



January 28, 2025

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, 2024. 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 May 1, 2024. 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. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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 28, 2025.

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.

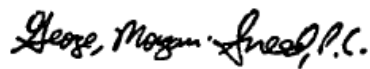
We were engaged to report on the combining fund statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the 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 2024
Current Period: 09/30/2024
Workpaper: proposed audit adjustments

Account	Description	Debit	Credit	Net Income Effect
GMS01				
To adjust hotel motel tax receivable to current year amount.				
101-1-00-1211	RIDGE PAY	0.00	4,455.60	
101-4-00-4036	HOTEL/MOTEL TAX	4,455.60	0.00	
Total		4,455.60	4,455.60	(4,455.60)

GMS02				
To adjust opening equity to the previous audited amounts.				
102-3-00-3005	Retained Earnings	417.00	0.00	
102-5-73-5519	Equipment Repair by Contract S	0.00	417.00	
103-3-00-3005	Retained Earnings	808.00	0.00	
103-5-77-5519	Equipment Repair by Contract S	0.00	808.00	
101-3-00-3005	FUND BALANCE	5,364.00	0.00	
101-4-00-4734	Misc. Revenue	0.00	5,364.00	
Total		6,589.00	6,589.00	6,589.00

GMS03				
To adjust property tax rec, allowance, and deferred to current year amount.				
101-1-00-1207	CURRENT TAXES RECEIVABLE	0.00	83,006.35	
101-1-00-1209	DELINQUENT TAXES RECEIVABLE	83,006.35	0.00	
101-2-00-2051	Allow. - Uncollectible Prop.	0.00	15,944.82	
101-2-00-2055	DEFERRED TAX REVENUE	15,944.82	0.00	
198-1-00-1207	Current Taxes Receivable	0.00	28,392.64	
198-1-00-1209	Delinquent Taxes Receivable	28,392.64	0.00	
198-2-00-2051	Allow. For Uncollectible Proper	0.00	3,373.41	
198-2-00-2055	Deferred Tax Revenue	3,373.41	0.00	
Total		130,717.22	130,717.22	0.00

GMS04				
To adjust accounts payable				
197-5-43-7231	Street Improvement Purchase	27,600.00	0.00	
102-5-72-5701	Electricity	24.92	0.00	
102-5-73-5701	Electricity	3,349.28	0.00	
102-5-74-5701	Electricity	759.87	0.00	
102-5-74-5711	TDCJ Booster Pump - Electricit	140.05	0.00	
102-5-74-5712	TDCJ Water Tower - Electricity	7.68	0.00	
102-5-74-5713	TDCJ Lift Station Electricity	420.15	0.00	
103-5-77-5701	Electricity	3,832.14	0.00	
104-5-42-5701	Electricity	18.27	0.00	
101-2-00-2069	BYFC ELECTRICITY	6.95	0.00	
101-5-18-5701	Electricity	524.21	0.00	
101-5-19-5701	Electricity	608.91	0.00	
101-5-21-5701	Electricity	449.84	0.00	
101-5-20-5701	Electricity	25.15	0.00	

101-5-31-5701	Electricity	43.35	0.00
101-5-32-5701	Electricity	40.82	0.00
101-5-33-5702	Miller Park Electricity	940.89	0.00
101-5-33-5703	Park Guard Lights	64.23	0.00
101-5-33-5706	Ball Park Lights	727.41	0.00
101-5-43-5708	Street Lights	5,726.58	0.00
101-5-43-5709	Welcome to Breck Signs - Elect	93.40	0.00
101-5-43-5710	Post Office Lights	8.35	0.00
101-5-44-5701	Electricity	712.33	0.00
101-5-90-5714	BEDC-Chamber Bldg.-Electric	348.03	0.00
101-5-90-5567	Attorney	1,730.65	0.00
101-5-24-5568	Legal Fees	2,202.05	0.00
101-2-00-2005	ACCOUNTS PAYABLE	0.00	14,253.15
102-2-00-2005	Accounts Payable	0.00	4,701.95
103-2-00-2005	Accounts Payable	0.00	3,832.14
104-2-00-2005	Accounts Payable	0.00	18.27
197-2-00-2005	Accounts Payable	0.00	27,600.00
Total		50,405.51	50,405.51
			(50,398.56)

