 Workers have information about any available job opportunities related to the project.

The purpose of this presentation is to discuss the Section 3 goals of the CDBG program and facilitate employment opportunities for Section 3 workers.

The awarded construction contractor may have job opportunities for local residents. If they do need to make new hires for this job, they will post job listings on WorkInTexas.com.

### **SECTION 3 BUSINESSES**

A company may qualify as a Section 3 Business if:

- it is owned by low-income persons;
- it is owned by Section 8-Assisted housing residents; or
- 75% of all labor hours for the business in a 3-month period are performed by Section 3 Workers

Register at:

- Any Local/Regional registry for disadvantaged businesses [if applicable]

This project is expected to include the following contracting opportunities:

- Grant Administration services (previously selected)
- Engineering Services (previously selected)
- Prime Contractor for construction Improvements (previously selected)
- Subcontractors for construction Improvements (previously selected)

### **SECTION 3 WORKERS**

You may qualify as a Section 3 Worker if:

- Annual income is below the LMI county threshold for a family size of 1
- Is currently or recent (within 5 years) Youthbuild participant

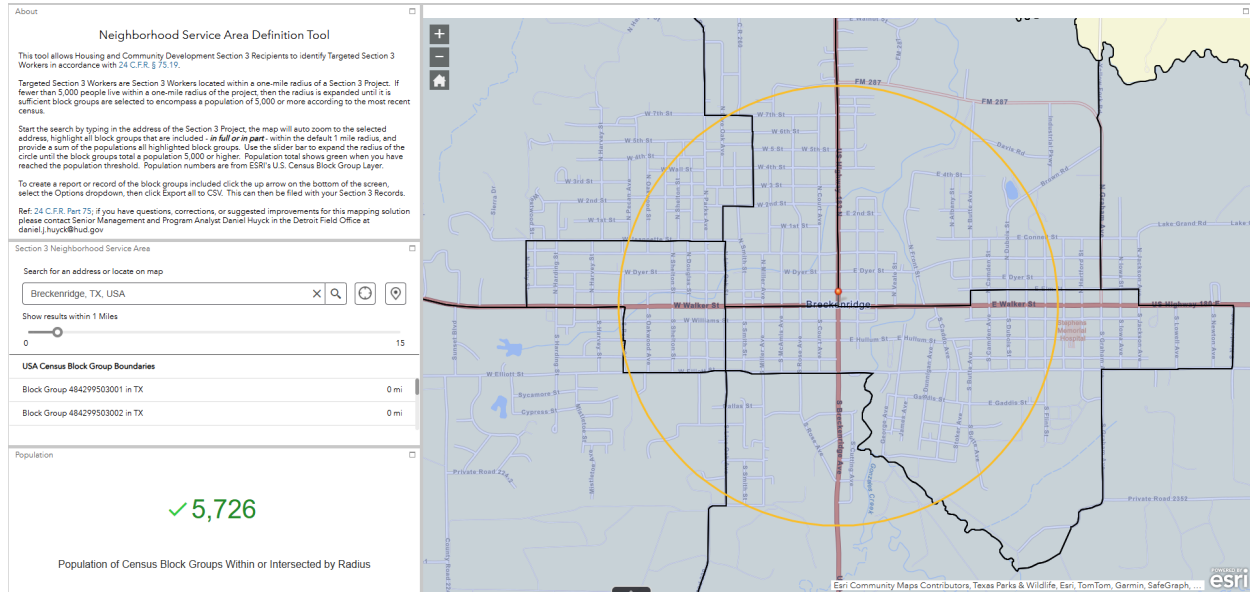
Register your information and search for opportunities at:

- WorkInTexas.gov
- [local/regional job board if applicable.

### **TARGETED SECTION 3 WORKERS**

Section 3 Workers who reside near the project location may also qualify as Targeted Section 3 Workers.

For this project, that **service area** is defined by the circled area in the map below:



## RECORDKEEPING

The city is required to track ALL hours worked on the project based on the three categories of workers (All, Section, 3 and Targeted Section 3). This requirement applies to all city staff that works on this grant, including the contracted grant administrator, and all employees of the prime and subcontractors. This will require collection of certain income information.

