

CITY OF BRENHAM, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021



PREPARED BY THE FINANCE DIVISION

CITY OF BRENHAM, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT

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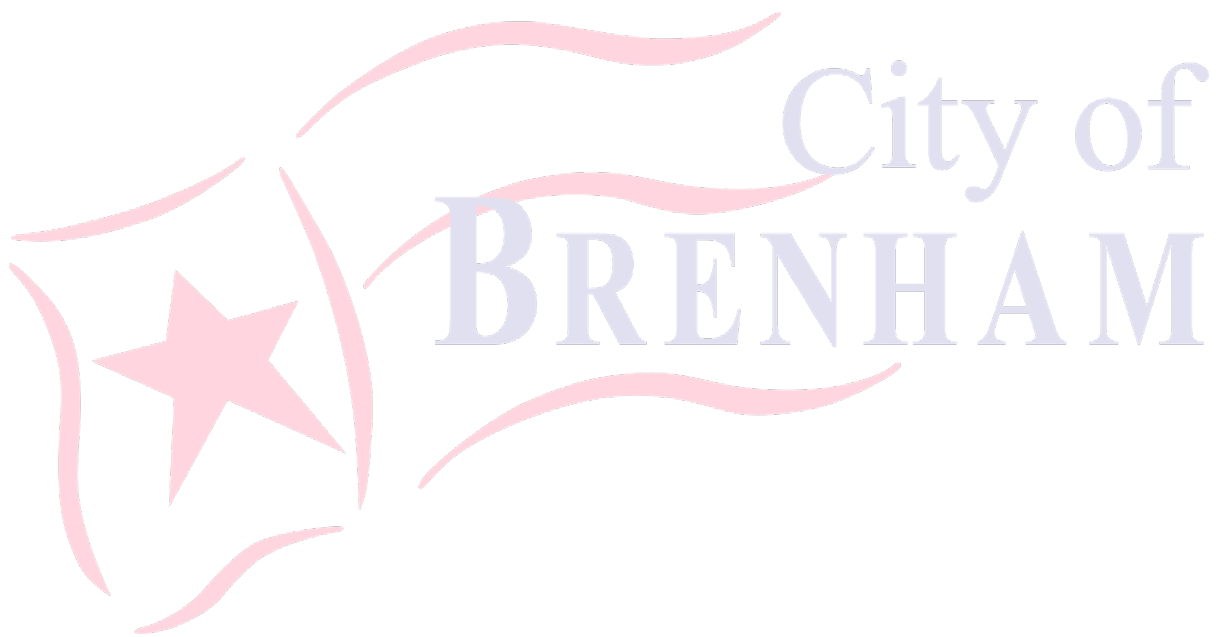
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Mayor
Milton Y. Tate, Jr.

Council Members
Clint Kolby, Mayor Pro Tem
Shanna Canales
Leah Cook
Atwood C. Kenjura
Adonna Saunders
Albert Wright

City Manager
Carolyn D. Miller

March 3, 2022

The Honorable Mayor, City Council, and Citizens
City of Brenham
Brenham, Texas

The Finance Division and the City Manager's Office are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Brenham, Texas for the fiscal year ended September 30, 2021. State law requires that all general-purpose local governments publish, within six months of the close of the fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The purpose of the ACFR is to provide accurate and meaningful information concerning the City's financial condition and performance.

This report consists of management's representations concerning the finances of the City of Brenham. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Brenham has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Brenham's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Brenham's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Brenham's financial statements have been audited by Seidel Schroeder, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Brenham for the fiscal year ended September 30, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Brenham's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Brenham's MD&A can be found immediately following the report of the independent auditors.

THE CITY AND ITS ORGANIZATION

Profile of the Government

The City of Brenham, incorporated in 1858, is located in the central part of the state, between Houston and Austin. The City of Brenham currently occupies a land area of approximately ten square miles and serves a population of approximately 17,848. The City of Brenham is empowered to levy a property tax on both real estate and personal properties located within its boundaries.

The City of Brenham has operated under the council-manager form of government since 1920. Policy-making and legislative authority are vested in a governing body consisting of the Mayor and six Council members. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's city manager and city attorney. The government's city manager is responsible for carrying out the policies and ordinances of the governing body, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. The Mayor and Council members serve four-year terms. Four of the council members are elected by ward. The Mayor and the two remaining council members are elected at large.

City Services

The City of Brenham provides a full range of services, including police and fire protection; the construction and maintenance of streets, and other infrastructure; and recreational activities and cultural events. In addition, Gas, Water, Wastewater, and Electric operations are provided by the City of Brenham. The City is financially accountable for a legally separate entity, the Brenham Community Development Corporation, which is reported as a separate component unit within the City of Brenham's financial statements. Additional information on this entity can be found in the notes to the financial statements.

Annual Budget Process

The City Council annually enacts a budget through passage of an appropriations ordinance prior to the start of each fiscal year. The budget serves as the foundation for the City's financial planning and control. Annual budgets are prepared for all governmental funds including the General Fund, Debt Service Fund, Capital Project Funds and Special Revenue Funds. Annual budgets are also prepared for each enterprise fund including the Electric, Gas, Water, Wastewater, Sanitation and Drainage Funds. Lastly, annual budgets are prepared for Internal Service Funds and the Brenham Community Development Corporation. The appropriated budget is prepared by fund and department. While department heads may make transfers of appropriations within a department up to \$2,500, transfers over that amount require the approval of the City Manager. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund. Budget-to-actual comparisons are provided in this report for the General Fund, which is presented on page 36 as part of the basic financial statements.

2021 ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is perhaps best understood when it is considered within the context of the City's economy. The following information is provided to highlight a broad range of economic forces that support the City's operations.

Local Economy

The City of Brenham is fortunate to have a diversified revenue base which has helped mitigate some of the economic hardships other governmental entities are facing after the prolonged pandemic recovery. During improving economic conditions from the gradual re-awakening of the Texas and United States' economies, the City experienced growth in taxable values as well as residential and commercial building activity. Sales tax revenue rebounded along with hotel occupancy tax revenue. Specific information related to these indicators is noted below.

Local Economy (continued)

- Growth in Sales Tax Revenue – sales tax, which is the largest revenue source for funding general government operations and maintenance, was budgeted at a 2.9% growth rate for FY22 after a stronger than expected performance in FY21.
- Growth in Taxable Property Valuations – the City's certified taxable property valuations for the 2021 tax year rose by 8.33% from \$1.502 billion last year to \$1.627 billion. This growth included almost \$20 million in new property and improvements.
- Unemployment for the County – unemployment rate for Washington County in September 2021 was 4.7% compared to 5.6% one year ago and was favorable to the State's average unemployment rate of 5.0%.
- Strong Rebound of Hotel Occupancy Tax Revenues – after a significant decline in FY20 due to the COVID-19 pandemic, hotel occupancy tax collections totaled \$664,979 in FY21. This was 75% above budget and almost back to pre-pandemic levels. Anticipating this trend to continue, the FY22 budget was set at 78% above the FY21 budget. The first quarter of FY22 is trending favorably.

Business, Industrial and Residential Economic Development

The City is fortunate to have major industries with headquarters or divisions located within the City's boundaries including an ice cream manufacturer, a steel lighting standards manufacturer, a national brand mattress manufacturer, and a globally distributed salad dressing manufacturer. Also located within the City are a nationally known retail super center and two nationally known home improvement retail stores. Other significant employers include the regional home office of a state-wide insurance provider, a state-wide food distributor, a regional health care facility and a nursing and rehabilitation center. The City also has a major economic presence in the area thanks to Blinn College, the oldest junior college in the state, and a major mental health facility, which together provide employment for almost 2,000 educators, health care professionals and staff.

Brenham is strategically located for growth between mega markets, Houston and Austin, and is economically feasible for business and residential sites due to the affordable utility and property tax rates. The City owns all of the utilities – electric, gas, water and wastewater. Through the City's ownership, overhead is shared, allowing a lower rate structure to insure cost recovery.

The City continues to experience strong economic development through growth in residential and commercial development and infrastructure improvements. Several highlights are noted below.

- Acceptance of public infrastructure improvements in three residential developments:
 - Liberty Village Subdivision Phase 1, a 122 lot residential subdivision, for streets and storm sewer improvements totaling \$3,420,107 and water and wastewater line improvements totaling \$641,703.
 - Vintage Farms Phase III, a 44-lot residential subdivision, for streets and storm sewer improvements totaling \$834,297 and water and wastewater line improvements totaling \$404,471.
 - Overlook Estates Subdivision Phase IV, an 11 lot single-street development, for streets and storm sewer improvements totaling \$231,601 and water and wastewater line improvements totaling \$116,601.
- Blinn College Campus Expansion and Renovations
 - Completion of a new Science, Technology, Engineering and Innovation building (STEI), a \$35.5 million facility which opened in August 2021.
 - Through a public-private partnership model, a new 400-500 bed residence hall is under construction and is scheduled to open in Fall 2022, building permit of \$18.3 million.
 - Renovations to Old Main Academic Building and the Leroy Dreyer Field baseball complex, building permits totaling \$6.475 million.

Business, Industrial and Residential Growth and Development (continued)

- Strong Growth in Residential Building Permits – In 2021, 190 permits were issued for new residential totaling \$34.3 million, more than double the amount from the previous year. Also, 3 permits for multi-family totaling \$16.1 million were issued in 2021 compared to 2 at \$13.7 million in 2020.
- Robust Commercial Building Permits – The City issued 88 commercial building permits for \$39 million compared to 75 commercial building permits totaling \$61.9 million in 2020. In addition to Blinn College, notable projects include \$10.25 million at the new Baker Katz retail development (Hobby Lobby, Petsmart, Marshall's, Burke's, Aspen Dental, Rack Room Shoes, and various others), Germania Insurance remodel for \$4.4 million and HEB Grocery expansion for \$7.5 million.
- Brenham Municipal Airport –The City participates in grant agreements with TxDOT Aviation for airport improvements. In April 2021, a \$700,000 runway reconstruction project was completed and in September 2021, the City approved two resolutions in connection with upcoming grant agreements. Once approved by the Transportation Commission the following projects will begin:
 - Airfield Lighting Project – design and construction costs are estimated to be \$800,000 with the City responsible for 10% of the total costs, offset by \$10,000 funded by American Rescue Plan Act (ARPA) federal funding.
 - Airport Master Plan – total project costs are estimated to be \$250,000 with all of the City's 10% share to be covered by ARPA federal funding.
- The City continues to invest in public works and utility infrastructure improvements. In 2021, with the proceeds from a 2020 bond issuance, the City completed \$1.5 million in improvements to Salem Road and began a \$1 million project to improve Old Chappell Hill Road. On the utility side, the City continued the reconstruction of the Lake Somerville Water Intake Structure totaling \$5.2 million, and made a significant infrastructure investment in water and wastewater lines at the new Baker Katz retail development totaling \$1.3 million.

Another factor contributing to Brenham's economic success includes a tax abatement policy and establishment of Reinvestment Zones to encourage employment and provide incentives for business development and expansion. During the year, a tax-phase-in agreement was approved with QuestSpecialty Corporation for a business expansion of \$1.25 million in new equipment and inventory and the creation of 22 new jobs. The City has 8 companies currently being monitored for tax phase-in compliance verifying that the value creation and employment and payroll criteria are being met. In accordance with GASB Statement No. 77, additional information on tax abatement can be found in the notes to the financial statements.

In accordance with Section 311.03 of the Texas Tax Code, the City Council created a Tax Increment Reinvestment Zone (TIRZ) in FY19 which was amended in FY20 to include an additional 199 acres. The amended TIRZ contains approximately 2,400 acres of land in areas in which the City would like to encourage new investment and attract development. During the 30-year term, new development that occurs within the TIRZ is anticipated to generate approximately \$64.4 million in total new property tax revenue with the City of Brenham's portion being \$32.2 million. The tax increment base of the property is \$336,011,374 which was determined by the appraisal district in which the TIRZ is located. For each year of the term, the City will deposit in the TIRZ Fund an amount equal to 50% of the City's real property taxes levied and collected that constitute the City's tax increment for that year. For FY21, the City deposited \$116,483 into the TIRZ Fund, bringing the available balance to \$161,615.

As provided in the Texas Local Government Code, the Council also approved a Chapter 380 Economic Development Agreement with BK Stringer Limited related to a commercial and retail development project. Upon completion, the 200,000 square foot development is expected to produce new taxable property value of more than \$20 million and annual sales tax revenues to the City estimated to exceed \$400,000. Under this agreement, the City agreed to rebate sales tax generated from this development to BK Stringer. Sales tax grant payments shall be paid annually until the cumulative payments equal \$7 million or December 2033, whichever occurs first. As noted above, in FY21 commercial building permits were issued for several retailers in this shopping center and in February 2022, the first store opened for business.

Business, Industrial and Residential Growth and Development (continued)

The City of Brenham also collects a three-eighth cent sales tax allocated for economic development and recreation. The Brenham Community Development Corporation (BCDC) oversees this portion of sales tax and allocated over \$1 million for improvements to our existing park facilities and aquatic center. The most notable were at Jerry Wilson Park where over \$190,000 of revitalization improvements were made and the completion of the Splashpad at Henderson Park. The BCDC, along with the assistance of a \$750,000 Texas Parks and Wildlife grant, has funded Phase 1A of the new 100-acre Brenham Family Park. This first phase will consist of engineering and design work, the construction of a recreation lake/detention structure, road extension, parking, restrooms, a one-mile walk/bike trail, trail lighting, playscapes and park signage.

The Main Street Brenham program continues to thrive with a strong volunteer base which organizes and supports many downtown festivals, events, and tourism promotions. We also recognize the impact of a vibrant downtown district on economic development. In 2020, a committee was formed to study and develop an ordinance to protect historic properties and local landmarks in the City. In August 2021, a Historic Preservation Ordinance was passed by city council which recognizes the importance of preserving the authenticity for which Brenham is known and the need to protect the heavy public investment particularly in our downtown district that has been made over the past 20 years.

FINANCIAL INFORMATION

Long-term Financial Planning

Along with five-year projected operating budgets, the City has developed a five-year strategic plan that encompasses department requests as well as those projects identified in the "Drive to 2025" plan. The projects/requests are grouped into four major areas: human resources, information technology, vehicles/equipment, and infrastructure. The plan is updated annually and reviewed with the Council to evaluate department requests as they relate to maintaining current service levels or enhancing service levels. The strategic plan is the basis for budget discussion and policy decision-making. The City has also adopted financial policies to help achieve a long-term, stable and positive financial condition.

Since the General Fund is the chief operating fund of the City of Brenham, a significant Council priority was the adoption of a Fund Balance Policy for Governmental Funds. It addresses the implications of *Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*. The policy was created in consideration of unanticipated events that could adversely affect the financial condition of the City and jeopardize the continuation of necessary services. The policy ensures that the City maintains adequate fund balance reserves in order to provide sufficient cash flow for daily financial needs, secure and maintain investment grade bond ratings, offset significant economic downturns or revenue shortfalls, and provide funds for unforeseen expenditures related to emergencies.

The policy states that the City will maintain a minimum unrestricted fund balance in its General Fund at an amount equal to three months (90 days) of operating expenditures and also maintain an additional reserve amount equivalent to five (5) days for unanticipated renovations and repairs (R&R). At the end of FY21, the unassigned fund balance was \$6.7 million (153 days) compared to \$5.7 million (125 days) coverage in FY20. The growth in unassigned fund balance is primarily attributable to higher than anticipated sales tax revenue and personnel expenditure savings in general government due to turnover. [For purposes of this calculation, we used total expenditures less other financing sources/(uses)].

In accordance with recommended GFOA best practices, the City also has a comprehensive Debt Management Policy. The policy sets forth criteria for debt financing decisions and establishes the parameters for issuing new debt, as well as, managing the existing debt portfolio. Adherence to a debt management policy signals to ratings agencies and the capital markets that a government is well managed.

Major Initiatives

Preserve the City's Financial Position

The City's priority was to align expenditure growth with revenue growth by reducing the personnel budget without layoffs, using natural attrition/turnover, reassigning qualified internal candidates to open critical positions while eliminating less critical positions once vacated. Approved and funded city-wide positions were reduced by almost 14 positions. We were able to successfully accomplish this as evidenced by growth in General Fund unrestricted reserves.

Street Infrastructure Program and Funding

The City conducted a Paving Assessment Study to help prioritize and target streets for reconstruction and maintenance. This report will enable the City to maximize funding decisions and allocations for contractor and in-house projects. The City issued certificates of obligation in February 2022 to provide \$1.7 million in funding for contractor projects and \$620,000 for in-house street reconstruction projects.

Lake Intake Structure Reconstruction

In May 2016, the City received over 20 inches of rainfall in a 24-hour period and sustained significant damage to the lake intake structure at Lake Somerville. The continuation of this reconstruction project totaled over \$5.2 million and neared completion at the end of FY21. Reimbursement from FEMA is still ongoing, so the City issued certificates of obligation in February 2022 to provide \$3 million to reimburse the Water Fund for these expenditures.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This is the thirteenth consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one-year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis would not have been accomplished without the dedicated and efficient staff of the Finance Department and they are to be commended for their exemplary performance. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

We would like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Carolyn D. Miller, CPA
City Manager



Stacy Hardy, CPA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Brenham
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

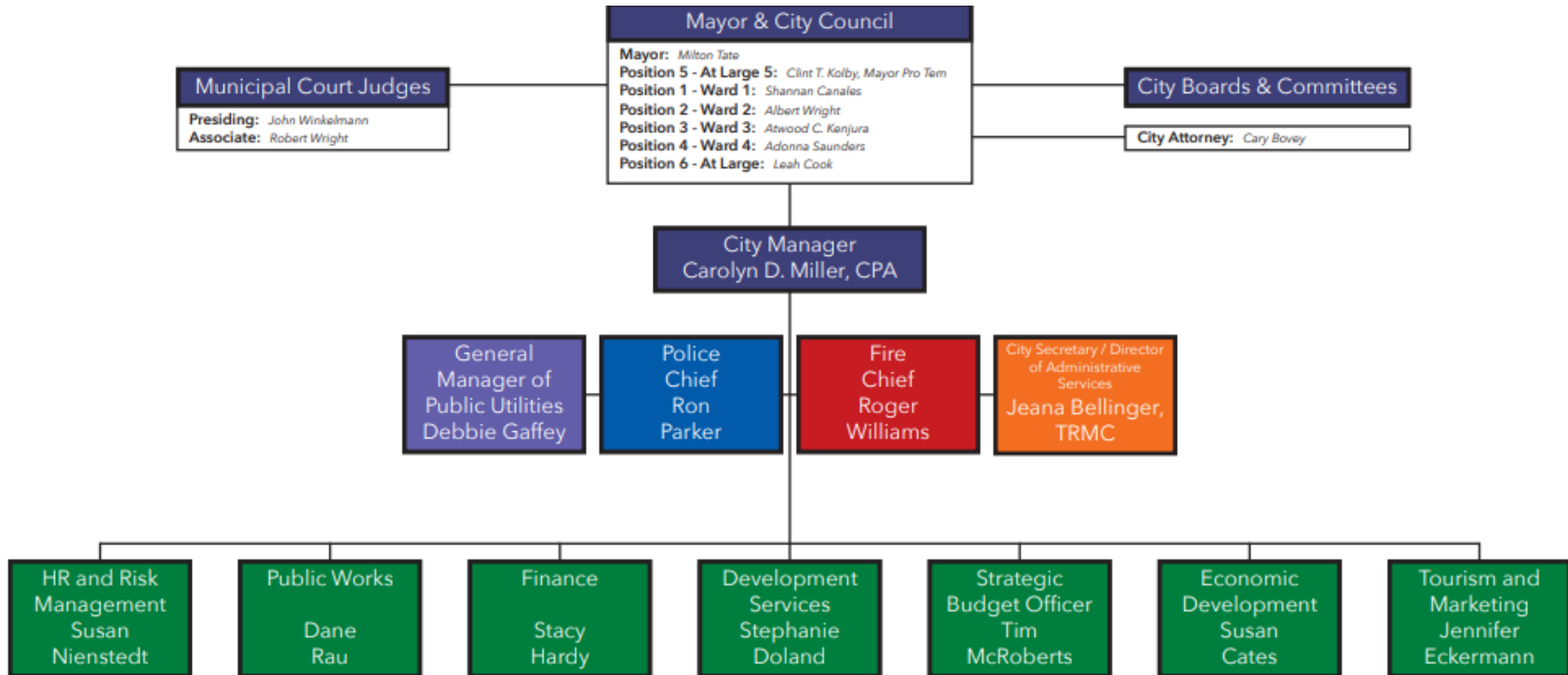
September 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF BRENHAM – ORGANIZATIONAL CHART

As of March 1, 2022



**CITY OF BRENHAM
PRINCIPAL OFFICIALS
MARCH 1, 2022**

MAYOR

Milton Y. Tate, Jr.

MAYOR PRO-TEM

Clint Kolby

CITY COUNCIL

Shannan Canales
Leah Cook
Atwood C. Kenjura
Adonna Saunders
Albert Wright

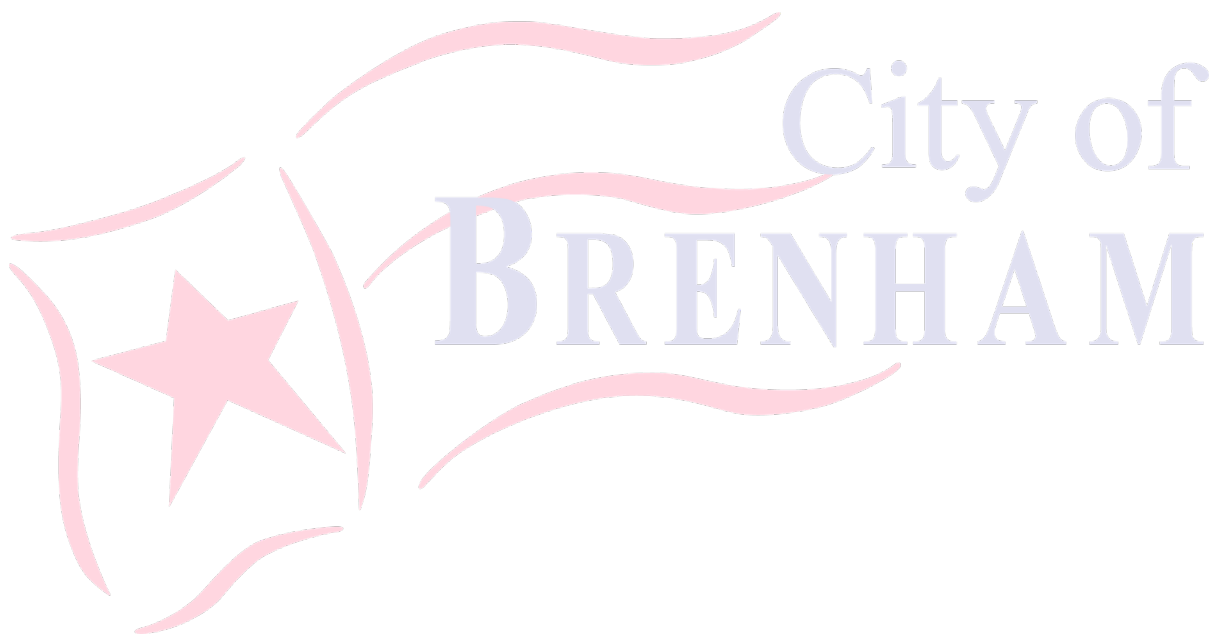
CITY MANAGER

Carolyn D. Miller, CPA,

FINANCE DIRECTOR

Stacy Hardy, CPA

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CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Brenham, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 27 and the schedule of changes in total OPEB liability and related ratios, schedule of changes in net pension liability and related ratios-Texas Municipal Retirement System, schedule of contributions-Texas Municipal Retirement System, schedule of the city's proportionate share of the net pension liability-Texas Emergency Services Retirement System, and schedule of contributions-Texas Emergency Services Retirement System on pages 85 through 90, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brenham, Texas' basic financial statements. The introductory section, the combining fund statements and schedules, reports for management section, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund statements and schedules, schedule of expenditures of federal awards, and schedules within the reports for management are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements and schedules, schedule of expenditures of federal and state awards, and schedules within the reports for management are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022 on our consideration of the City of Brenham, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the city of Brenham, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Brenham, Texas' internal control over financial reporting and compliance.

Brenham, Texas
February 28, 2022



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CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2021

The Management Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the City of Brenham for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

The following financial highlights summarize the City's financial position and operations as presented in more detail in the Basic Financial Statements (BFS).

- The assets and deferred outflows of the City of Brenham exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$110,242 (net position). Of this amount, \$5,068 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$8,033.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$10,357 a decrease of \$512 in comparison with the prior year. Approximately \$6,673 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, fund balance for the general fund was \$6,848 or 35% of total general fund expenditures.
- The City of Brenham's total bonded debt decreased by \$3,977 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements. The MD&A is intended to serve as an introduction to the City's BFS. The BFS are comprised of three components: 1) Government-Wide Financial Statements (GWFS), 2) Fund Financial Statements (FFS), and 3) Notes to the Basic Financial Statements (Notes). The ACFR also contains other supplementary information in addition to the BFS.

Government-Wide Financial Statements. The GWFS, shown on pages 29-31, contain the Statement of Net Position and the Statement of Activities, which are described below, and are designed to provide readers with a broad overview of the City of Brenham's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City of Brenham's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Brenham is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the GWFS distinguish functions of the City of Brenham that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Brenham include general government, public safety, highways and streets, debt service, health and welfare, and culture and recreation. The business-type activities of the City of Brenham include drainage, water, wastewater, sanitation, gas and electric distribution operations.

Component Unit and Blended Component Unit. The GWFS include not only the City of Brenham itself (known as the *primary government*), but also a legally separate community development corporation (Brenham Community Development Corporation - BCDC) for which the City of Brenham is financially accountable. Financial information for this *Component Unit* is reported separately from the financial information presented for the primary government itself. The *Blended Component Unit* (City of Brenham Community Projects Fund, Inc.) is shown in the Special Revenue Funds section.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS – (Continued)

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

Governmental FFS. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the GWFS. However, unlike the GWFS, governmental FFS focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the GWFS, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Brenham maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund which are major funds. Individual fund balance sheets and statements of revenues, expenditures, and changes in fund balance for the other 10 governmental funds are presented in the supplementary information section. The governmental FFS can be found on pages 32-36 of the ACFR.

The City of Brenham adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary FFS. The City of Brenham maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the GWFS. The City of Brenham uses enterprise funds to account for its drainage, water, wastewater, sanitation, gas, and electric distribution operations. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City of Brenham's various functions. The City of Brenham uses internal service funds to account for its worker's compensation, central fleet and vehicle and equipment replacements. At the government-wide level, the financial statements of the worker's compensation and vehicle and equipment replacement internal service funds are included in the governmental activities in the government-wide financial statements, while the fleet management internal service fund is presented in the business-type column.

Proprietary funds provide the same type of information as the GWFS, only in more detail. The proprietary FFS provide separate information for the drainage, water, wastewater, sanitation, gas, and electric distribution operations, which are considered major funds of the City of Brenham. The internal service funds are reported in a separate column in the proprietary fund financial statements. The proprietary FFS can be found on pages 37-41 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes can be found on pages 43-83 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and additional supplementary information concerning the City of Brenham's operations. The combining statements referred to earlier in connection with nonmajor governmental funds are presented in these sections. Combining and individual fund statements can be found on pages 94-122 of this report. Information relating to federal and state grant awards begins on page 163 of this report. The statistical section can be found on pages 143-164 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serves as a useful indicator of the City's financial position. Assets exceeded liabilities by \$110,242 (net position) at the close of the fiscal year, compared to assets exceeding liabilities by \$102,209 (net position) at the end of the prior fiscal year. The City's total net position increased by \$8,033 during the period.

City of Brenham, Texas						
Net Position						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 14,554	\$ 13,162	\$ 19,574	\$ 24,033	\$ 34,128	\$ 37,195
Capital assets	66,896	63,471	64,873	58,429	131,769	121,900
Total assets	<u>81,450</u>	<u>76,633</u>	<u>84,447</u>	<u>82,462</u>	<u>165,897</u>	<u>159,095</u>
Deferred Outflows of Resources						
Deferred amount from refundings	36	64	302	401	338	465
Deferred outflows - TMRS Pension	842	823	278	313	1,120	1,136
Deferred outflows - TESRS Pension	49	101	-	-	49	101
Deferred outflows - Post Employment Benefits	816	190	330	80	1,146	270
Total Deferred Outflows of Resources	<u>1,743</u>	<u>1,178</u>	<u>910</u>	<u>794</u>	<u>2,653</u>	<u>1,972</u>
Liabilities						
Long-term debt outstanding	26,781	27,826	14,428	16,160	41,209	43,986
Other liabilities	5,404	4,032	7,178	5,762	12,582	9,794
Total liabilities	<u>32,185</u>	<u>31,858</u>	<u>21,606</u>	<u>21,922</u>	<u>53,791</u>	<u>53,780</u>
Deferred Inflows of Resources						
Deferred inflows - TMRS Pension	1,819	1,376	600	523	2,419	1,899
Deferred inflows - TESRS Pension	15	-	-	-	15	-
Deferred inflows - Post Employment Benefits	133	64	54	28	187	92
Deferred inflows - Over Recovered Fuel Costs	-	-	1,895	3,086	1,895	3,086
Total Deferred Inflows of Resources	<u>1,967</u>	<u>1,440</u>	<u>2,549</u>	<u>3,637</u>	<u>4,516</u>	<u>5,077</u>
Net Position						
Net invested in capital assets	50,898	47,082	53,447	45,537	104,345	92,619
Restricted	829	812	-	-	829	812
Unrestricted (deficit)	(2,687)	(3,381)	7,755	12,159	5,068	8,778
Total net position	<u>\$ 49,040</u>	<u>\$ 44,513</u>	<u>\$ 61,202</u>	<u>\$ 57,696</u>	<u>\$ 110,242</u>	<u>\$ 102,209</u>

By far the largest portion of the City of Brenham's net position, \$104,345 or 94.65%, reflects its net investment in capital assets e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Brenham's net position of \$829, less than 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$5,068 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Brenham is able to report positive balances in all three categories of net position for the government as a whole. The same situation held true for the prior fiscal year.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

City of Brenham, Texas						
Changes in Net Position						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,891	\$ 1,550	\$ 36,577	\$ 33,506	\$ 38,468	\$ 35,056
Operating grants and contributions	983	2,844	-	115	983	2,959
Capital grants and contributions	5,544	2,887	2,028	1,032	7,572	3,919
General revenues:						
Property taxes	7,652	7,527	-	-	7,652	7,527
Sales taxes	5,974	5,266	-	-	5,974	5,266
Franchise taxes	2,650	2,556	-	-	2,650	2,556
Hotel Occupancy taxes	665	629	-	-	665	629
Alcoholic Beverage taxes	55	56	-	-	55	56
Other	466	487	364	600	830	1,087
Total revenues	<u>25,880</u>	<u>23,802</u>	<u>38,969</u>	<u>35,253</u>	<u>64,849</u>	<u>59,055</u>
Expenses:						
General government	6,279	6,722	-	-	6,279	6,722
Public safety	8,332	7,623	-	-	8,332	7,623
Highway/streets	2,674	3,881	-	-	2,674	3,881
Interest on Long Term Debt	593	634	-	-	593	634
Culture and recreation	5,410	4,936	-	-	5,410	4,936
Health and welfare	675	706	-	-	675	706
Water	-	-	3,855	3,640	3,855	3,640
Wastewater	-	-	3,179	3,073	3,179	3,073
Electric	-	-	20,917	18,233	20,917	18,233
Gas	-	-	2,538	1,779	2,538	1,779
Sanitation	-	-	2,057	2,807	2,057	2,807
Drainage	-	-	307	175	307	175
Total Expenses	<u>23,963</u>	<u>24,502</u>	<u>32,853</u>	<u>29,707</u>	<u>56,816</u>	<u>54,209</u>
Increase (decrease) in net position before transfers	1,917	(700)	6,116	5,546	8,033	4,846
Special Items	(446)	-	446	-	-	-
Transfers	3,056	3,172	(3,056)	(3,172)	-	-
Increase (decrease) in net position	4,527	2,472	3,506	2,374	8,033	4,846
Net position - beginning as previously reported	44,513	42,041	57,696	57,840	102,209	99,881
Restatement of net position	-	-	-	(2,518)	-	(2,518)
Net position - beginning	<u>44,513</u>	<u>42,041</u>	<u>57,696</u>	<u>55,322</u>	<u>102,209</u>	<u>97,363</u>
Net position - ending	<u>\$ 49,040</u>	<u>\$ 44,513</u>	<u>\$ 61,202</u>	<u>\$ 57,696</u>	<u>\$ 110,242</u>	<u>\$ 102,209</u>

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Governmental activities. Governmental activities increased the City of Brenham's net position by \$4,527 compared to an increase of \$2,472 in the prior fiscal year. Key elements are noted below.

Revenues increased to \$25,880 from \$23,802 or \$2,078 during the year, which can be attributed primarily to capital grants and sales taxes. Specific categories are discussed below.

Program Revenues

- The increase in *Charges for Services* is directly related to the re-opening of facilities and resumed events due to the recovery from the COVID-19 pandemic.
- The decrease in *Operating Grants and Contributions* is from NRCS disaster recovery funds received in the prior year for several drainage and stream restoration projects, and from \$866 of CARES Act Coronavirus Relief Funds for eligible coronavirus related expenses received in the prior year.
- The significant increase in *Capital Grants and Contributions* is due to acceptance of \$4,486 of infrastructure improvements in Liberty Village, Vintage Farms and Overlook Estates subdivisions.

General Revenues

- The increase in *Property Taxes* is attributable to property valuation growth of over 4%.
- *Sales Taxes* increased over the prior year due to a post-pandemic recovering economy.
- *Franchise Taxes* are received from the enterprise funds and are budgeted at 7% of revenue. The franchise taxes were higher than the prior year by 3.7% which is directly attributable to increased revenues in the Electric and Gas Funds from higher consumption.
- *Hotel Occupancy Taxes*, which are derived from a 7% hotel occupancy tax, increased by almost 6% due to rebounding travel and tourism industry.

Expenses decreased to \$23,963 from \$24,502 during the year. This decrease is attributable to several factors.