GMS05

To adjust TMRS balances

102-1-00-1913	Deferred Outflow-Investment Ex	0.00	31,341.00
102-2-00-2080	Deferred Inflow-Actual Experi	0.00	9,188.00
102-2-00-2081	Net Pension Liability	41,634.00	0.00
102-5-70-5210	Retirement	0.00	163.00
102-5-71-5210	Retirement	0.00	112.00
102-5-73-5210	Retirement	0.00	550.00
102-5-74-5210	Retirement	0.00	280.00
103-1-00-1913	Deferred Outflow-Investment Ex	0.00	10,763.00
103-2-00-2080	Deferred Inflow-Actual Experi	0.00	3,344.00
103-2-00-2081	Net Pension Liability	14,256.00	0.00
103-5-76-5210	Retirement	0.00	87.00
103-5-77-5210	Retirement	0.00	62.00
102-1-00-1912	Deferred Outflow of ResoucesCo	17,073.00	0.00
102-5-70-5210	Retirement	0.00	2,521.00
102-5-71-5210	Retirement	0.00	1,724.00
102-5-73-5210	Retirement	0.00	8,502.00
102-5-74-5210	Retirement	0.00	4,326.00
103-1-00-1912	Deferred Outflow of ResoucesCo	0.00	7,247.00
103-5-76-5210	Retirement	4,245.00	0.00
103-5-77-5210	Retirement	3,002.00	0.00
Total		80,210.00	80,210.00
			11,080.00

GMS06

To adjust allowances for doubtful accounts.

102-1-00-1290	Allowance for Doubtful Account	0.00	20,460.30
102-4-00-4201	Water Sales - Metered	20,460.30	0.00
103-1-00-1290	Allowance for Doubtful Account	0.00	13,687.05
103-4-00-4209	Waste Water Services	13,687.05	0.00
104-1-00-1290	Allowance for Doubtful Account	0.00	4,851.49

104-4-00-4215	Residential/Poly Cart	4,851.49	0.00	
Total		38,998.84	38,998.84	(38,998.84)

GMS07

To adjust OPEB balances

102-1-00-1914	DEFERRED OUTFLOW-TMRS OPEB	348.00	0.00	
102-2-00-2083	Deferred Inflow-TMRS OPEB	3,835.00	0.00	
102-2-00-2082	TMRS OPEB LIABILITY	0.00	5,225.00	
102-5-70-5210	Retirement	154.00	0.00	
102-5-71-5210	Retirement	105.00	0.00	
102-5-73-5210	Retirement	519.00	0.00	
102-5-74-5210	Retirement	264.00	0.00	
103-1-00-1914	DEFERRED OUTFLOW-TMRS OPEB	262.00	0.00	
103-2-00-2083	Deferred Inflow-TMRS OPEB	1,303.00	0.00	
103-2-00-2082	TMRS OPEB LIABILITY	0.00	2,088.00	
103-5-76-5210	Retirement	261.00	0.00	
103-5-77-5210	Retirement	262.00	0.00	
Total		7,313.00	7,313.00	(1,565.00)

GMS09

Adjust employee portion of health insurance with only credits to liability accounts

102-2-00-2068	Employee	2,412.39	0.00	
102-5-70-5205	Health Ins-City Portion	0.00	435.06	
102-5-71-5205	Health Ins-City Portion	0.00	149.38	
102-5-73-5205	Health Ins-City Portion	0.00	1,020.93	
102-5-74-5205	Health Ins-City Portion	0.00	807.02	
103-2-00-2068	Employee	192.07	0.00	
103-5-77-5205	Health Ins-City Portion	0.00	192.07	
Total		2,604.46	2,604.46	2,604.46

GMS10

To record new capital leases and reclassify payments.