*\*Engineers, surveyors, and similar professions are exempt from this time tracking requirement.*



For More Info...

TxCDBG Policy Issuance 20-01

REVISED Policy Issuance 20-01

24 CFR Part 75

Electronic Code of Federal Regulations (eCFR)

TDA Representative: Suzanne Barnard, Director.(suzanne.barnard@texasagriculture.gov)

Grant Project Manager: Kristen Boswell (kboswell@publicmgt.com)

lture.gov)



## BRECKENRIDGE CITY COMMISSION AGENDA SUMMARY FORM

**Subject:** Discussion and any necessary action regarding approval of Ordinance 2026-02 ordering a Municipal General Election to be held on May 2, 2026, for the purpose of electing the offices of Mayor, and Commissioner Place 1 and Commissioner Place 2.

**Department:** Administration

**Staff Contact:** Jessica Sutter

**Title:** City Secretary

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### BACKGROUND INFORMATION:

Article IV of the City of Breckenridge Code of Ordinances provides for the guidance of elections of the governing body election. Additionally, state statute sets the first Saturday in May as a uniform election date. This year's election day will be held on May 2, 2026.

This year, three citizens will be elected at-large each, to serve a two-year term as Mayor, and Commissioner Place 1, and Commissioner Place 2. The incumbents for these positions are Bob Sims, Blake Hamilton, and Greg Akers, respectively. Please note that these places are not geographically based. The term of these offices will be May of 2026 to May of 2028.

The first day for filing an application for a place on the ballot was January 14, 2026. The final day will be Friday, February 13, 2026, at 5:00 p.m.

If the city does not have a contested race, the commission will have the ability to cancel the general election.

The polling location for early voting will be at the city offices, 105 North Rose Ave as follows:

April 20-24: 8:00 a.m. - 5:00 p.m.

April 27-28: 8:00 a.m. - 5:00 p.m.

The polling place for Election Day will be held at the Breckenridge ISD Athletics and Fine Arts Facility located at 607 W. Second Street on May 2, 2026, from 7:00 a.m. - 7:00 p.m. If The School District does not hold an election the polling place for Election Day will be at City Hall located at 105 N. Rose on May 2, 2026, from 7:00 a.m. – 7:00 p.m.

**FINANCIAL IMPACT:**

Estimated expenses for the election are approximately \$2,000.00. This is a budgeted expense.

**STAFF RECOMMENDATION:**

Consider approval of Ordinance 2026-02 ordering a Municipal General Election to be held on May 2, 2026, for the purpose of electing the offices of Mayor, Commissioner Place 1 and Commissioner Place 2.

**ORDINANCE NO. 2026-02**

**AN ORDINANCE PROVIDING FOR A GENERAL ELECTION TO BE HELD ON MAY 2, 2026  
FOR THE PURPOSE OF ELECTING THE FOLLOWING OFFICERS: MAYOR AND CITY  
COMMISSIONERS, PLACE NOS. 1 AND 2, IN THE CITY OF BRECKENRIDGE, TEXAS.**

**BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF BRECKENRIDGE, TEXAS:**

**Section 1.** An election is hereby called to be held in the City of Breckenridge, Texas, on May 2, 2026, (being the first Saturday in May), for the purpose of electing City Mayor and Commissioners, Place Nos. 1 and 2.

**Section 2.** Said election shall be called and held as provided by the Charter of the City of Breckenridge and applicable laws pertaining thereto.

**Section 3.** Candidates for Commissioner, in order to get their names on the official ballot, must proceed as follows: File a sworn application between the following dates: January 14 through February 13, 2026, with the City Secretary (as prescribed by Section 141.031 of the Texas Election Laws).

**Section 4.** Said election shall be conducted and results canvassed and announced by the election authorities as prescribed by the general election laws of the State of Texas.

**Section 5.** The City Commission of the City of Breckenridge hereby adopts the use of the ES&S Express Vote Voter Assist Terminal V1.0.121 (to comply with the requirements of Section 301 (a)(3)(B) (of the Help America Vote Act) for regular election day and early voting by personal appearance. The Express Vote is an optical scan ballot marking system. The City Commission of the City of Breckenridge also adopts the use of optical scan ballots for regular and early voting by personal appearance and by mail.