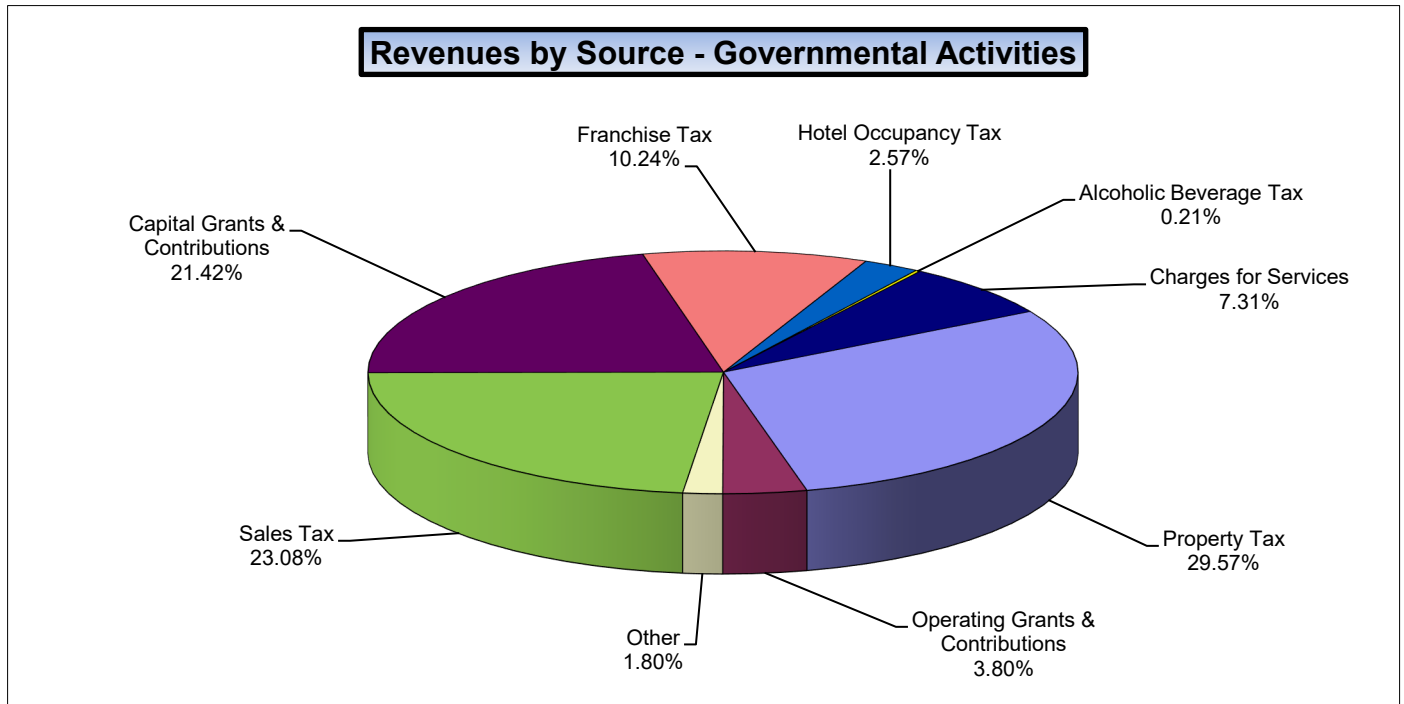
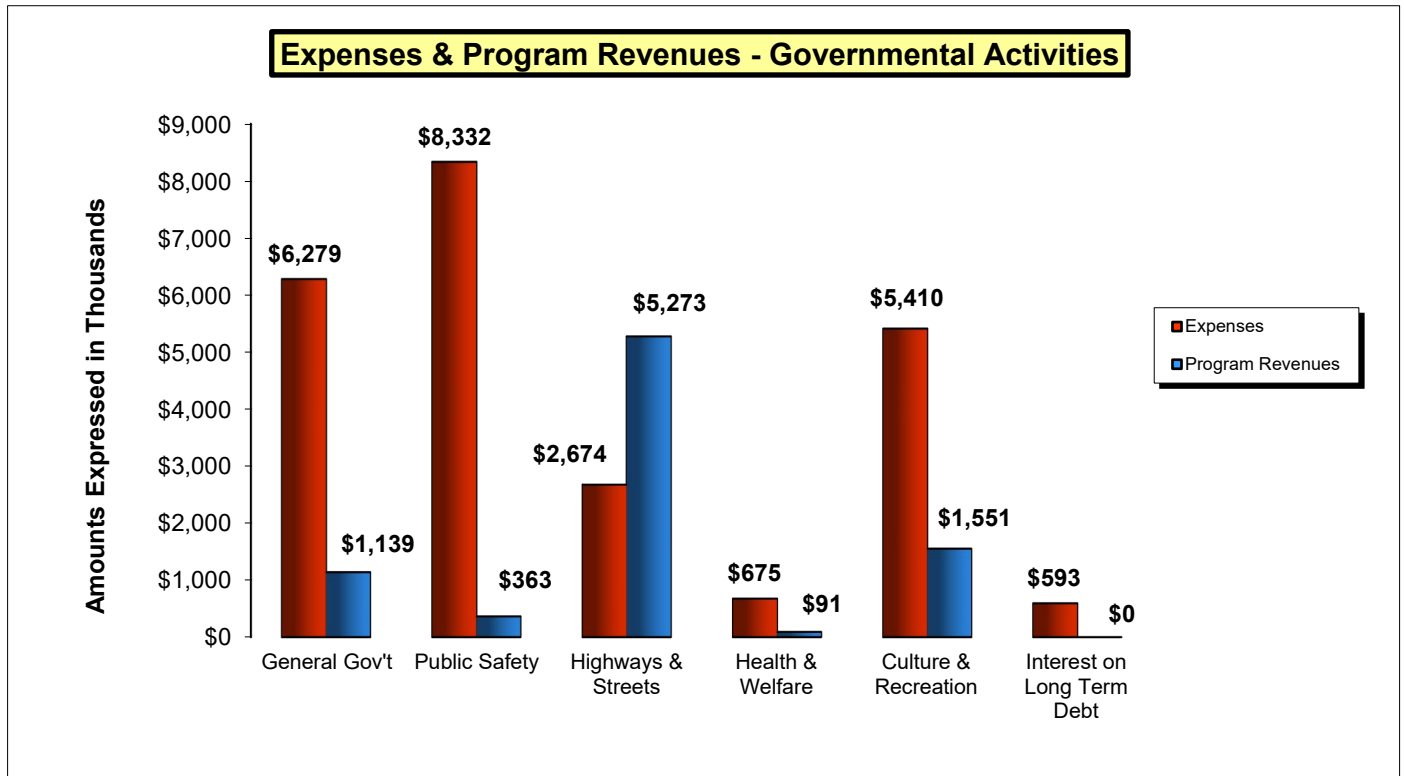
- *General Government* expenses decreased by \$443 due to several items: \$269 of the decrease was due to a decrease in TMRS pension expense under GASB 68 reporting requirements. Another \$377 of decreases were due to the end of the Covid Relief grant program, decreased compensated absences and no bond issue costs in FY21. These decreases were offset by the expense of utility line burial for a new shopping center development.
- *Public Safety* expenses increased \$709 due to several items: \$402 of the increase is from the purchase of SCBA fire department equipment, personnel costs increased by \$401 due to higher staffing levels and overtime compared to the previous year, vehicle maintenance expense and post employment benefits increased by \$103 and \$71, respectively. These increases were offset by a \$358 decrease in TMRS pension expense under GASB 68 reporting requirements.
- *Highway/Streets* expenses were significantly lower due to drainage and street improvements funded through operating grants being substantially completed in the prior year.
- *Culture and Recreation* expenses were \$474 higher primarily related to the recovery of the travel and tourism industry. The full resumption of the "Visit Brenham" tourism program, concerts, sports tournaments and pool programs after the pandemic slowdown contributed \$141 to the increase in the advertising, cultural arts and pool chemical categories. Personnel costs increased by \$141 due to the increased activities. Roof repairs & ceiling beam repainting at the aquatic center (\$111) and splashpad landscaping and added amenities (\$73) also contributed to the increase.

In FY21, a portion of the TMRS pension and OPEB liability previously reported in business activities (Sanitation Fund) was reallocated to governmental activities resulting in the reporting of a Special Item of \$446 in expense. Because sanitation services were outsourced, the Sanitation Fund no longer has employees and it's associated liability for pension and post employment benefits will be satisfied by the remaining funds.

Transfers decreased during the year by \$116 which is directly proportional to the overall decrease in actual expenses in the governmental indirect departments (Administration, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)



CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Business-type activities. Business-type activities increased the City of Brenham's net position by \$3,506 compared to an increase of \$2,374 in the prior fiscal year. Key elements are noted below.

Revenues increased to \$38,969 from \$35,253 during the year. This increase is attributable to several factors.

- The *Charges for Services* in the Electric Fund increased \$2,806. Power pass-through revenues were higher due to rising energy costs. Despite actual kWh consumption of 265.8 million being lower than FY20 kWh consumption of 272.2 million, electric distribution revenues increased due to a full fiscal year of electric rate increases that went into effect January 1, 2020.
- Gas Fund *Charges for Services* experienced a \$859 increase. Colder winter weather which included Winter Storm Uri caused an increase in natural gas heating consumption. Actual mcf consumption at 434,027 was higher than FY20 mcf consumption of 407,259. Commodity pass-through revenues were higher due to rising summer gas supply costs.
- Water Fund revenues decreased \$51 during the year. A decline in consumption from 773.30 million in the prior fiscal year to 718.2 million gallons in the current year caused the decrease. An uptick in line taps due to new development increased revenue by \$30. *Capital Grants and Contributions* increased due to the acceptance of infrastructure improvements in the Heritage Oaks and Vintage Farms subdivisions and FEMA funding of the Lake Somerville Water Intake project.
- *Charges for Services* in the Wastewater Fund were higher by \$218. The total plant effluent/discharge waste processed was 737 million gallons compared to 672 million gallons in FY20. 2.8 million gallons from waste haulers was accepted at the plant in the current year compared to 1.6 million in the prior year. *Capital Grants and Contributions* increased due to acceptance of infrastructure improvements in the Heritage Oaks and Vintage Farms subdivisions and FEMA funding of two lift station projects.
- The Sanitation Fund *Charges for Services* were lower by \$888. The revenue loss is from the Transfer and Collection Stations and the Recycling Center which were outsourced to BVR Waste and Recycling during the prior fiscal year.
- Drainage Fund revenues increased by \$126. Because the fund began operations in January 2020, the prior fiscal year's revenues only reflected 9 months of operations.

Expenses increased to \$32,853 from \$29,707 or 10.6% during the year with specific changes noted below.

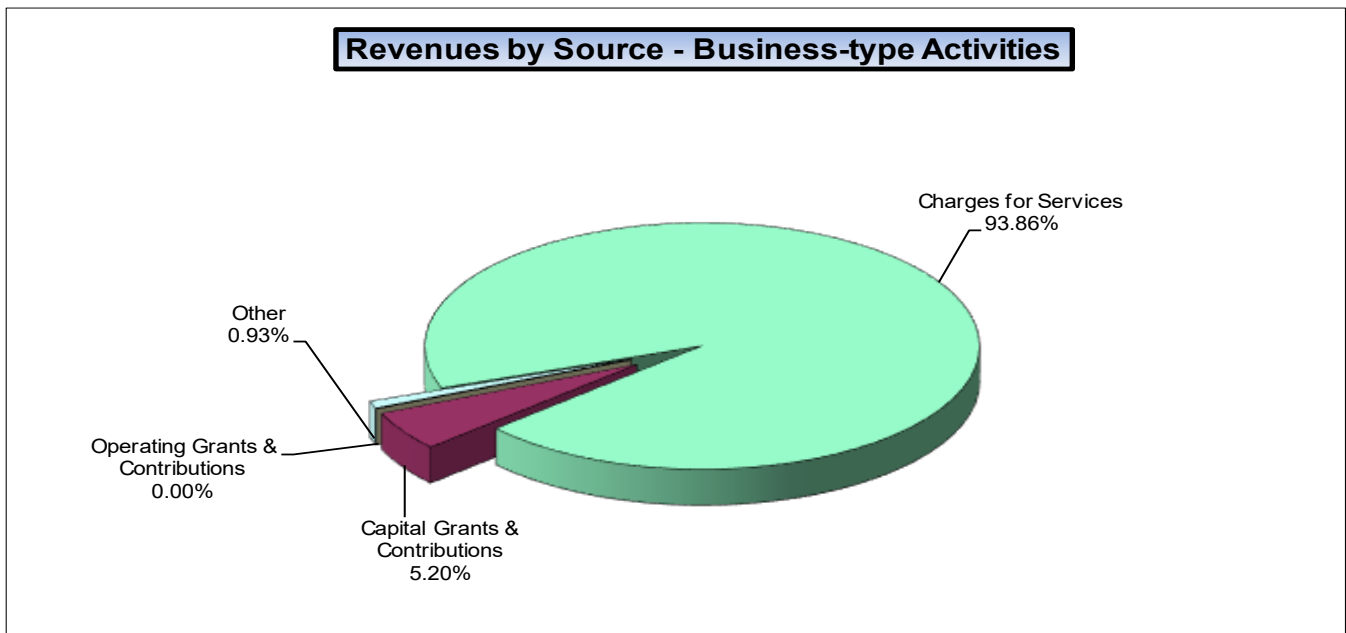
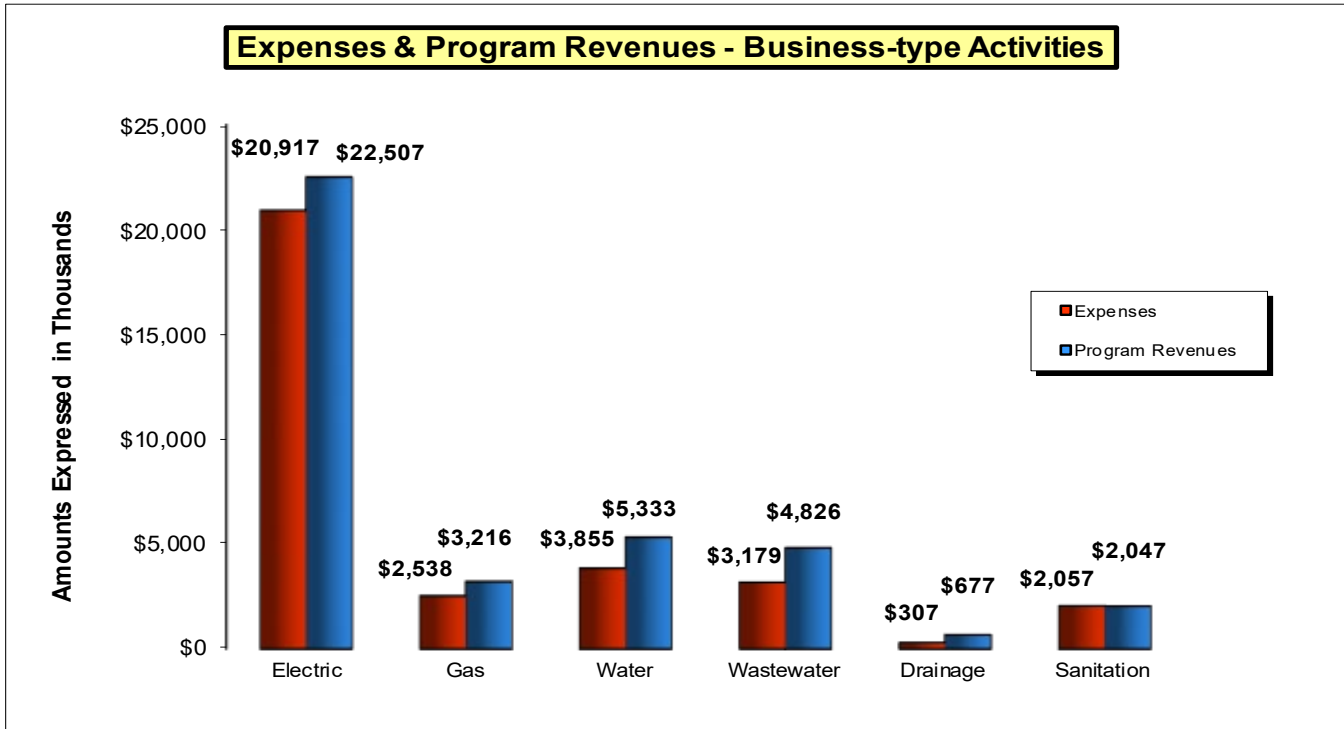
- Electric Fund expenses increased \$2,684 due to higher costs for wholesale power combined with higher franchise taxes.
- Gas Fund expenses increased by \$759 due to higher purchase costs per mcf combined with higher consumption by customers.
- Water Fund expenses increased by \$215 in the contractual services, depreciation and supplies categories. Contractual services included year one of a two year fire hydrant restoration project, a water system capacity study and a water rate study.
- Wastewater Fund expenses increased by \$106 due mainly to the addition of personnel.
- With the full year effect of outsourcing of residential garbage pick-up, collection station, transfer station, and recycling, the Sanitation Fund expenses decreased by \$750, mainly from 5 months of salaries in the prior year compared to zero in the current year. Supplies and depreciation also decreased.
- The Drainage Fund was created in FY20 and had nine months of expenses in the prior year compared to a full year in FY21. The addition of another employee in this fund also contributed to the \$133 increase in expenses.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Transfers out decreased by \$116, as previously explained in the governmental activities section.

The reporting of a Special Item of \$446 in revenue is related to the re-allocation of pension and post employment benefits and was previously explained in the governmental activities section.



CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2021

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the City of Brenham'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 of Brenham'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.

As of the end of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$10,357 a decrease of \$512 in comparison with the prior year. The General Fund highlights are discussed in the following section.

In Other Governmental Funds, the combined fund balance of \$2,797 decreased by \$1,233. This decrease is mainly attributable to activity in the Streets and Drainage Fund which is used to account for proceeds from bond issuances for streets and drainage capital improvements. In FY21, \$1,311 of improvements to Salem Road were completed.

Proprietary funds. The City of Brenham's *proprietary funds* provide the same type of information found in the GWFS, but in more detail.

Unrestricted net position of the Electric Fund at the end of the year totaled to \$6,836; those of the Gas Fund were \$605; the Water Fund (\$2,834); the Wastewater Fund \$486; Sanitation Fund \$1,651; and the Drainage Fund \$531. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brenham's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the chief operating fund of the City of Brenham. With the implementation of *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*, eight other governmental funds were combined with the General Fund. One of the eight other governmental funds is the FEMA Disaster Relief Fund which is used to track revenues and expenditures eligible for federal disaster assistance. During the year, we recorded intergovernmental revenue from HMGP for drainage infrastructure improvements. We also include the Tourism and Marketing Fund in this combined General Fund Statement. The Tourism and Marketing Fund was established for operation of the Destination Marketing Organization (DMO) which promotes Brenham and Washington County and for cultural arts programming at the Barnhill Center. Another significant fund which is combined is the Donations Fund. This Fund tracks donations to the City for downtown improvements, parks amenities, animal shelter supplies, and library programming.

Adjustments to Budget Basis column: adjustments for intergovernmental revenue of \$170 and highways and streets expenditures of \$12 are related to activity in the FEMA Disaster Fund, adjustments of \$49 for intergovernmental revenue relate to grant revenue in the areas of public safety and health and welfare, adjustments of \$188 in charges for services and \$818 in culture and recreation are related to activity in the Tourism and Marketing Fund, and contributions adjustments are from mainly from downtown events, library and animal shelter donations. Adjustments in general government, public safety and health and welfare are related to activity in the Donations Fund and public safety grant funds.

Revenues Budgeted Amounts and Actual – the original revenue budget was \$15,105 and the final amended budget was \$15,358, and actual revenue was \$16,605. The increase of \$253 to the revenue budget was in the following categories:

- 1) Taxes increased by \$150 with additional sales tax collections
- 2) Intergovernmental increased by \$103 with the addition of grant revenues for airport and library.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
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GENERAL BUDGETARY HIGHLIGHTS - (continued)

Variance with Final Budget – the favorable budget to actual variance of \$719 is due to the following factors:

- Taxes were higher by \$549 due primarily from increased sales tax in the rebounding economy after COVID-19 business and restaurant closures.
- Licenses and Permits revenue was up by \$207 from robust residential and commercial development.
- Investment Income was lower by \$85 due to lower interest rates on cash balances.

Expenditures Budgeted Amounts and Actual – the original expenditure budget was \$18,283 compared to the final amended budget of \$18,448. Actual expenditures were \$19,264.

Variance with Final Budget – the General Fund's actual expenditures were favorable to budget by \$204 due primarily to lower personnel costs.

Other Financing Sources Budgeted Amounts and Actual

Transfers-In – the original and final budget for transfers-in was \$3,273. Actual transfers-in were lower than budget because of an overall decrease in the indirect departments' expenses included in the shared service allocations.

Transfers-Out – the original budget for transfers-out was \$40 and the final amended budget was \$60 an increase of \$20. The original budget did not include a transfer to the Vehicle and Equipment Replacement Fund. Actual transfers out were lower than budget due to matching grant funds which were not needed in FY21.

Insurance Proceeds – the original budget for insurance proceeds was \$10 and the final amended budget was \$30, the difference being an amendment for insurance proceeds received for a damaged vehicle. Actual insurance proceeds were higher than budget due to amounts received for Winter Storm Uri damage repairs and damaged fire gear.

CITY OF BRENHAM, TEXAS
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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Brenham's investment in capital assets for its governmental and business- type activities as of September 30, 2021 totals \$131,769 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Brenham's investment in capital assets for the current fiscal year was \$9,868.

City of Brenham, Texas						
Capital Assets						
(Amounts in Thousands)						
(net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and Improvements	\$ 4,624	\$ 4,624	\$ 571	\$ 571	\$ 5,195	\$ 5,195
Buildings	18,234	19,026	328	351	18,562	19,377
Improvements other than buildings	5,469	5,869	19,478	19,042	24,947	24,911
Furniture, fixtures, and equipment	1,069	1,089	597	199	1,666	1,288
Machinery	206	243	-	-	206	243
Vehicles	3,015	3,635	2,204	2,378	5,219	6,013
Intangibles	98	100	101	116	199	216
Infrastructure	33,547	28,104	33,985	31,894	67,532	59,998
Construction in progress	634	782	7,609	3,878	8,243	4,660
Total	\$ 66,896	\$ 63,472	\$ 64,873	\$ 58,429	\$ 131,769	\$ 121,901

Changes in major capital asset expenditures during the current fiscal year included the following.

- Governmental Activities capital assets showed a net increase of \$3,424 with major changes in the following categories: Infrastructure increased \$5,443 due to street and drainage improvements, street reconstruction and acceptance of developer improvements in the Liberty Village, Vintage Farms and Overlook Estates subdivisions, Vehicles decreased \$620 due to disposals of replaced vehicles, and Buildings decreased \$792 mainly due to current year depreciation expense.
- Business-type capital assets showed an overall increase of \$6,444 with major changes in the following categories: Infrastructure increased \$2,091 mainly due to developer improvements to water and wastewater utility lines, but also from the completion of projects which included new utility lines, lift stations, meters, and transformers. Construction in Progress increased \$3,731 due to the Lake Somerville Water Intake reconstruction project.

Additional information on the City of Brenham's capital assets can be found in note III.E on pages 53-54 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term debt. At the end of the current fiscal year, the City of Brenham had total bonded debt outstanding, net of unamortized charges, of \$27,171. Of this amount, \$15,980 is tax-supported debt backed by the full faith and credit of the government. The remaining \$11,191 is self-supported debt that is to be repaid from system revenues.

City of Brenham, Texas
Outstanding Debt
General Obligation Bonds and Certificates of Obligation
(Amounts in Thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 415	\$ 1,088	\$ 4,900	\$ 6,822	\$ 5,315	\$ 7,910
Certificates of Obligation	15,112	16,261	5,813	6,058	20,925	22,319
Unamortized Credits/Charges	453	456	478	463	931	919
Total	<u>\$ 15,980</u>	<u>\$ 17,805</u>	<u>\$ 11,191</u>	<u>\$ 13,343</u>	<u>\$ 27,171</u>	<u>\$ 31,148</u>

The City of Brenham's total bonded debt decreased by \$3,977 or 12.77% during the current fiscal, with a decrease of \$1,825 in governmental activities and a decrease of \$2,152 in business-type activities.

The City of Brenham maintained its strong bond rating of AA- from the Standard and Poor's rating agency. The ratings reflect the City's strong financial position bolstered by the maintenance of healthy financial reserves. The Fitch bond rating remained at an "A" rating level.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5% of its total assessed valuation. Additionally, the City's charter allows a rate not exceeding \$1.65 per \$100 valuation for any one year. The tax rate of \$.5040 for the year ended September 30, 2021 is significantly below the \$1.65 allowed by the City's charter.

Additional information about the City's long-term debt can be found in note III.H through I on pages 56-62 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic backdrop for Brenham's FY21-22 Budget is favorable.

- Sales tax, which is the City's largest revenue source is expected to return to and exceed pre-pandemic levels.
- Inflation is expected to be on the rise as supply chain issues create an imbalance between supply and demand, driving prices higher.
- The unemployment rate for Washington County in September 2021 was 4.7%, which was lower than the rate of 5.6% one year ago and is favorable compared to the State's average unemployment rate of 5.0%. The FY21-22 budget anticipates a continued downward trend in the unemployment rate which favors consumer spending and City revenue growth.
- Continued growth in residential and commercial development will result in higher taxable property values but will place more demand on the City's current utility systems and infrastructure.
- Rate increases to electric, gas and water utilities were needed to cover rising personnel, maintenance and infrastructure costs.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES – (continued)

These factors, as well as items noted in the Economic Conditions and Outlook section in the letter of transmittal, were considered in preparing the City of Brenham's Budget for the 2022 fiscal year.

With the growth in certified taxable property values for FY22, the City lowered its overall tax rate by \$0.01. Components are shown below:

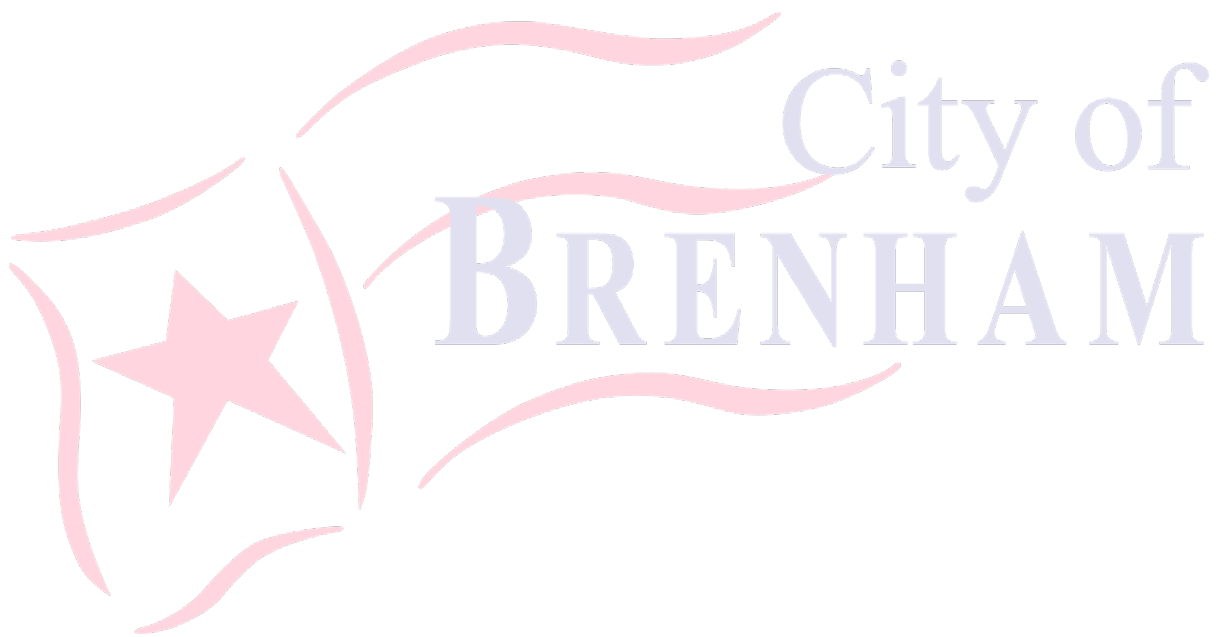
- Overall tax rate reduced from \$0.5040 from \$0.4940
- M&O tax rate increased from \$0.3200 to \$0.3500
- I&S tax rate lowered from \$0.1840 to \$0.1440

The City's FY21-22 Budget is balanced as required by law. It reflects a recovery and growth period following the COVID-19 pandemic. It supports anticipated City growth and the completion of Drive to 2025 strategic initiatives under improving economic conditions.

Requests for Information

This financial report is designed to present users with a general overview of the City of Brenham's finances and to demonstrate the City's accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, P.O. Box 1059, Brenham, Texas, 77834.

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City of Brenham
Statement of Net Position
September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Equivalents	\$ 6,168,408	\$ 5,429,723	\$ 11,598,131	\$ 1,343,537
Investments	3,000,000	2,000,000	5,000,000	500,000
Receivables - Property Tax (net)	316,040	-	316,040	-
Receivables - Sales Tax	1,096,489	-	1,096,489	365,496
Receivables - Occupancy Taxes	81,963	-	81,963	-
Receivables - Account (net)	368,912	5,033,448	5,402,360	-
Receivables - Interest	15,707	85,300	101,007	209
Internal Balances	(343,409)	343,409	-	-
Due from Other Governments	189,130	718,066	907,196	-
Inventory at Cost	145,117	1,312,345	1,457,462	-
Notes Receivable, Current	-	146,233	146,233	-
Prepaid Water Agreement	-	378,439	378,439	-
Other Current Assets	1,192	-	1,192	-
Advances to Other Funds	-	910,000	910,000	-
Restricted Cash	3,514,506	1,167,652	4,682,158	-
Restricted Investments	-	1,000,000	1,000,000	-
Notes Receivable, Long Term	-	733,137	733,137	-
Accrued Interest, Noncurrent	-	315,734	315,734	-
Capital Assets, Not Being Depreciated	5,268,729	8,214,120	13,482,849	3,793,468
Other Capital Assets, Net	61,626,790	56,659,153	118,285,943	11,232
Total assets	<u>81,449,574</u>	<u>84,446,759</u>	<u>165,896,333</u>	<u>6,013,942</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount from Refundings	36,090	302,110	338,200	-
Deferred Outflows - TMRS Pension	841,933	277,975	1,119,908	-
Deferred Outflows - TESRS Pension	48,448	-	48,448	-
Deferred Outflows - Post Employment Benefits	816,413	330,448	1,146,861	-
Total deferred outflows	<u>1,742,884</u>	<u>910,533</u>	<u>2,653,417</u>	<u>-</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	977,402	3,239,350	4,216,752	47,947
Other Liabilities	-	4,303	4,303	-
Accrued Interest	78,161	55,667	133,828	382,787
Unearned Revenue	2,270,613	-	2,270,613	-
Consumer Deposits	-	1,492,143	1,492,143	-
Noncurrent Liabilities, due within one year				
Compensated Absences, Current	249,035	113,487	362,522	5,107
Bonds Payable, Current	1,420,997	-	1,420,997	-
Lease Payable, Current	138,656	52,741	191,397	-
Revenue Bonds Payable, Current	-	1,209,003	1,209,003	-
Notes Payable, Current	270,341	101,456	371,797	146,233
Noncurrent Liabilities, due in more than one year				
Compensated Absences, Long Term	268,874	93,176	362,050	2,022
Advances from Other Funds	-	910,000	910,000	-
Post Employment Benefits	2,147,525	825,277	2,972,802	-
Net Pension Liability - TMRS	8,521,123	2,829,060	11,350,183	-
Net Pension Liability - TESRS	311,102	-	311,102	-
Long Term Debt, Net	15,531,591	10,680,749	26,212,340	733,137
Total liabilities	<u>32,185,420</u>	<u>21,606,412</u>	<u>53,791,832</u>	<u>1,317,233</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - TMRS Pension	1,819,158	599,941	2,419,099	-
Deferred Inflows - TESRS Pension	15,325	-	15,325	-
Deferred Inflows - Post Employment Benefits	132,839	53,940	186,779	-
Deferred Inflows - Over Recovered Fuel Costs	-	1,894,657	1,894,657	-
Total deferred inflows	<u>1,967,322</u>	<u>2,548,538</u>	<u>4,515,860</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	50,898,432	53,447,497	104,345,929	2,925,330
Restricted for Debt Service	828,730	-	828,730	-
Restricted for Economic Development	-	-	-	12,641
Restricted for Recreation	-	-	-	1,758,738
Unrestricted (deficit)	(2,687,446)	7,754,845	5,067,399	-
Total net position	<u>\$ 49,039,716</u>	<u>\$ 61,202,342</u>	<u>\$ 110,242,058</u>	<u>\$ 4,696,709</u>

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

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City of Brenham
Statement of Activities
For the Year Ended September 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General Government	\$ 6,279,360	\$ 1,125,085	\$ 13,772	\$ -	\$ (5,140,503)	\$ -	\$ (5,140,503)	\$ -
Public Safety	8,331,743	19,032	344,270	-	(7,968,441)	-	(7,968,441)	-
Highways and Streets	2,673,764	135,121	102,251	5,036,061	2,599,669	-	2,599,669	-
Health and Welfare	675,341	59,124	31,737	-	(584,480)	-	(584,480)	-
Culture and Recreation	5,410,145	553,100	490,509	507,727	(3,858,809)	-	(3,858,809)	-
Interest on Long Term Debt	593,222	-	-	-	(593,222)	-	(593,222)	-
Total governmental activities	23,963,575	1,891,462	982,539	5,543,788	(15,545,786)	-	(15,545,786)	-
Business-type activities:								
Electric	20,917,019	22,507,005	-	-	-	1,589,986	1,589,986	-
Gas	2,538,105	3,215,574	-	-	-	677,469	677,469	-
Sanitation	2,056,577	2,047,065	-	-	-	(9,512)	(9,512)	-
Wastewater	3,178,999	3,892,696	-	933,064	-	1,646,761	1,646,761	-
Water	3,855,176	4,237,560	-	1,095,229	-	1,477,613	1,477,613	-
Drainage	307,422	676,883	-	-	-	369,461	369,461	-
Total business-type activities	32,853,298	36,576,783	-	2,028,293	-	5,751,778	5,751,778	-
Total primary government	\$ 56,816,873	\$ 38,468,245	\$ 982,539	\$ 7,572,081	\$ (15,545,786)	\$ 5,751,778	\$ (9,794,008)	\$ -
Component unit:								
Brenham Community Devel Corp	\$ 1,181,778	\$ -	\$ 75,000	\$ 8,081	-	-	-	\$ (1,098,697)
Total component unit	\$ 1,181,778	\$ -	\$ -	\$ 8,081	-	-	-	\$ (1,098,697)
General Revenues:								
Property Taxes					7,651,589	-	7,651,589	-
Sales Taxes					5,974,170	-	5,974,170	1,991,390
Franchise Taxes					2,649,706	-	2,649,706	-
Hotel Occupancy Taxes					664,979	-	664,979	-
Alcoholic Beverage Taxes					55,381	-	55,381	-
Investment Income not Restricted					66,320	160,106	226,426	10,215
Miscellaneous					343,093	203,865	546,958	4,311
Gain on Sale of Capital Assets					57,336	-	57,336	-
Special Items					(446,006)	446,006	-	-
Transfers					3,055,537	(3,055,537)	-	-
Total general revenues, payments to/from component unit and transfers					20,072,105	(2,245,560)	17,826,545	2,005,916
Change in net position					4,526,319	3,506,218	8,032,537	907,219
Net position - beginning					44,513,397	57,696,124	102,209,521	3,789,490
Net position - ending					\$ 49,039,716	\$ 61,202,342	\$ 110,242,058	\$ 4,696,709

**City of Brenham
Balance Sheet
Governmental Funds
September 30, 2021**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Equivalents	\$ 5,502,654	\$ -	\$ 295,789	\$ 5,798,443
Investments	3,000,000	-	-	3,000,000
Interest Receivable	15,707	-	-	15,707
Receivables (Net)				
Property Taxes	199,329	116,711	-	316,040
Sales Tax	1,096,489	-	-	1,096,489
Occupancy Tax	-	-	81,963	81,963
Accounts	368,911	-	-	368,911
Due from Other Governments	188,188	942	-	189,130
Inventory at Cost	145,117	-	-	145,117
Other Current Assets	1,000	-	142	1,142
Restricted Cash	-	711,077	2,487,044	3,198,121
Total Assets	\$ 10,517,395	\$ 828,730	\$ 2,864,938	\$ 14,211,063
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts Payable & Other Current Liabilities	\$ 909,824	\$ -	\$ 67,577	\$ 977,401
Unearned Revenues	2,270,612	-	-	2,270,612
Total Liabilities	3,180,436	-	67,577	3,248,013
Deferred Inflows of Resources:				
Unavailable Revenues	489,275	116,711	-	605,986
Total Deferred Inflows of Resources	489,275	116,711	-	605,986
Total Liabilities and Deferred Inflows of Resources	3,669,711	116,711	67,577	3,853,999
Fund Balances:				
Nonspendable	146,117	-	-	146,117
Restricted	29,064	712,019	2,721,119	3,462,202
Committed	-	-	58,683	58,683
Assigned	-	-	17,559	17,559
Unassigned	6,672,503	-	-	6,672,503
Total Fund Balances	6,847,684	712,019	2,797,361	10,357,064
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,517,395	\$ 828,730	\$ 2,864,938	

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

City of Brenham
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2021

Total fund balances - total governmental funds		\$ 10,357,064
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		66,010,496
Gross capital assets	126,481,630	
Accumulated depreciation	<u>(60,471,134)</u>	
	66,010,496	
Certain deferred inflows and outflows of resources are not reported in the governmental funds:		
Deferred charges on debt refundings	(36,090)	
Deferred outflows - TMRS Pension	(841,933)	
Deferred outflows - TESRS Pension	(48,448)	
Deferred outflows - Post Employment Benefits	(816,413)	
Deferred inflows - TMRS Pension	1,819,158	
Deferred inflows - TESRS Pension	15,325	
Deferred inflows - Post Employment Benefits	<u>132,839</u>	
	224,438	(224,438)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Bonds payable	15,527,095	
Add: Issuance premium	488,960	
Accrued interest payable	70,886	
Capital lease payable	425,821	
Compensated absences	517,909	
Post employment benefits	2,147,525	
Net pension liability - TMRS	8,521,123	
Net pension liability - TESRS	<u>311,102</u>	
	28,010,421	(28,010,421)
Internal service funds are used by management to charge the costs of risk management services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
		301,029
Other long term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.		
		<u>605,986</u>
Net position of governmental activities		<u>\$ 49,039,716</u>

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

City of Brenham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2021

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 13,419,953	\$ 2,793,105	\$ 781,462	\$ 16,994,520
Licenses and Permits	371,717	-	-	371,717
Intergovernmental	731,677	-	362,825	1,094,502
Charges for Services	763,517	-	52,735	816,252
Fines and Forfeitures	679,067	-	-	679,067
Investment Income	43,887	14,226	3,830	61,943
Payment from Component Unit	233,725	-	552,466	786,191
Contributions and Donations	121,026	-	18,107	139,133
Miscellaneous	240,628	-	12,778	253,406
Total revenues	16,605,197	2,807,331	1,784,203	21,196,731
Expenditures				
Current:				
Culture and Recreation	4,231,014	-	233,498	4,464,512
General Government	5,955,570	-	26,093	5,981,663
Health and Welfare	567,664	-	-	567,664
Highways and Streets	1,180,988	-	20,950	1,201,938
Public Safety	7,329,144	-	8,849	7,337,993
Debt service:				
Interest & Fiscal Charges	-	611,031	-	611,031
Principal Retirement	-	2,179,426	-	2,179,426
Capital Outlay	119,894	-	2,461,966	2,581,860
Total expenditures	19,384,274	2,790,457	2,751,356	24,926,087
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,779,077)	16,874	(967,153)	(3,729,356)
Other Financing Sources (Uses)				
Transfers In	3,463,869	-	142,528	3,606,397
Transfers Out	(162,040)	-	(408,332)	(570,372)
Insurance Proceeds	181,773	-	-	181,773
Total other financing sources and (uses)	3,483,602	-	(265,804)	3,217,798
Net change in Fund Balances	704,525	16,874	(1,232,957)	(511,558)
Fund balances - beginning	6,143,159	695,145	4,030,318	10,868,622
Fund balances - ending	\$ 6,847,684	\$ 712,019	\$ 2,797,361	\$ 10,357,064