103-1-00-1511	Vehicles & Equipment	504,089.00	0.00	
103-2-00-2127	Capital Leases Payable	0.00	59,719.04	
103-2-00-2152	Long Term Debt Payable	0.00	444,369.96	
103-5-76-7115	Interest / L-P Equipment	4,699.48	0.00	
103-2-00-2152	Long Term Debt Payable	12,532.44	0.00	
103-5-76-5544	Contractual Services	12,000.00	0.00	
103-5-76-7115	Interest / L-P Equipment	8,492.16	0.00	
103-2-00-2152	Long Term Debt Payable	50,640.84	0.00	
103-5-90-9004	Transfer to Equip. Replacement	0.00	88,364.92	
111-4-00-4910	Transfer from Waste Water	88,364.92	0.00	
111-5-76-7225	Heavy Construction Equip Purch	0.00	17,231.92	
111-5-76-7225	Heavy Construction Equip Purch	0.00	71,133.00	
103-2-00-2029	Accrued Interest Payable Bond	0.00	9,196.64	
103-5-76-7115	Interest / L-P Equipment	9,196.64	0.00	
102-2-00-2152	Long Term Debt Payable	10,295.44	0.00	
102-2-00-2137	Lease Financing Liability	0.00	10,295.44	
Total		700,310.92	700,310.92	53,976.64

GMS11

To reclassify copier lease payments according to GASB 87.

101-5-18-7105	Rentals	0.00	9,395.68
101-5-18-7145	Lease Financing Principal	6,064.77	0.00
101-5-18-7135	Lease Financing Interest	428.91	0.00
101-5-18-5305	Office Supplies	306.28	0.00
101-5-20-7105	Rentals	0.00	5,444.13
101-5-20-7145	Lease Financing Principal	4,957.15	0.00
101-5-20-7135	Lease Financing Interest	350.57	0.00
101-5-20-5305	Office Supplies	136.41	0.00
101-5-24-7145	Lease Financing Principal	2,647.98	0.00
101-5-24-7135	Lease Financing Interest	187.26	0.00
101-5-43-7105	Rentals	0.00	239.52
102-5-73-7105	Rentals	0.00	895.68
102-5-73-7135	Lease Financing Interest	54.36	0.00
102-2-00-2137	Lease Financing Liability	768.72	0.00
102-5-73-5305	Office Supplies	72.60	0.00
102-5-74-7105	Rentals	0.00	2,849.74
102-5-74-5305	Office Supplies	2,849.74	0.00
103-5-77-7105	Rentals	0.00	892.96
103-5-77-5305	Office Supplies	69.88	0.00
103-5-77-7135	Lease Financing Interest	54.36	0.00
103-2-00-2137	Lease Financing Liability	768.72	0.00
102-5-73-7606	Amort Exp: Right-of-Use Asset	765.00	0.00
102-1-00-1560	Accum Amort:Right-of-use Asset	0.00	765.00
103-5-77-7606	Amort Exp: Right-of-Use Asset	765.00	0.00
103-1-00-1560	Accum Amort:Right-of-use Asset	0.00	765.00
125-3-00-3111	Investment in GFA General Fund	13,611.00	0.00
125-1-00-1560	Accum Amort:Right-of-use Asset	0.00	13,611.00
112-2-00-2137	Lease Financing Liability	7,685.01	0.00
112-2-00-2138	Long Term Lease Financing Liab	5,984.89	0.00
112-1-00-1350	Amts to be Provided for Capita	0.00	13,669.90
102-2-00-2137	Lease Financing Liability	0.00	1,234.70
102-2-00-2138	Long Term Lease Financing Liab	1,234.70	0.00
103-2-00-2137	Lease Financing Liability	0.00	792.89
103-2-00-2138	Long Term Lease Financing Liab	792.89	0.00
Total		50,556.20	50,556.20

7.44

GMS12

To record new vehicle operating leases, reclassify payments, and record disposals.