**Section 6.** The City Commission of the City of Breckenridge, Texas, is hereby authorized and directed to issue the formal order for said election providing for the polling place, the judges and clerks of the election, Early Voting Ballot Board and Notice of Election and returns of the election.

**PASSED AND APPROVED** this 3rd day of February 2026.

\_\_\_\_\_  
BOB SIMS, MAYOR

ATTEST:

\_\_\_\_\_  
JESSICA SUTTER, CITY SECRETARY

S E A L



## ORDER AND NOTICE OF CITY ELECTION

**THE STATE OF TEXAS            }**  
**COUNTY OF STEPHENS         }**  
**CITY OF BRECKENRIDGE       }**

## ORDER AND NOTICE

The City Commission of the City of Breckenridge, Texas, by virtue of the power vested in it by law, does hereby order that an election be held in the City of Breckenridge on May 2, 2026, being the first Saturday thereof, for the purpose of electing the following offices of said City:

Mayor

City Commissioner Place No. 1

City Commissioner Place No. 2

The City has entered into a Joint Election Agreement with Breckenridge Independent School District (School District) and Stephens Memorial Hospital District dba Stephens Memorial Hospital (Hospital District) to hold their May elections at the same polling place as the City – Breckenridge ISD Athletics and Fine Arts Facility, 607 West Second Street, Breckenridge, Texas 76424. If the City cancels its election, the School District will use its Administrative Offices located at 208 North Miller Street, Breckenridge, Texas 76424 and the Hospital District will use Stephens Memorial Hospital located at 200 South Geneva, Breckenridge, Texas 76424 as their election polling places. If the School District cancels its election, the City will use City Office located at 105 N. Rose Ave, Breckenridge, Texas 76424 and the Hospital District will use Stephens Memorial Hospital located at 200 South Geneva, Breckenridge, Texas 76424 as their election day polling place. If the Hospital District cancels its election, The Poll at the above-designated polling place shall on said Election Day be open from 7:00 A.M. to 7:00 P.M. The following named persons are hereby appointed Managers thereof, to-wit:

(To Be Named)	JUDGE
(To Be Named)	ALTERNATE JUDGE
(To Be Named)	CLERK
(To Be Named)	CLERK
(To Be Named)	CLERK
(To Be Named)	BILINGUAL CLERK

The City Secretary is hereby given the authority to change or replace the Election Judge or Alternate Judge as needed or if required prior to Election Day. The hourly rate of pay for the election Judge shall be \$12.00 per hour and each Election Clerk shall be \$10.00 per hour. The amount to be paid to the presiding Judge for delivering the election returns shall be \$25.00. The above shall also serve as the Early Voting Ballot Board, and the presiding judge shall serve as the Boards presiding officer. The Early Voting Ballot Board is hereby designated to canvass the early votes cast by mail and by personal appearance.

### ORDER AND NOTICE (Cont.)

The City Secretary is hereby appointed Clerk for early voting, and Ms. Diane Latham, Ms. Lacy Botts, Ms. Angela Crowder, Ms. Sherry Morgan, Ms. Mercedes Luna and Ms. Christi Tidrow are hereby appointed Deputy Clerks for early voting. The early voting for the above-designated election shall be held at the City Offices, 105 North Rose Avenue, as follows:

April 20, 2026	8:00 A.M. to 5:00 P.M.
April 22-24, 2026	8:00 A.M. to 5:00 P.M.
April 27-28, 2026	8:00 A.M. to 5:00 P.M.

Applications for ballot by mail shall be mailed to: City of Breckenridge, Early Voting Clerk, 105 North Rose Avenue, Breckenridge, Texas 76424, (254)559-8287. Applications for ballot by mail must be received no later than the close of business on April 20, 2026.

The City Commission will meet in special session on May 12, 2026, to canvass the returns of said Election to be held on May 2, 2026, and to declare the results of said election.

The City Secretary is hereby directed and instructed to post a properly executed copy of this order and notice of election at the City Offices. Said notice shall be posted no later than twenty-one (21) days before the date of said election. Notice of the time and place of holding said election shall be given by publication of such notice in a newspaper of general circulation published in the City of Breckenridge at least ten (10) days and not more than thirty (30) days prior to the date of said election.