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

City of Brenham
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2021

Net change in fund balances - total governmental funds \$ (511,558)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. 3,325,984

Capital outlay	2,581,860
Depreciation expense	(3,687,695)
Donation of capital assets	4,486,005
Proceeds from sale	(43,217)
Insurance proceeds	(19,512)
Loss on disposal	(48,793)
Gain on disposal	57,336
	3,325,984

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 16,869

Bond and note payable proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Bond and note payable principal payments are expenditures in the governmental funds, but they reduce long term liabilities in the statement of net position. 2,182,884

Repayments:	
To bond, certificate, and note holders	2,179,426
Amortization of bond premiums, discounts, & charges	3,458
	2,182,884

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (230,010)

Compensated absences	72,319
Accrued interest payable	14,350
Post retirement benefits	(286,757)
Pension Costs - TMRS, Net	35,379
Pension Costs - TESRS, Net	(65,301)
	(230,010)

An internal service fund is used by management to charge the costs of risk management services to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities. (257,850)

Change in net position of governmental activities \$ 4,526,319

**City of Brenham
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021**

	Budgeted Amounts		Actual	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Taxes	\$ 12,721,439	\$ 12,871,131	\$ 13,419,953	\$ -	\$ 13,419,953	\$ 548,822
Licenses and Permits	164,485	164,485	371,717	-	371,717	207,232
Intergovernmental	377,000	480,258	731,677	(219,123)	512,554	32,296
Charges for Services	620,342	620,342	763,517	(188,320)	575,197	(45,145)
Fines and Forfeitures	614,617	614,617	679,067	-	679,067	64,450
Investment Income	128,800	128,800	43,887	-	43,887	(84,913)
Payment from Component Unit	277,000	277,000	233,725	-	233,725	(43,275)
Contributions and Donations	-	-	121,026	(121,026)	-	-
Miscellaneous	201,303	201,303	240,628	-	240,628	39,325
Total revenues	<u>15,104,986</u>	<u>15,357,936</u>	<u>16,605,197</u>	<u>(528,469)</u>	<u>16,076,728</u>	<u>718,792</u>
Expenditures						
Current:						
Culture and Recreation	3,483,280	3,517,538	4,231,014	(858,780)	3,372,234	145,304
General Government	5,598,721	5,750,681	5,955,570	(32,227)	5,923,343	(172,662)
Health and Welfare	559,697	559,697	567,664	(23,818)	543,846	15,851
Highways and Streets	1,329,950	1,308,509	1,180,988	(12,293)	1,168,695	139,814
Public Safety	7,310,887	7,311,576	7,329,144	(60,557)	7,268,587	42,989
	<u>18,282,535</u>	<u>18,448,001</u>	<u>19,264,380</u>	<u>(987,675)</u>	<u>18,276,705</u>	<u>171,296</u>
Capital Outlay	65,000	152,484	119,894	-	119,894	32,590
Total Expenditures	<u>18,347,535</u>	<u>18,600,485</u>	<u>19,384,274</u>	<u>(987,675)</u>	<u>18,396,599</u>	<u>203,886</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,242,549)</u>	<u>(3,242,549)</u>	<u>(2,779,077)</u>	<u>459,206</u>	<u>(2,319,871)</u>	<u>922,678</u>
Other Financing Sources (Uses)						
Transfers In	3,272,756	3,272,756	3,463,869	(389,647)	3,074,222	(198,534)
Transfers Out	(40,207)	(59,719)	(162,040)	142,528	(19,512)	40,207
Insurance Proceeds	10,000	29,512	181,773	-	181,773	152,261
Total other financing sources and (uses)	<u>3,242,549</u>	<u>3,242,549</u>	<u>3,483,602</u>	<u>(247,119)</u>	<u>3,236,483</u>	<u>(6,066)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>704,525</u>	<u>212,087</u>	<u>916,612</u>	<u>916,612</u>
Fund balance - beginning	<u>4,968,541</u>	<u>4,968,541</u>	<u>6,143,159</u>	<u>(1,174,618)</u>	<u>4,968,541</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,968,541</u>	<u>\$ 4,968,541</u>	<u>\$ 6,847,684</u>	<u>\$ (962,531)</u>	<u>\$ 5,885,153</u>	<u>\$ 916,612</u>

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

City of Brenham, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total Proprietary	Internal Service Funds
Assets								
Current assets:								
Cash and Equivalents	\$ 1,986,386	\$ 892,780	\$ 595,133	\$ 733,452	\$ 554,004	\$ 531,948	\$ 5,293,703	\$ 505,982
Investments	2,000,000	-	-	-	-	-	2,000,000	-
Interest Receivable, Current	80,908	-	-	-	4,392	-	85,300	-
Receivables - Accounts, Net	3,116,162	308,523	739,390	520,702	268,463	80,208	5,033,448	-
Receivables - Interfund	3,143,481	-	-	-	90,000	-	3,233,481	-
Due from Other Governments	20,633	-	372,232	325,201	-	-	718,066	-
Inventory at Cost	743,700	118,855	398,983	49,159	-	-	1,310,697	1,648
Prepaid Water Agreement	-	-	378,439	-	-	-	378,439	-
Other Current Assets	-	-	-	-	-	-	-	50
Notes Receivable, Net	146,233	-	-	-	-	-	146,233	-
Restricted Cash	792,344	-	375,308	-	-	-	1,167,652	316,385
Restricted Investments	1,000,000	-	-	-	-	-	1,000,000	-
Total current assets	13,029,847	1,320,158	2,859,485	1,628,514	916,859	612,156	20,367,019	824,065
Noncurrent assets:								
Interest Receivable, Noncurrent	315,734	-	-	-	-	-	315,734	-
Advances to Other Funds	-	-	-	-	910,000	-	910,000	-
Capital Assets, Net	15,695,565	2,254,481	26,318,017	19,383,229	276,334	536,297	64,463,923	1,294,373
Notes Receivable, Long Term	733,137	-	-	-	-	-	733,137	-
Total noncurrent assets	16,744,436	2,254,481	26,318,017	19,383,229	1,186,334	536,297	66,422,794	1,294,373
Total assets	29,774,283	3,574,639	29,177,502	21,011,743	2,103,193	1,148,453	86,789,813	2,118,438
Deferred Outflows of Resources								
Deferred Amount from Refundings	-	-	221,673	80,437	-	-	302,110	-
Deferred Outflows - TMRS Pension	151,531	29,137	55,931	39,552	-	1,824	277,975	-
Deferred Outflows - OPEB	165,516	37,785	68,620	49,154	-	9,373	330,448	-
Total deferred outflows	317,047	66,922	346,224	169,143	-	11,197	910,533	-
Liabilities								
Current liabilities:								
Accounts Payable & Other Current Liabilities	\$ 1,715,016	\$ 289,475	\$ 960,143	\$ 39,135	\$ 175,543	\$ 59,499	\$ 3,238,811	\$ 538
Other Liabilities	-	900	2,353	1,050	-	-	4,303	-
Accrued Interest	7,592	-	34,162	10,544	-	2,257	54,555	8,387
Interfund Payable	-	-	2,709,646	523,835	-	-	3,233,481	-
Compensated Absences, Current	68,864	10,034	21,523	9,690	-	3,376	113,487	-
Lease Payable, Current	-	-	-	24,304	-	-	24,304	28,437
Revenue Bonds Payable, Current	78,471	-	605,000	525,532	-	-	1,209,003	-
Note Payable, Current	-	-	34,986	-	-	66,470	101,456	270,341
Consumer Deposits	1,492,143	-	-	-	-	-	1,492,143	-
Total current liabilities	3,362,086	300,409	4,367,813	1,134,090	175,543	131,602	9,471,543	307,703
Noncurrent liabilities:								
Compensated Absences	32,487	19,566	32,668	8,191	-	264	93,176	-
Post Employment Benefits	432,011	94,994	165,668	113,757	-	18,847	825,277	-
Net Pension Liability - TMRS	1,563,100	293,173	536,371	432,670	-	3,746	2,829,060	-
Advances from Other Funds	-	-	910,000	-	-	-	910,000	-
Long Term Debt, Net	1,659,077	-	6,466,622	2,244,686	-	251,469	10,621,854	708,263
Total noncurrent liabilities	3,686,675	407,733	8,111,329	2,799,304	-	274,326	15,279,367	708,263
Total liabilities	7,048,761	708,142	12,479,142	3,933,394	175,543	405,928	24,750,910	1,015,966
Deferred Inflows of Resources								
Deferred Inflows - TMRS Pension	328,836	63,219	120,142	84,591	-	3,153	599,941	-
Deferred Inflows - OPEB	27,213	6,114	11,194	8,053	-	1,366	53,940	-
Deferred Inflows - Over Recovered Fuel Costs	1,890,376	4,281	-	-	-	-	1,894,657	-
Total deferred inflows	2,246,425	73,614	131,336	92,644	-	4,519	2,548,538	-
Net Position								
Net Investment in Capital Assets	13,959,673	2,254,481	19,747,489	16,669,144	276,334	218,358	53,125,479	689,460
Unrestricted	6,836,471	605,324	(2,834,241)	485,704	1,651,316	530,845	7,275,419	413,012
Total net position	\$ 20,796,144	\$ 2,859,805	\$ 16,913,248	\$ 17,154,848	\$ 1,927,650	\$ 749,203	\$ 60,400,898	\$ 1,102,472

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue(expense) of certain internal service funds are reported with business-type activities.

Net Position of business-type activities

801,444
\$ 61,202,342

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City of Brenham, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year ended September 30, 2021

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total Proprietary	Internal Service Funds
Operating revenues:								
Charges for Services	\$ 22,507,005	\$ 3,215,574	\$ 4,237,560	\$ 3,892,696	\$ 2,047,065	\$ 676,883	\$ 36,576,783	\$ 501,264
Total Operating Revenues	22,507,005	3,215,574	4,237,560	3,892,696	2,047,065	676,883	36,576,783	501,264
Operating expenses:								
Cost of Sales and Services	15,619,402	1,481,571	394,604	-	-	-	17,495,577	-
Salaries	2,075,469	364,746	800,515	676,841	-	108,467	4,026,038	-
Supplies	187,252	35,932	526,794	187,500	23	17,502	955,003	402,182
Maintenance	60,111	25,144	205,953	174,825	-	128,659	594,692	14,247
Contractual Services	454,967	268,602	351,336	672,989	2,038,523	9,693	3,796,110	99,482
Depreciation	796,510	143,410	1,046,077	1,009,051	18,639	36,220	3,049,907	229,302
Gross Revenue Tax	1,460,700	194,487	273,413	250,041	-	-	2,178,641	-
Miscellaneous	209,280	25,956	29,596	48,990	824	1,804	316,450	6,747
Total operating expenses	20,863,691	2,539,848	3,628,288	3,020,237	2,058,009	302,345	32,412,418	751,960
Operating Income (loss)	1,643,314	675,726	609,272	872,459	(10,944)	374,538	4,164,365	(250,696)
Nonoperating revenues (expenses):								
Investment Income	131,700	2,380	6,565	1,340	12,353	4,279	158,617	5,865
Interest Expense & Fiscal Charges	(57,651)	-	(229,673)	(161,290)	-	(6,480)	(455,094)	(16,828)
Miscellaneous, Net	37,246	4,821	12,063	13,534	135,531	670	203,865	-
Total non operating revenue (expenses)	111,295	7,201	(211,045)	(146,416)	147,884	(1,531)	(92,612)	(10,963)
Income (loss) before contributions and transfers	1,754,609	682,927	398,227	726,043	136,940	373,007	4,071,753	(261,659)
Capital Contributions	-	-	1,095,229	933,064	-	-	2,028,293	-
Special Items	(81,556)	(16,309)	(29,217)	(20,589)	594,300	(623)	446,006	-
Transfers In	585,204	-	-	-	-	-	585,204	19,512
Transfers Out	(1,828,192)	(568,732)	(581,216)	(345,746)	(316,855)	-	(3,640,741)	-
Total Transfers In/(Out)	(1,242,988)	(568,732)	(581,216)	(345,746)	(316,855)	-	(3,055,537)	19,512
Change in net position	430,065	97,886	883,023	1,292,772	414,385	372,384	3,490,515	(242,147)
Total net position - beginning	20,366,079	2,761,919	16,030,225	15,862,076	1,513,265	376,819		1,344,619
Total net position - ending	\$ 20,796,144	\$ 2,859,805	\$ 16,913,248	\$ 17,154,848	\$ 1,927,650	\$ 749,203		\$ 1,102,472

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds are reported with business-type activities

Change in net position of business-type activities	15,703
	<u>\$ 3,506,218</u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total Proprietary	Internal Service Funds
Cash Flows from Operating Activities								
Receipts from customers and users	\$ 22,457,842	\$ 3,120,716	\$ 4,153,198	\$ 3,527,154	\$ 2,167,590	\$ 675,424	\$ 36,101,924	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	-	501,264
Gross revenue tax paid to General Fund	(1,460,700)	(194,487)	(273,413)	(250,041)	-	-	(2,178,641)	-
Payments to suppliers	(16,603,454)	(1,999,332)	(1,302,433)	(1,426,441)	(2,040,658)	(101,856)	(23,474,174)	(522,177)
Payments to employees	(2,159,233)	(377,796)	(831,754)	(705,286)	-	(106,524)	(4,180,593)	-
Net cash provided (used) by operating activities	<u>2,234,455</u>	<u>549,101</u>	<u>1,745,598</u>	<u>1,145,386</u>	<u>126,932</u>	<u>467,044</u>	<u>6,268,516</u>	<u>(20,913)</u>
Cash Flows from Non Capital Financing Activities								
Transfers in	585,204	-	-	-	-	-	585,204	19,512
Transfers out	(1,828,192)	(568,732)	(581,216)	(345,746)	(316,855)	-	(3,640,741)	-
Issuance of interfund advance	-	-	-	-	(1,000,000)	-	(1,000,000)	-
Interest paid on consumer deposits	(8,350)	-	-	-	-	-	(8,350)	-
Net cash provided (used) by noncapital financing activities	<u>(1,251,338)</u>	<u>(568,732)</u>	<u>(581,216)</u>	<u>(345,746)</u>	<u>(1,316,855)</u>	<u>-</u>	<u>(4,063,887)</u>	<u>19,512</u>
Cash Flows from Capital and Related Financing Activities								
Acquisition and construction of capital assets	(1,584,655)	(284,318)	(4,363,960)	(1,130,415)	-	(349,637)	(7,712,985)	(301,897)
Capital Contributions	-	-	376,958	481,451	-	-	858,409	-
Proceeds from promissory note	-	-	1,351,076	-	-	149,100	1,500,176	551,229
Proceeds from interfund advance	-	-	1,000,000	-	-	-	1,000,000	-
Proceeds from interfund payable	-	-	2,619,646	256,828	-	-	2,876,474	-
Principal paid on bonds, capital leases and notes payable	(75,332)	-	(2,096,488)	(1,405,171)	-	(65,772)	(3,642,763)	(234,801)
Insurance proceeds	-	-	-	1,745	-	-	1,745	-
Interest and fees paid on bonds, capital leases and notes payable	(62,997)	-	(252,189)	(113,477)	-	(6,815)	(435,478)	(17,760)
Net cash provided (used) by capital and related financing activities	<u>(1,722,984)</u>	<u>(284,318)</u>	<u>(1,364,957)</u>	<u>(1,909,039)</u>	<u>-</u>	<u>(273,124)</u>	<u>(5,554,422)</u>	<u>(3,229)</u>
Cash Flows from Investing Activities								
Proceeds from sale and maturities of investments	-	-	249,313	-	-	-	249,313	-
Principal received on notes receivable	150,377	-	-	-	-	-	150,377	-
Investment income received	156,485	2,380	6,770	1,340	7,962	4,279	179,216	5,865
Net cash provided (used) by investing activities	<u>306,862</u>	<u>2,380</u>	<u>256,083</u>	<u>1,340</u>	<u>7,962</u>	<u>4,279</u>	<u>578,906</u>	<u>5,865</u>
Net increase (decrease) in cash and cash equivalents	(433,005)	(301,569)	55,508	(1,108,059)	(1,181,961)	198,199	(2,770,887)	1,235
Cash and cash equivalents, beginning of year	<u>3,211,735</u>	<u>1,194,349</u>	<u>914,933</u>	<u>1,841,511</u>	<u>1,735,965</u>	<u>333,749</u>	<u>9,232,242</u>	<u>821,132</u>
Cash and cash equivalents, end of year	<u>\$ 2,778,730</u>	<u>\$ 892,780</u>	<u>\$ 970,441</u>	<u>\$ 733,452</u>	<u>\$ 554,004</u>	<u>\$ 531,948</u>	<u>\$ 6,461,355</u>	<u>\$ 822,367</u>
Reconciliation of cash and cash equivalents to statement of net position								
Cash and equivalents	\$ 1,986,386	\$ 892,780	\$ 595,133	\$ 733,452	\$ 554,004	\$ 531,948	\$ 5,293,703	\$ 505,982
Restricted cash and equivalents	792,344	-	375,308	-	-	-	1,167,652	316,385
Cash and cash equivalents, end of year	<u>\$ 2,778,730</u>	<u>\$ 892,780</u>	<u>\$ 970,441</u>	<u>\$ 733,452</u>	<u>\$ 554,004</u>	<u>\$ 531,948</u>	<u>\$ 6,461,355</u>	<u>\$ 822,367</u>

Reconciliation of operating income to net cash provided**(used) by operating activities**

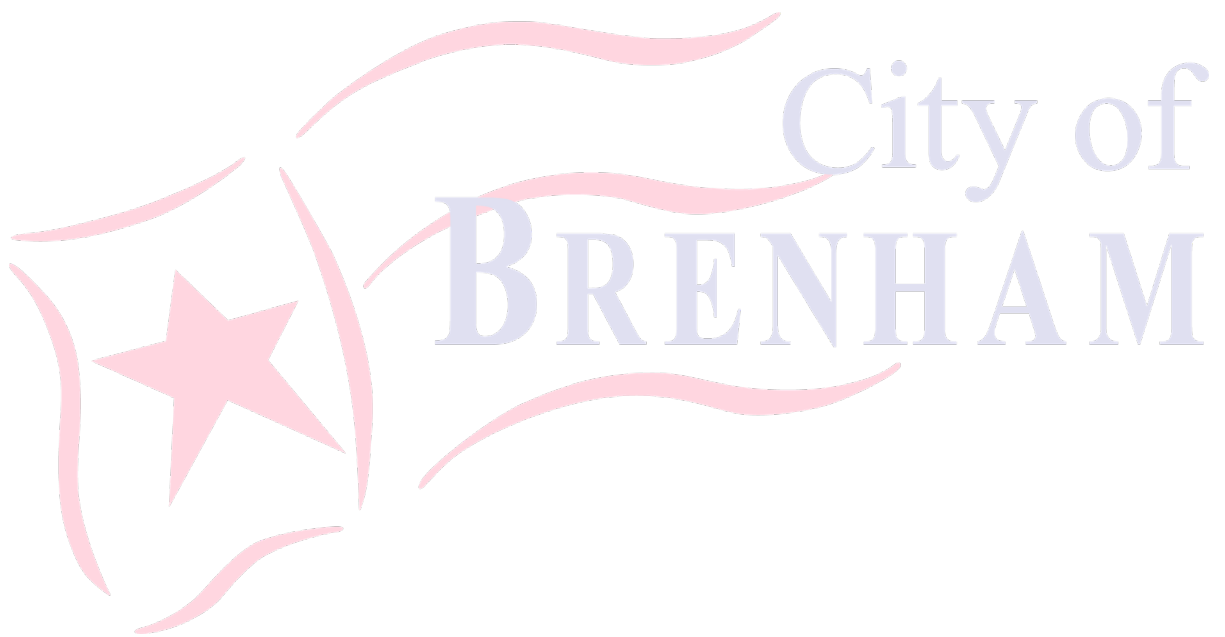
Operating income (loss)	\$ 1,643,314	\$ 675,726	\$ 609,272	\$ 872,459	\$ (10,944)	\$ 374,538	\$ 4,164,365	\$ (250,696)
Adjustments to reconcile net cash provided (used) by operating activities								
Depreciation	796,510	143,410	1,046,077	1,009,051	18,639	36,220	3,049,907	229,302
Provision for uncollectible accounts	24,619	1,484	3,507	3,636	3,217	660	37,123	-
Other income (expense)	37,248	4,822	19,172	11,789	135,531	670	209,232	-
Changes in assets and liabilities affecting cash provided by operations:								
(Increase) decrease in accounts receivable	(289,825)	(101,164)	(120,525)	(55,766)	(18,223)	(2,789)	(588,292)	-
(Increase) decrease in inventory	(154,568)	10,124	(4,280)	(1,493)	-	-	(150,217)	214
(Increase) decrease in interfund receivables	239,211	-	-	-	-	-	239,211	-
(Increase) decrease in intergovernmental receivables	107,274	-	13,484	(325,201)	-	-	(204,443)	-
(Increase) decrease in other assets	-	-	(18,238)	-	89	-	(18,149)	-
Increase (decrease) in accounts payable and other current liabilities	678,490	183,798	228,368	(340,644)	(1,602)	55,802	804,212	267
Increase (decrease) in over-recovered fuel costs	(835,574)	(356,049)	-	-	-	-	(1,191,623)	-
Increase (decrease) in salaries & benefits payable	(35,226)	(11,903)	(21,050)	(14,739)	225	500	(82,193)	-
Increase (decrease) in compensated absences	(19,321)	2,669	(444)	(6,253)	-	144	(23,205)	-
Increase (decrease) in postemployment benefits	46,850	10,693	19,620	13,984	-	2,875	94,022	-
Increase (decrease) in pension benefits	(76,067)	(14,509)	(29,365)	(21,437)	-	(1,576)	(142,954)	-
Increase (decrease) in consumer deposits	71,520	-	-	-	-	-	71,520	-
Net cash provided (used) by operating activities	<u>\$ 2,234,455</u>	<u>\$ 549,101</u>	<u>\$ 1,745,598</u>	<u>\$ 1,145,386</u>	<u>\$ 126,932</u>	<u>\$ 467,044</u>	<u>\$ 6,268,516</u>	<u>\$ (20,913)</u>

Noncash investing, capital and financing activities

Contribution of capital assets	-	-	711,162	451,613	-	-	1,162,775	-
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The notes to the financial statements are an integral part of this statement.

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City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Reporting Entity

The City of Brenham is a home-rule municipality governed by an elected mayor and six-member council. The City operates under a Council-Manager form of government, established by City charter. The accompanying financial statements present the financial operations of the City as the primary government and those component units for which the primary government is considered to be financially accountable. The following 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 primary government.

1. Discretely presented component unit

The City has included the Brenham Community Development Corporation (BCDC) in its financial statements as a discretely presented component unit since the City is financially accountable for the entity and a financial benefit or burden relationship exists between the City and the BCDC. The BCDC is a legally separate entity from the City and is governed by a board appointed by City Council. The BCDC was formed to oversee revenues and expenditures of a special three-eighth cent sales tax for economic development and community recreational development. The City's council approves the BCDC budget and the City Manager serves as its Chief Executive Officer. For financial reporting purposes, the BCDC is reported as a governmental fund. The component unit has a single general fund which is discretely presented in the financial statements. Complete financial statements can be obtained from the City Secretary's Office, 200 West Vulcan Street, Brenham, Texas 77833.

2. Blended component unit

In 2016, the City of Brenham Community Projects Fund, Inc.(BCPF) a non-profit organization was formed. The Corporation is a 501(c)(3) organization that supports the City of Brenham in implementing and conducting its charitable and educational projects designed to expand areas of service to citizens and visitors. The corporation is governed by a Board of Directors appointed by the City Council. Since the elected officials of the City are financially accountable for BCPF, and the primary purpose of the entity is to provide a service to the City, BCPF is considered a blended component unit. For financial reporting purposes, the City of Brenham Community Projects Fund is reported in the governmental funds.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of inter-fund 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. Likewise, the *primary government* is reported separately from the legally separate BCDC *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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*.

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, investment earnings and charges for services are recognized as revenue when earned. Licenses and permits, intergovernmental revenues, fines and miscellaneous items are recorded as revenue when cash is received because they are generally not measurable until actually received.

The government 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 *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds.

The government reports the following major proprietary funds:

- The *Electric Fund* accounts for the activities of the City's electric distribution operations.
- The *Gas Fund* accounts for the activities of the City's gas distribution operations.
- The *Water Fund* accounts for the activities of the City's water distribution and water treatment facilities.
- The *Wastewater Fund* accounts for the activities of the City's wastewater treatment plant and wastewater collection systems.
- The *Sanitation Fund* accounts for the activities of the billings and collections of the City's sanitation collection, recycling and transfer station operations.
- The *Drainage Fund* accounts for the activities of the City's storm water drainage improvement operations.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Additionally, the government reports the following fund types:

Internal Service Funds provide a zero-deductible plan for workers' compensation, a vehicle and equipment and fleet replacement financing program, and fleet management services to other funds of the City on a cost reimbursement basis. These funds are presented in detail in the Supplementary Information Section and in summary form as part of the proprietary fund financial statements. At the government-wide level, the financial statements of the workers' compensation Internal Service Fund, and the Vehicle Equipment Replacement Fund (VERF) are included in the governmental activities column while the fleet management Internal Service Fund is presented in the business-type column.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are franchise tax payments and other charges between the City's proprietary fund functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Amounts reported as *program revenues* include 1) charges to 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, electric, gas, sanitation, and drainage funds and of the government's internal service fund are charges to customers for sales and services. The gas, electric, and water funds include in their operating revenue the recovery of source costs from customers. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, operating and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities, and Net Position

1. Deposits and investments

The City's cash and equivalents are considered to be cash on hand and demand deposits.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, collateralized mortgage obligations, repurchase agreements, certificates of deposit and investment pools.

Investments include certificates of deposit, a state money pool and another public investment pool. The City invests in no form of joint venture with other entities. Investments in government pools are recorded at amortized cost or net asset value. All other investments are recorded at fair value based on quoted market prices.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of inter-fund loans) or "advances to / from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Trade accounts and property taxes receivable are shown net of an allowance for uncollectibles.

Property taxes are levied on October 1 on property values assessed as of January 1 of each year, in conformity with Subtitle E of the Texas Property Tax Code. Taxes are due upon receipt of the bill; however, are not considered delinquent until February 1 of the following year. Delinquent uncollected taxes are included in the general fund assets and debt service fund assets with offsetting amounts which will not be collected within sixty days after the end of the fiscal year shown as unavailable revenues in the deferred inflows of resources section of the balance sheet.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recognized as expenditures of governmental funds and as expenses in proprietary funds when used, in accordance with the consumption method of accounting.

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

4. Restricted assets

Certain resources are set aside for the repayment of outstanding bond debt. Unexpended resources from proceeds of bond issuances have also been set aside. These amounts are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure is defined by the government as long-lived and stationary in nature and includes streets, curbs, gutters, drainage systems, airport runways and taxiways, utility lines and utility plants. Infrastructure assets include all new construction with an estimated useful life of 20 - 50 years. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$15,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings (New structure)	40
Buildings (Used structure)	20
Building improvements	7-20
Improvements Other than Buildings	10-20
Machinery and Equipment	5-10
Vehicles	5-20
Infrastructure	20-50

6. Compensated absences

City employees are entitled to certain compensated absences based on their length of employment in accordance with official policy adopted by the City council. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The liability for these amounts is recorded as a liability of the funds. There is no liability for unpaid accumulated sick leave since the City does not pay any amounts when employees separate from service.

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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. 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, as well as bond issuance costs, 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. Fund equity

Fund balance for governmental funds is reported in classifications (non-spendable, restricted, committed, assigned, and unassigned) that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

9. Over-Recovered Fuel Costs

Supply costs for electric and gas commodities (including transmission costs) are paid monthly by the City. The City collects (reimburses itself) for supply costs by charging customers on their monthly bills. Market fluctuations, unplanned refunds or charges, and cycle billing timing create over/(under) collection balances. The City tries to maintain an excess reserve balance to mitigate risks associated by market pricing anomalies as it is easier to absorb such infrequent anomalies using available balances. Because it is the City's practice to use over collections to mitigate market fluctuations and stabilize customers' rates, over-recovered fuel cost balances are reported as deferred inflows of resources on the proprietary fund level and government-wide statement so that revenues are deferred until related costs are incurred.

10. Asset Retirement Obligations

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform maintenance and monitoring functions at the site for five years after closure. The City stopped accepting waste at its landfill in November 1990. In 2009, TCEQ inspected the facility and determined that all post-closure care maintenance requirements had been satisfied and the site has completed the post-closure care maintenance period.

The City operates a waste transfer station for which it has demonstrated financial assurance of \$74,673 by meeting the financial assurance test. Estimated closure cost is \$25,000.

The City operates water and wastewater treatment plants for which Governmental Accounting Standards Board (GASB) Statement No. 83, "Certain Asset Retirement Obligations", applies. This statement addresses obligations that represent legally enforceable liabilities associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The City has no intention of closing or replacing the water and wastewater plants themselves or any of their significant components in the foreseeable future. The cost of asset retirement obligations relating to these facilities cannot be reasonably estimated.

11. Post-employment benefits

The City provides the availability of post-retirement health care for certain retirees. Retirees whose sum of age and years of service was equal to or greater than 75 at the time of retirement may purchase group health until they and their covered spouses reach Medicare eligibility. As of September 30, 2021, 8 retirees/covered spouses meet those eligibility requirements and have elected to receive this benefit. The retiree/covered spouse pay the entire premium for group health coverage and claims are paid through the City's third-party provider.

Employees who terminate employment because of a disability may qualify for life insurance and long-term disability benefits until reaching age 65 or the end of the disability eligibility, whichever comes first. Premiums for those qualifying are waived and there is no further cost to the City or the former employee. Currently, the city does not have any persons who qualify for the long-term disability benefit.

12. 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 the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The budget process of the City complies with the Texas Uniform Budget Law. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance. The City Manager, as chief executive officer, has ultimate responsibility for the budget. The City Manager formulates the budget goals for the City under the direction of the City Council.

The departmental budget is the basic unit of measurement for the City's budget. In addition to the Chief of Police, Fire Chief, General Manager of Public Utilities and City Secretary, seven other director positions report to the City Manager. These positions include: HR and Risk Management & Technology, Public Works, Finance, Development Services, Budget, Economic Development, and Tourism & Marketing. All directors oversee the individual department budgets within their area of responsibility.

1. Basis of accounting

With the exception of General Fund, all budgets are prepared and adopted on a basis consistent with generally accepted accounting principles which is the same basis of accounting used for financial reporting in these financial statements. The General Fund budget, as shown in the financial statements, is prepared and adopted on a different basis. In accordance with GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, eight other governmental funds are contained with the General Fund for financial reporting purposes. The revenue and expense of these funds are shown in the adjustments to budget basis column.

2. Budgeted funds

Annual appropriated budgets are adopted for all governmental fund types.

For the year ended September 30, 2021, annual appropriated budgets were adopted by passage of a budget ordinance for the General Fund, Electric Fund, Gas Fund, Water Fund, Wastewater Fund, Sanitation Fund, Drainage Fund and Debt Service Fund. Non major governmental funds for which budgets were adopted include the Hotel/Motel Tax, Washington County Hotel/Motel Tax, PD Criminal Law Enforcement Fund, Courts Technology/Security, Brenham Community Projects Fund, Airport Capital Improvements Fund, TIRZ #1 Fund, 2017 Capital Projects Fund, Streets and Drainage Improvements Fund and Parks Capital Improvements Fund. Internal Service funds with budgets adopted include the Workers' Compensation Fund, Vehicle Equipment Replacement Fund and the Central Fleet Fund. All annual budget appropriations lapse at the end of the fiscal year.

The by-laws of the Brenham Community Development Corporation require that an annual budget be prepared by the corporation's board and approved by City Council.

3. Legal level of control

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

4. Budget amendments

The budget is originally enacted by ordinance; therefore, any amendments to the budget must also be made by ordinance. The initial step in amending the budget is to present the proposed amendments and the justification thereof during a City Council meeting. The proposed ordinance amending the budget is presented for approval during this meeting and during the formal session at a subsequent meeting of the Council.

5. Encumbrances

Encumbrance accounting is a system under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. The City does not employ encumbrance accounting as it feels its current system is adequate to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

B. Compliance with Finance Related Legal and Contractual Provisions

The City had no material violations of finance related legal and contractual provisions.

C. Deficit Fund Balances or Net Position Balances

A deficit unassigned fund balance of \$9,917 exists in the Tourism and Marketing Fund (included as part of the General Fund).

D. Excess of Expenditures Over Appropriations

For fiscal year end September 30, 2021, all expenditures of the General Fund were within appropriations at the legal level of budgetary control.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2021, the City had an investment in a State Money Pool (TexPool) which had a balance of \$4,044,691 which was included in cash and cash equivalents and restricted cash at September 30, 2021. "TexPool" is a local government investment pool created and managed by the Texas State Treasurer to invest funds on behalf of Texas political subdivisions. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Fund Investment Act. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was \$1.00011 per share. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment is limited to 13 months. TexPool was rated AAAM by Standard & Poor's. Authorized investments for TexPool funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

The City also had an investment in TexSTAR, another public funds investment pool, which had a balance of \$7,889,169 and was included in cash and cash equivalents and restricted cash at September 30, 2021. "TexSTAR" is a local government investment pool created and jointly managed by Hilltop Securities, Inc. and JP Morgan Investment Management, Inc. with the purpose of investing funds on behalf of Texas political subdivisions. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was \$1.000065 per share. The stated objective of TexSTAR is to maintain a stable \$1.00 net asset value per unit, and immediate action must be taken if the net asset value of the units of

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

any fund falls below \$0.996 or rises above \$1.004. The fund maintains a weighted average maturity of 60 days or less and was rated AAAM by Standard and Poor's. Authorized investments for TexSTAR funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by concentrating its investment portfolio in shorter term securities.

Credit risk. The City minimizes credit risk, the risk of loss due to the failure of the issuer or backer of the investment, by: limiting investments to the highest credit quality investments, pre-qualifying the financial institutions and broker/dealers with which the City of Brenham transacts business, and perfecting the City ownership by delivery versus payment settlement.

Concentration of credit risk. The government's investment policy limits investments to avoid over concentration in investments from a specific insurer or business sector.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It's the policy of the City to require full collateralization of all City funds on deposit with a depository bank.