111-4-00-4600	Other Resources Capital Lease	0.00	743,606.52
111-5-16-7220	Motor Vehicle Purchase	31,241.99	0.00
111-5-20-7220	Motor Vehicle Purchase	339,650.08	0.00
111-5-21-7220	Motor Vehicle Purchase	31,475.58	0.00
111-5-25-7220	Motor Vehicle Purchase	79,871.87	0.00
111-5-32-7220	Motor Vehicle Purchase	38,222.44	0.00
111-5-33-7220	Motor Vehicle Purchase	76,712.22	0.00
111-5-43-7220	Motor Vehicle Purchase	146,432.34	0.00
112-1-00-1350	Amts to be Provided for Capita	743,606.52	0.00
112-2-00-2137	Lease Financing Liability	0.00	129,431.11
112-2-00-2138	Long Term Lease Financing Liab	0.00	614,175.41

125-1-00-1520	Right-of-Use Asset	743,606.52	0.00	
125-3-00-3111	Investment in GFA General Fund	0.00	743,606.52	
102-1-00-1520	Right-of-Use Asset	169,686.74	0.00	
102-2-00-2137	Lease Financing Liability	0.00	30,433.23	
102-2-00-2138	Long Term Lease Financing Liab	0.00	139,253.51	
111-5-16-7135	Lease Financing Interest	609.37	0.00	
111-5-16-7145	Lease Financing Principal	1,287.02	0.00	
111-5-20-7135	Lease Financing Interest	10,983.20	0.00	
111-5-20-7145	Lease Financing Principal	68,932.53	0.00	
111-5-21-7135	Lease Financing Interest	4,384.06	0.00	
111-5-21-7145	Lease Financing Principal	10,756.93	0.00	
111-5-25-7135	Lease Financing Interest	489.88	0.00	
111-5-25-7145	Lease Financing Principal	1,105.28	0.00	
111-5-32-7135	Lease Financing Interest	1,017.15	0.00	
111-5-32-7145	Lease Financing Principal	2,093.89	0.00	
111-5-33-7135	Lease Financing Interest	2,041.44	0.00	
111-5-33-7145	Lease Financing Principal	4,202.40	0.00	
111-5-43-7135	Lease Financing Interest	1,172.39	0.00	
111-5-43-7145	Lease Financing Principal	2,374.45	0.00	
111-5-90-7201	Enterprise Lease Payments	0.00	146,410.76	
111-4-00-4909	Transfer from Water Fund	34,960.77	0.00	
112-1-00-1350	Amts to be Provided for Capita	0.00	90,752.50	
112-2-00-2138	Long Term Lease Financing Liab	90,752.50	0.00	
102-2-00-2138	Long Term Lease Financing Liab	24,618.53	0.00	
102-5-73-7135	Lease Financing Interest	2,093.73	0.00	
102-5-74-7135	Lease Financing Interest	6,486.41	0.00	
102-5-75-7135	Lease Financing Interest	1,762.10	0.00	
102-5-90-9004	Transfer to Equip. Replacement	0.00	34,960.77	
125-1-00-1560	Accum Amort:Right-of-use Asset	0.00	50,507.98	
125-3-00-3111	Investment in GFA General Fund	50,507.98	0.00	
102-1-00-1560	Accum Amort:Right-of-use Asset	0.00	28,958.49	
102-5-73-7606	Amort Exp: Right-of-Use Asset	6,683.04	0.00	
102-5-74-7606	Amort Exp: Right-of-Use Asset	17,404.29	0.00	
102-5-75-7606	Amort Exp: Right-of-Use Asset	4,871.16	0.00	
125-1-00-1520	Right-of-Use Asset	0.00	50,695.27	
125-1-00-1560	Accum Amort:Right-of-use Asset	6,759.36	0.00	
125-3-00-3111	Investment in GFA General Fund	43,935.91	0.00	
Total		<u>2,802,792.07</u>	<u>2,802,792.07</u>	<u>(4,339.96)</u>

GMS13

To reclassify refunded 2023 bond costs.