**PASSED AND APPROVED** this the 3rd day of February 2026.

\_\_\_\_\_  
BOB SIMS, MAYOR

ATTEST:

\_\_\_\_\_  
JESSICA SUTTER, CITY SECRETARY

S E A L

**ORDENANZA NO. 2026-02**

**UNA ORDENANZA QUE ESTABLECE QUE SE CELEBRARÁN ELECCIONES GENERALES EL 2 DE MAYO DE 2026 CON EL PROPÓSITO DE ELEGIR A LOS SIGUIENTES FUNCIONARIOS: ALCALDE Y COMISIONADOS DE LA CIUDAD, LUGAR NO. 1 Y 2, EN LA CIUDAD DE BRECKENRIDGE, TEXAS.**

**LO ESTÁ ORDENADO POR LA COMISIÓN DE CIUDAD DE CIUDAD DE BRECKENRIDGE, TEXAS.**

**Sección 1.** Por la presente se convoca a una elección que se llevará a cabo en la ciudad de Breckenridge, Texas, el 2 de mayo de 2026 (siendo el primer sábado de mayo), con el propósito de elegir al alcalde y a los comisionados de la ciudad, lugares 1 y 2.

**Sección 2.** Dicha elección se convocará y llevará a cabo según lo dispuesto por la Carta Constitutiva de la Ciudad de Breckenridge y las leyes aplicables correspondientes.

**Sección 3.** Los candidatos a Comisionado, para que sus nombres aparezcan en la boleta oficial, deben proceder de la siguiente manera: Presentar una solicitud jurada entre las siguientes fechas: del 14 de enero al 13 de febrero de 2026, ante el Secretario de la Ciudad (según lo prescrito por la Sección 141.031 de las Leyes Electorales de Texas).

**Sección 4.** Dicha elección se llevará a cabo y los resultados serán escrutados y anunciados por las autoridades electorales según lo prescrito por las leyes electorales generales del Estado de Texas.

**Sección 5.** La Comisión de la Ciudad de Breckenridge adopta por la presente el uso de la Terminal de Asistencia al Votante de Voto Exprés de ES&S V1.0.121 (para cumplir con los requisitos de la Sección 301 (a)(3)(B) (de la Ley de Ayuda a América a Votar) para el día regular de las elecciones y la votación anticipada por comparecencia personal. El Voto Exprés es un sistema de marcado de boletas de escaneo óptico. La Comisión Municipal de la Ciudad de Breckenridge también adopta el uso de boletas de escaneo óptico para la votación regular y anticipada por comparecencia personal y por correo.

**Sección 6.** La comisión de ciudad de la ciudad de Breckenridge, Tejas por esto está autorizada y dirigida proceder el orden formal para dicho elección proveciendo para el lugar de votación, los jueces y los secretarios de tribunales de la elección, Tribunal de Balota Votando Temprano y Noticia de Elección, y regresos de la elección.

**PASADO Y APROBADO** este 3rd día de Febrero de 2026

\_\_\_\_\_  
BOB SIMS, ALCALDE

FE:

\_\_\_\_\_  
JESSICA SUTTER, SECRETARIA DE CIUDAD

S E A L

ORDEN Y AVISO DE LA ELECCIÓN DE LA CIUDAD

EL ESTADO DE TEXAS }  
CONDADO DE STEPHENS }  
CIUDAD DE BRECKENRIDGE }

ORDEN DE ELECCIÓN

La Comisión Municipal de la Ciudad de Breckenridge, Texas, en virtud del poder que le confiere la ley, por la presente ordena que se celebre una elección en la Ciudad de Breckenridge el 2 de mayo de 2026, siendo el primer sábado de la misma, con el propósito de elegir los siguientes cargos de dicha Ciudad:

Alcalde  
Comisionado de ciudad, Lugar No. 1  
Comisionado de ciudad, Lugar No. 2