At year end, the government's carrying amount of deposits (including certificates of deposit) for the primary government and BCDC component unit was \$12,182,666 and the bank balances totaled \$13,367,983. Of the bank and certificates of deposit balances, \$250,000 was covered by federal depository insurance and \$13,117,983 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

B. Receivables - Account

Accounts receivable as of year-end for the government's individual major funds and non-major, and proprietary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds

	General Fund
Accounts	\$ 251,453
Assessments	124,458
	375,911
Less Allowance for Uncollectibles	(7,000)
Accounts Receivable, Net	\$ 368,911

Proprietary Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total
Accounts	\$ 3,171,162	\$ 311,523	\$ 746,390	\$ 526,702	\$ 273,463	\$ 82,208	\$5,111,448
Less Allowance for Uncollectibles	(55,000)	(3,000)	(7,000)	(6,000)	(5,000)	(2,000)	(78,000)
Accounts Receivable, Net	\$ 3,116,162	\$ 308,523	\$ 739,390	\$ 520,702	\$ 268,463	\$ 80,208	\$5,033,448

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

<u>Components</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable (General Fund)	\$ 199,329	\$ -	\$ 199,329
Delinquent property taxes receivable (Debt Service Fund)	116,711	-	116,711
Franchise fees receivable	170,300	-	170,300
Grant receipts	-	2,213,100	2,213,100
Lien assessments and pending seizures	119,646	-	119,646
Charges for Services not yet earned	-	57,512	57,512
Total deferred/unearned revenue for governmental funds	<u>\$ 605,986</u>	<u>\$2,270,612</u>	<u>\$ 2,876,598</u>
 Balances not expected to be collected within one year	 \$ 119,646	 \$ -	 \$ 119,646

C. Receivables – Property Taxes

The following information relates to property taxes receivable for the year ended September 30, 2021:

Original Certified Tax Roll	\$ 1,508,342,140
Approved Rate (Per \$100 Valuation)	0.5040
Original Levy	7,602,044
Supplements	882
Adjusted Levy	<u>\$ 7,602,926</u>
 Collections on Current Tax Roll	 7,498,025
Total Collections	7,591,818
Property Taxes Receivable	\$ 316,040

D. Advances To/From Other Funds

In July 2021, the Water Fund was advanced \$1,000,000 from the Sanitation Fund in the form of an interfund loan. The purpose of the loan was to allow the Water Fund to repay its advancing line of credit with the City's depository bank for the Lake Somerville Raw Water Intake Structure reconstruction project. Per the terms of the loan, the Water Fund will repay the Sanitation Fund over a period of ten years with 2% interest. Beginning in 2022, annual payments will be made on August 15th. As of September 30, 2021, no repayments have been made and the balance of the Water Fund loan is \$1,000,000. The long-term portion of the interfund loan of \$910,000 is reported as an advance to/from other funds in the financial statements. The current portion of the interfund loan of \$90,000 is included in Receivables-Interfund.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Notes Receivable

Notes receivable at September 30, 2021 consisted of the following:

Business-type Activities - Electric Fund

Note receivable from component unit Brenham Community Development Corporation, principal amount \$1,000,000; Interest payable at 4.750% with the first payment due September 30, 2017; maturing September 2029, unsecured	\$ 554,370
Note receivable from component unit Brenham Community Development Corporation, principal amount \$500,000; Interest payable at 3.250%; maturing September 2026, unsecured	<u>325,000</u>
	\$ 879,370
Less Current Portion	<u>(146,233)</u>
	<u>\$ 733,137</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

F. Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

<u>Governmental Activities</u>	Beginning Balance	Increases	Reclass/CIP to Complete	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 4,463,031	\$ -	\$ -	\$ -	\$ 4,463,031
Land Improvements	160,718	-	-	-	160,718
Intangibles-Easements	10,593	-	-	-	10,593
Construction in Progress	781,796	339,655	(487,064)	-	634,387
Total Not Being Depreciated	\$ 5,416,138	339,655	(487,064)	-	5,268,729
Capital Assets, Being Depreciated:					
Buildings	30,519,452	130,585	-	(36,228)	30,613,809
Improvements Other Than Buildings	15,883,068	284,658	-	(27,737)	16,139,989
Furniture, Fixtures and Equipment	2,469,252	149,100	-	(155,255)	2,463,097
Machinery	708,612	31,455	-	(18,890)	721,177
Vehicles	8,610,422	57,566	35,321	(335,327)	8,367,982
Radios	702,316	-	-	-	702,316
Intangibles-Software	223,368	-	-	-	223,368
Infrastructure	56,441,007	6,327,219	451,743	(128,597)	63,091,372
Total Being Depreciated	115,557,497	6,980,583	487,064	(702,034)	122,323,110
Less Accumulated Depreciation for:					
Buildings	(11,493,145)	(899,159)	-	12,787	(12,379,517)
Improvements Other Than Bldgs.	(10,013,669)	(685,585)	-	27,737	(10,671,517)
Furniture, Fixtures and Equipment	(1,853,975)	(91,367)	-	135,082	(1,810,260)
Machinery	(466,114)	(67,505)	-	18,890	(514,729)
Vehicles	(4,975,339)	(707,360)	-	329,934	(5,352,765)
Radios	(228,477)	(57,312)	-	-	(285,789)
Intangibles-Software	(134,474)	(1,245)	-	-	(135,719)
Infrastructure	(28,337,077)	(1,332,365)	-	123,418	(29,546,024)
Total Accumulated Depreciation	(57,502,270)	(3,841,898)	-	647,848	(60,696,320)
Total Being Depreciated, Net	58,055,227	3,138,685	487,064	(54,186)	61,626,790
Capital Assets, Net	\$ 63,471,365	\$ 3,478,340	\$ -	\$ (54,186)	\$ 66,895,519
<u>Business-type Activities</u>	Beginning Balance	Additions	Reclass/CIP to Complete	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 571,108	\$ -	\$ -	\$ -	\$ 571,108
Intangibles-Easements	33,811	-	-	-	33,811
Construction in Progress	3,877,740	5,250,470	(1,519,009)	-	7,609,201
Total Not Being Depreciated	4,482,659	5,250,470	(1,519,009)	-	8,214,120
Capital Assets, Being Depreciated:					
Buildings	864,476	-	-	-	864,476
Improvements Other Than Buildings	35,996,600	836,321	444,251	(11,849)	37,265,323
Furniture, Fixtures and Equipment	1,705,564	509,290	-	(19,557)	2,195,297
Vehicles	4,737,725	228,096	-	-	4,965,821
Intangibles-Software	219,926	-	-	-	219,926
Infrastructure	68,000,333	2,745,094	1,074,758	-	71,820,185
Total Being Depreciated	111,524,624	4,318,801	1,519,009	(31,406)	117,331,028
Less Accumulated Depreciation for:					
Buildings	(513,187)	(22,437)	-	-	(535,624)
Improvements Other Than Bldgs.	(16,954,644)	(844,675)	-	11,849	(17,787,470)
Furniture, Fixtures and Equipment	(1,506,210)	(111,507)	-	19,557	(1,598,160)
Vehicles	(2,360,136)	(402,120)	-	-	(2,762,256)
Intangibles-Software	(138,215)	(15,213)	-	-	(153,428)
Infrastructure	(36,105,884)	(1,729,053)	-	-	(37,834,937)
Total Accumulated Depreciation	(57,578,276)	(3,125,005)	-	31,406	(60,671,875)
Total Being Depreciated, Net	53,946,348	1,193,796	1,519,009	-	56,659,153
Capital Assets, Net	\$ 58,429,007	\$ 6,444,266	\$ -	\$ -	\$ 64,873,273

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Governmental Activities</u>	
Culture and Recreation	\$ 942,621
General Government	431,938
Health and Welfare	112,118
Highways and Streets	1,499,252
Public Safety	701,766
Total Governmental Activities	<u>\$ 3,687,695</u>
<u>Business-type Activities</u>	
Electric	\$ 796,510
Gas	143,410
Water	1,046,077
Sewer	1,009,051
Sanitation	18,639
Drainage	36,220
Total Business-type Activities	<u>\$ 3,049,907</u>
<u>Internal Service Funds</u>	
Central Fleet	\$ 75,098
Vehicle Equipment Replacement (VERF)	154,204
Total Internal Service Funds	<u>\$ 229,302</u>

As of September 30, 2021, capital assets of the component unit consist of land (not being depreciated) with a balance of \$2,767,455, land improvements (not being depreciated) with a balance of \$886,527 and other improvements (being depreciated) with a balance of \$11,232. The Construction in Progress has a balance of \$139,486 for engineering for a family park and wastewater system improvements.

G. Contractual Commitments

The City has entered into the following long-term contracts with major suppliers to ensure availability in future years:

A joint gas purchase contract to purchase natural gas at a price equal to an agreed index, less a discount, under a balancing and supply agreement. The current contract evergreens each year and will expire in 2036. Also, a contract with a supplier to provide natural gas at a rate based on inside FERC Gas Market report index plus \$0.525 per MMBTU. This contract expired on October 31, 2021 and a contract with a new supplier was entered into effective November 1, 2021. For the year ending September 30, 2021 \$1,481,571 was paid under these contracts.

A contract with a supplier to provide 4,200 acre-feet of raw water for the City's current and future water supply. The contract will expire in 2047. In FY20, a second contract with the same supplier was approved to provide an additional 774 acre-feet in order to sustain long-term future growth. This contract will expire in 2045. The amount expensed under these contracts for the year ending September 30, 2021 was \$394,604.

A contract with a third party to purchase the City's excess water (774 acre-feet mentioned above) on a year-to-year basis. For the fiscal year ending September 30, 2021 \$61,146 was received under this contract.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

A contract with a supplier to provide electric power and energy, expiring June 25, 2041, renewable for successive twenty-five-year periods. Contract rates are established by the supplier's wholesale power rate tariff. The amount paid under this contract for the year ending September 30, 2021 was \$15,619,402.

The City has an interlocal agreement with the County to share costs related to the County's purchase of a public safety computer software system. Under the terms of this agreement, the City will reimburse the County a total of \$208,790 for the City's share of the software acquisition costs in 5 annual installments. As of September 30, 2021, four annual installments of \$41,758 have been paid.

In March 2020, the City entered into an agreement with a contractor for solid waste services including residential collection, commercial collection, recycling services, and collection station operations for City of Brenham residents and businesses. Under the terms of this agreement, services shall be for a 5-year period, beginning March 5, 2020 and ending March 5, 2025 with up to five one-year renewal terms. For the year ending September 30, 2021, the City paid \$2,037,458 under this contract.

The City has the following active construction projects as of September 30, 2021:

	Contract Amount	Spent-to-Date	Remaining Commitment
Electric	\$ 1,147,260	\$ 1,082,259	\$ 65,001
Streets & Drainage	1,073,385	405,272	668,112
Water	5,719,800	5,282,592	437,208
Parks	272,250	127,376	144,874
Total	\$ 8,212,695	\$ 6,897,499	\$ 1,315,196

H. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables represent money that is transferred among the various funds for cash flow purposes throughout the year and the short-term portion of interfund loans. At September 30, 2021 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund	Water Fund	\$ 2,619,646
	Wastewater Fund	523,835
		\$ 3,143,481
Sanitation Fund	Water Fund	\$ 90,000
		\$ 90,000

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement as internal balances. Amounts transferred on the fund basis include shared services provided by the General Fund and Electric Fund to other utility funds; transfers to the internal service fund for vehicle and equipment replacements; COVID-19 responses and recovery grants; and transfers from hotel occupancy tax collections for tourism and promotion activities.

The following schedule shows transfers and payments within the reporting entity as of September 30, 2021:

Transfers From:	Transfers To:				Net Transfers From
	<u>Governmental Activities</u>		<u>Business Type Activities</u>	<u>Internal Service Funds</u>	
	<u>General</u>	<u>Other Gov'tl</u>	<u>Electric</u>		
Governmental Activities					
Major Funds					
General Fund	\$ -	\$ 142,528	\$ -	\$ 19,512	\$ 162,040
Other Gov'tl Funds	408,332	-	-	-	408,332
Business-type Activities					
Major Funds					
Electric	1,828,192	-	-	-	1,828,192
Gas	372,080	-	196,652	-	568,732
Water	344,265	-	236,951	-	581,216
Wastewater	217,488	-	128,258	-	345,746
Sanitation	293,512	-	23,343	-	316,855
Total Transfers To	<u>\$ 3,463,869</u>	<u>\$ 142,528</u>	<u>\$ 585,204</u>	<u>\$ 19,512</u>	<u>\$ 4,211,113</u>

Contributions from the Brenham Community Development (BCDC) component unit to the primary government totaled \$786,191 in FY21. \$327,879 in payments were reported as operating grants and contributions while \$458,312 was reported as capital grants and contributions.

I. Long-Term Debt

During the fiscal year, the City financed the purchase of an excavator through a \$298,200 promissory note with a local bank, and fire department equipment through a \$402,129 promissory note with a local bank. The City also approved a \$1,000,000 interfund loan from the Sanitation Fund to the Water Fund for the purpose of repaying the Water Fund construction loan detailed in the next paragraph.

During fiscal year 2020, the City obtained a \$5 million construction loan to be recognized in the Water enterprise fund. The loan was issued for the purpose of financing the reconstruction of the water intake structure in the case that FEMA grant reimbursements were not received in a timely manner. This unsecured loan had an interest rate of 2.6% and a maturity date of July 2021. In fiscal year 2021, one draw down of \$1,351,076 was made on the loan. In June 2021, all outstanding principal and accrued interest was paid and the construction loan was not renewed.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2021:

	Balance 9/30/2020	Additions	FY21 Retirements	Balance 9/30/2021	Due Within One Year	Long Term
Governmental Activities						
Long Term Debt						
2006 COB - Gen	\$ 3,915,000	\$ -	\$ (570,000)	\$ 3,345,000	\$ 605,000	\$ 2,740,000
2011 GOB Ref - Gen	611,854	-	(196,723)	415,131	204,468	210,663
2012 COB -Gen	1,245,000	-	(85,000)	1,160,000	90,000	1,070,000
2014 COB-Gen	3,155,000	-	(175,000)	2,980,000	185,000	2,795,000
2014 GOB Ref-Gen	475,577	-	(475,577)	-	-	-
2016 COB-Gen	956,632	-	(44,668)	911,964	46,529	865,435
2017 COB-Gen	2,375,000	-	(105,000)	2,270,000	110,000	2,160,000
2019 COB-Gen	1,405,000	-	(55,000)	1,350,000	60,000	1,290,000
2020 COB-Gen	3,210,000	-	(115,000)	3,095,000	120,000	2,975,000
	<u>17,349,063</u>	-	<u>(1,821,968)</u>	<u>15,527,095</u>	<u>1,420,997</u>	<u>14,106,098</u>
Unamort Bond Premium	520,533	-	(31,573)	488,960	NA	488,960
Ref Deferred Charges - '11 Ref GOB	(55,340)	-	19,250	(36,090)	NA	(36,090)
Ref Deferred Charges - '14 Ref GOB	(8,865)	-	8,865	-	NA	-
	<u>17,805,391</u>	-	<u>(1,825,426)</u>	<u>15,979,965</u>	<u>1,420,997</u>	<u>14,558,968</u>
Bank of Brenham Virtual Server Note Payable	29,607	-	(29,607)	-	-	-
Bank of Brenham Public Safety Radios Note Payable	192,378	-	(192,378)	-	-	-
Brenham National Bank 3 Year Note Payable - VERF	241,466	-	(119,349)	122,117	122,117	-
Brenham National Bank 5 Year Note Payable - VERF	169,475	-	(40,918)	128,557	41,872	86,685
Brenham National Bank 7 Year Note Payable - VERF	164,556	-	(25,873)	138,683	26,476	112,207
Citizens State Bank Excavator Note Payable - VERF	-	149,100	(20,877)	128,223	20,583	107,640
Brenham National Bank SCBA Note Payable - VERF	-	402,129	-	402,129	59,293	342,836
Subtotal-Long Term Debt	<u>18,602,873</u>	<u>551,229</u>	<u>(2,254,428)</u>	<u>16,899,674</u>	<u>1,691,338</u>	<u>15,208,336</u>
Other Long-Term Liabilities						
Chase Vehicle & Equipment Lease	561,294	-	(135,473)	425,821	138,656	287,165
Compensated Absences ⁽¹⁾	590,228	498,070	(570,389)	517,909	249,035	268,874
Subtotal-Other Long-Term Liabilities	<u>1,151,522</u>	<u>498,070</u>	<u>(705,862)</u>	<u>943,730</u>	<u>387,691</u>	<u>556,039</u>
Total Governmental	<u>\$ 19,754,395</u>	<u>\$ 1,049,299</u>	<u>\$ (2,960,290)</u>	<u>\$ 17,843,404</u>	<u>\$ 2,079,029</u>	<u>\$ 15,764,375</u>

(1) The General Fund is used to liquidate the liability for compensated absences.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance 9/30/2020	Additions	FY21 Retirements	Balance 9/30/2021	Due Within One Year	Long Term
Business Type Activities						
Long Term Debt						
2011 GOB Ref - Wastewater	\$ 1,363,142	\$ -	\$ (438,277)	\$ 924,865	\$ 455,532	\$ 469,333
2014 GOB Ref - Water	376,274	-	(376,274)	-	-	-
2014 GOB Ref - Wastewater	878,148	-	(878,148)	-	-	-
2016 COB- Electric	1,613,368	-	(75,332)	1,538,036	78,471	1,459,565
2016 GOB Ref-Water	4,205,000	-	(230,000)	3,975,000	495,000	3,480,000
2017 COB-Water	575,000	-	(25,000)	550,000	25,000	525,000
2017 COB-Wastewater	470,000	-	(20,000)	450,000	20,000	430,000
2019 COB-Water	1,400,000	-	(55,000)	1,345,000	60,000	1,285,000
2020 COB-Water	700,000	-	(25,000)	675,000	25,000	650,000
2020 COB-Wastewater	1,300,000	-	(45,000)	1,255,000	50,000	1,205,000
	<u>12,880,932</u>	<u>-</u>	<u>(2,168,031)</u>	<u>10,712,901</u>	<u>1,209,003</u>	<u>9,503,898</u>
Unamort Bond Premium-Electric	212,927	-	(13,413)	199,514	NA	199,514
Unamort Bond Premium-Water	553,877	-	(63,108)	490,769	NA	490,769
Unamort Bond Premium-Wastewater	96,827	-	(6,808)	90,019	NA	90,019
11 Ref Deferred Chrg-Water	(123,326)	-	42,885	(80,441)	NA	(80,441)
14 Ref Deferred Chrg-Water	(7,011)	-	7,011	-	NA	-
14 Ref Deferred Chrg-Wastewater	(16,367)	-	16,367	-	NA	-
16 Ref Deferred Chrg-Water	(253,918)	-	32,243	(221,675)	NA	(221,675)
	<u>13,343,941</u>	<u>-</u>	<u>(2,152,854)</u>	<u>11,191,087</u>	<u>1,209,003</u>	<u>9,982,084</u>
Bank of Brenham Spreader Truck Note-Water	104,976	-	(34,137)	70,839	34,986	35,853
Bank of Brenham Street Sweeper Note-Drainage	234,611	-	(44,895)	189,716	45,887	143,829
Citizens State Bank Excavator Note Payable-Drainage	-	149,100	(20,877)	128,223	20,583	107,640
Bank of Brenham Line of Credit - Water	-	1,351,076	(1,351,076)	-	-	-
Subtotal-Long Term Debt	<u>13,683,528</u>	<u>1,500,176</u>	<u>(3,603,839)</u>	<u>11,579,865</u>	<u>1,310,459</u>	<u>10,269,406</u>
Other Long-Term Liabilities						
Chase Vehicle & Equipment Lease-Fleet	115,117	-	(27,784)	87,333	28,437	58,896
Chase Vehicle & Equipment Lease-Wastewater	98,384	-	(23,746)	74,638	24,304	50,334
Compensated Absences	229,870	227,723	(250,930)	206,663	113,487	93,176
Subtotal-Other Long-Term Liabilities	<u>443,371</u>	<u>227,723</u>	<u>(302,460)</u>	<u>368,634</u>	<u>166,228</u>	<u>202,406</u>
Total Proprietary	<u>\$ 14,126,899</u>	<u>\$ 1,727,899</u>	<u>\$ (3,906,299)</u>	<u>\$ 11,948,499</u>	<u>\$ 1,476,687</u>	<u>\$ 10,471,812</u>
Component Unit Governmental Activities						
Note Payable-BCDC to City Elec Fund-FY10	644,747	-	(90,377)	554,370	86,233	468,137
Note Payable-BCDC to City Elec Fund-FY17	385,000	-	(60,000)	325,000	60,000	265,000
	-	-	-	-	-	-
Total Governmental - BCDC	<u>\$ 1,029,747</u>	<u>\$ -</u>	<u>\$ (150,377)</u>	<u>\$ 879,370</u>	<u>\$ 146,233</u>	<u>\$ 733,137</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

The annual debt service requirement to maturity for all bonded outstanding debt as of September 30, 2021 follows:

FISCAL YEAR ENDING 9/30	PRIMARY GOVERNMENT					
	GENERAL OBLIGATION		CERTIFICATES OF OBLIGATION		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2022	\$ 1,155,000	\$ 190,100	\$ 1,475,000	\$ 697,465	\$ 2,630,000	\$ 887,565
2023	1,199,999	155,450	1,525,000	641,645	2,724,999	797,095
2024	540,000	113,400	1,590,000	581,588	2,130,000	694,988
2025	565,000	91,800	1,665,000	518,769	2,230,000	610,569
2026	590,000	69,200	1,730,000	452,199	2,320,000	521,399
2027-2031	1,264,997	66,400	5,540,000	1,572,538	6,804,997	1,638,938
2032-2036	-	-	5,340,000	719,325	5,340,000	719,325
2037-2040	-	-	2,060,000	114,779	2,060,000	114,779
	<u>\$ 5,314,996</u>	<u>\$ 686,350</u>	<u>\$20,925,000</u>	<u>\$ 5,298,308</u>	<u>\$ 26,239,996</u>	<u>\$ 5,984,658</u>

The annual debt service requirement to maturity for all notes payable outstanding debt as of September 30, 2021 follows:

FISCAL YEAR ENDING 9/30	NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2022	\$ 371,798
2023	248,661	19,245
2024	217,226	13,913
2025	176,906	9,374
2026	130,425	5,763
2027-2031	163,471	4,484
	<u>\$ 1,308,487</u>	<u>\$ 73,853</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding at September 30, 2021 for the primary government is comprised of the following:

\$9,000,000; 2006 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$155,000 to \$740,000 through August 15, 2026; interest rate 3.940%-4.7886%	\$ 3,345,000
\$7,730,000; 2011 General Obligation Refunding Bonds due in annual installments of \$105,000 to \$1,035,000 through August 15, 2023; interest rate 1.0-3.125%	1,339,996
\$1,850,000; 2012 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$65,000 to \$120,000 through August 15, 2032; interest rate 1.0-2.5%	1,160,000
\$4,075,000; 2014 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$90,000 to \$285,000 through August 15, 2034; interest rate 2.0-3.5%	2,980,000
\$3,035,000; 2016 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$110,000 to \$210,000 through August 15, 2036; interest rate 2.0-4.0%	2,450,000
\$4,695,000; 2016 General Obligation Refunding Bonds due in annual installments of \$50,000 to \$645,000 through August 15, 2028; interest rate 2.0-4.0%	3,975,000
\$3,840,000; 2017 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$135,000 to \$255,000 through August 15, 2037; interest rate 3.0-4.0%	3,270,000
\$3,025,000; 2019 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$110,000 to \$190,000 through August 15, 2039; interest rate 3.0-3.25%	2,695,000
\$5,465,000; 2020 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$185,000 to \$325,000 through August 15, 2040; interest rate 2.0-5.0%	5,025,000
\$1,918,082 lease payable dated March 13, 2017 due in annual payments of \$205,211 to \$300,367 including interest, through March 2024; collateralized by financed vehicles & equipment. (FY17 Vehicles & Equipment)	587,792
\$171,000 note payable dated December 22, 2017 due in annual installments of \$36,757 including interest, through December 1, 2022; collateralized by financed vehicle. (Water Dept. Spreader Truck)	70,839
\$365,000 note payable dated December 23, 2019 due in annual installments of \$124,980 including interest, through February 23, 2022; collateralized by financed vehicles & equipment. (3 Year VEF)	122,117
\$213,500 note payable dated December 23, 2019 due in annual installments of \$44,870 including interest, through February 23, 2024; collateralized by financed vehicles & equipment. (5 Year VEF)	128,557
\$193,500 note payable dated December 23, 2019 due in annual installments of \$29,710 including interest, through February 23, 2026; collateralized by financed vehicles & equipment. (7 Year VEF)	138,683
\$234,611 note payable dated April 7, 2020 due in annual installments of \$50,080 including interest, through April 7, 2025; collateralized by financed equipment. (Street Sweeper)	189,716
\$298,200 note payable dated December 9, 2020 due in annual installments of \$45,015 including interest, through September 1, 2027; collateralized by financed equipment. (Excavator)	256,446
\$402,129 note payable dated July 14, 2021 due in annual installments of \$61,474 including interest, through October 15, 2027; uncollateralized (SCBA)	402,129
Compensated Absences for accrued vacation	<u>724,572</u>
	\$28,860,847
Unamortized Bond Premium	1,269,262
Unamortized Bond Discount	-
Deferred Charges on Bonds	<u>(338,206)</u>
	<u>\$29,791,903</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2021 and annual debt service payments to maturity for the outstanding debt follows:

\$1,000,000 note payable to primary government dated August 6, 2010, interest payable at 4.75%, unsecured, annual payments 2017 through 2029	\$ 554,370
\$500,000 note payable to primary government dated May 5, 2017, interest payable at 3.25%, unsecured, annual payments 2017 through 2026	325,000
	\$ 879,370

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2022	\$ 146,233
2023	147,278	78,299
2024	143,505	79,960
2025	139,904	81,449
2026	141,469	82,771
2027-2028	160,981	210,818
	\$ 879,370	\$ 609,592

J. Capital Leases

In FY17, the city entered into a lease agreement to finance the acquisition of various vehicles and equipment for governmental and proprietary departments. This lease commitment qualifies as a capital lease for accounting purposes, and therefore has been recorded at the present value of its future minimum lease payments as of its inception date.

The assets acquired through the capital lease are as follows:

Asset Class	Governmental Activities	Business-Type Activities
Vehicles/Large Equipment	\$ 948,672	\$ 361,100
Less: Accumulated Depreciation	(420,704)	(155,326)
Total Net Asset	\$ 527,968	\$ 205,774

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

The total future minimum lease payments and the net present value of these minimum payments as of September 30, 2021 were as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
2022	\$ 148,663	\$ 56,547
2023	148,663	56,547
2024	148,663	56,547
Total Minimum Lease Payments	\$ 445,989	\$ 169,641
Less: Amount Representing Interest	(20,168)	(7,670)
Present Value of Minimum Payments	<u>\$ 425,821</u>	<u>\$ 161,971</u>

K. Rebatable Arbitrage

As defined in the federal tax code, governments are not permitted to reinvest the proceeds of tax-exempt debt in higher yielding securities. The liability to the federal government for any excess earnings is known as “rebtable arbitrage”. Arbitrage rebate payments must be made to the federal government every five years and within 60 days of final maturity. A rebtable arbitrage liability is recognized in all funds and in the government-wide and proprietary fund financial statements when incurred and measurable.

At September 30, 2021 the primary government had no liability for rebtable arbitrage.

L. Restricted Cash and Investments:

The balances of the restricted cash and investment accounts in the governmental and business type activities were as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Capital Projects	\$ 657,252	\$ 497,753
Customer Deposits	-	1,669,899
Debt Service	711,077	-
Hotel/Motel Tax	478,681	-
PD Criminal Law Enforcement	40,946	-
Streets/Drainage Improvements	1,146,987	-
Tax Increment Reinvestment Zone #1	162,186	-
Community Projects (Covid Relief Fund)	992	-
Worker's compensation	316,385	-
	<u>\$ 3,514,506</u>	<u>\$ 2,167,652</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

M. Classification of Net Position

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets represents capital assets, net of accumulated depreciation and is reduced by outstanding balances for bonds and other debt that is attributed to the acquisition, construction, or improvement of those assets. Restricted net position represents assets that have externally imposed restrictions by creditors, grantors, contributions, or laws or regulations of other governments.

N. Classification of Fund Balance:

In the fund financial statements, the components of fund balances reflect the City's "Fund Balance Policy for Governmental Funds" adopted by action of the City Council on October 1, 2015.

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reason, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance – Amounts that can only be used for a specific purpose because they are constrained by limitations that the government imposes upon itself through formal action by the City Council, the government's highest level of decision-making authority. Formal action consists of either Council resolution or the approval of a council meeting agenda item, each of which are equally binding. These restraints remain binding unless removed by formal action of City Council.

Assigned Fund Balance – Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the City Council, committees, or officials to whom the City Council has delegated authority.

Unassigned Fund Balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which an amount had been restricted, committed or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

The following schedule presents details of fund balance components at September 30, 2021:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ 145,117	\$ -	\$ -	\$ 145,117
Prepaid Assets	1,000	-	-	1,000
Restricted for:				
Debt Service	-	712,019	-	712,019
Grantor and Contributor Purposes	29,064	-	992	30,056
Public Safety	-	-	40,946	40,946
Economic Development	-	-	162,186	162,186
Transportation Projects	-	-	1,886,172	1,886,172
Court Technology and Security	-	-	70,218	70,218
Tourism Promotion	-	-	560,605	560,605
Committed to:				
Park Capital Improvements	-	-	58,532	58,532
Transportation and Aviation Projects	-	-	151	151
Assigned to:				
Culture and Recreation	-	-	17,559	17,559
Unassigned:				
	6,672,503	-	-	6,672,503
Total Fund Balances:	<u>\$ 6,847,684</u>	<u>\$ 712,019</u>	<u>\$ 2,797,361</u>	<u>\$ 10,357,064</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION

A. 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; and natural disasters for which the City assumes part of the risk and participates in the Texas Municipal League Intergovernmental Risk Pool for the excess over certain deductibles. The City pays an annual premium to the TML Pool in order to receive premium discounts. The Pool is intended to be self-sustaining through member contributions and reinsures through commercial companies for claims over certain deductibles. The Pool returns a portion of contributions to members if claims and needed reserves are less than contributions received.

The City maintains an established risk management program for workers' compensation. Interfund premiums are based upon the insured funds' payroll and workers' compensation code rates and recorded as quasi-external interfund transactions in the Proprietary Fund statements. Net position of the workers' compensation risk management internal service fund as of September 30, 2021 was \$316,435.

B. Contingent Liabilities

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Audits for some of these federal programs for the year ended September 30, 2021 and for several prior years have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The City has not accrued revenue for potential disallowed expenditures related to certain disaster recovery grants. The amount, if any, of expenditures for other grants which may be disallowed by the grantor agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Deferred Compensation Plans

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. Participation in either plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The City's involvement in administering the plan is limited to remitting the amounts collected from employees to the plan administrator. The government is not considered to be holding the assets of the plan nor does it direct the use, exchange or employment of the assets in the plans, therefore the deferred compensation plans are not presented in this report.

D. Retirement

The aggregate amount for all pension plans as of September 30, 2021 are as follows:

	TMRS	TESRS	Total
<i>Net Pension Liability</i>	\$ 11,350,183	\$ 311,102	\$ 11,661,285
<i>Deferred Outflows of Resources</i>	\$ (1,119,908)	\$ (48,448)	\$ (1,168,356)
<i>Deferred Inflows of Resources</i>	\$ 2,419,099	\$ 15,325	\$ 2,434,424
<i>Current Year Pension Expense</i>	\$ 1,211,391	\$ 112,061	\$ 1,323,452

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

1. Texas Municipal Retirement System

Plan Description

The City of Brenham participates as one of 895 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 TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS 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 www.tMrs.com.

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

Benefits Provided

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

At retirement, the 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 payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

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

	<i>Plan Year 2020</i>	<i>Plan Year 2021</i>
<i>Employee Deposit Rate</i>	5%	5%
<i>Matching Ratio (City to Employee)</i>	2 to 1	2 to 1
<i>Years Required for Vesting</i>	5	5
<i>Service Retirement Eligibility (Expressed as Age/Years of Service)</i>	60/5, 0/20	60/5, 0/20
<i>Updated Service Credit</i>	100%, Transfers	100%, Transfers
<i>Annuity Increase (To Retirees)</i>	70% of CPI	70% of CPI

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

Employees covered by benefit terms.

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

<u>Membership</u>	2020
Inactive employees or beneficiaries currently receiving benefits	151
Inactive employees entitled to but not yet receiving benefits	152
Active employees	201
Total	504

Contributions

Member contribution rates 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 of the City of Brenham were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Brenham were 9.94% and 10.38% in 2020 and 2021, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$1,270,436 and were equal to the required contribution.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 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 in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (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 employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

The following table presents the changes in net pension liability for the current period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	\$ 59,307,171	\$ 46,852,566	\$ 12,454,605
Changes for the year:			
Service Cost	1,328,395	-	1,328,395
Interest	3,957,807	-	3,957,807
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,115,213)	-	(1,115,213)
Changes of assumptions	-	-	-
Contributions - employer	-	1,162,343	(1,162,343)
Contributions - employee	-	584,681	(584,681)
Net investment income	-	3,552,297	(3,552,297)
Benefit payments, including refunds of employee contributions	(2,674,368)	(2,674,368)	-
Administrative expense	-	(23,013)	23,013
Other changes	-	(897)	897
Net changes	1,496,621	2,601,043	(1,104,422)
Balance at 12/31/2020	\$ 60,803,792	\$ 49,453,609	\$ 11,350,183

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability (NPL) of the City of Brenham, calculated using the discount rate of 6.75%, as well as what the City's NPL would be if it were calculated using a discount that is 1-percentage-point lower (5.75%) or 1-percentage-point-higher (7.75%) than the current rate.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$19,939,477	\$11,350,183	\$4,312,377

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (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.tmrs.com.

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

For the year ended September 30, 2021, the City of Brenham recognized pension expense of \$1,211,391, and 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	\$ 58,990	\$ 1,091,151
Differences in assumption changes	130,406	-
Differences between projected and actual investment earnings	-	1,327,948
Contributions subsequent to the measurement date	930,512	-
Total	\$ 1,119,908	\$ 2,419,099

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$930,512 will be recognized as a reduction of the net pension liability for the year ending September 30, 2022.

Amounts reported as deferred outflows and inflows of resources, by year, to be recognized in future pension expense are shown below:

<u>Year</u>	<u>Expense</u>
2021	\$ (881,378)
2022	(221,302)
2023	(1,049,074)
2024	(77,949)
2025	-
Thereafter	-
Total	<u>\$ (2,229,703)</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2020, there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2020, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,837
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,787
Active Participants (Vested and Non-vested)	3,634

Pension Plan Fiduciary Net Position

Detailed information about the TESRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas and eligibility requirements by Board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make the System “actuarially sound” each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the August 31, 2020 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to 15 years of credit for service per member. Prior service must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2020, total contributions (dues, prior service, and interest on prior service financing) of \$57,540 were paid by the City. The State appropriated \$1,329,224 for the fiscal year ending August 31, 2020 to the plan as a whole.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

V. OTHER INFORMATION (Continued)

Net Pension Liability

The System's net pension liability was measured as of August 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2020.

Total pension liability	\$ 150,440,543
Plan fiduciary net position	125,229,661
System's net pension liability	\$ 25,210,882
Plan fiduciary net position as a percentage of the total pension liability	83.20%

Actuarial Assumptions

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2020
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value

Actuarial Assumptions:	
Investment Rate of Return*	7.50%
Projected Salary Increase	N/A
*Includes Inflation At	3.00%
Cost of Living Adjustments	None

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.6%) and by adding expected inflation (3.0%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large Cap Domestic	20.00%	5.83%
Small Cap Domestic	10.00%	5.94%
Developed International	15.00%	6.15%
Emerging Markets	5.00%	7.25%
Global infrastructure	5.00%	6.41%
Real Estate	10.00%	4.48%
Multi asset income	5.00%	3.84%
Fixed Income	30.00%	1.99%
Cash	0.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2020 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. 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.

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 7.5%, 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the net pension liability	\$599,392	\$311,102	\$110,801

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

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

At August 31, 2021, the City reported a liability of \$311,102 for its proportionate share of the plan's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$ 311,102
State's proportionate share that is associated with the City*	88,686
Total	\$ 399,788

**Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective net pension liability.*

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward the net pension liability nor did they provide the necessary information for the participants to roll forward themselves. While the City acknowledges that the measurement date does not fall within this 12-month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2020. The City used the assumption that any differences in the net pension liability measured as of August 31, 2020 versus September 30, 2020 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective net pension liability was 1.234%.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended September 30, 2021 the City recognized pension expense of \$112,061. The City recognized on-behalf revenues of \$22,996 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

At August 31, 2020, the City reported its proportionate share of the TESRS's 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 projected and actual investment earnings	\$ 1,688	\$ -
Differences due to changes in actuarial assumptions	-	509
Differences in expected and actual experience	-	14,816
Contributions paid to TESRS subsequent to the measurement data	46,760	-
Total	\$ 48,448	\$ 15,325

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$46,760 will be recognized as a reduction of the net liability for the year ending September 30, 2022.

The net amounts of the employer's balances of deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year	Pension Expense
2021	\$(13,237)
2022	(2,719)
2023	10,697
2024	(8,378)
Total	<u>\$(13,637)</u>

E. Other Post-Employment Benefits

Plan Description. The City of Brenham provides post-employment medical benefits (OPEB) to eligible City employees and their eligible dependents and retirees and their eligible dependents. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The single-employer defined benefit plan provides medical and prescription benefit coverage.

Benefits Provided. Retirees and covered spouses whose sum of age and years of service was equal to or greater than 75 at the time of retirement may purchase group health insurance until they or their spouse reach Medicare eligibility. Medical coverage levels for retirees are the same coverage provided to active City employees in accordance with the terms and conditions of the current City Benefit Plan. The retiree pays the established monthly premium for group health care coverage less the City supplement of \$100 for retiree only and \$200 for retiree and spouse. The contribution requirements of plan members are established by the City and may be amended as needed.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

Employees covered by benefit terms. At October 1, 2020, the effective date of the most recent OPEB valuation, the following employees were covered by the benefit terms:

Inactive employees or spouses currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefit payments	0
Active plan members	191
	201

Total OPEB Liability. The City's total OPEB liability of \$2,972,802 was measured as of September 30, 2021 and was determined by an actuarial valuation as of October 1, 2020.

Actuarial Assumptions. The total OPEB in the October 1, 2020 actuarial valuation was determined using the following actuarial assumptions as of the September 30, 2021 measurement date:

Discount rate	2.26%
Actuarial cost method	Entry Age Normal
Inflation	2.20%
Salary increases including inflation	2.75%
	Initial rate of 5.80%
	decreasing to 4.40% after
	7 years then increasing to
Healthcare cost trend rate	4.60% after 24 years then
	declining to an ultimate
	rate of 3.790% after 53
	years

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the Pub GH-2010 projected forward with MP-2021.