198-5-68-7610	Interest Expense	0.00	16,644.42	
198-4-00-4707	CO 2023 Loan Proceeds	16,644.42	0.00	
Total		<u>16,644.42</u>	<u>16,644.42</u>	<u>0.00</u>

GMS14

To adjust court costs payable for fees City keeps.

101-2-00-2007	COURT COST PAYABLE	7,863.95	0.00	
101-4-00-4500	Municipal Court	0.00	7,863.95	
Total		<u>7,863.95</u>	<u>7,863.95</u>	<u>7,863.95</u>

GMS15

To adjust accumulated depreciation to reports.

132-1-00-1505	Buildings	2,259.12	0.00	
132-1-00-1552	AccDep-Buildings	0.00	2,259.12	
103-1-00-1554	AccDep-Vehicles & Equipment	0.00	11,126.20	
103-1-00-1556	AccDep-Collection & Distributi	0.00	185.76	
103-5-90-7605	Depreciation Expense	5,811.96	0.00	
103-4-00-4744	Sale of Equipment	5,500.00	0.00	
102-1-00-1554	AccDep-Vehicles & Equipment	0.00	546.39	
102-1-00-1556	AccDep-Collection & Distributi	19,593.08	0.00	
102-5-90-7605	Depreciation Expense	8,011.74	0.00	
102-5-72-5521	Building & Grounds by Contract	0.00	27,058.43	
Total		41,175.90	41,175.90	13,234.73

GMS16

To adjust for equipment traded in on capital leases.

103-1-00-1511	Vehicles & Equipment	0.00	14,000.00	
103-1-00-1554	AccDep-Vehicles & Equipment	48,099.89	0.00	
103-4-00-4744	Sale of Equipment	0.00	34,099.89	
Total		48,099.89	48,099.89	0.00

GMS17

To balance transfers

103-1-00-1517	Construction in Progress	0.00	20,810.01	
103-5-90-9000	Budgetary Transfers To General	69,360.01	0.00	
103-4-00-4915	Operating Transfers In	0.00	48,550.00	
102-1-00-1517	Construction in Progress	20,600.00	0.00	
102-1-00-1507	Water System	21,700.92	0.00	
102-4-00-4915	Operating Transfers In	0.00	69,360.01	
102-5-72-5521	Building & Grounds by Contract	27,059.09	0.00	
103-4-00-4914	Transfer In From General Debt	159,911.34	0.00	
103-5-90-9017	Transfer to Revenue Debt Serv	0.00	159,911.34	
199-4-00-4909	Transfer from Water Fund	0.00	3,568.24	
199-4-00-4904	Waste Water Fund Transfer	3,568.24	0.00	
Total		302,199.60	302,199.60	21,490.91

GMS18

To adjust general fixed assets.

125-1-00-1503	Land	0.00	200.00	
125-1-00-1505	Buildings	0.00	87,500.00	
125-1-00-1506	Building Improvements	0.00	70,476.00	
125-1-00-1517	Construction in Progress	27,600.00	0.00	
125-1-00-1550	AccDep-Land Improvements	147.74	0.00	
125-1-00-1552	AccDep-Buildings	72,779.69	0.00	
125-1-00-1554	AccDep-Vehicles & Equipment	70,476.00	0.00	
125-1-00-1560	Accum Amort:Right-of-use Asset	0.00	5,000.00	
125-3-00-3111	Investment in GFA General Fund	0.00	7,827.43	
Total		171,003.43	171,003.43	0.00

GRAND TOTAL

4,461,940.01

4,461,940.01

17,089.17