La Ciudad ha celebrado un Acuerdo de Elección Conjunta con el Distrito Escolar Independiente de Breckenridge (Distrito Escolar) y el Distrito Hospitalario Stephens Memorial dba Stephens Memorial Hospital (Distrito Hospitalario) para celebrar sus elecciones de mayo en el mismo lugar de votación que la Ciudad: el Centro de Atletismo y Bellas Artes de Breckenridge ISD, 607 West Second Street, Breckenridge, Texas 76424. Si la Ciudad cancela su elección, el Distrito Escolar usará sus Oficinas Administrativas ubicadas en 208 North Miller Street, Breckenridge, Texas 76424 y el Distrito Hospitalario usará el Hospital Stephens Memorial ubicado en 200 South Geneva, Breckenridge, Texas 76424 como sus lugares de votación electoral. Si el Distrito Escolar cancela su elección, la Ciudad usará la Oficina de la Ciudad ubicada en 105 N. Rose Ave, Breckenridge, Texas 76424 y el Distrito Hospitalario usará el Hospital Stephens Memorial ubicado en 200 South Geneva, Breckenridge, Texas 76424 como su lugar de votación el día de las elecciones. Si el Distrito Hospitalario cancela su elección, la casilla en el lugar de votación designado anteriormente estará abierta el día de la elección de 7:00 a.m. a 7:00 p.m. Se nombran Administradores de los mismos a las siguientes personas, a saber:

- |                  |                   |
|------------------|-------------------|
| (a ser nombrado) | Juez              |
| (a ser nombrado) | Juez Alterno      |
| (a ser nombrado) | Secretario        |
| (a ser nombrado) | Secretario        |
| (a ser nombrado) | Secretario        |
| (a ser nombrado) | Empleado bilingüe |

Por la presente, se le otorga al Secretario de la Ciudad la autoridad para cambiar o reemplazar al Juez Electoral o al Juez Suplente según sea necesario o si se requiere antes del Día de las Elecciones. La tarifa de pago por hora para el Juez Electoral será de \$12.00 por hora y cada Secretario Electoral será de \$10.00 por hora. La cantidad que se pagará al juez presidente por la entrega de los resultados de las elecciones será de \$25.00. Lo anterior también servirá como la Junta de Boleta de Votación Anticipada, y el juez presidente servirá como el oficial que preside la Junta. Por la presente se designa a la Junta de Boleta de Votación Anticipada para que escrutara los votos anticipados emitidos por correo y por comparecencia personal.

ORDEN Y AVISO (Cont)

Por la presente se nombra a la Secretaria de la Ciudad para la votación anticipada, y la Sra. Diane Latham, la Sra. Lacy Botts, la Sra. Angela Crowder, la Sra. Sherry Morgan, la Sra. Mercedes Luna y la Sra. Christi Tidrow son nombradas Secretarias Adjuntas para la votación anticipada. La votación anticipada para la elección designada anteriormente se llevará a cabo en las Oficinas de la Ciudad, 105 North Rose Avenue, de la siguiente manera:

Abril 20, el 2026	8:00 A.M. a 5:00 P.M.
Abril 22-24, el 2026	8:00 A.M. a 5:00 P.M.
Abril 27-28, el 2026	8:00 A.M. a 5:00 P.M.

Las solicitudes de boleta por correo se enviarán por correo a: City of Breckenridge, Early Voting Clerk, 105 North Rose Avenue, Breckenridge, Texas 76424, (254)559-8287. Las solicitudes de boleta por correo deben recibirse a más tardar al cierre de operaciones el 20 de abril de 2026.

La Comisión de la Ciudad se reunirá en sesión especial el 12 de mayo de 2026 para realizar el escrutinio de los resultados de dicha elección que se llevará a cabo el 2 de mayo de 2026 y para declarar los resultados de dicha elección.

Por la presente se ordena e instruye al Secretario de la Ciudad que publique una copia debidamente ejecutada de esta orden y aviso de elección en las Oficinas de la Ciudad. Dicho aviso se publicará a más tardar veintiún (21) días antes de la fecha de dicha elección. La notificación de la hora y el lugar de celebración de dicha elección se dará mediante la publicación de dicha notificación en un periódico de circulación general publicado en la Ciudad de Breckenridge por lo menos diez (10) días y no más de treinta (30) días antes de la fecha de dicha elección.

**PASADO Y APROBADO** esta la 3rd día de Febrero 2026.

BOB SIMS, ALCALDE

FE:

JESSICA SUTTER, SECRETARIA DE LA CIUDAD

S E A L