The plan has not had a formal actuarial experience study performed.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2020	\$ 1,866,632
Changes for the year:	
Service Cost	138,863
Interest on total OPEB liability	44,136
Effect of plan changes	-
Effect of economic/demographic gains or losses	1,105,573
Effect of assumptions, changes or inputs	(165,473)
Benefit payments	(16,929)
Net changes	1,106,170
Balance at 9/30/2021	\$ 2,972,802

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

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 2.26%, 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 (1.26%) or 1 percentage point higher (3.26%) than the current rate.

	1% Decrease in Discount Rate (1.26%)	Discount Rate (2.26%)	1% Increase in Discount Rate (3.26%)
Total OPEB Liability	\$3,320,128	\$2,972,802	\$2,667,203

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$2,578,593	\$2,972,802	\$3,454,022

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$324,090. At September 30, 2021, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 925,488	\$ -
Changes of assumptions	221,373	186,779
Total	\$ 1,146,861	\$ 186,779

Amounts reported as deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended September 30:		
2022	\$	158,020
2023		158,020
2024		158,020
2025		165,781
2026		152,819
Thereafter		167,422
Total	\$	960,082

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

F. Special Items

The Sanitation Fund outsourced its operations, and the fund no longer has employees assigned to its activities. In FY21, the Sanitation Fund's proportionate share of net pension liability for TMRS, the post-employment benefit liabilities and the related deferred inflows and outflows (as of October 1, 2020) were reallocated to the governmental and remaining proprietary funds as these funds will provide resources in future years to satisfy these obligations. The reallocation has been reported in the accompanying financial statements as a special item as it is considered infrequent, but within the control of management.

A table depicting these changes to the fund level financial statements follows:

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund
Net Pension Liability-TMRS	\$ (71,403)	\$ (13,667)	\$ (25,117)	\$ (17,355)	\$ 517,120	\$ (261)
Post Employment Benefits	(10,153)	(2,642)	(4,100)	(3,234)	77,180	(362)
	<u>\$ (81,556)</u>	<u>\$ (16,309)</u>	<u>\$ (29,217)</u>	<u>\$ (20,589)</u>	<u>\$ 594,300</u>	<u>\$ (623)</u>

A table depicting these changes to the government-wide financial statements follows:

	Governmental Activities	Business-type Activities
Net Pension Liability-TMRS	\$ (389,316)	\$ 389,316
Post Employment Benefits	(56,690)	56,690
	<u>\$ (446,006)</u>	<u>\$ 446,006</u>

G. Tax Increment Reinvestment Zones

Chapter 311 of the Texas Tax Code allows for the creation of Tax Increment Reinvestment Zones ("TIRZ"). TIRZ are statutory tools available to municipalities in Texas to promote development or redevelopment in an area that would not occur in the foreseeable future solely through private investment.

When a TIRZ is formed, a base value for the property located within the TIRZ is established. At the date of creation, the appraised value is normally accepted as the base value. As the property within the TIRZ develops, property taxes are collected based upon appreciated appraised values at the established rate. The amount of taxes attributable to the increase in the appraised value is remitted to the Tax Increment Financing Fund to be used to fund the approved project plan. Project plans normally include the creation of infrastructure and other public improvements within the respective zone. A TIRZ may be terminated either on the date designated in the ordinance creating the zone, or the date on which all project costs, tax increment debt, and associated interest have been paid.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

As of September 30, 2021, the City has created one Tax Increment Financing Zone:

Tax Increment Reinvestment Zone #1: In December 2018, the City approved an ordinance creating a TIRZ known as “Tax Increment Reinvestment Zone Number One, City of Brenham, Texas” (“Zone One”). Zone One encompasses approximately 2,201 acres of land generally located along U.S. Highway 290, South Market Street, and West Main Street corridors within the city limits. In December 2019, the City approved an ordinance amending the boundaries of the zone to include an additional 199 acres bringing total acreage of Zone One to 2,400 acres. As of September 30, 2021, the City has not begun funding projects within Zone One. The City contributes all of its incremental tax revenues to Zone One.

The following schedule is a history of relevant data with regard to this TIRZ:

Fiscal Year	Net Taxable Value	Base Value*	Captured Value	TIRZ Incremental Tax Revenue
2020	\$276,611,822	\$ 259,152,894	\$ 17,458,928	\$ 45,131
2021	381,072,654	336,011,374	45,061,280	116,483

* 2021 Base Value adjusted to include additional acres added with December 2019 TIRZ boundary amendment.

H. Tax Abatements

The City of Brenham negotiates property tax abatement agreements on an individual basis. Each agreement was negotiated under The Texas Property Redevelopment and Tax Abatement Act, Chapter 312, Tax Code, V.A.T.S. as amended, allowing localities to abate property taxes for economic development purposes, which include business relocation, retention and expansion. Property must be located within a reinvestment zone to be eligible for a tax abatement, and agreements are limited to ten (10) years in length.

The City has established guidelines and criteria for tax abatements and has adopted formal incentive schedules for calculating the level of abatement depending on the combination of property value created and job creation/retention. These schedules also include property value created in the downtown district.

The recipients commit to adding new value to the tax rolls of eligible property within established minimums and maximums and commit to new and or retained full-time employees with a minimum salary and benefits level.

Each tax phase-in incentive project is monitored annually for compliance. If a recipient does not fulfill the requirements, the City has an abatement recapture clause and if such default is not cured within thirty (30) days, the agreement shall be terminated. Taxes otherwise abated for the calendar year of default, shall be paid to the City within sixty (60) days from the date of termination.

For fiscal year 2021, the City abated property taxes of \$167,269, or 2.20%, of the \$7,602,926 total levy.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

I. Economic Development Agreement

Chapter 380 Agreement – In FY19, the City entered into a Chapter 380 Economic Development Agreement with a developer. Upon the construction of a commercial and retail shopping center, the City agrees to pay a percentage of 1 cent sales taxes collected from within the development property to the developer. The percentage share for years 1 through 5 is 90% and may be reduced to 80% and then 70% over the term of the agreement. Payments will continue annually until either the maximum reimbursement amount is paid or December 31, 2033, even if the maximum reimbursement amount has not been paid. The maximum reimbursement amount is \$6,000,000.

In FY21, the City and developer amended the Chapter 380 Economic Development Agreement to include requirements for the developer to purchase certain building materials locally and requirements for contractors to utilize separate building materials and labor contracts. The amendment also included additional reimbursement for the developer, not to exceed \$1,000,000, if certain decorative elements are included in the shopping center. Lastly, the developer committed additional funds for the installation of underground electric lines.

J. Subsequent Events

On October 21, 2021, the City Council approved a natural gas supply contract and a gas transport contract. Both contracts are for a term of one year and expire on October 31, 2022.

In February of 2021, much of Texas, including the City, was impacted by Winter Storm Uri (the “Storm”). The City experienced historically low temperatures, ice and snow, and extended power outages. Throughout the Storm, the supply of natural gas to the City was not negatively affected, and all customers on the City’s gas system had sufficient supply of gas available. On March 16, 2021, the City’s natural gas supplier at the time, WTG Gas Marketing, Inc. (WTG) notified the City that the City owed WTG \$8,070,384 (including penalty amounts for which WTG claimed the City was responsible) for gas supplied during February of 2021. The amount WTG claimed was owed for gas supplied during February of 2021 was far in excess of the \$253,548 that the City considered to be owed under the pricing structure set forth in the Gas Sales Contract. As a result, on May 4, 2021 the City filed a request for declaratory judgment against WTG seeking certain relief under the Gas Sales Contract. WTG answered the City’s lawsuit and asserted a counterclaim for breach of contract. On August 19, 2021, the City filed a motion for partial summary judgment, requesting declarations that (i) all gas delivered by or on behalf of WTG to the City during February of 2021 is chargeable based on the applicable pricing provision in the Gas Sales Contract; (ii) the force majeure provision under the Gas Sales Contract does not permit WTG to charge prices in excess of such pricing provision; and (iii) WTG is not allowed under the Gas Sales Contract to charge the City for any contractual penalties that WTG incurred under WTG’s separate transportation agreement with Oasis Pipeline, LP. On December 2, 2021 the Court entered an order granting the City’s motion for partial summary judgment. Issues relating to WTG’s counterclaim remain pending before the Court. This litigation is ongoing and the City cannot make any representation regarding the outcome of the litigation. The City’s contract with WTG expired on October 31, 2021 and a new provider was selected through competitive proposals, so there is no risk of service interruption or rate adjustment as a result of the lawsuit.

On December 16, 2021, the City Council approved a professional services agreement in an amount not to exceed \$379,000 related to 2022 sanitary sewer improvements.

On January 24, 2022, the City Council approved the purchase of a 2023 Pierce Enforcer Fire Pumper Truck in the amount of \$880,358. In a related item, the City Council approved a resolution expressing official intent to reimburse certain cost of this purchase from the issuance of Certificates of Obligation in fiscal year 2022.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2021

IV. OTHER INFORMATION (Continued)

On January 24, 2022, the City Council approved the purchase of two aviation-grade fuel tanks and associated equipment in an amount not to exceed \$200,000. In a related item, the City Council approved a resolution expressing official intent to reimburse certain cost of this purchase from the issuance of Certificates of Obligation in fiscal year 2022.

On February 3, 2022, the City Council authorized the issuance and sale of \$9,375,000 Combination Tax and Revenue Certificates of Obligation, Series 2022. The proceeds from the sale are to be used for the following purposes:

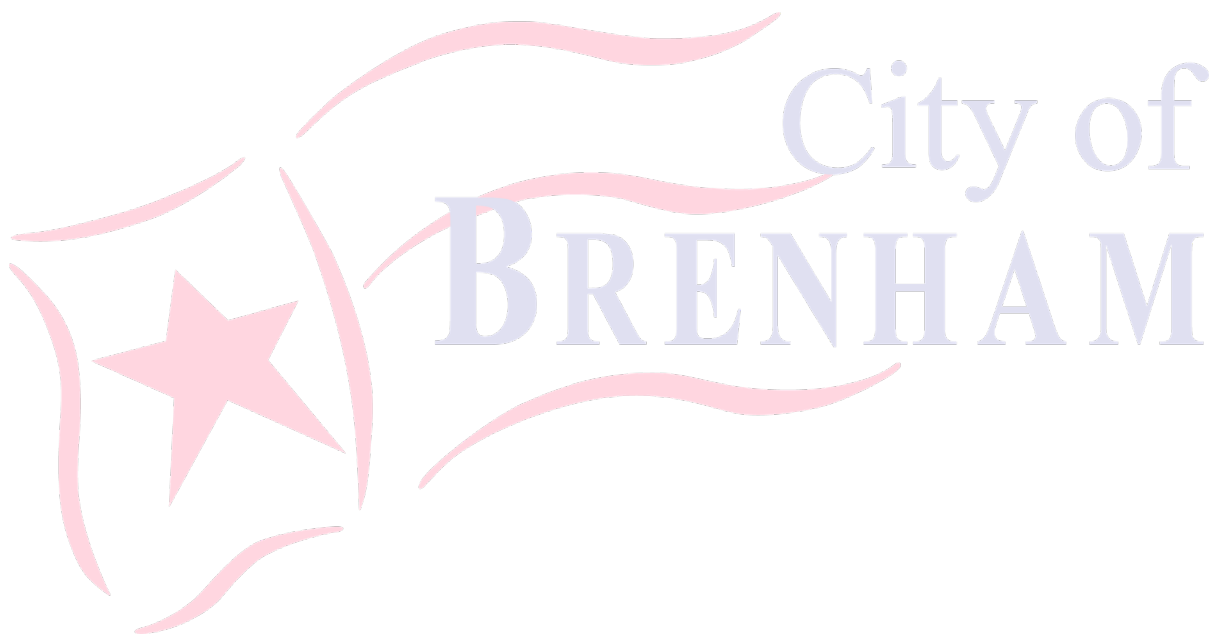
- Acquisition of fire truck
- Street and drainage projects
- Acquisition of heavy street equipment
- Improvements to City's Airport facilities
- Water system improvements
- Wastewater system improvements

K. New Pronouncements

The City will implement the following new financial accounting and reporting standards issued by GASB:

- Statement No. 87, "Leases." The requirements of this statement are effective for FY22.
- Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The requirements of this statement are effective for FY22.
- Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this statement are effective for FY23.
- Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements for this statement are effective for FY23.

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REQUIRED SUPPLEMENTARY
INFORMATION

City of Brenham, Texas
Required Supplementary Information
September 30, 2021

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability				
Service Cost	\$ 81,913	\$ 72,565	\$ 80,218	\$ 138,863
Interest on total OPEB liability	53,194	60,179	46,875	44,136
Effect of economic/demographic gains or losses	-	(47,313)	-	1,105,573
Effect of assumptions, changes or inputs	(95,711)	271,845	82,095	(165,473)
Benefit payments	(67,223)	(35,993)	(48,780)	(16,929)
Net Change in Total OPEB Liability	(27,827)	321,283	160,408	1,106,170
Total OPEB Liability - Beginning	1,412,768	1,384,941	1,706,224	1,866,632
Total OPEB Liability - Ending	<u>\$ 1,384,941</u>	<u>\$ 1,706,224</u>	<u>\$ 1,866,632</u>	<u>\$ 2,972,802</u>
Covered employee payroll	10,974,567	11,151,153	11,489,506	12,324,263
Total OPEB liability as a percentage of covered-employee payroll	12.62%	15.30%	16.25%	24.12%

Notes to Schedule:

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

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City of Brenham, Texas
Required Supplementary Information
September 30, 2021

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
Last 10 Years (will ultimately be displayed)

Measurement Year	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service Cost	\$ 1,137,682	\$ 1,217,054	\$ 1,221,386	\$ 1,304,264	\$ 1,288,102	\$ 1,306,775	\$ 1,328,395
Interest (on the Total Pension Liability)	3,168,390	3,311,366	3,339,042	3,472,820	3,647,237	3,764,714	3,957,807
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(488,131)	(335,369)	(353,462)	189,213	(827,317)	81,072	(1,115,213)
Change of assumptions	-	65,360	-	-	-	243,804	-
Benefit payments, including refunds of employee contributions	(1,552,848)	(2,077,364)	(2,119,688)	(2,413,309)	(2,335,218)	(2,418,698)	(2,674,368)
Net Change in Total Pension Liability	2,265,093	2,181,047	2,087,278	2,552,988	1,772,804	2,977,667	1,496,621
Total Pension Liability - Beginning	45,470,294	47,735,387	49,916,434	52,003,712	54,556,700	56,329,504	59,307,171
Total Pension Liability - Ending (a)	\$47,735,387	\$49,916,434	\$52,003,712	\$54,556,700	\$56,329,504	\$59,307,171	\$60,803,792
Plan Fiduciary Net Position							
Contributions - Employer	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129	\$ 1,110,351	\$ 1,134,499	\$ 1,162,343
Contributions - Employee	519,774	529,614	520,181	551,014	548,595	566,685	584,681
Net Investment Income	2,076,198	56,134	2,512,798	5,362,117	(1,294,101)	6,368,980	3,552,297
Benefit payments, including refunds of employee contributions	(1,552,848)	(2,077,364)	(2,119,688)	(2,413,309)	(2,335,218)	(2,418,698)	(2,674,368)
Administrative Expense	(21,680)	(34,193)	(28,385)	(27,801)	(25,030)	(36,024)	(23,013)
Other	(1,782)	(1,688)	(1,529)	(1,409)	(1,308)	(1,082)	(897)
Net Change in Plan Fiduciary Net Position	1,745,220	(854,842)	1,516,404	4,528,741	(1,996,710)	5,614,360	2,601,043
Plan Fiduciary Net Position - Beginning	36,299,393	38,044,613	37,189,771	38,706,175	43,234,916	41,238,206	46,852,566
Plan Fiduciary Net Position - Ending (b)	\$38,044,613	\$37,189,771	\$38,706,175	\$43,234,916	\$41,238,206	\$46,852,566	\$49,453,609
Net Pension Liability - Ending (a) - (b)	\$ 9,690,774	\$12,726,663	\$13,297,537	\$11,321,784	\$15,091,298	\$12,454,605	\$11,350,183
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.70%	74.50%	74.43%	79.25%	73.21%	79.00%	81.33%
Covered Payroll	\$10,395,487	\$10,592,288	\$10,403,627	\$11,006,445	\$10,971,905	\$11,333,694	\$11,693,615
Net Position Liability as a Percentage of Covered Payroll	93.22%	120.15%	127.82%	102.87%	137.54%	109.89%	97.06%

Notes to Schedule:
N/A

**City of Brenham, Texas
Required Supplementary Information
September 30, 2021**

**SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 698,787	\$ 694,276	\$ 726,981	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129	\$ 1,110,351	\$ 1,134,499	\$ 1,162,343
Contributions in relation to the actuarially determined contribution	\$ 698,787	\$ 694,276	\$ 726,981	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129	\$ 1,110,351	\$ 1,134,499	\$ 1,162,343
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,856,804	\$ 9,933,343	\$ 10,158,757	\$ 10,278,949	\$ 10,290,949	\$ 10,879,880	\$ 10,974,567	\$ 11,151,153	\$ 11,489,506	\$ 12,324,263
Contributions as a percentage of covered payroll	7.09%	6.99%	7.16%	7.06%	6.54%	5.82%	9.64%	9.96%	9.87%	9.43%

Notes to 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 24 Years
 Asset Valuation Method 10 Year smoothed market; 12% soft corridor
 Inflation 2.50%
 Salary Increases 3.50 to 11.50%, including inflation
 Investment Rate of Return 6.75%
 Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
 Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
 Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes 1) Granted 70% ad hoc COLA.

City of Brenham, Texas
Required Supplementary Information
September 30, 2021

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
 Last 10 Years (will ultimately be displayed)

Measurement Year	2015	2016	2017	2018	2019	2020	2021
City's proportion of the net pension liability	1.1990%	1.1290%	1.2100%	1.0970%	1.2460%	1.1860%	1.2340%
City's proportionate share of the net pension liability	\$ 217,878	\$ 301,359	\$ 352,450	\$ 263,298	\$ 269,765	\$ 336,178	\$ 311,102
State's proportionate share of the net pension liability	73,625	104,460	121,846	86,225	74,871	99,721	88,686
Total	<u>\$ 291,503</u>	<u>\$ 405,819</u>	<u>\$ 474,296</u>	<u>\$ 349,523</u>	<u>\$ 344,636</u>	<u>\$ 435,899</u>	<u>\$ 399,788</u>
Number of Active Members*	32	32	32	35	31	33	26
City's Net Pension Liability per Active Member	\$ 6,809	\$ 9,417	\$ 11,014	\$ 7,523	\$ 8,702	\$ 10,187	\$ 11,965
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.90%	76.30%	81.40%	84.26%	80.20%	83.20%

*There is no compensation for active members. Number of active members is used instead.

Notes to Schedule:

Changes in benefit terms - There were no changes in benefit terms that affected the measurement of the total pension liability during the measurement period.

Changes in assumptions - There were no changes of assumptions or other inputs that affected the measurement of the total pension liability during the measurement period.

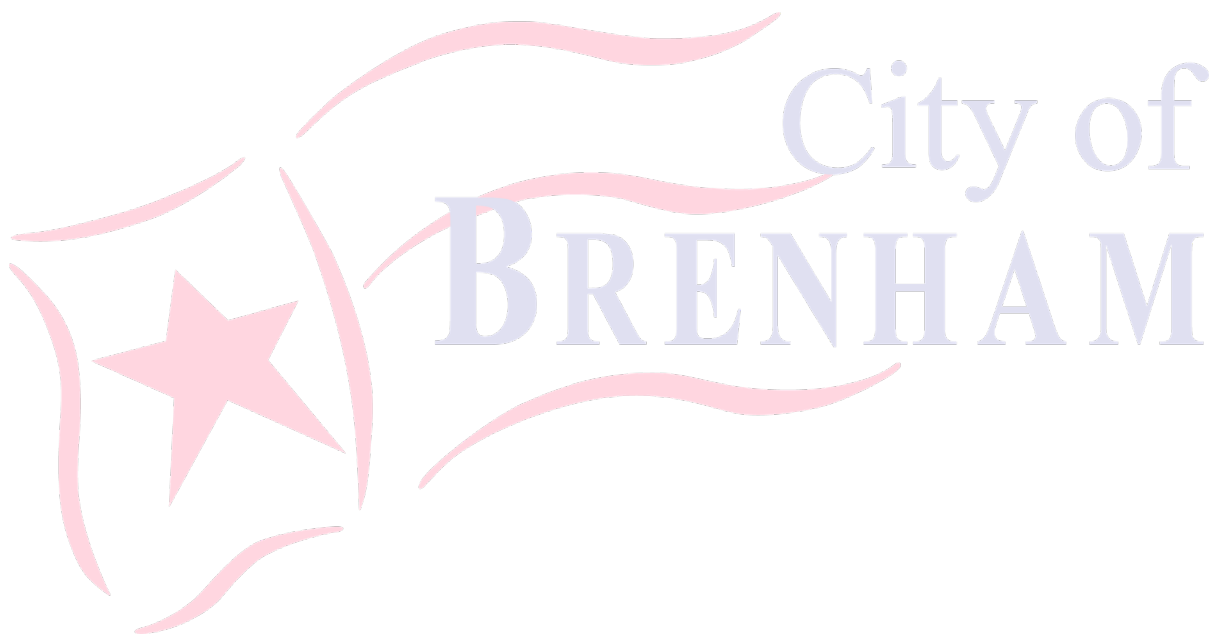
City of Brenham, Texas
Required Supplementary Information
September 30, 2021

SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
 Last 10 Years (will ultimately be displayed)

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 54,320	\$ 53,340	\$ 55,440	\$ 53,060	\$ 59,690	\$ 53,150	\$ 57,619	\$ 46,760
Contributions in relation to the contractually required contribution	54,320	53,340	55,440	53,060	59,690	53,150	57,619	46,760
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Members *	32	32	32	32	35	31	33	26
Contributions per Active Member	\$ 1,698	\$ 1,667	\$ 1,733	\$ 1,658	\$ 1,705	\$ 1,715	\$ 1,746	\$ 1,798

Notes to Schedule of Contributions:

* There is no compensation for active members. Number of active members is used instead.



COMBINING FUND STATEMENTS
AND SCHEDULES

CITY OF BRENHAM, TEXAS

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes.

Hotel/Motel Tax Fund

This fund is used to account for a 7% occupancy tax assessed on hotel and motel occupants, in the City of Brenham, that is restricted to various functions and organizations that develop and promote tourism.

Hotel/Motel Tax Fund – Washington County

This fund is used to account for a 7% occupancy tax assessed on hotel and motel occupants, outside the city limits but within Washington County, that is restricted to various functions and organizations that develop and promote tourism.

PD Criminal Law Enforcement Fund

This fund is used to account for revenues specifically restricted for police department criminal law enforcement.

Courts Technology/Security Fund

This fund is used to account for revenues restricted for providing security services, technology, and staffing for the Municipal Court.

Brenham Community Projects Fund, Inc.

This fund is used to account for the receipt and disbursement of donations and grants received by the Brenham Community Projects Fund, Inc., an IRS designated 501(c)(3) public charity. This fund is reported as a blended component unit of the City.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources used for the acquisition and construction of capital facilities other than those financed by proprietary funds and trust funds.

Airport Capital Improvement Fund

This fund is used to account for grant proceeds used for the airport runway improvements and repair project.

2017 Capital Projects Fund

This fund is used to account for proceeds and expenditures for the approved 2017 Bond projects.

Parks Capital Improvements Fund

This fund is used to account for proceeds and expenditures related to park improvements.

Streets and Drainage Improvements Fund

This fund is used to account for bond proceeds and capital expenditures for street improvement and reconstruction projects.

Tax Increment Reinvestment Zone (TIRZ) #1 Fund

This fund is used to account for revenues derived from captured assessed valuation in the Tax Increment Reinvestment Zone #1 and expenses related to public improvements in the Zone.

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CITY OF BRENHAM, TEXAS

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Workers' Compensation Fund

This fund is used to account for a zero deductible plan for workers' compensation provided to other funds of the City on a cost reimbursement basis.

Central Fleet Fund

This fund is used to account for the rental income and related expenses for vehicles and equipment provided to other funds of the City on a cost reimbursement basis.

Vehicle Equipment Replacement Fund (VERF)

This fund is used to account for the purchase of general government replacement vehicles and equipment, including those financed, and the prefunding of future replacement vehicles and equipment.

Debt Service Fund

This fund is used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments made by enterprise funds. Ad valorem taxes and interest earned on the investments of the Debt Service funds are used for the payment of principal, interest, and commissions to fiscal agents on the City's general obligation bonds, which are reflected in the government-wide financial statements.

**City of Brenham
Combining Balance Sheet
Other Governmental Funds
September 30, 2021**

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Assets			
Cash and Equivalents	\$ 71,350	\$ 224,439	\$ 295,789
Receivables (Net)			
Occupancy Tax	81,963	-	81,963
Other Current Assets	-	142	142
Restricted Cash	520,619	1,966,425	2,487,044
Total Assets	\$ 673,932	\$ 2,191,006	\$ 2,864,938
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current	\$ 1,171	\$ 66,406	\$ 67,577
Total Liabilities	1,171	66,406	67,577
Fund Balances:			
Restricted	672,761	2,048,358	2,721,119
Committed	-	58,683	58,683
Assigned	-	17,559	17,559
Total Fund Balances	672,761	2,124,600	2,797,361
Total Liabilities and Fund Balances	\$ 673,932	\$ 2,191,006	\$ 2,864,938

City of Brenham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds

For the Year Ended September 30, 2021

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 664,979	\$ 116,483	\$ 781,462
Intergovernmental	-	362,825	362,825
Charges for Services	52,735	-	52,735
Investment Income	2,148	1,682	3,830
Payment from Component Unit	-	552,466	552,466
Contributions and Donations	13,500	4,607	18,107
Program Revenue/Restitution	3,778	-	3,778
Miscellaneous	-	9,000	9,000
Total revenues	<u>737,140</u>	<u>1,047,063</u>	<u>1,784,203</u>
Expenditures			
Current:			
Culture and Recreation	27,340	206,158	233,498
General Government	26,093	-	26,093
Highways and Streets	-	20,950	20,950
Public Safety	8,849	-	8,849
Capital Outlay	-	2,461,966	2,461,966
Total expenditures	<u>62,282</u>	<u>2,689,074</u>	<u>2,751,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>674,858</u>	<u>(1,642,011)</u>	<u>(967,153)</u>
Other Financing Sources (Uses)			
Transfers In	-	142,528	142,528
Transfers Out	(408,332)	-	(408,332)
Total other financing sources and (uses)	<u>(408,332)</u>	<u>142,528</u>	<u>(265,804)</u>
Net change in Fund Balances	266,526	(1,499,483)	(1,232,957)
Fund balances - beginning	<u>406,235</u>	<u>3,624,083</u>	<u>4,030,318</u>
Fund balances - ending	<u>\$ 672,761</u>	<u>\$ 2,124,600</u>	<u>\$ 2,797,361</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
September 30, 2021

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Brenham Community Projects Fund, Inc.	Total Special Revenue Funds
Assets						
Cash and Equivalents	\$ -	\$ -	\$ -	\$ 71,350	\$ -	\$ 71,350
Receivables (Net)						
Occupancy Tax	81,963	-	-	-	-	81,963
Restricted Cash	478,681	-	40,946	-	992	520,619
Total Assets	<u>\$ 560,644</u>	<u>\$ -</u>	<u>\$ 40,946</u>	<u>\$ 71,350</u>	<u>\$ 992</u>	<u>\$ 673,932</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable & Other Current	\$ 39	\$ -	\$ -	\$ 1,132	\$ -	\$ 1,171
Total Liabilities	<u>39</u>	<u>-</u>	<u>-</u>	<u>1,132</u>	<u>-</u>	<u>1,171</u>
Fund Balances:						
Restricted	560,605	-	40,946	70,218	992	672,761
Total Fund Balances	<u>560,605</u>	<u>-</u>	<u>40,946</u>	<u>70,218</u>	<u>992</u>	<u>672,761</u>
Total Liabilities and Fund Balances	<u>\$ 560,644</u>	<u>\$ -</u>	<u>\$ 40,946</u>	<u>\$ 71,350</u>	<u>\$ 992</u>	<u>\$ 673,932</u>

City of Brenham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds - Special Revenue Funds
For the Year Ended September 30, 2021

	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Brenham Community Projects Fund, Inc.	Total Special Revenue Funds
Revenues					
Taxes	\$ 664,979	\$ -	\$ -	\$ -	\$ 664,979
Charges for Services	-	-	52,735	-	52,735
Investment Income	1,245	293	601	9	2,148
Contributions and Donations	-	-	-	13,500	13,500
Program Revenue/Restitution	-	3,778	-	-	3,778
Total revenues	<u>666,224</u>	<u>-</u>	<u>4,071</u>	<u>13,509</u>	<u>737,140</u>
Expenditures					
Current:					
Culture and Recreation	7,340	20,000	-	-	27,340
General Government	-	-	26,093	-	26,093
Public Safety	-	-	8,849	-	8,849
Total expenditures	<u>7,340</u>	<u>20,000</u>	<u>8,849</u>	<u>-</u>	<u>62,282</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>658,884</u>	<u>(20,000)</u>	<u>(4,778)</u>	<u>27,243</u>	<u>674,858</u>
Other Financing Sources (Uses)					
Transfers Out	(340,500)	(35,647)	-	(18,685)	(408,332)
Total other financing sources and (uses)	<u>(340,500)</u>	<u>(35,647)</u>	<u>-</u>	<u>(18,685)</u>	<u>(408,332)</u>
Net change in Fund Balances	318,384	(55,647)	(4,778)	8,558	266,526
Fund balances - beginning	<u>242,221</u>	<u>55,647</u>	<u>45,724</u>	<u>983</u>	<u>406,235</u>
Fund balances - ending	<u>\$ 560,605</u>	<u>\$ -</u>	<u>\$ 40,946</u>	<u>\$ 992</u>	<u>\$ 672,761</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Nonmajor Capital Projects Funds
September 30, 2021

	Airport Capital Impr. Fund	2017 Capital Projects Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	TIRZ Reinvestment Zone #1 Fund	Total Nonmajor Capital Projects Funds
Assets						
Cash and Cash Equivalents	\$ 9	\$ -	\$ 81,902	\$ 142,528	\$ -	\$ 224,439
Interfund Receivable	-	-	14,990	-	-	14,990
Other Current Assets	142	-	-	-	-	142
Restricted Cash	-	657,252	-	1,146,987	162,186	1,966,425
Total Assets	\$ 151	\$ 657,252	\$ 96,892	\$ 1,289,515	\$ 162,186	\$ 2,205,996
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable & Other Current Liabilities	\$ -	\$ -	\$ 20,801	\$ 45,605	\$ -	\$ 66,406
Interfund Payables	-	14,990	-	-	-	14,990
Total Liabilities	-	14,990	20,801	45,605	-	81,396
Fund Balances:						
Restricted	-	642,262	-	1,243,910	162,186	2,048,358
Committed	151	-	58,532	-	-	58,683
Assigned	-	-	17,559	-	-	17,559
Total Fund Balances	151	642,262	76,091	1,243,910	162,186	2,124,600
Total Liabilities and Fund Balances	\$ 151	\$ 657,252	\$ 96,892	\$ 1,289,515	\$ 162,186	\$ 2,205,996

City of Brenham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds - Nonmajor Capital Projects Funds
For the Year Ended September 30, 2021

	Airport Capital Impr. Fund	2017 Capital Projects Fund	Parks Capital Improvements Fund	Streets & Improvements Fund	TIRZ Reinvestment Zone #1 Fund	Total Nonmajor Capital Projects Funds
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 116,483	\$ 116,483
Intergovernmental	362,825	-	-	-	-	362,825
Investment Income	-	252	-	1,005	425	1,682
Payment from Component Unit	-	-	552,466	-	-	552,466
Contributions and Donations	-	-	4,607	-	-	4,607
Miscellaneous	-	-	9,000	-	-	9,000
Total revenues	<u>362,825</u>	<u>252</u>	<u>566,073</u>	<u>1,005</u>	<u>116,908</u>	<u>1,047,063</u>
Expenditures						
Current:						
Highways and Streets	-	20,950	-	-	-	20,950
Culture and Recreation	-	-	206,158	-	-	206,158
Capital Outlay	403,139	-	385,434	1,673,393	-	2,461,966
Total expenditures	<u>403,139</u>	<u>20,950</u>	<u>591,592</u>	<u>1,673,393</u>	<u>-</u>	<u>2,689,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(40,314)</u>	<u>(20,698)</u>	<u>(25,519)</u>	<u>(1,672,388)</u>	<u>116,908</u>	<u>(1,642,011)</u>
Other Financing Sources (Uses)						
Transfers In	-	-	-	142,528	-	142,528
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,528</u>	<u>-</u>	<u>142,528</u>
Net change in Fund Balances	<u>(40,314)</u>	<u>(20,698)</u>	<u>(25,519)</u>	<u>(1,529,860)</u>	<u>116,908</u>	<u>(1,499,483)</u>
Fund balances - beginning	<u>40,465</u>	<u>662,960</u>	<u>101,610</u>	<u>2,773,770</u>	<u>45,278</u>	<u>3,624,083</u>
Fund balances - ending	<u>\$ 151</u>	<u>\$ 642,262</u>	<u>\$ 76,091</u>	<u>\$ 1,243,910</u>	<u>\$ 162,186</u>	<u>\$ 2,124,600</u>

City of Brenham
Internal Service Funds
Combining Statement of Net Position
September 30, 2021

	Workers' Compensation Fund	Central Fleet Fund	Vehicle & Equip. Replacement Fund	Total
Assets				
Current assets:				
Cash and Cash Equivalents	\$ -	\$ 136,020	\$ 369,962	\$ 505,982
Inventory at Cost	-	1,648	-	1,648
Other Current Assets	50	-	-	50
Restricted Cash	316,385	-	-	316,385
Total current assets	316,435	137,668	369,962	824,065
Noncurrent assets:				
Capital Assets, Net	-	409,350	885,023	1,294,373
Total noncurrent assets	-	409,350	885,023	1,294,373
Total Assets	\$ 316,435	\$ 547,018	\$ 1,254,985	\$ 2,118,438
Liabilities and Fund Balances				
Current liabilities:				
Accounts Payable & Other Current Liabilities	\$ -	\$ 538	\$ -	\$ 538
Accrued Interest	-	1,112	7,275	8,387
Lease Payable, Current	-	28,437	-	28,437
Note Payable, Current	-	-	270,341	270,341
Total current liabilities	-	30,087	277,616	307,703
Noncurrent liabilities:				
Long Term Debt, Net	-	58,895	649,368	708,263
Total noncurrent liabilities	-	58,895	649,368	708,263
Total Liabilities	-	88,982	926,984	1,015,966
Net Position				
Net Investment in Capital Assets	-	322,018	367,442	689,460
Unrestricted	316,435	136,018	(39,441)	413,012
Total Net Position	\$ 316,435	\$ 458,036	\$ 328,001	\$ 1,102,472

City of Brenham, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year ended September 30, 2021

	Workers' Compensation Fund	Central Fleet Fund	Vehicle & Equip. Replacement Fund	Total
Operating revenues:				
Charges for Services	\$ 181,637	\$ 79,355	\$ 240,272	\$ 501,264
Total operating revenues	<u>181,637</u>	<u>79,355</u>	<u>240,272</u>	<u>501,264</u>
Operating expenses:				
Supplies	-	53	402,129	402,182
Maintenance	-	14,247	-	14,247
Contractual Services	99,114	368	-	99,482
Depreciation	-	75,098	154,204	229,302
Miscellaneous	-	6,747	-	6,747
Total operating expenses	<u>99,114</u>	<u>96,513</u>	<u>556,333</u>	<u>751,960</u>
Operating Income (loss)	<u>82,523</u>	<u>(17,158)</u>	<u>(316,061)</u>	<u>(250,696)</u>
Nonoperating revenues (expenses):				
Investment Income	1,209	1,015	3,641	5,865
Interest Expense & Fiscal Charges	-	(2,352)	(14,476)	(16,828)
Total non-operating revenue (expenses):	<u>1,209</u>	<u>(1,337)</u>	<u>(10,835)</u>	<u>(10,963)</u>
Income (loss) before contributions and transfers	83,732	(18,495)	(326,896)	(261,659)
Transfers In	-	-	19,512	19,512
Total Transfers In	<u>-</u>	<u>-</u>	<u>19,512</u>	<u>19,512</u>
Change in net position	83,732	(18,495)	(307,384)	(242,147)
Total net position - beginning	232,703	476,531	635,385	1,344,619
Total net position - ending	<u>\$ 316,435</u>	<u>\$ 458,036</u>	<u>\$ 328,001</u>	<u>\$ 1,102,472</u>

City of Brenham, Texas
Internal Service Funds
Combining Statement of Cash Flows
For the Year ended September 30, 2021

	Workers' Compensation Fund	Central Fleet Fund	Vehicle & Equip. Replacement Fund	Total
Cash Flows from Operating Activities				
Receipts from/(payments for) interfund services provided	\$ 181,637	\$ 79,355	\$ 240,272	\$ 501,264
Payments to suppliers	(99,114)	(20,934)	(402,129)	(522,177)
Net cash provided (used) by operating activities	<u>82,523</u>	<u>58,421</u>	<u>(161,857)</u>	<u>(20,913)</u>
Cash Flows from Non Capital Financing Activities				
Transfers in (out)	-	-	19,512	19,512
Net cash provided (used) by non capital financing activities	<u>-</u>	<u>-</u>	<u>19,512</u>	<u>19,512</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	-	(49,524)	(252,373)	(301,897)
Proceeds from Promissory Note	-	-	551,229	551,229
Principal paid on bonds, capital leases and notes payable	-	(27,784)	(207,017)	(234,801)
Interest and fees paid on capital leases and notes payable	-	(2,708)	(15,052)	(17,760)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(80,016)</u>	<u>76,787</u>	<u>(3,229)</u>
Cash Flows from Investing Activities				
Investment income received	1,209	1,015	3,641	5,865
Net cash provided (used) by investing activities	<u>1,209</u>	<u>1,015</u>	<u>3,641</u>	<u>5,865</u>
Net increase (decrease) in cash and cash equivalents	83,732	(20,580)	(61,917)	1,235
Cash and cash equivalents, beginning of the year	<u>232,653</u>	<u>156,600</u>	<u>431,879</u>	<u>821,132</u>
Cash and cash equivalents, end of the year	<u>\$ 316,385</u>	<u>\$ 136,020</u>	<u>\$ 369,962</u>	<u>\$ 822,367</u>
Reconciliation of cash and cash equivalents to statement of net position				
Cash and equivalents	\$ -	\$ 136,020	\$ 369,962	\$ 505,982
Restricted cash and equivalents	316,385	-	-	316,385
Cash and cash equivalents, end of year	<u>\$ 316,385</u>	<u>\$ 136,020</u>	<u>\$ 369,962</u>	<u>\$ 822,367</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 82,523	\$ (17,158)	\$ (316,061)	\$ (250,696)
Adjustments to reconcile net cash provided (used) by operating activities				
Depreciation	-	75,098	154,204	229,302
Changes in assets and liabilities affecting cash provided by operations:				
(Increase) decrease in inventory	-	214	-	214
Increase (decrease) in accounts payable and other current liabilities	-	267	-	267
Net cash provided (used) by operating activities	<u>\$ 82,523</u>	<u>\$ 58,421</u>	<u>\$ (161,857)</u>	<u>\$ (20,913)</u>

City of Brenham
Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,784,323	\$ 2,784,323	\$ 2,793,105	\$ 8,782
Investment Income	11,000	11,000	14,226	3,226
Total revenues	<u>2,795,323</u>	<u>2,795,323</u>	<u>2,807,331</u>	<u>12,008</u>
Expenditures				
Debt Service:				
Interest and Fiscal Charges	615,901	615,901	611,031	4,870
Principal Retirement	2,179,422	2,179,422	2,179,426	(4)
Total Expenditures	<u>2,795,323</u>	<u>2,795,323</u>	<u>2,790,457</u>	<u>4,866</u>
Net change in fund balance	-	-	16,874	16,874
Fund balance - beginning	<u>695,145</u>	<u>695,145</u>	<u>695,145</u>	-
Fund balance - ending	<u>\$ 695,145</u>	<u>\$ 695,145</u>	<u>\$ 712,019</u>	<u>\$ 16,874</u>

City of Brenham
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Hotel/Motel Occupancy Tax	\$ 337,500	\$ 379,841	\$ 664,979	\$ 285,138
Investment Income	2,000	2,000	1,245	(755)
Total revenues	<u>339,500</u>	<u>381,841</u>	<u>666,224</u>	<u>284,383</u>
Expenditures				
Current:				
Culture and Recreation	-	7,341	7,340	1
Total Expenditures	<u>-</u>	<u>7,341</u>	<u>7,340</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>339,500</u>	<u>374,500</u>	<u>658,884</u>	<u>284,384</u>
Other Financing Sources (Uses)				
Transfers Out	(305,500)	(340,500)	(340,500)	-
Total other financing sources and (uses)	<u>(305,500)</u>	<u>(340,500)</u>	<u>(340,500)</u>	<u>-</u>
Net change in fund balance	34,000	34,000	318,384	284,384
Fund balance - beginning	242,221	242,221	242,221	-
Fund balance - ending	<u>\$ 276,221</u>	<u>\$ 276,221</u>	<u>\$ 560,605</u>	<u>\$ 284,384</u>

City of Brenham
Hotel/Motel Fund - Washington County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Hotel/Motel Occupancy Tax	\$ 100,000	\$ -	\$ -	\$ -
Investment Income	750	-	-	-
Total revenues	<u>100,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Culture and Recreation	100,750	20,000	20,000	-
Total Expenditures	<u>100,750</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers Out	-	(35,647)	(35,647)	-
Total other financing sources and (uses)	<u>-</u>	<u>(35,647)</u>	<u>(35,647)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(55,647)</u>	<u>(55,647)</u>	<u>-</u>
Fund balance - beginning	55,647	55,647	55,647	-
Fund balance - ending	<u>\$ 55,647</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

City of Brenham
PD Criminal Law Enforcement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 200	\$ 200	\$ 293	\$ 93
Program Income/Restitution	10,000	10,000	3,778	(6,222)
Total revenues	<u>10,200</u>	<u>10,200</u>	<u>4,071</u>	<u>(6,129)</u>
Expenditures				
Current:				
Public Safety	1,710	9,239	8,849	390
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,710</u>	<u>9,239</u>	<u>8,849</u>	<u>390</u>
Net change in fund balance	8,490	961	(4,778)	(5,739)
Fund balance - beginning	45,724	45,724	45,724	-
Fund balance - ending	<u>\$ 54,214</u>	<u>\$ 46,685</u>	<u>\$ 40,946</u>	<u>\$ (5,739)</u>

City of Brenham
Courts Technology/Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 43,400	\$ 43,400	\$ 52,735	\$ 9,335
Investment Income	500	500	601	101
Total revenues	<u>43,900</u>	<u>43,900</u>	<u>53,336</u>	<u>9,436</u>
Expenditures				
Current:				
General Government	32,002	32,002	26,093	5,909
Total Expenditures	<u>32,002</u>	<u>32,002</u>	<u>26,093</u>	<u>5,909</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,898</u>	<u>11,898</u>	<u>27,243</u>	<u>15,345</u>
Other Financing Sources (Uses)				
Transfers Out	(18,000)	(18,000)	(18,685)	(685)
Total other financing sources and (uses)	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,685)</u>	<u>(685)</u>
Net change in fund balance	(6,102)	(6,102)	8,558	14,660
Fund balance - beginning	61,660	61,660	61,660	-
Fund balance - ending	<u>\$ 55,558</u>	<u>\$ 55,558</u>	<u>\$ 70,218</u>	<u>\$ 14,660</u>

City of Brenham
Brenham Community Projects Fund, Inc.
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$ -	\$ 12,517	\$ 13,500	\$ 983
Investment Income	-	-	9	9
Total revenues	<u>-</u>	<u>12,517</u>	<u>13,509</u>	<u>992</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>12,517</u>	<u>13,509</u>	<u>992</u>
Other Financing Sources (Uses)				
Transfers Out	-	(13,500)	(13,500)	-
Total other financing sources and (uses)	<u>-</u>	<u>(13,500)</u>	<u>(13,500)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(983)</u>	<u>9</u>	<u>992</u>
Fund balance - beginning	983	983	983	-
Fund balance - ending	<u>\$ 983</u>	<u>\$ -</u>	<u>\$ 992</u>	<u>\$ 992</u>

City of Brenham
Airport Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 202,500	\$ 362,825	\$ 362,825	\$ -
Total revenues	<u>202,500</u>	<u>362,825</u>	<u>362,825</u>	<u>-</u>
Expenditures				
Current:				
Capital Outlay	-	403,139	403,139	-
Highways and Streets	225,000	-	-	-
Total Expenditures	<u>225,000</u>	<u>403,139</u>	<u>403,139</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,500)</u>	<u>(40,314)</u>	<u>(40,314)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	22,500	22,500	-	(22,500)
Total other financing sources and (uses)	<u>22,500</u>	<u>22,500</u>	<u>-</u>	<u>(22,500)</u>
Net change in fund balance	-	(17,814)	(40,314)	(22,500)
Fund balance - beginning	40,465	40,465	40,465	-
Fund balance - ending	<u>\$ 40,465</u>	<u>\$ 22,651</u>	<u>\$ 151</u>	<u>\$ (22,500)</u>

City of Brenham
2017 Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 1,200	\$ 1,200	\$ 252	\$ (948)
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>252</u>	<u>(948)</u>
Expenditures				
Current:				
Highways and Streets	336,815	336,815	20,950	315,865
Capital Outlay	300,000	300,000	-	300,000
Total Expenditures	<u>636,815</u>	<u>636,815</u>	<u>20,950</u>	<u>615,865</u>
Net change in fund balance	(635,615)	(635,615)	(20,698)	614,917
Fund balance - beginning	662,960	662,960	662,960	-
Fund balance - ending	<u>\$ 27,345</u>	<u>\$ 27,345</u>	<u>\$ 642,262</u>	<u>\$ 614,917</u>

City of Brenham
Parks Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 66,400	\$ 66,400	\$ -	\$ (66,400)
Contributions and Donations	5,000	5,000	4,607	(393)
Payment from Component Unit	742,500	742,500	552,466	(190,034)
Miscellaneous	-	-	9,000	9,000
Total revenues	<u>813,900</u>	<u>813,900</u>	<u>566,073</u>	<u>(247,827)</u>
Expenditures				
Current:				
Culture and Recreation	82,500	82,500	206,158	(123,658)
Capital Outlay	760,450	760,450	385,434	375,016
Total Expenditures	<u>842,950</u>	<u>842,950</u>	<u>591,592</u>	<u>251,358</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,050)</u>	<u>(29,050)</u>	<u>(25,519)</u>	<u>3,531</u>
Net change in fund balance	(29,050)	(29,050)	(25,519)	3,531
Fund balance - beginning	101,610	101,610	101,610	-
Fund balance - ending	<u>\$ 72,560</u>	<u>\$ 72,560</u>	<u>\$ 76,091</u>	<u>\$ 3,531</u>

City of Brenham
Streets and Drainage Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 6,500	\$ 6,500	\$ 1,005	\$ (5,495)
Total revenues	<u>6,500</u>	<u>6,500</u>	<u>1,005</u>	<u>(5,495)</u>
Expenditures				
Capital Outlay	2,645,000	2,762,113	1,673,393	1,088,720
Total Expenditures	<u>2,645,000</u>	<u>2,762,113</u>	<u>1,673,393</u>	<u>1,088,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,638,500)</u>	<u>(2,755,613)</u>	<u>(1,672,388)</u>	<u>1,083,225</u>
Other Financing Sources (Uses)				
Transfers In	-	142,528	142,528	-
Total other financing sources and (uses)	<u>-</u>	<u>142,528</u>	<u>142,528</u>	<u>-</u>
Net change in fund balance	<u>(2,638,500)</u>	<u>(2,613,085)</u>	<u>(1,529,860)</u>	<u>1,083,225</u>
Fund balance - beginning	2,773,770	2,773,770	2,773,770	-
Fund balance - ending	<u>\$ 135,270</u>	<u>\$ 160,685</u>	<u>\$ 1,243,910</u>	<u>\$ 1,083,225</u>

City of Brenham
Tax Increment Reinvestment Zone (TIRZ) #1 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 116,483	\$ 116,483	\$ 116,483	\$ -
Investment Income	-	-	425	425
Total revenues	<u>116,483</u>	<u>116,483</u>	<u>116,908</u>	<u>425</u>
Net change in fund balance	116,483	116,483	116,908	425
Fund balance - beginning	45,278	45,278	45,278	-
Fund balance - ending	<u>\$ 161,761</u>	<u>\$ 161,761</u>	<u>\$ 162,186</u>	<u>\$ 425</u>

City of Brenham
Brenham Community Development Corporation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,744,776	\$ 1,744,776	\$ 1,991,390	\$ 246,614
Intergovernmental	-	75,000	75,000	-
Investment Income	18,000	18,000	10,215	(7,785)
Contribution from Developer	-	-	8,081	8,081
Miscellaneous	3,417	3,417	4,311	894
Total revenues	<u>1,766,193</u>	<u>1,841,193</u>	<u>2,088,997</u>	<u>247,804</u>
Expenditures				
Current:				
Economic Development	519,215	645,215	332,942	312,273
Debt Service:				
Interest and Fiscal Charges	74,101	74,101	74,101	-
Principal Retirement	150,377	150,377	150,377	-
Capital Outlay	297,000	130,030	113,551	16,479
Total Expenditures	<u>1,040,693</u>	<u>999,723</u>	<u>670,971</u>	<u>328,752</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>725,500</u>	<u>841,470</u>	<u>1,418,026</u>	<u>576,556</u>
Other Financing Sources (Uses)				
Payment to Primary Government	(1,019,500)	(1,019,500)	(786,191)	233,309
Total other financing sources and (uses)	<u>(1,019,500)</u>	<u>(1,019,500)</u>	<u>(786,191)</u>	<u>233,309</u>
Net change in fund balance	(294,000)	(178,030)	631,835	809,865
Fund balance - beginning	1,529,459	1,529,459	1,529,459	-
Fund balance - ending	<u>\$ 1,235,459</u>	<u>\$ 1,351,429</u>	<u>\$ 2,161,294</u>	<u>\$ 809,865</u>

Net change in fund balance - component unit \$ 631,835

Amounts reported for component unit in the statement of activities are different because:

The net effect of miscellaneous transactions involving capital assets
(i.e. purchase) is to increase net assets.

Capital outlay	113,551
Depreciation expense	(875)

Bond principal payments are expenditures in the component unit, but they reduce long term liabilities in the statement of net position.	150,377
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Some expenses reported in the statement of activities do not require the use of current
financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(188)
Accrued interest payable	12,519

Change in net position of component unit \$ 907,219

City of Brenham
Donations Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ -	\$ -	\$ 5,000	\$ 5,000
Contributions and Donations	81,000	81,000	120,708	39,708
Total revenues	<u>81,000</u>	<u>81,000</u>	<u>125,708</u>	<u>44,708</u>
Expenditures				
Current:				
Culture and Recreation	18,500	19,308	40,910	(21,602)
General Government	55,000	55,000	32,227	22,773
Health and Welfare	3,000	6,692	23,819	(17,127)
Public Safety	38,000	38,000	20,021	17,979
Total Expenditures	<u>114,500</u>	<u>119,000</u>	<u>116,977</u>	<u>2,023</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,500)</u>	<u>(38,000)</u>	<u>8,731</u>	<u>46,731</u>
Other Financing Sources (Uses)				
Transfers In	-	4,500	4,500	-
Total other financing sources and (uses)	<u>-</u>	<u>4,500</u>	<u>4,500</u>	<u>-</u>
Net change in fund balance	(33,500)	(33,500)	13,231	46,731
Fund balance - beginning	284,208	284,208	284,208	-
Fund balance - ending	<u>\$ 250,708</u>	<u>\$ 250,708</u>	<u>\$ 297,439</u>	<u>\$ 46,731</u>

City of Brenham
Equipment Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
General Government	\$ 104,351	\$ 104,351	\$ -	\$ 104,351
Total Expenditures	<u>104,351</u>	<u>104,351</u>	<u>-</u>	<u>104,351</u>
Net change in fund balance	(104,351)	(104,351)	-	104,351
Fund balance - beginning	104,351	104,351	104,351	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,351</u>	<u>\$ 104,351</u>

City of Brenham
Fire Department Grants Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 356,629	\$ 356,629	\$ -	\$ (356,629)
Total revenues	<u>356,629</u>	<u>356,629</u>	<u>-</u>	<u>(356,629)</u>
Expenditures				
Current:				
Public Safety	374,336	374,336	-	374,336
Total Expenditures	<u>374,336</u>	<u>374,336</u>	<u>-</u>	<u>374,336</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,707)</u>	<u>(17,707)</u>	<u>-</u>	<u>17,707</u>
Other Financing Sources (Uses)				
Transfers In	17,707	17,707	-	(17,707)
Total other financing sources and (uses)	<u>17,707</u>	<u>17,707</u>	<u>-</u>	<u>(17,707)</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
Police Department Grants Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 10,000	\$ 10,000	\$ 5,436	\$ (4,564)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>5,436</u>	<u>(4,564)</u>
Expenditures				
Current:				
Public Safety	10,000	10,000	5,436	4,564
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>5,436</u>	<u>4,564</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
Public Safety Training Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 3,400	\$ 3,400	\$ 8,515	\$ 5,115
Total revenues	<u>3,400</u>	<u>3,400</u>	<u>8,515</u>	<u>5,115</u>
Expenditures				
Current:				
Public Safety	<u>7,200</u>	<u>7,200</u>	<u>5,408</u>	<u>1,792</u>
Total Expenditures	<u>7,200</u>	<u>7,200</u>	<u>5,408</u>	<u>1,792</u>
Net change in fund balance	(3,800)	(3,800)	3,107	6,907
Fund balance - beginning	7,784	7,784	7,784	-
Fund balance - ending	<u>\$ 3,984</u>	<u>\$ 3,984</u>	<u>\$ 10,891</u>	<u>\$ 6,907</u>

City of Brenham
Police Department Equipment Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

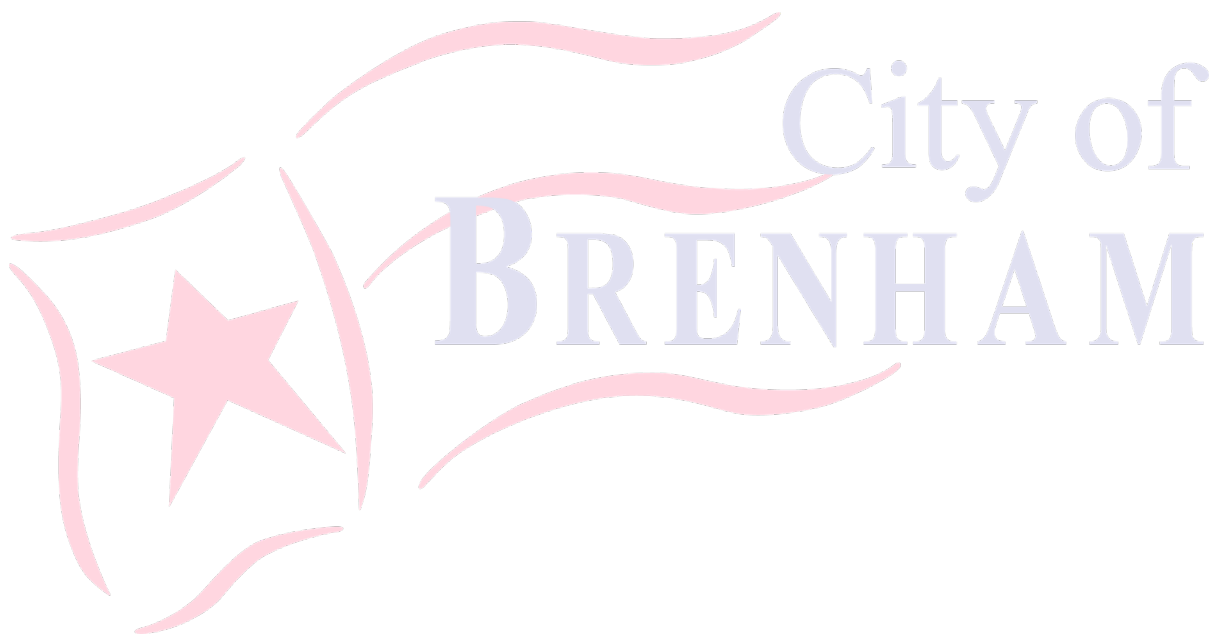
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 2,844	\$ 29,691	\$ 29,691	\$ -
Total revenues	<u>2,844</u>	<u>29,691</u>	<u>29,691</u>	<u>-</u>
Expenditures				
Current:				
Public Safety	2,844	29,691	29,691	-
Total Expenditures	<u>2,844</u>	<u>29,691</u>	<u>29,691</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
FEMA Disaster Relief Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ -	\$ 154,821	\$ 170,481	\$ 15,660
Total revenues	<u>-</u>	<u>154,821</u>	<u>170,481</u>	<u>15,660</u>
Expenditures				
Current:				
Highways and Streets	-	12,293	12,293	-
Total Expenditures	<u>-</u>	<u>12,293</u>	<u>12,293</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>142,528</u>	<u>158,188</u>	<u>15,660</u>
Other Financing Sources (Uses)				
Transfers Out	-	(142,528)	(142,528)	-
Total other financing sources and (uses)	<u>-</u>	<u>(142,528)</u>	<u>(142,528)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>15,660</u>	<u>15,660</u>
Fund balance - beginning	544,107	544,107	544,107	-
Fund balance - ending	<u>\$ 544,107</u>	<u>\$ 544,107</u>	<u>\$ 559,767</u>	<u>\$ 15,660</u>

City of Brenham
Tourism and Marketing Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 253,973	\$ 209,973	\$ 188,320	\$ (21,653)
Contributions and Donations	-	-	318	318
Total revenues	<u>253,973</u>	<u>209,973</u>	<u>188,638</u>	<u>(21,335)</u>
Expenditures				
Current:				
Culture and Recreation	821,801	857,448	817,870	39,578
Total Expenditures	<u>821,801</u>	<u>857,448</u>	<u>817,870</u>	<u>39,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(567,828)</u>	<u>(647,475)</u>	<u>(629,232)</u>	<u>18,243</u>
Other Financing Sources (Uses)				
Transfers In	305,500	385,147	385,147	-
Total other financing sources and (uses)	<u>305,500</u>	<u>385,147</u>	<u>385,147</u>	<u>-</u>
Net change in fund balance	(262,328)	(262,328)	(244,085)	18,243
Fund balance - beginning	234,168	234,168	234,168	-
Fund balance - ending	<u>\$ (28,160)</u>	<u>\$ (28,160)</u>	<u>\$ (9,917)</u>	<u>\$ 18,243</u>



The reports for management provide additional detailed information about the City's expenses, revenues, rates, and customers.

- Government-wide Expenses by Function
- Government-wide Revenues
- General Governmental Expenditures by Function
- Reconciliation of Property Tax Receivable
- Revenues by Source - Governmental Funds
- Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Governmental Expenditures
- Property Value and Construction
- Revenues by Source - Business Type Activities
- Electric Customers, Consumption, and Sales
- Gas Customers, Consumption, and Sales
- Electric Rates
- Gas Rates
- Ten Largest Electric Customers
- Ten Largest Gas Customers
- The Water System - Utility Billing Statistics
- The Sewer System - Utility Billing Statistics
- The Sanitation System - Utility Billing Statistics

GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture and Recreation	Interest on	Electric	Gas	Water	Wastewater	Sanitation	Drainage
						Long-term Debt						
2012	\$ 5,230,134	\$ 6,567,832	\$ 2,599,723	\$ 285,870	\$ 3,406,693	\$ 887,431	\$ 22,895,981	\$ 1,908,278	\$ 3,281,611	\$ 2,692,136	\$ 2,603,144	\$ -
2013	5,453,313	6,899,558	2,611,294	318,672	3,635,589	916,548	23,009,788	2,401,303	3,342,073	2,846,895	2,737,307	-
2014	5,458,639	7,104,713	2,572,715	316,672	3,751,931	880,199	25,911,242	3,087,321	3,753,663	2,841,457	2,768,399	-
2015	5,909,039	6,705,267	2,811,875	314,352	4,120,261	837,928	22,485,206	2,217,022	3,268,023	2,785,435	2,754,244	-
2016	6,137,527	7,185,482	2,567,833	347,948	4,108,823	503,446	19,464,587	1,664,249	3,731,863	2,791,804	2,884,041	-
2017	6,432,612	7,331,321	2,625,793	596,689	4,650,211	454,218	20,829,632	2,529,600	3,646,400	2,865,017	2,950,325	-
2018	6,774,036	7,054,783	2,886,978	694,730	4,800,540	590,735	21,193,819	2,498,580	3,427,583	3,077,447	3,058,877	-
2019	7,765,657	7,558,849	2,990,206	761,752	5,520,585	568,728	19,477,950	2,599,346	3,494,615	2,983,713	3,138,697	-
2020	6,722,744	7,622,996	3,881,151	706,370	4,935,236	633,766	18,232,514	1,779,296	3,640,513	3,073,476	2,806,673	174,693
2021	6,279,360	8,331,743	2,673,764	675,341	5,410,145	593,222	20,917,019	2,538,105	3,855,176	3,178,999	2,056,577	307,422

GOVERNMENT-WIDE REVENUES

Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Investment Earnings	Miscellaneous	Gain/(Loss) on Sale of Capital Assets		
2012	\$ 39,465,830	\$ 835,562	\$ 2,216,521	\$ 13,043,092	\$ 94,334	\$ 221,185	\$ 53,693	\$ 55,930,217	
2013	40,281,661	760,798	1,264,508	13,709,048	91,138	194,593	67,395	56,369,141	
2014	42,776,901	981,900	4,973,318	14,429,859	78,882	184,324	75,275	63,500,459	
2015	38,676,166	770,364	4,312,944	13,913,702	87,400	188,576	754,387	58,703,539	
2016	35,472,030	880,841	3,544,894	13,750,412	231,795	469,763	355,955	54,705,690	
2017	38,001,247	875,292	1,003,548	14,488,852	347,866	417,268	116,775	55,250,848	
2018	39,357,500	947,780	1,339,472	15,226,979	514,759	383,143	251,038	58,020,671	
2019	38,247,562	905,794	3,019,335	15,840,323	656,902	332,486	130,306	59,132,708	
2020	35,055,891	2,958,543	3,919,643	16,035,113	378,602	250,976	456,084	59,054,852	
2021	38,468,245	982,539	7,572,081	16,995,825	226,426	546,958	57,336	64,849,410	

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture & Recreation	Debt Service	Capital Outlay	Totals
2012	\$ 4,849,317	\$ 5,870,921	\$ 6,061,296	\$ 280,468	\$ 2,778,854	\$ 2,647,851	\$ 1,303,258	\$ 23,791,965
2013	5,038,077	6,091,109	1,444,078	302,547	2,965,441	2,765,982	2,476,074	21,083,308
2014	5,067,284	6,382,845	1,379,361	305,008	3,081,793	4,111,871	1,520,404	21,848,566
2015	5,275,753	5,794,265	1,435,659	292,948	3,195,581	5,537,827	6,109,584	27,641,617
2016	5,408,904	5,991,944	1,129,539	314,999	3,344,965	5,462,668	7,477,666	29,130,685
2017	5,702,493	6,216,890	1,157,773	404,891	3,713,527	5,598,030	3,311,645	26,105,249
2018	6,159,358	6,235,546	1,396,102	579,681	3,889,284	5,210,118	3,473,619	26,943,708
2019	6,879,026	6,335,669	1,418,837	629,581	4,471,372	4,683,550	3,089,351	27,507,386
2020	5,932,981	6,750,763	2,411,626	581,356	3,982,949	2,857,002	4,126,576	26,643,253
2021	5,981,663	7,337,993	1,201,938	567,664	4,464,512	2,790,457	2,581,860	24,926,087

(1) This table includes expenditures of all governmental fund types of the primary government, which consist of the general, special revenue, debt service, and capital project funds.

RECONCILIATION OF PROPERTY TAX RECEIVABLE
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	Beginning Balance	Additions Net of Adjustments	Total Collections	Ending Balance
2012	\$ 191,219	\$ 5,391,084	\$ (5,387,057)	\$ 195,245
2013	195,245	5,589,907	(5,584,038)	201,115
2014	201,115	6,089,364	(6,068,876)	221,603
2015	221,603	5,420,886	(5,412,091)	230,399
2016	230,399	5,616,009	(5,614,517)	231,891
2017	231,891	6,073,868	(6,040,017)	265,741
2018	265,741	6,596,611	(6,587,031)	275,321
2019	275,321	6,822,379	(6,803,148)	294,553
2020	294,553	7,459,029	(7,438,847)	314,735
2021	314,735	7,593,123	(7,591,818)	316,040

REVENUES BY SOURCE - GOVERNMENTAL FUNDS (1)
Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	TAXES	LICENSES & PERMITS	INTER-GOVERNMENTAL	CHARGES FOR SERVICES	FINES & FORFEITURES	MISCEL-LANEOUS	TOTAL REVENUES
2012	\$ 13,039,066	\$ 72,425	\$ 545,942	\$ 509,278	\$ 782,276	\$ 1,128,916	\$ 16,077,903
2013	13,703,177	59,826	3,595,065	512,012	549,460	1,336,467	19,756,007
2014	14,409,371	76,379	4,260,002	517,114	573,355	3,222,540	23,058,761
2015	13,904,906	121,076	5,046,207	563,123	723,181	1,629,170	21,987,663
2016	13,748,920	146,329	3,910,222	612,693	833,046	2,701,074	21,952,284
2017	14,455,002	157,128	2,561,978	650,916	713,986	1,614,629	20,153,639
2018	15,217,399	132,133	643,733	635,985	657,615	1,936,159	19,223,024
2019	15,821,093	151,393	626,506	853,281	624,913	1,658,682	19,735,868
2020	16,014,931	298,706	3,168,111	620,003	583,573	1,917,666	22,602,990
2021	16,994,520	371,717	1,094,502	816,252	679,067	1,240,673	21,196,731

(1) This table includes revenues of all governmental fund types of the primary government, which consists of the general, special revenue, debt service, and capital projects funds.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT TO
GENERAL GOVERNMENTAL EXPENDITURES**
Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	PRINCIPAL	INTEREST AND FISCAL CHARGES	TOTAL DEBT SERVICE	TOTAL GENERAL GOVERNMENTAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
2012	\$ 1,664,835	\$ 967,466	\$ 2,632,301	\$ 23,791,965	11.06
2013	1,749,643	964,850	2,714,493	21,083,308	12.88
2014	3,090,133	926,007	4,016,140	21,848,566	18.38
2015	4,563,551	974,276	5,537,827	27,641,617	20.03
2016	4,715,090	747,578	5,462,668	29,130,685	18.75
2017	4,900,881	669,942	5,570,823	26,105,249	21.34
2018	4,466,057	668,735	5,134,792	26,943,708	19.06
2019	3,991,054	641,998	4,633,052	27,507,386	16.84
2020	2,138,551	636,018	2,774,569	26,643,253	10.41
2021	2,179,426	611,031	2,790,457	24,926,087	11.19

NOTES:

1. Debt service excludes general obligation bonds reported in the enterprise funds and debt of the component unit.
2. General governmental expenditures include all governmental fund types of the primary government.
3. Interest and fiscal charges exclude bond issuance costs.
4. This schedule does not include debt defeasance transactions.

PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	NET TAXABLE PROPERTY VALUE	RESIDENTIAL		COMMERCIAL		DEMOLITION		RELOCATION		TOTAL	
		NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE
2012	\$ 997,362,133	164	\$ 5,141,225	114	\$ 30,891,830	10	\$ 759,666	3	\$ 165,000	291	\$ 36,957,721
2013	1,029,480,016	156	5,146,739	108	26,579,908	15	260,216	0	0	279	31,986,863
2014	1,080,568,292	205	9,983,223	152	13,902,008	8	174,666	1	100	366	24,059,997
2015	1,102,575,469	167	8,048,088	148	24,216,328	7	40,375	3	91,800	325	32,396,591
2016	1,188,742,237	209	9,599,245	135	36,627,837	18	437,153	5	88,850	367	46,753,085
2017	1,198,049,873	262	36,587,495	132	10,744,562	10	44,803	4	20,000	408	47,396,860
2018	1,268,819,218	164	15,348,696	107	20,232,486	7	97,025	0	0	278	35,678,207
2019	1,328,029,691	194	10,486,451	95	31,885,836	13	400,200	2	32,000	304	42,804,487
2020	1,454,529,915	180	24,811,212	78	53,595,324	8	389,731	2	36,500	268	78,832,767
2021	1,508,342,140	318	44,686,124	68	30,032,132	13	563,912	2	96,000	401	75,378,168

REVENUES BY SOURCE - BUSINESS TYPE ACTIVITIES
Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	ELECTRIC	GAS	WATER	WASTEWATER	SANITATION	DRAINAGE	TOTAL REVENUES
2012	\$ 24,538,196	\$ 2,437,313	\$ 4,413,080	\$ 3,647,921	\$ 3,065,317	\$ -	\$ 38,101,827
2013	25,240,840	2,965,796	4,326,320	3,584,026	3,043,375	-	39,160,357
2014	27,021,804	3,905,007	3,974,875	3,586,878	3,121,490	-	41,610,054
2015	24,042,704	2,824,075	3,759,869	3,413,850	3,226,180	-	37,266,678
2016	20,938,896	2,203,446	3,890,641	3,483,098	3,363,751	-	33,879,832
2017	22,112,796	2,757,889	4,360,072	3,788,837	3,451,489	-	36,471,083
2018	23,018,340	3,189,500	4,259,708	3,966,833	3,483,031	-	37,917,412
2019	21,812,017	3,244,775	4,108,963	3,870,552	3,535,206	-	36,571,513
2020	19,700,527	2,355,643	4,288,668	3,674,970	2,935,022	550,936	33,505,766
2021	22,507,005	3,215,574	4,237,560	3,892,696	2,047,065	676,883	36,576,783

ELECTRIC CUSTOMERS, CONSUMPTION AND SALES
Last Ten Fiscal Years

CITY OF BRENHAM

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Number of customers										
Residential	5,890	5,873	5,861	5,767	5,758	5,716	5,664	5,646	5,642	5,450
Commercial	995	1,028	1,027	1,031	1,039	1,026	1,009	1,010	1,000	1,132
Large commercial	289	302	306	304	293	295	296	292	301	309
Industrial	24	23	23	23	22	22	22	21	21	21
Street lights	1,300	1,298	1,298	1,296	1,289	1,279	1,275	1,272	1,263	1,257
Security lights	300	295	198	198	198	191	183	179	178	176
Total	8,798	10,944	8,713	8,619	8,599	8,529	8,449	8,420	8,405	8,345
Consumption (in KWH)										
Residential	75,766,970	79,085,894	78,140,210	78,547,380	75,567,271	74,495,748	77,311,527	78,361,082	75,322,524	75,853,482
Commercial	15,595,482	15,157,093	15,776,232	15,982,507	16,079,296	15,988,851	16,148,162	16,475,538	15,150,052	15,607,437
Large commercial	57,692,481	58,890,643	62,724,425	64,828,401	63,090,388	62,037,997	62,339,574	63,647,041	64,393,979	65,687,242
Industrial	115,283,764	117,620,748	115,732,736	117,799,652	114,554,616	107,445,320	112,386,240	128,179,180	124,709,000	122,894,960
Street lights	1,497,384	1,494,888	1,494,696	1,492,872	1,484,904	1,473,096	1,469,064	1,465,225	1,454,952	1,447,560
Security lights	343,704	336,672	331,680	327,936	325,440	316,320	306,048	299,040	298,608	295,488
Total	266,179,785	272,585,938	274,199,979	278,978,748	271,101,915	261,757,332	269,960,615	288,427,106	281,329,115	281,786,169
Sales (1)										
Residential	\$ 7,134,232	\$ 6,929,000	\$ 7,082,377	\$ 7,452,005	\$ 7,127,420	\$ 6,840,388	\$ 7,884,485	\$ 8,325,945	\$ 7,783,426	\$ 7,636,392
Commercial	1,508,958	1,375,910	1,467,999	1,554,350	1,549,655	1,500,066	1,676,277	1,778,764	1,600,573	1,628,597
Large commercial	4,472,472	4,226,128	4,738,489	5,168,256	4,967,627	4,753,980	5,414,602	5,788,208	5,632,488	5,623,885
Industrial	7,668,133	7,158,041	7,611,890	8,244,852	7,912,478	7,198,818	8,687,582	10,410,691	9,518,295	9,139,115
Street lights	83,346	75,105	83,777	89,682	87,779	84,296	98,223	104,046	98,050	95,163
Security lights	49,769	48,376	46,608	46,085	45,731	44,409	43,006	42,021	41,920	41,522
Total	\$20,916,910	\$19,812,560	\$21,031,140	\$22,555,230	\$21,690,690	\$20,421,957	\$23,804,175	\$26,449,675	\$24,674,752	\$24,164,675
Annual average consumption per customer (in KWH)										
Residential	12,864	13,466	13,332	13,620	13,124	13,033	13,650	13,879	13,350	13,918
Commercial	15,674	14,744	15,361	15,502	15,476	15,584	16,004	16,312	15,150	13,782
Large commercial	199,628	195,002	204,982	213,251	215,326	210,298	210,607	217,969	213,933	212,408
Industrial	4,803,490	5,113,946	5,031,858	5,121,724	5,207,028	4,883,878	5,108,465	6,103,770	5,938,524	5,783,292
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Security lights	1,146	139	1,675	1,656	1,644	1,656	1,672	1,671	1,678	1,684
Monthly average bill per customer										
Residential	\$ 101	\$ 98	\$ 101	\$ 108	\$ 103	\$ 100	\$ 116	\$ 123	\$ 115	\$ 117
Commercial	126	112	119	126	124	122	138	147	133	120
Large commercial	1,290	1,166	1,290	1,417	1,413	1,343	1,524	1,652	1,559	1,515
Industrial	26,625	25,935	27,579	29,873	29,972	27,268	32,908	41,312	37,771	35,840
Street lights	5	5	5	6	6	5	6	7	6	6
Security lights	14	2	20	19	19	19	20	20	20	20
Average price per KWH purchased	\$ 0.0556	\$ 0.0465	\$ 0.0494	\$ 0.0557	\$ 0.0561	\$ 0.0535	\$ 0.0611	\$ 0.0718	\$ 0.0632	\$ 0.0613
Average price per KWH sold	\$ 0.0786	\$ 0.0727	\$ 0.0767	\$ 0.0808	\$ 0.0800	\$ 0.0780	\$ 0.0882	\$ 0.0917	\$ 0.0877	\$ 0.0858
% line loss	5.36%	4.06%	5.93%	3.07%	4.84%	5.73%	5.29%	4.74%	5.12%	5.71%

(1) Sales reflect KWH sold and do not include charges for other services.

GAS CUSTOMERS, CONSUMPTION AND SALES
Last Ten Fiscal Years

CITY OF BRENHAM

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Number of customers</u>										
Residential	4,052	3,990	3,946	3,916	3,887	3,865	3,852	3,815	3,808	3,733
Small commercial	338	332	330	325	322	317	313	315	310	348
Large commercial	115	116	119	119	121	124	124	125	128	129
Governmental	74	73	73	72	71	70	71	70	69	68
Industrial	1	1	2	2	2	1	1	1	1	1
Total	4,580	4,512	4,470	4,434	4,403	4,377	4,361	4,326	4,316	4,279
<u>Consumption (in mcf)</u>										
Residential	122,202	106,208	124,373	112,380	71,927	83,976	119,324	137,391	91,677	81,402
Small commercial	33,678	30,110	34,711	30,646	23,211	22,912	27,077	30,292	22,104	20,938
Large commercial	148,777	145,410	148,685	158,230	140,705	139,009	148,644	165,196	153,111	152,527
Governmental	37,886	35,551	38,598	40,037	33,157	38,062	46,253	52,724	48,692	42,938
Industrial	91,484	89,976	116,919	150,289	134,228	61,681	52,852	88,727	87,072	71,218
Total	434,027	407,255	463,286	491,582	403,228	345,640	394,150	474,330	402,656	369,023
<u>Sales (1)</u>										
Residential	\$ 1,119,668	\$ 1,020,087	\$ 1,271,069	\$ 1,133,475	\$ 886,782	\$ 883,250	\$ 1,186,117	\$ 1,496,320	\$ 965,455	\$ 831,794
Small commercial	222,432	190,141	250,561	215,871	173,663	154,151	201,897	264,724	176,043	154,636
Large commercial	787,296	692,330	850,558	866,758	794,476	686,663	878,697	1,179,110	975,201	847,219
Governmental	212,013	195,110	252,439	240,885	207,630	200,458	284,028	388,039	311,526	242,614
Industrial	436,974	360,769	591,486	721,196	665,030	261,689	287,067	573,525	508,802	355,647
Total	\$ 2,778,383	\$ 2,458,437	\$ 3,216,113	\$ 3,178,185	\$ 2,727,581	\$ 2,186,211	\$ 2,837,806	\$ 3,901,718	\$ 2,937,027	\$ 2,431,910
<u>Annual average consumption per customer (in mcf)</u>										
Residential	30	27	32	29	19	22	31	36	24	22
Small commercial	100	91	105	94	72	72	87	96	71	60
Large commercial	1,294	1,254	1,249	1,330	1,163	1,121	1,199	1,322	1,196	1,182
Governmental	512	487	529	556	467	544	651	753	706	631
Industrial	91,484	89,976	58,460	75,145	67,114	61,681	52,852	88,727	87,072	71,218
<u>Monthly average bill per customer</u>										
Residential	\$ 23	\$ 21	\$ 27	\$ 24	\$ 19	\$ 19	\$ 26	\$ 33	\$ 21	\$ 19
Small commercial	55	48	63	55	45	41	54	70	47	37
Large commercial	571	497	596	607	547	461	591	786	635	547
Governmental	239	223	288	279	244	239	333	462	376	297
Industrial	36,415	30,064	24,645	30,050	27,710	21,807	23,922	47,794	42,400	29,637
<u>Average price per mcf purchased</u>										
Average price per mcf purchased	\$ 3.2700	\$ 2.3400	\$ 3.6100	\$ 3.3100	\$ 3.4300	\$ 2.4100	\$ 3.4900	\$ 4.6500	\$ 3.9000	\$ 3.1400
Average price per mcf sold	\$ 6.4000	\$ 6.0400	\$ 6.9400	\$ 6.4700	\$ 6.7600	\$ 6.3300	\$ 7.2000	\$ 8.2300	\$ 7.2900	\$ 6.5900
<u>% line loss (gain)</u>										
% line loss (gain)	4.31%	1.39%	1.29%	1.53%	2.07%	1.14%	3.27%	1.36%	0.93%	1.47%

(1) Sales reflect mcf sold and do not include charges for other services.

ELECTRIC RATES
Impacting Last Ten Fiscal Years

CITY OF BRENHAM

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL	LARGE INDUSTRIAL
		SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE		
Oct-01-2008	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00
	Electric charge per KWH (1)	\$0.10020	\$0.10020	\$ 0.09930	\$ 0.09930	\$ 0.09150	\$ 0.09150	\$ 0.00993	\$ 0.00700
Oct-01-2013	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00
	Electric charge per KWH (1)	\$0.10020	\$0.10020	\$ 0.09930	\$ 0.09930	\$ 0.09150	\$ 0.09150	\$ 0.01162	\$ 0.00817
Oct-01-2014	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00
	Electric charge per KWH (1)	\$0.10020	\$0.10020	\$ 0.09930	\$ 0.09930	\$ 0.09150	\$ 0.09150	\$ 0.08662	\$ 0.08317
Jan-01-2020	Customer charge	\$ 12.40	\$ 21.40	\$ 16.00	\$ 27.80	\$ 42.90	\$ 74.80	\$ 108.00	\$ 108.00
	Electric charge per KWH (1)	\$0.10198	\$0.10198	\$ 0.10123	\$ 0.10123	\$ 0.09281	\$ 0.09281	\$ 0.08754	\$ 0.08382
Oct-01-2021	Customer charge	\$ 13.00	\$ 22.43	\$ 16.77	\$ 29.13	\$ 44.96	\$ 78.39	\$ 113.18	\$ 113.18
	Electric charge per KWH (1)	\$0.10328	\$0.10328	\$ 0.10249	\$ 0.10249	\$ 0.09366	\$ 0.09366	\$ 0.08814	\$ 0.08424

(1) Customers are also assessed a Power Cost Recovery Charge for adjustment in generation and transmission charges.

GAS RATES
Impacting Last Ten Fiscal Years

CITY OF BRENHAM

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL		LARGE INDUSTRIAL	GOVERNMENTAL
		URBAN	RURAL	URBAN	RURAL	URBAN	RURAL	URBAN	RURAL		
Dec-08-2006	Customer charge	\$ 8.00	\$ 9.20	\$ 8.00	\$ 9.20	\$ 45.00	\$ 51.75	\$ 45.00	\$ 51.75	\$ 45.00	\$ 45.00
	Gas charge per mcf (1)	\$10.53100	\$10.93000	\$10.53100	\$10.93000	\$9.79100	\$10.07900	\$9.79100	\$10.07900	\$ 9.68500	\$9.52300
Oct-01-2013	Customer charge	\$ 10.00	\$ 11.50	\$ 10.00	\$ 11.50	\$ 56.25	\$ 64.69	\$ 56.25	\$ 64.69	\$ 56.25	\$ 56.25
	Gas charge per mcf (1)	\$ 2.31100	\$ 2.71000	\$ 2.31100	\$ 2.71000	\$1.57100	\$ 2.08000	\$1.57100	\$ 2.08000	\$ 1.46500	\$1.30300
Oct-01-2014	Customer charge	\$ 10.00	\$ 11.50	\$ 10.00	\$ 11.50	\$ 56.25	\$ 64.69	\$ 56.25	\$ 64.69	\$ 56.25	\$ 56.25
	Gas charge per mcf (1)	\$ 7.66100	\$ 8.06000	\$ 7.66100	\$ 8.06000	\$6.92100	\$ 7.20900	\$6.92100	\$ 7.20900	\$ 6.81500	\$6.65300
Oct-01-2021	Customer charge	\$ 11.24	\$ 12.93	\$ 11.24	\$ 12.93	\$ 63.23	\$ 72.71	\$ 63.23	\$ 72.71	\$ 61.88	\$ 63.23
	Gas charge per mcf (1)	\$ 7.94800	\$ 8.39000	\$ 7.94800	\$ 8.39000	\$7.11600	\$ 7.41600	\$7.11600	\$ 7.41600	\$ 6.96200	\$6.81500

(1) Customers are also assessed a Gas Cost Adjustment Charge for adjustment in commodity charges.

TEN LARGEST ELECTRIC CUSTOMERS
Current Year and Nine Years Ago

CITY OF BRENHAM

2021			2012		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	\$ 2,949,774	14.10%	Blue Bell Creameries	\$ 3,474,456	14.38%
City of Brenham	1,004,207	4.80%	Blinn College	1,186,325	4.91%
Blinn College	923,936	4.42%	Valmont/ALS	1,073,806	4.44%
StanPac USA	840,234	3.45%	City of Brenham	1,027,812	4.25%
Brenham I.S.D.	720,811	2.55%	Brenham I.S.D.	734,720	3.04%
Valmont/ALS	532,819	2.12%	StanPac USA	733,741	3.04%
Brenham State Supported Living Center	442,537	4.02%	Brenham State Supported Living Center	567,873	2.35%
Scott & White Hospital - Brenham	402,621	1.92%	Scott & White Hospital - Brenham	462,759	1.92%
HEB Grocery Company	283,528	1.36%	Brenham Wholesale Grocery	354,130	1.47%
Germania Insurance	218,440	1.04%	Germania Insurance	316,580	1.31%
Total	\$ 8,318,907	39.77%	Total	\$ 9,932,203	41.10%
2021 Total Electric Charges	\$20,916,910		2012 Total Electric Charges	\$24,164,675	

TEN LARGEST GAS CUSTOMERS
Current Year and Nine Years Ago

CITY OF BRENHAM

2021			2012		
NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES	NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES
Blue Bell Creameries	\$ 455,369	16.39%	Blue Bell Creameries	\$ 392,168	16.13%
Valmont/ALS	142,482	5.13%	Blinn College	183,921	7.56%
Longwood Elastomers	139,841	5.03%	Valmont/ALS	175,339	7.21%
Blinn College	99,483	3.58%	Longwood Elastomers	174,903	7.19%
Scott & White Hospital - Brenham	74,003	2.66%	Scott & White Hospital - Brenham	75,399	3.10%
Brenham I.S.D.	72,507	2.61%	Brenham I.S.D.	41,547	1.71%
Brenham State Supported Living Center	43,752	1.57%	Brenham Housing Authority	29,868	1.23%
City of Brenham	37,160	1.34%	City of Brenham	20,118	0.83%
Germania Insurance	23,083	0.83%	Germania Insurance	14,892	0.61%
Brenham Housing Authority	22,695	0.82%	Stanpac USA LLC	12,980	0.53%
Total	\$ 1,110,376	39.96%	Total	\$ 1,121,137	46.10%
2021 Total Gas Charges	\$ 2,778,383		2012 Total Gas Charges	\$ 2,431,910	

THE WATER SYSTEM - UTILITY BILLING STATISTICS
Current Year and Prior Year

CITY OF BRENHAM

	FISCAL YEAR		
	2021	2020	(DEC)/INC
<u>Number of customers</u>			
Residential	6,249	6,142	107
Commercial	1,123	1,113	10
Meter on Fire Hydrant	8	5	3
Sprinkler	687	674	13
Total	8,067	7,934	133
<u>Consumption (in gallons)</u>			
Residential	348,625,600	372,575,400	(23,949,800)
Commercial	259,476,700	262,344,700	(2,868,000)
Meter on Fire Hydrant	1,451,600	3,294,400	(1,842,800)
Sprinkler	108,685,100	135,087,400	(26,402,300)
Total	718,239,000	773,301,900	(55,062,900)
<u>Sales (in dollars)</u>			
Residential	\$ 2,060,267	\$ 2,153,686	\$ (93,419)
Commercial	1,224,642	1,238,179	(13,537)
Meter on Fire Hydrant	10,464	25,174	(14,710)
Sprinkler	610,680	761,654	(150,974)
Total	\$ 3,906,053	\$ 4,178,693	\$ (272,640)
<u>Annual average consumption per customer</u>			
Residential (in gallons)	55,789	60,660	(4,871)
Commercial	231,057	235,710	(4,653)
Meter on Fire Hydrant	181,450	658,880	(477,430)
Sprinkler	158,202	200,426	(42,224)
<u>Monthly average bill per customer</u>			
Residential	\$ 27	\$ 29	\$ (2)
Commercial	91	93	(2)
Meter on Fire Hydrant	109	420	(311)
Sprinkler	74	94	(20)
Average price per 1,000 gallons purchased	\$ 0.425	\$ 0.434	\$ (0.009)
Average price per 1,000 gallons sold	\$ 5.438	\$ 5.404	\$ 0.034
% line loss (gain)	10.48% *	8.85% *	1.63%

* 38,713,500 and 40,054,200 gallons, respectively, unbilled City water usage.

THE WASTEWATER SYSTEM - UTILITY BILLING STATISTICS
Current Year and Prior Year

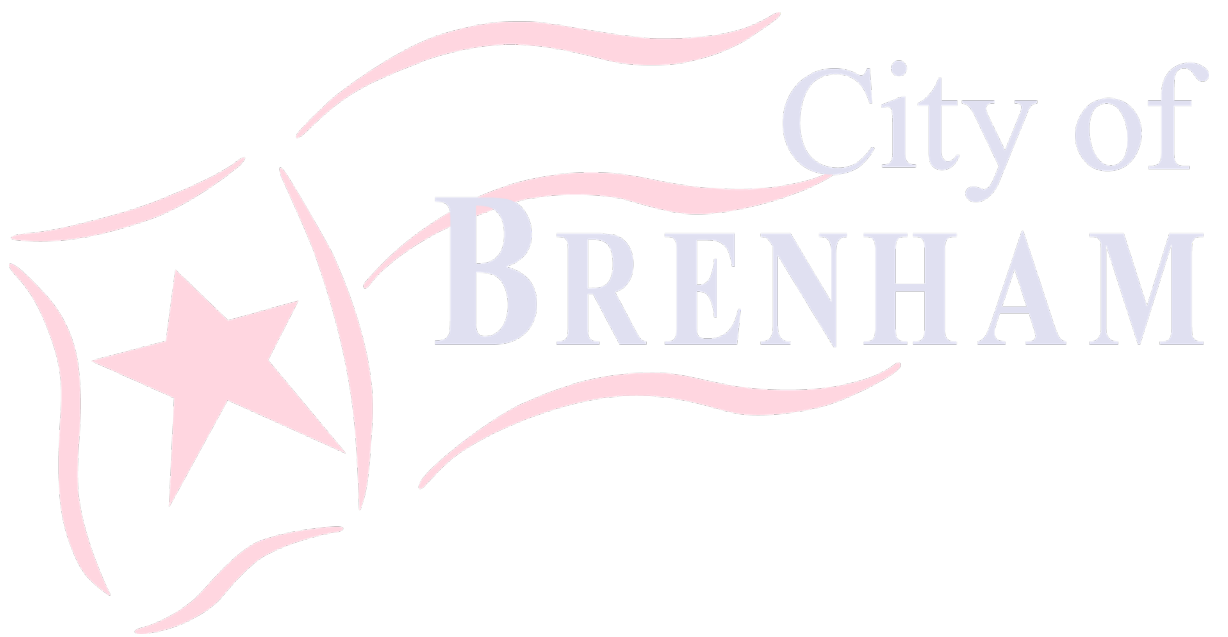
CITY OF BRENHAM

	FISCAL YEAR		
	2021	2020	(DEC)/INC
<u>Number of customers</u>			
Residential	6,103	6,032	71
Commercial	952	940	12
Industrial	5	5	-
Oak Hill Acres Flow Meter	1	1	-
Total	7,061	6,978	83
<u>Sales (in dollars)</u>			
Residential	\$ 1,975,772	\$ 1,919,417	\$ 56,355
Commercial	942,446	945,249	(2,803)
Industrial	607,425	588,484	18,941
Oak Hill Acres Flow Meter	46,363	44,120	2,243
Total	\$ 3,572,006	\$ 3,497,270	\$ 74,736
<u>Monthly average bill per customer</u>			
Residential	\$ 27	\$ 27	\$ 0
Commercial	82	85	(2)
Industrial	10,124	9,808	316
Oak Hill Acres Flow Meter	3,864	3,677	187

THE SANITATION SYSTEM - UTILITY BILLING STATISTICS
Current Year and Prior Year

CITY OF BRENHAM

	FISCAL YEAR		
	2021	2020	(DEC)/INC
<u>Number of customers</u>			
Residential	5,840	4,106	1,734
Residential - Rural	-	2	(2)
Commercial	618	568	50
Total	<u>6,458</u>	<u>4,676</u>	<u>1,782</u>
<u>Sales (in dollars)</u>			
Residential	\$ 1,052,577	\$ 971,222	\$ 81,355
Residential - Rural	-	494	(494)
Commercial	970,224	942,035	28,189
Total	<u>\$ 2,022,801</u>	<u>\$ 1,913,751</u>	<u>\$ 109,050</u>
<u>Monthly average bill per customer</u>			
Residential	\$ 15.02	\$ 19.71	\$ (4.69)
Residential - Rural	\$ -	\$ 20.58	\$ (20.58)
Commercial	\$ 130.83	\$ 138.21	\$ (7.38)



This part of the City of Brenham's comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health

Contents

	<u>Tables</u>
<p>Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	<p>1-4</p>
<p>Revenue Capacity These schedules contain the information to help the reader assess the City's most significant local revenue sources, electric and gas service charges, sales tax and property tax.</p>	<p>5-11</p>
<p>Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</p>	<p>12-16</p>
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	<p>17-18</p>
<p>Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</p>	<p>19-21</p>

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports of the relevant year.

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NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

CITY OF BRENHAM

TABLE 1

Description	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 (1)
Governmental activities:										
Net investment in capital assets	\$ 50,898,432	\$ 47,082,159	\$44,953,152	\$45,335,707	\$45,068,187	\$45,917,775	\$40,206,741	\$36,830,206	\$35,548,260	\$34,415,305
Restricted	828,730	812,295	729,943	405,592	325,399	313,000	459,504	633,409	256,528	266,119
Unrestricted	(2,687,446)	(3,381,057)	(3,641,359)	(2,689,122)	(1,745,046)	(1,822,525)	1,676,818	7,320,914	4,953,603	6,310,807
Subtotal governmental activities net position	49,039,716	44,513,397	42,041,736	43,052,177	43,648,540	44,408,250	42,343,063	44,784,529	40,758,391	40,992,231
Business-type activities:										
Net investment in capital assets	53,447,497	45,537,192	44,304,303	41,839,825	40,363,022	39,541,645	37,750,305	36,724,082	36,081,573	33,977,027
Unrestricted	7,754,845	12,158,932	13,535,951	12,782,675	12,270,757	11,993,394	12,531,834	15,484,242	15,715,277	15,389,182
Subtotal business-type activities net position	61,202,342	57,696,124	57,840,254	54,622,500	52,633,779	51,535,039	50,282,139	52,208,324	51,796,850	49,366,209
Primary government:										
Net investment in capital assets	104,345,929	92,619,351	89,257,455	87,175,532	85,431,209	85,459,420	77,957,046	73,554,288	71,629,833	68,392,332
Restricted	828,730	812,295	729,943	405,592	325,399	313,000	459,504	633,409	256,528	266,119
Unrestricted	5,067,399	8,777,875	9,894,592	10,093,553	10,525,711	10,170,869	14,208,652	22,805,156	20,668,880	21,699,989
Total primary government net position (2)	\$ 110,242,058	\$ 102,209,521	\$99,881,990	\$97,674,677	\$96,282,319	\$95,943,289	\$92,625,202	\$96,992,853	\$92,555,241	\$90,358,440
Component unit:										
Net investment in capital assets	\$ 2,925,330	\$ 2,662,277	\$ 1,959,911	\$ 1,804,052	\$ 1,677,517	\$ 1,101,468	\$ 1,023,730	\$ 964,912	\$ 904,031	\$ 850,007
Restricted	1,771,379	1,127,213	1,367,586	994,051	958,498	1,556,849	1,489,966	1,393,356	986,165	903,879
Total component unit net position (2)	\$ 4,696,709	\$ 3,789,490	\$ 3,327,497	\$ 2,798,103	\$ 2,636,015	\$ 2,658,317	\$ 2,513,696	\$ 2,358,268	\$ 1,890,196	\$ 1,753,886

(1) As restated for recalculation of post employment benefits liability.

(2) See Table 2 for changes in net position from year to year.

CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Program expenses										
Governmental activities:										
General government	\$ 6,279,360	\$ 6,722,744	\$ 7,765,657	\$ 6,774,036	\$ 6,432,612	\$ 6,137,527	\$ 5,909,039	\$ 5,458,639	\$ 5,453,313	\$ 5,230,134
Public safety	8,331,743	7,622,996	7,558,849	7,054,783	7,331,321	7,185,482	6,705,267	7,104,713	6,899,558	6,567,832
Highways and streets	2,673,764	3,881,151	2,990,206	2,886,978	2,625,793	2,567,833	2,811,875	2,572,715	2,611,294	2,599,723
Health and welfare	675,341	706,370	761,752	694,730	596,689	347,948	314,352	316,672	318,672	285,870
Culture and recreation	5,410,145	4,935,236	5,520,585	4,800,540	4,650,211	4,108,823	4,120,261	3,751,931	3,635,589	3,406,693
Debt service	593,222	633,766	568,728	590,735	454,218	503,446	837,928	880,199	916,548	887,431
Total government activities program expenses	23,963,575	24,502,263	25,165,777	22,801,802	22,090,844	20,851,059	20,698,722	20,084,869	19,834,974	18,977,683
Business-type activities:										
Electric	20,917,019	18,232,514	19,477,950	21,193,819	20,829,632	19,464,587	22,485,206	25,911,242	23,009,788	22,895,981
Gas	2,538,105	1,779,296	2,599,346	2,498,580	2,529,600	1,664,249	2,217,022	3,087,321	2,401,303	1,908,278
Sanitation	2,056,577	2,806,673	3,138,697	3,058,877	2,950,325	2,884,041	2,754,244	2,768,399	2,737,307	2,603,144
Wastewater	3,178,999	3,073,476	2,983,713	3,077,447	2,865,017	2,791,804	2,785,435	2,841,457	2,846,895	2,692,136
Water	3,855,176	3,640,513	3,494,615	3,427,583	3,646,400	3,731,863	3,268,023	3,753,663	3,342,073	3,281,611
Drainage	307,422	174,693	-	-	-	-	-	-	-	-
Total business-type activities program expenses	32,853,298	29,707,165	31,694,321	33,256,306	32,820,974	30,536,544	33,509,930	38,362,082	34,337,366	33,381,150
Total primary government expenses	56,816,873	54,209,428	56,860,098	56,058,108	54,911,818	51,387,603	54,208,652	58,446,951	54,172,340	52,358,833
Program revenues										
Governmental activities:										
Charges for services:										
General government	1,125,085	952,487	857,613	861,398	959,452	1,083,616	945,154	714,188	675,909	936,160
Public safety	19,032	13,695	17,889	15,679	15,818	8,712	14,743	8,878	4,959	5,971
Highways and streets	135,121	152,200	149,874	98,105	92,516	81,727	63,084	68,300	56,920	51,616
Health and welfare	59,124	56,285	75,330	57,244	54,062	38,218	34,647	31,492	30,004	29,507
Culture and recreation	553,100	375,458	575,343	407,662	408,316	379,925	351,860	343,989	353,510	340,739
Operating grants and contributions	982,539	2,843,395	894,650	915,704	804,416	880,841	770,364	975,439	760,798	828,127
Capital grants and contributions	5,543,788	2,887,270	1,693,511	1,109,552	958,468	3,153,398	4,020,212	4,674,819	939,045	2,099,094
Total governmental activities program revenues	8,417,789	7,280,790	4,264,210	3,465,344	3,293,048	5,626,437	6,200,064	6,817,105	2,821,145	4,291,214
Business-type activities:										
Charges for services:										
Electric	22,507,005	19,700,527	21,812,017	23,018,340	22,112,796	20,938,896	24,042,704	27,021,804	25,240,842	24,538,200
Gas	3,215,574	2,355,643	3,244,775	3,189,500	2,757,889	2,203,446	2,824,075	3,905,007	2,965,796	2,437,314
Sanitation	2,047,065	2,935,022	3,535,206	3,483,031	3,451,489	3,363,751	3,226,180	3,121,490	3,043,375	3,065,318
Wastewater	3,892,696	3,674,970	3,870,552	3,966,833	3,788,837	3,483,098	3,413,850	3,586,878	3,584,026	3,647,923
Water	4,237,560	4,288,668	4,108,963	4,259,708	4,360,072	3,890,641	3,759,869	3,974,875	4,326,320	4,413,082
Drainage	676,883	550,936	-	-	-	-	-	-	-	-
Operating grants and contributions	-	115,148	11,144	32,076	70,876	-	-	6,461	-	7,435
Capital grants and contributions	2,028,293	1,032,373	1,325,824	229,920	45,080	391,496	292,732	280,501	325,463	129,383
Total business-type activities program revenues	38,605,076	34,653,287	37,908,481	38,179,408	36,587,039	34,271,328	37,559,410	41,897,016	39,485,822	38,238,655
Total primary government program revenues	47,022,865	40,896,602	41,264,362	40,485,335	39,880,087	39,897,765	43,759,474	48,714,121	42,306,967	42,529,869
Net (expense)/revenue										
Governmental activities	(15,545,786)	(18,258,948)	(21,809,896)	(20,495,875)	(18,797,796)	(15,224,622)	(14,498,658)	(13,267,764)	(17,013,829)	(14,686,469)
Business-type activities	5,751,778	4,946,122	6,214,160	4,923,102	3,766,065	3,734,784	4,049,480	3,534,934	5,148,456	4,857,505
Total primary government net expense	(9,794,008)	(13,312,826)	(15,595,736)	(15,572,773)	(15,031,731)	(11,489,838)	(10,449,178)	(9,732,830)	(11,865,373)	(9,828,964)

CHANGE IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General revenues and other changes in net position										
Governmental activities:										
Property taxes	7,651,589	7,527,261	6,901,297	6,666,162	6,124,393	5,680,168	5,465,940	6,145,913	5,647,218	5,449,748
Sales taxes	5,974,170	5,266,207	5,217,475	4,850,553	4,829,919	4,653,951	4,753,324	4,391,151	4,404,296	4,107,558
Other taxes	3,370,066	3,241,645	3,721,551	3,710,264	3,534,540	3,416,293	3,694,438	3,892,795	3,657,534	3,485,786
Investment income not restricted	66,320	145,949	304,465	237,392	141,978	88,759	9,398	3,947	7,125	6,817
Miscellaneous	343,093	231,665	193,171	351,802	317,353	367,506	121,500	128,809	102,935	150,630
Gain (loss) on sale of capital assets	57,336	108,803	44,307	61,166	96,816	296,006	107,318	75,275	67,395	53,693
Special Items	(446,006)	-	-	-	-	-	-	-	-	-
Transfers	3,055,537	3,171,604	3,492,789	3,262,416	2,993,087	2,787,126	4,381,164	3,034,718	2,893,486	2,715,519
Total government activities	20,072,105	19,693,134	19,875,055	19,139,755	18,038,086	17,289,809	18,533,082	17,672,608	16,779,989	15,969,751
Business-type activities:										
Investment income not restricted	160,106	232,653	352,437	277,367	205,888	143,036	78,002	74,935	84,013	87,517
Miscellaneous	203,865	19,311	139,315	31,341	99,915	102,257	67,076	55,515	91,658	70,555
Gain (loss) on sale of capital assets	-	347,281	85,999	189,872	19,959	59,949	647,069	-	-	-
Special Items	446,006	-	-	-	-	-	-	-	-	-
Transfers	(3,055,537)	(3,171,604)	(3,492,789)	(3,262,416)	(2,993,087)	(2,787,126)	(4,381,164)	(3,034,718)	(2,893,486)	(2,715,519)
Total business-type activities	(2,245,560)	(2,572,359)	(2,915,038)	(2,763,836)	(2,667,325)	(2,481,884)	(3,589,017)	(2,904,268)	(2,717,815)	(2,557,447)
Total primary government general revenues and other changes in net position	17,826,545	18,158,250	17,868,346	17,535,336	15,370,761	14,807,925	14,944,065	14,768,340	14,062,174	13,412,304
Change in net position										
Governmental activities, as previously reported	4,526,319	2,471,661	(1,026,512)	(196,703)	(759,710)	2,065,187	4,034,424	4,422,842	(233,840)	1,271,326
Restatement in post employment benefits (1)	-	-	-	-	-	-	-	-	-	166,964
Governmental activities, restated	4,526,319	2,471,661	(1,026,512)	(196,703)	(759,710)	2,065,187	4,034,424	4,422,842	(233,840)	1,438,290
Business-type activities, as previously reported	3,506,218	2,373,763	3,299,122	2,159,266	1,098,740	1,252,900	460,463	630,666	2,430,641	2,300,058
Restatement in post employment benefits (1)	-	-	-	-	-	-	-	-	-	120,846
Business-type activities, restated	3,506,218	2,373,763	3,299,122	2,159,266	1,098,740	1,252,900	460,463	630,666	2,430,641	2,420,904
Total primary government change in net position	\$ 8,032,537	\$ 4,845,424	\$ 2,272,610	\$ 1,962,563	\$ 339,030	\$ 3,318,087	\$ 4,494,887	\$ 5,053,508	\$ 2,196,801	\$ 3,859,194
Component unit										
Program expenses	\$ 1,181,778	\$ 1,446,893	\$ 1,222,559	\$ 1,450,340	\$ 1,554,524	\$ 1,416,963	\$ 2,180,292	\$ 1,073,726	\$ 1,336,285	\$ 1,911,045
Program revenues										
Operating Grants and Contributions	75,000	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	8,081	131,697	-	-	-	-	735,044	-	-	-
Net expenses	(1,098,697)	(1,315,196)	(1,222,559)	(1,450,340)	(1,554,524)	(1,416,963)	(1,445,248)	(1,073,726)	(1,336,285)	(1,911,045)
General revenues and other changes in net position										
Component unit activities:										
Sales taxes	1,991,390	1,755,402	1,739,159	1,616,851	1,609,973	1,551,317	1,584,441	1,463,717	1,468,099	1,369,186
Investment income not restricted	10,215	17,926	27,709	35,509	20,911	10,267	956	282	1,120	1,434
Miscellaneous	4,311	3,861	1,158	2,118	-	-	15,279	3,232	3,376	102,038
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	74,567	-	-
Total component unit activities	2,005,916	1,777,189	1,768,026	1,654,478	1,630,884	1,561,584	1,600,676	1,541,798	1,472,595	1,472,658
Component unit change in position	\$ 907,219	\$ 461,993	\$ 545,467	\$ 204,138	\$ 76,360	\$ 144,621	\$ 155,428	\$ 468,072	\$ 136,310	\$ (438,387)

(1) As restated for recalculation of post employment benefits liability.

FUND BALANCES - GOVERNMENTAL FUNDS

CITY OF BRENHAM

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 3

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Nonspendable	146,117	143,880	191,104	199,862	178,818	187,362	180,105	188,412	212,530	256,443
Restricted	29,064	283,710	214,444	261,833	449,993	239,510	10,713	801,061	74,074	103,959
Committed	-	-	-	-	2,952	6,952	6,952	10,304	10,304	-
Assigned	-	-	-	-	-	-	169,114	-	-	-
Unassigned	6,672,503	5,715,569	4,666,036	4,123,668	4,626,478	4,437,291	4,376,760	3,861,506	3,609,690	3,505,058
Total general fund	<u>\$ 6,847,684</u>	<u>\$ 6,143,159</u>	<u>\$ 5,071,584</u>	<u>\$ 4,585,363</u>	<u>\$ 5,258,241</u>	<u>\$ 4,871,115</u>	<u>\$ 4,743,644</u>	<u>\$ 4,861,283</u>	<u>\$ 3,906,598</u>	<u>\$ 3,865,460</u>
All other governmental funds:										
Reserved, reported in:										
Debt service fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Restricted	2,721,119	4,583,388	2,993,015	5,267,261	5,961,589	7,454,047	9,986,870	12,808,565	5,613,677	1,793,596
Committed	770,702	137,362	397,317	421,060	256,303	48,016	193,699	525,451	12,000	15,689
Assigned	17,559	4,713	9,741	336,847	663,661	163,023	1,273,106	8,158	169,134	523,677
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 3,509,380</u>	<u>\$ 4,725,463</u>	<u>\$ 3,400,073</u>	<u>\$ 6,025,168</u>	<u>\$ 6,881,553</u>	<u>\$ 7,665,086</u>	<u>\$ 11,453,675</u>	<u>\$ 13,342,174</u>	<u>\$ 5,794,811</u>	<u>\$ 2,332,962</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

CITY OF BRENHAM

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 4

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes	\$ 16,994,520	\$ 16,014,931	\$ 15,821,093	\$ 15,217,399	\$ 14,455,002	\$ 13,748,920	\$ 13,904,906	\$ 14,409,371	\$ 13,703,177	\$ 13,039,066
Licenses and permits	371,717	298,706	151,393	132,133	157,128	146,329	121,076	76,379	59,826	72,425
Intergovernmental	1,094,502	3,168,111	626,506	643,733	2,561,978	3,910,222	5,046,207	4,260,002	3,595,065	545,942
Charges for services	816,252	620,003	853,281	635,985	650,916	612,693	563,123	517,114	512,012	509,278
Fines and forfeitures	679,067	583,573	624,913	657,615	713,986	833,046	723,181	573,355	549,460	782,276
Investment income	61,943	143,878	294,009	235,317	140,882	87,852	9,320	3,884	6,948	6,604
Contributions and donations	139,133	344,627	159,486	222,858	112,588	1,141,823	505,658	2,248,498	68,724	127,206
Payment from component unit	786,191	1,037,475	908,328	1,159,417	1,082,711	1,063,682	910,301	828,247	1,099,836	791,218
Miscellaneous	253,406	391,686	296,859	318,567	278,448	407,717	203,891	141,911	160,959	203,888
Total revenues	21,196,731	22,602,990	19,735,868	19,223,024	20,153,639	21,952,284	21,987,663	23,058,761	19,756,007	16,077,903
Expenditures										
Current:										
Culture and recreation	4,464,512	3,982,949	4,471,372	3,889,284	3,713,527	3,344,965	3,195,581	3,081,793	2,965,441	2,778,854
General government	5,981,663	5,932,981	6,879,026	6,159,358	5,702,493	5,403,850	5,275,753	5,067,284	5,038,077	4,849,317
Health and welfare	567,664	581,356	629,581	579,681	404,891	314,999	292,948	305,008	302,547	280,468
Highways and streets	1,201,938	2,411,626	1,418,837	1,396,102	1,157,773	1,129,539	1,435,659	1,379,361	1,444,078	6,061,296
Public safety	7,337,993	6,750,763	6,335,669	6,235,546	6,216,890	5,991,944	5,794,265	6,382,845	6,091,109	5,870,921
Debt service:										
Interest & fiscal charges	611,031	636,018	641,998	668,735	669,942	747,578	974,276	926,007	964,850	967,466
Principal retirement	2,179,426	2,138,551	3,991,054	4,466,057	4,900,881	4,715,090	4,563,551	3,090,133	1,749,643	1,664,835
Issuance costs	-	82,433	50,498	75,326	27,207	-	-	95,731	51,489	15,550
Capital outlay	2,581,860	4,126,576	3,089,351	3,473,619	3,311,645	7,482,720	6,109,584	1,520,404	2,476,074	1,303,258
Total expenditures	24,926,087	26,643,253	27,507,386	26,943,708	26,105,249	29,130,685	27,641,617	21,848,566	21,083,308	23,791,965
Excess (deficiency) of revenues over(under) expenditures	(3,729,356)	(4,040,263)	(7,771,518)	(7,720,684)	(5,951,610)	(7,178,401)	(5,653,954)	1,210,195	(1,327,301)	(7,714,062)
Other financing sources (uses)										
Transfers in	3,606,397	4,649,742	7,613,290	6,454,089	7,112,944	6,206,837	11,129,848	4,704,485	3,201,225	3,060,200
Transfers out	(570,372)	(1,781,041)	(4,120,501)	(3,191,673)	(3,979,857)	(3,419,711)	(6,470,544)	(1,669,767)	(314,213)	(344,681)
Issuance of debt	-	3,365,000	1,515,000	2,650,000	1,129,719	450,000	138,000	4,075,000	1,886,423	1,200,000
Premium on debt issued	-	167,433	35,498	145,626	157,735	-	259,994	71,819	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(5,338,791)	(1,490,242)	-	-
Proceeds from capital lease	-	-	-	86,167	949,333	-	-	-	-	-
Issuance of note payable	-	-	576,623	-	-	-	-	-	-	-
Miscellaneous	181,773	36,094	12,734	47,212	185,329	280,157	19,309	91,357	56,853	53,081
Total other financing sources (uses)	3,217,798	6,437,228	5,632,644	6,191,421	5,555,203	3,517,283	3,647,816	7,291,853	4,830,288	3,968,600
Net change in fund balance	\$ (511,558)	\$ 2,396,965	\$ (2,138,874)	\$ (1,529,263)	\$ (396,407)	\$ (3,661,118)	\$ (2,006,138)	\$ 8,502,048	\$ 3,502,987	\$ (3,745,462)
Debt service as a percentage of non-capital expenditures	12.49%	12.32%	18.97%	21.88%	24.44%	25.23%	25.72%	19.76%	14.59%	11.70%

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

CITY OF BRENHAM

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 5

Fiscal Year	Sales Tax	Ad Valorem Taxes (1)	Franchise Taxes (2)	Motel Tax	Mixed Beverage	Other Tax	Total Tax Revenues
2012	\$ 4,107,558	\$ 5,445,722	\$ 2,888,603	\$ 571,918	\$ 25,265	\$ -	\$ 13,039,066
2013	4,404,296	5,641,349	2,972,220	658,646	26,668	-	13,703,179
2014	4,391,151	6,125,425	3,164,298	704,638	23,859	-	14,409,371
2015	4,753,324	5,457,145	2,874,901	770,537	49,000	-	13,904,906
2016	4,653,951	5,678,676	2,622,742	753,205	40,346	-	13,748,920
2017	4,829,919	6,090,543	2,779,897	712,291	42,352	-	14,455,002
2018	4,850,553	6,656,582	2,869,973	791,998	48,293	-	15,217,399
2019	5,217,475	6,882,066	2,757,215	897,391	66,945	-	15,821,093
2020	5,266,207	7,507,079	2,556,418	629,519	55,708	-	16,014,931
2021	5,974,170	7,650,284	2,649,706	664,979	55,381	-	16,994,520

(1) Ad valorem taxes consist of total collections net of any tax refunds.

(2) Franchise taxes, which were previously classified as receipt taxes, have been properly re-classified.

ASSESSED (1) AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 6

Fiscal Year	Residential	Commercial	Personal Property	Gross Valuation	Exemption	Net Taxable Value	Total Direct Tax Rate
2012	\$ 543,733,871	\$ 339,233,301	\$ 284,765,763	\$ 1,167,732,935	\$ 170,370,802	\$ 997,362,133	0.54320
2013	553,888,549	338,903,778	305,901,720	1,198,694,047	169,214,031	1,029,480,016	0.54320
2014	588,967,628	341,750,962	329,190,550	1,259,909,140	179,340,848	1,080,568,292	0.56320
2015	588,614,227	359,317,477	356,131,045	1,304,062,749	201,487,280	1,102,575,469	0.49120
2016	662,228,119	376,628,126	369,673,156	1,408,529,401	219,787,164	1,188,742,237	0.47310
2017	694,511,449	377,327,701	340,215,520	1,412,054,670	214,004,797	1,198,049,873	0.50700
2018	735,299,263	442,903,708	330,475,124	1,508,678,095	239,858,877	1,268,819,218	0.51700
2019	760,587,514	469,517,156	338,632,469	1,568,737,139	240,707,448	1,328,029,691	0.51700
2020	825,575,533	506,293,584	363,489,497	1,695,358,614	240,746,405	1,454,529,915	0.51400
2021	843,531,067	530,434,668	394,013,330	1,767,979,065	259,014,719	1,508,342,140	0.50400

(1) The property is reassessed each year. The assessed value is based on 100% of estimated actual value. Tax rates are per \$100 of assessed value.

SALES SUBJECT TO SALES TAX BY INDUSTRY
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 7

	CALENDAR YEAR (1)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Sales subject to sales tax										
Retail trade	\$ 245,312,429	\$ 230,845,205	\$ 229,058,723	\$ 228,154,777	\$ 221,610,161	\$ 213,161,211	\$ 207,491,024	\$ 200,166,319	\$ 192,880,386	\$ 185,845,076
Accommodation/food services	45,976,611	50,407,142	47,871,561	44,867,434	43,746,925	44,905,531	42,372,818	39,733,063	38,172,199	36,330,789
Wholesale trade	21,526,816	19,926,018	20,470,035	22,441,562	21,480,857	21,844,310	25,121,744	24,694,123	16,762,409	13,616,793
Admin/support/waste mgmt/remediation services	12,560,103	13,746,333	13,545,634	13,638,149	13,189,854	13,238,887	12,408,950	11,908,900	10,380,780	6,229,057
Manufacturing	11,045,510	12,404,467	15,647,537	13,850,683	12,761,420	16,204,464	20,485,742	20,879,179	18,536,084	15,277,547
Other services	10,223,899	11,853,989	9,728,767	9,119,115	8,463,325	8,047,207	8,631,759	8,411,007	8,397,832	7,852,686
Construction	7,950,010	8,175,271	5,703,405	6,158,362	7,097,652	6,300,143	4,636,339	3,634,513	5,929,461	4,250,898
Information	6,912,317	16,999,488	9,901,042	9,533,342	9,868,409	10,907,336	9,357,216	5,092,179	4,222,671	3,924,959
Real estate/rental/leasing	6,344,490	6,073,679	4,805,310	4,890,139	4,262,226	5,161,358	4,596,074	4,726,546	4,578,407	4,270,107
Educational services	3,826,387	4,700,671	4,089,073	3,297,564	2,863,648	2,545,139	2,231,771	2,199,657	2,164,287	2,157,341
Professional/scientific/technical services	2,571,044	3,398,382	3,945,491	2,869,424	2,545,393	2,973,265	3,164,426	3,012,617	2,269,454	2,112,551
Finance/insurance	1,395,370	1,769,358	883,559	1,029,819	720,158	941,719	709,837	981,444	2,056,713	1,905,231
Arts/entertainment/recreation	1,298,600	1,332,307	1,211,534	1,146,636	1,292,977	1,325,235	1,266,465	1,104,462	1,157,707	1,135,531
Health care/social assistance	299,405	243,255	207,197	214,355	154,464	123,081	125,376	125,304	134,722	114,402
Agriculture/forestry/fishing hunting	237,565	134,555	110,738	95,998	68,521	89,881	75,721	73,717	195,546	171,394
Transportation/warehousing	22,097	28,345	-	47,363	296,728	307,391	304,802	284,374	306,194	246,296
Public administration	-	2,943,435	-	-	-	-	-	-	-	-
Mining/quarrying/oil/gas extraction	-	-	192,366	65,267	1,514,948	5,776,452	3,784,238	9,957,614	6,728,368	2,999,333
All industries (2)	\$ 382,804,320	\$ 387,974,993	\$ 373,948,992	\$ 367,700,367	\$ 357,986,685	\$ 360,281,691	\$ 354,351,702	\$ 343,937,445	\$ 321,297,875	\$ 295,952,623
City sales tax rate (3)	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.00500

(1) Data was derived from the Texas Comptroller's Quarterly Sales Tax Report for the City of Brenham. Information was selected on a calendar year basis in order to capture those businesses that only file annually. Data for calendar year 2021 was unavailable. Prior years are subject to change based on numbers from Texas Comptroller website.

(2) The total for all industries includes sales subject to sales tax for businesses that cannot be shown in their industry category because that category has less than four reporting outlets. Therefore, summation of sales subject to sales tax by industry will be less than the total shown for all industries.

(3) One-quarter of this rate and sales tax revenue collected is allocated to the Brenham Community Development Corporation.

DIRECT AND OVERLAPPING PROPERTY AND SALES TAX RATES
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 8

Fiscal Year	PROPERTY TAX RATES (per \$100 of assessed value) (1)							SALES TAX RATES (2)		
	City Direct Rates			Brenham Independent School District	Blinn College	Washington County	Total Overlapping Governments	City of Brenham	Washington County	Total Overlapping Governments
	General Fund	Debt Service	Total							
2012	0.34200	0.20120	0.54320	1.13500	0.05660	0.44080	2.17560	0.01500	0.00500	0.02000
2013	0.34200	0.20120	0.54320	1.13500	0.05670	0.44260	2.17750	0.01500	0.00500	0.02000
2014	0.35790	0.20530	0.56320	1.13500	0.06000	0.46260	2.22080	0.01500	0.00500	0.02000
2015	0.28900	0.20220	0.49120	1.13500	0.05840	0.52110	2.20570	0.01500	0.00500	0.02000
2016	0.29500	0.17810	0.47310	1.13500	0.06010	0.52110	2.18930	0.01500	0.00500	0.02000
2017	0.31500	0.19200	0.50700	1.13500	0.06010	0.52710	2.22920	0.01500	0.00500	0.02000
2018	0.32000	0.19700	0.51700	1.12500	0.06010	0.51710	2.21920	0.01500	0.00500	0.02000
2019	0.32000	0.19700	0.51700	1.12500	0.06010	0.51710	2.21920	0.01500	0.00500	0.02000
2020	0.32000	0.19400	0.51400	1.05000	0.05600	0.49500	2.11500	0.01500	0.00500	0.02000
2021	0.32000	0.18400	0.50400	1.04580	0.05600	0.49500	2.10080	0.01500	0.00500	0.02000

(1) Data is from Washington County Appraisal District.

(2) Data is from Texas Comptroller of Public Accounts.

TEN LARGEST PROPERTY TAX PAYERS (1)
Current Year and Nine Years Ago

CITY OF BRENHAM

TABLE 9

2021			2012		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Blue Bell Creameries	\$ 90,718,320	6.01%	Blue Bell Creameries	\$ 50,509,240	5.06%
Valmont/ALS	42,975,780	2.85%	MIC Group, LLC	31,363,510	3.14%
Sabra Texas Holdings, LP	25,342,524	1.68%	Valmont/ALS	27,304,410	2.74%
Germania Insurance	15,931,085	1.06%	Wal-Mart Real Estate Business Trust/Store #4109	14,627,310	1.47%
Sealy Mattress Co	15,914,850	1.06%	Germania Insurance	11,971,980	1.20%
Wal-Mart Real Estate Business Trust/Store #4109	14,715,760	0.98%	Moore Wallace North America	11,920,850	1.20%
Lowe's Home Centers, Inc. #2521	11,024,910	0.73%	PI Components Corp	9,986,800	1.00%
PFL Properties, LP	8,967,430	0.59%	Lowe's Home Centers, Inc. #2521	9,568,730	0.96%
Moore Wallace North America	8,537,700	0.57%	Longwood Elastomers, Inc.	8,030,980	0.81%
Brenham Wholesale Grocery	7,670,260	0.51%	Brenham Wholesale Grocery	7,133,720	0.72%
Total	\$ 241,798,619	16.03%		\$ 182,417,530	18.29%

(1) Data is from Washington County Appraisal District.

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 10

Fiscal Year	Total Tax Levy Net of Adjustments	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2012	\$ 5,408,187	\$ 5,320,079	98.37%	\$ 80,968	\$ 5,401,047	99.87%
2013	5,590,656	5,507,178	98.51%	77,237	5,584,414	99.89%
2014	6,092,232	6,001,567	98.51%	72,743	6,074,311	99.71%
2015	5,424,304	5,347,550	98.58%	57,005	5,404,555	99.64%
2016	5,615,999	5,544,254	98.72%	57,222	5,601,476	99.74%
2017	6,075,774	5,987,208	98.54%	66,888	6,054,096	99.64%
2018	6,598,716	6,503,743	98.56%	65,979	6,569,723	99.56%
2019	6,822,516	6,725,371	98.58%	56,427	6,781,798	99.40%
2020	7,460,340	7,358,882	98.64%	39,558	7,398,440	99.17%
2021	7,597,383	7,514,981	98.92%	-	7,514,981	98.92%

PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)
 Calendar Years 2020 and 2011 (2)

CITY OF BRENHAM

TABLE 11

2020				2011			
Sales Tax Payers By Industry	Sales Subject to Sales Tax	Percentage of All Industries	Number of Reporting Outlets 4th Q	Sales Tax Payers By Industry	Sales Subject to Sales Tax	Percentage of All Industries	Number of Reporting Outlets 4th Q
Retail trade	\$ 245,312,429	64.08%	408	Retail trade	\$ 185,845,076	62.80%	408
Accommodation/food services	45,976,611	12.01%	126	Accommodation/food services	36,330,789	12.28%	95
Wholesale trade	21,526,816	5.62%	45	Manufacturing	15,277,547	5.16%	90
Admin/support/waste mgmt/remediation services	12,560,103	3.28%	47	Wholesale trade	13,616,793	4.60%	53
Manufacturing	11,045,510	2.89%	85	Other services	7,852,686	2.65%	107
Other services	10,223,899	2.67%	109	Admin/support/waste mgmt/remediation services	6,229,057	2.10%	63
Construction	7,950,010	2.08%	93	Real estate/rental/leasing	4,270,107	1.44%	17
Information	6,912,317	1.81%	9	Construction	4,250,898	1.44%	85
Real estate/rental/leasing	6,344,490	1.66%	13	Information	3,924,959	1.33%	8
Educational services	3,826,387	1.00%	17	Mining/quarrying/oil/gas extraction	2,999,333	1.01%	6
Professional/scientific/technical services	2,571,044	0.67%	49	Educational services	2,157,341	0.73%	13
Finance/insurance	1,395,370	0.36%	11	Professional/scientific/technical services	2,112,551	0.71%	72
Arts/entertainment/recreation	1,298,600	0.34%	29	Finance/insurance	1,905,231	0.64%	19
Health care/social assistance	299,405	0.08%	12	Arts/entertainment/recreation	1,135,531	0.38%	13
Agriculture/forestry/fishing hunting	237,565	0.06%	10	Transportation/warehousing	246,296	0.08%	8
Transportation/warehousing	22,097	0.01%	4	Agriculture/forestry/fishing hunting	171,394	0.06%	12
Public administration	-	0.00%	1	Health care/social assistance	114,402	0.04%	8
Mining/quarrying/oil/gas extraction	-	0.00%	5	Public administration	-	0.00%	2
All industries (3)	<u>\$ 382,804,320</u>	<u>100.00%</u>	<u>1,077</u>	All industries (3)	<u>\$ 295,952,623</u>	<u>100.00%</u>	<u>1,090</u>

(1) Sales tax data by business entity is deemed by the Texas State Comptroller to be confidential and may not be publicly disclosed.

(2) Data was derived from the Texas Comptroller's Quarterly Sales Tax Report for the City of Brenham. Information was selected on a calendar year basis in order to capture those business entities that only file annually. Data for calendar year 2021 unavailable.

(3) The total for all industries includes sales subject to sales tax for businesses that cannot be shown in their industry category because that category has less than 4 reporting outlets. Therefore, summation of sales subject to sales tax by industry will be less than the total shown for all industries.

RATIO OF OUTSTANDING DEBT BY TYPE (1)
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 12

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	Certificates of Obligation	General Obligation Refunding	Revenue Bonds	Limited Tax Notes	Capital Leases/Notes Payable	Certificates of Obligation	General Obligation Refunding	Capital Leases/Notes Payable			
2012	\$ 7,426,711	\$ 8,391,568	\$ 15,061,647	\$ 1,594,036	\$ 435,986	\$ 6,192,281	\$ 13,266,678	\$ 92,535	\$ 52,461,442	6.88%	\$ 3,268
2013	8,705,034	7,632,103	14,932,012	1,322,198	344,237	5,835,000	12,190,566	371,785	51,332,935	6.40%	3,163
2014	12,280,891	6,715,656	13,607,376	1,045,360	249,414	5,770,000	10,740,847	294,212	50,703,757	6.05%	3,107
2015	11,688,697	9,920,792	5,549,929	763,522	262,590	5,565,000	9,525,932	214,838	43,491,300	5.25%	2,609
2016	11,078,284	8,726,402	2,817,634	481,685	584,399	5,350,000	8,274,189	133,619	37,446,211	4.65%	2,239
2017	11,736,175	7,491,466	-	185,000	1,391,825	2,319,976	11,931,755	1,030,835	36,087,032	4.22%	2,146
2018	13,801,628	4,072,649	-	-	1,259,268	3,195,270	10,501,604	1,010,811	33,841,230	3.48%	1,924
2019	14,427,571	1,636,380	-	-	1,130,235	4,550,744	8,672,389	846,115	31,263,434	3.07%	1,772
2020	16,779,585	1,025,806	-	-	1,358,777	6,461,383	6,882,560	553,088	33,061,199	3.19%	1,864
2021	15,599,241	380,723	-	-	1,345,531	6,192,481	4,998,608	550,749	29,067,333	2.75%	1,629

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) See Table 17 for total personal income and population information.

RATIO OF NET GENERAL OBLIGATION BONDED DEBT
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 13

Fiscal Year	Certificates of Obligation	General Obligation Refunding	Limited Tax Notes	Gross Bonded Debt	Less Debt Service Funds Available	Net Bonded Debt	Taxable Assessed Value	Ratio of Net Bonded Debt to Assessed Values	Net Bonded Debt Per Capita (1)
2012	\$ 13,618,992	\$ 21,658,246	\$ 1,594,036	\$ 36,871,274	\$ 199,181	\$ 36,672,093	\$ 997,362,133	3.68%	2,285
2013	14,540,034	19,822,669	1,322,198	35,684,901	185,850	35,499,051	1,029,480,016	3.45%	2,187
2014	18,050,891	17,456,503	1,045,360	36,552,755	554,803	35,997,952	1,080,568,292	3.33%	2,206
2015	17,253,697	19,446,724	763,522	37,463,943	405,888	37,058,055	1,102,575,469	3.36%	2,223
2016	16,428,284	17,000,591	481,685	33,910,559	227,350	33,683,209	1,188,742,237	2.83%	2,014
2017	14,056,151	19,423,221	185,000	33,664,372	226,949	33,437,423	1,198,049,873	2.79%	1,988
2018	16,996,898	14,574,253	-	31,571,151	303,216	31,267,935	1,268,819,218	2.46%	1,777
2019	18,978,315	10,308,769	-	29,287,084	619,970	28,667,114	1,328,029,691	2.16%	1,624
2020	23,240,968	7,908,366	-	31,149,334	695,145	30,454,189	1,454,529,915	2.09%	1,717
2021	21,791,722	5,379,332	-	27,171,054	712,019	26,459,035	1,508,342,140	1.75%	1,482

(1) See Table 17 for population information.

DIRECT AND OVERLAPPING DEBT
Current Year

CITY OF BRENHAM

TABLE 14

NAME OF GOVERNMENTAL UNIT	GROSS DEBT OUTSTANDING	2020 TAX ROLL TAXABLE VALUE	PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)	CITY OF BRENHAM'S SHARE OF DEBT
City of Brenham	\$ 17,325,495	\$ 1,508,342,140	100.00%	\$ 17,325,495
Total direct debt	17,325,495	1,508,342,140		17,325,495
Brenham I. S. D.	26,352,261	3,310,824,880	45.56%	12,005,536
Washington County	1,570,000	3,437,663,978	43.88%	688,868
Blinn College	-	3,461,496,136	0.00%	-
Total overlapping debt	27,922,261	10,209,984,994		12,694,404
Total direct and overlapping debt	\$ 45,247,756	\$ 11,718,327,134		\$ 30,019,899

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation 0.26%

Per capita consolidated overlapping tax supported debt (based on population of 17,848) \$1,682

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Brenham. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 15

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Taxable assessed valuations	\$ 1,508,342,140	\$ 1,454,529,915	\$ 1,328,029,691	\$ 1,268,819,218	\$ 1,198,049,873	\$ 1,188,742,237	\$ 1,102,575,469	\$ 1,080,568,292	\$ 1,029,480,016	\$ 997,362,133
Tax limit per \$100 valuation	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000
O&M tax rate per \$100 valuation	0.32000	0.32000	0.32000	0.32000	0.31500	0.29500	0.28900	0.35790	0.34200	0.34200
Debt limit per \$100 valuation	1.33000	1.33000	1.33000	1.33000	1.33500	1.35500	1.36100	1.29210	1.30800	1.30800
Debt limit	20,060,950	19,345,248	17,662,795	16,875,296	15,993,966	16,107,457	15,006,052	13,962,023	13,465,599	13,045,497
Total net debt applicable to limit	2,790,457	2,774,569	4,633,052	5,134,792	5,570,823	5,462,668	5,537,827	4,016,140	2,714,493	2,632,301
Legal debt margin	\$ 17,270,493	\$ 16,570,679	\$ 13,029,743	\$ 11,740,504	\$ 10,423,143	\$ 10,644,789	\$ 9,468,225	\$ 9,945,883	\$ 10,751,106	\$ 10,413,196
Total net debt applicable to the limit as a percentage of debt limit	13.91%	14.34%	26.23%	30.43%	34.83%	33.91%	36.90%	28.76%	20.16%	20.18%

PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 16

Electric Fund (1)							Water Fund (2)						
Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest (4)						Principal	Interest (4)	
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2012	\$ 4,413,080	\$ 2,819,979	\$ 1,593,101	\$ 600,229	\$ 481,901	1.47
2013	-	-	-	-	-	-	2013	4,326,320	2,877,823	1,448,497	613,738	472,594	1.33
2014	-	-	-	-	-	-	2014	3,974,875	3,146,191	828,684	703,854	399,330	0.75
2015	-	-	-	-	-	-	2015	3,759,869	2,945,350	814,519	479,962	335,835	1.00
2016	-	-	-	-	-	-	2016	3,890,641	3,321,499	569,142	498,938	316,657	0.70
2017	22,112,796	20,707,959	1,404,837	78,471	59,930	10.15	2017	4,360,072	3,313,948	1,046,124	569,737	213,059	1.34
2018	23,018,340	21,122,153	1,896,187	69,055	69,400	13.70	2018	4,259,708	3,223,697	1,036,011	585,375	228,852	1.27
2019	21,812,017	19,432,629	2,379,388	72,194	67,328	17.05	2019	4,108,963	3,308,376	800,587	648,438	236,404	0.90
2020	19,700,527	18,189,078	1,511,449	72,194	65,162	11.00	2020	4,288,668	3,392,366	896,302	693,438	257,582	0.94
2021	22,507,005	20,863,691	1,643,314	75,332	62,997	11.88	2021	4,237,560	3,628,288	609,272	711,275	244,660	0.64

Wastewater Fund - Self-Supporting Debt (3)							Total Electric, Water, and Wastewater Funds						
Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest (4)						Principal	Interest (4)	
2012	\$ 3,647,921	\$ 2,353,385	\$ 1,294,536	\$ 856,283	\$ 271,196	1.15	2012	\$ 8,061,001	\$ 5,173,364	\$ 2,887,637	\$ 1,456,512	\$ 753,097	1.31
2013	3,584,026	2,509,164	1,074,862	888,133	249,074	0.95	2013	7,910,346	5,386,987	2,523,359	1,501,871	721,668	1.13
2014	3,586,878	2,549,655	1,037,223	925,835	214,615	0.91	2014	7,561,753	5,695,846	1,865,907	1,629,689	613,945	0.83
2015	3,413,850	2,470,332	943,518	1,021,313	258,364	0.74	2015	7,173,719	5,415,682	1,758,037	1,501,275	594,199	0.84
2016	3,483,098	2,479,197	1,003,901	1,049,163	228,023	0.79	2016	7,373,739	5,800,696	1,573,043	1,548,101	544,680	0.75
2017	3,788,837	2,576,299	1,212,538	1,077,818	193,625	0.95	2017	30,261,705	26,598,206	3,663,499	1,726,026	466,614	1.67
2018	3,966,833	2,836,332	1,130,501	1,168,238	165,610	0.85	2018	31,244,881	27,182,182	4,062,699	1,822,668	463,862	1.78
2019	3,870,552	2,787,906	1,082,646	1,258,970	146,382	0.77	2019	29,791,532	25,528,911	4,262,621	1,979,602	450,114	1.75
2020	3,674,970	2,854,152	820,818	1,337,774	137,147	0.56	2020	27,664,165	24,435,596	3,228,569	2,103,406	459,891	1.26
2021	3,892,696	3,020,237	872,459	1,381,425	111,190	0.58	2021	30,637,261	27,512,216	3,125,045	2,168,032	418,847	1.21

(1) Electric fund-supported debt includes 2016 certificates of obligation.
(2) Water fund-supported debt includes 2017, 2019, 2020 certificates of obligation, and 2014, 2016 general obligation refunding bonds.
(3) Wastewater fund-supported debt includes 2017, 2020 certificates of obligation, and 2011, 2014 general obligation refunding bonds.
(4) Interest is represented on a cash basis.

TABLE 17

Fiscal Year	Population (1)	Total Personal Income (000's) (2)	Median Household Income (3)	Unemployment Rate (4)
2012	16,051	\$ 762,471	\$ 47,503	5.6
2013	16,231	802,428	49,438	5.5
2014	16,319	837,426	51,316	4.7
2015	16,668	828,600	49,712	4.8
2016	16,722	805,482	48,169	5.1
2017	16,819	855,683	50,876	4.2
2018	17,592	971,712	55,236	3.6
2019	17,647	1,017,085	57,635	3.4
2020	17,736	1,036,244	58,426	5.6
2021	17,848	1,056,841	59,213	4.7

(1) Population data for 2012 to 2020 are projections provided by the Population Division of the U.S. Census Bureau. Data for 2021 is estimated based on an average annual growth rate. All data is updated annually based on the newest information available.

(2) Total personal income derived by taking Brenham population multiplied by per capita personal income for Washington County (see note 3).

(3) Per capita data for 2012 to 2020 are projections for Washington County provided by the Bureau of Economic Analysis. Year 2021 is an estimate based on a five year compound average annual growth rate. All data is updated annually based on the newest information available.

(4) Unemployment rates are taken from U.S. Bureau of Labor Statistics. Under the new U.S. Bureau of Labor Statistics mandated methodology for producing labor statistics, a city must have a population of at least 25,000 for city-level estimates to be produced; therefore, the unemployment rates shown for 2012 to 2021 are for Washington County.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF BRENHAM

TABLE 18

2021	2012
Employer (1)	Employer
Baylor Scott & White Medical Center	Blinn College
Blinn College	Blue Bell Creameries
Blue Bell Creameries LP	Brenham I.S.D.
Brenham Clinic	Brenham St Supported Living Ctr
Brenham ISD	City of Brenham
Brenham Nursing & Rehabilitation	Germania Insurance
Brenham State Supported Living Center	MIC Group
Brenham Wholesale	Scott & White Hospital
Germania Insurance	Valmont
Walmart Supercenter	Wal-Mart Supercenter

(1) Principal employers as identified in a report issued by Brenham Washington County Economic Development.

(2) Employers are listed in alphabetical order and do not reflect any ranking. The Texas Workforce Commission ranking and number of employees data is confidential.

FULL-TIME EQUIVALENT EMPLOYEES
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 19

Function/program	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Administration	4.93	4.93	6.07	4.82	4.57	5.07	5.90	6.00	6.00	5.00
Development Services	8.50	7.20	7.20	6.20	5.83	5.50	4.50	4.50	4.10	1.00
Human Resources	2.50	2.50	2.50	2.50	2.50	2.50	2.43	2.00	2.00	2.80
Main Street	-	-	-	1.50	1.25	1.00	1.00	1.00	1.00	1.00
Engineering Services	-	-	-	1.00	2.00	2.00	-	-	-	-
Maintenance	7.88	7.88	8.50	8.50	8.47	8.47	8.47	7.97	7.50	8.00
Finance	10.12	10.12	10.12	9.12	9.00	8.87	9.27	9.27	9.08	8.08
Purchasing/Warehouse	3.50	2.97	3.47	3.47	3.47	3.47	3.47	4.44	3.47	3.47
Streets	13.00	12.07	15.00	15.00	15.73	15.25	16.75	16.75	16.46	16.46
Parks	15.28	15.78	16.67	15.67	16.67	16.67	15.42	15.42	17.62	18.62
Library	7.23	7.23	7.23	7.23	6.47	6.47	5.99	5.99	5.99	7.41
Marketing & Public Relations	5.61	5.11	3.73	4.73	3.93	2.93	3.18	1.94	2.19	4.66
Aquatic Center	16.43	16.93	17.43	17.43	16.15	15.40	15.40	15.15	14.90	13.92
City Communications	0.25	0.25	0.25	0.25	0.25	0.25	0.25	-	-	-
Communications	-	-	-	-	-	-	-	17.17	17.17	16.92
Police	43.00	43.00	43.00	40.25	41.00	40.50	41.50	40.50	38.50	38.00
Fire	19.25	19.68	19.25	19.25	19.25	16.25	16.25	16.25	15.25	15.00
Animal Services	8.00	8.00	7.72	5.72	4.72	4.00	4.00	4.00	4.00	4.00
Municipal Court	4.25	5.25	5.25	5.25	5.00	5.35	4.60	4.80	4.80	4.80
Public Works	1.00	1.00	1.38	2.00	2.00	2.13	1.50	1.50	1.90	5.50
Information Technology	5.18	5.18	5.18	5.18	5.18	5.18	5.00	5.00	5.00	6.00
Utility Customer Service	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.60	7.20	9.00
Public Utilities	10.50	10.50	9.50	10.50	10.50	10.50	12.00	11.00	8.00	7.50
Electric	11.00	11.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00	12.00
Gas	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Water Treatment	8.25	7.50	7.50	7.50	7.50	7.50	7.50	6.50	6.50	6.50
Water Construction	5.90	4.80	4.80	4.20	4.00	4.00	5.00	5.00	5.00	5.00
Wastewater Construction	4.10	3.20	3.20	2.80	3.00	4.00	4.00	5.00	5.00	5.00
Wastewater Treatment	5.75	4.50	4.50	4.50	4.50	3.50	4.50	4.50	4.50	4.50
Drainage	2.00	2.93	-	-	-	-	-	-	-	-
Transfer Station	-	4.50	4.25	4.25	4.25	3.25	2.75	2.75	2.75	2.75
Collection Station	-	2.50	2.25	2.25	2.25	2.25	3.25	3.25	3.25	2.83
Recycling Center	-	3.47	3.22	3.22	3.22	2.75	2.25	2.25	2.25	2.25
Residential Collection	-	3.00	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Economic Development	1.00	1.00	-	-	-	-	-	-	-	-
Tourism & Promotion	4.63	4.63	3.92	0.43	-	-	-	-	-	-
Total	240.04	249.61	247.84	239.47	237.41	229.76	231.88	245.25	241.13	245.72

Source of Non-Accounting Data: City of Brenham's Adopted Budget

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 20

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Recreation/Parks										
Number of athletic tournaments (1)	37	34	37	31	34	27	28	32	42	45
Aquatic Center										
Number of Visitors	54,296	29,563	67,288	56,419	70,861	68,036	60,685	66,434	67,353	65,703
Number of Annual Passes	44	85	39	108	101	133	89	99	131	132
Number of Monthly Passes	499	672	1,017	988	949	1,053	916	960	910	991
Number of Summer Passes	95	2	108	65	82	103	77	78	76	80
Number of Insurance/Healthcare Passes	44	16	13	-	-	-	-	-	-	-
Streets										
Road maintenance in linear feet	3,850	12,198	11,895	11,563	8,712	3,942	5,525	10,794	5,178	8,796
Library										
Circulation	84,932	45,773	94,393	99,796	90,813	60,629	61,689	57,949	62,782	63,737
Communications (2)										
Number of Incoming Calls	-	-	-	-	-	-	-	633,648	644,070	683,380
Number of 9-1-1 Calls	-	-	-	-	-	-	-	45,515	38,540	36,332
Police										
Traffic Citations	3,449	3,947	4,244	3,398	2,335	4,633	5,436	4,372	4,425	4,081
Traffic Warning Tickets Issued	6,514	6,113	6,007	4,593	3,037	4,231	5,854	5,694	4,964	4,964
Mileage on Police units	450,508	432,697	409,006	461,708	452,743	442,850	448,691	466,688	419,124	443,909
Fire (3)										
Fire Responses	918	848	795	732	666	598	661	568	547	547
Rescues	350	190	56	53	51	52	83	58	36	36
Animal Control/Shelter/Adoption (4)										
Number of Incoming Animals	618	592	1,284	1,421	1,568	1,177	1,240	1,419	1,645	1,906
Animals Adopted	393	343	659	615	501	334	279	284	256	263
Municipal Court										
Traffic dispositions	2,760	2,698	2,713	3,127	3,246	4,378	3,978	2,517	2,880	5,186
Other dispositions	1,558	1,997	1,913	1,794	1,844	1,934	1,680	1,959	2,132	4,302
Public Works										
Building Inspection Visits	3,529	2,422	2,397	2,254	2,682	2,011	1,878	2,315	1,901	1,621
Electric										
kWh delivered	266,179,785	272,585,938	274,199,979	278,978,748	271,101,915	261,757,332	269,960,615	288,427,106	281,329,115	281,786,169
Customers served	8,798	10,944	8,713	8,619	8,599	8,529	8,449	8,420	8,405	8,345
Gas										
mcf delivered	434,027	407,255	463,286	491,582	403,228	345,640	394,150	474,330	402,656	369,023
Customers served	4,580	4,512	4,470	4,434	4,403	4,377	4,361	4,326	4,316	4,279
Water										
Gallons delivered	718,239,000	773,301,900	738,817,600	814,230,300	833,558,700	738,120,100	716,115,400	763,545,100	847,002,400	872,381,300
Customers served	8,067	7,934	7,867	7,782	7,693	7,589	7,503	7,398	7,345	7,271
Wastewater										
Effluent plant gallons processed	737,152,000	671,748,000	725,179,000	697,623,600	694,743,800	749,670,200	732,231,000	687,835,000	672,065,000	704,378,000
Commercial/industrial gallons processed	290,922,400	291,562,000	324,386,000	315,690,776	307,907,691	287,287,700	294,107,600	328,694,600	326,351,900	340,551,800
Customers served	7,061	6,978	7,010	6,954	6,861	6,782	6,705	6,633	6,614	6,536
Sanitation										
Customers served	6,458	4,676	6,219	6,158	6,055	6,008	5,946	5,873	5,858	5,812

Source of Non-Accounting Data: City of Brenham's Departmental Records

(1) Operating indicators for the Parks Department are based on a calendar year beginning in 2017.

(2) Communications department transferred from the City of Brenham to Washington County effective October 1, 2014 per the Comprehensive Exchange of Services Interlocal Agreement.

(3) Operating indicators for the Fire Department are based on fiscal year. Data for 2015 is based on calendar year.

(4) Operating indicators for the Animal Control/Shelter/Adoption are based on fiscal year. Data for 2015 is based on calendar year.

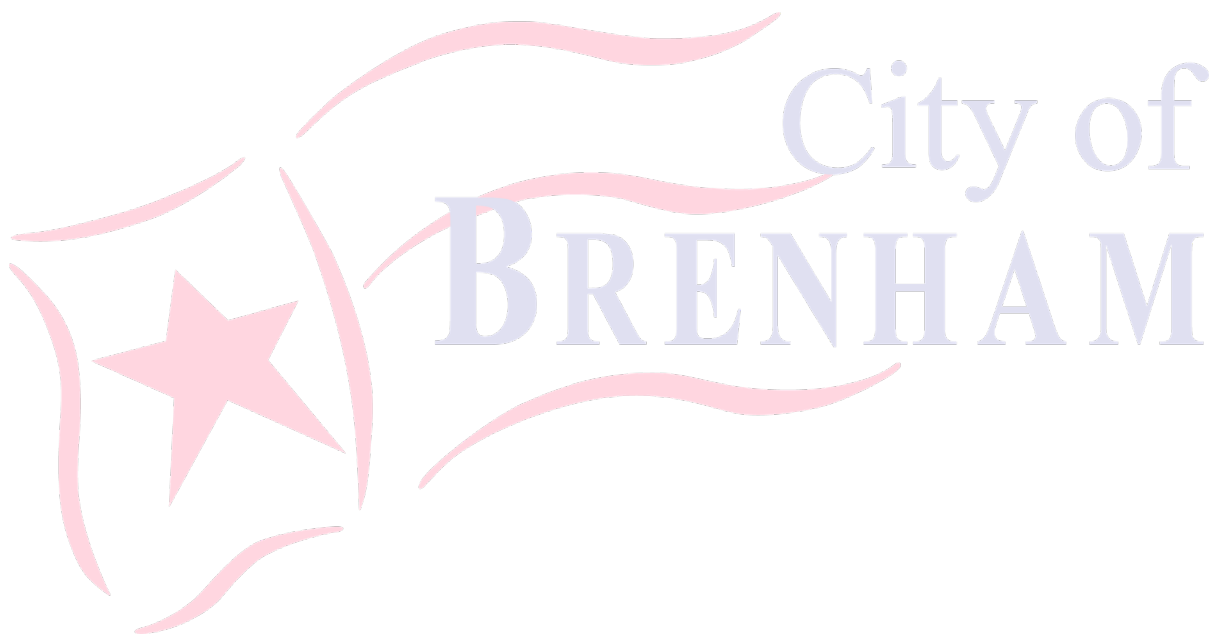
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 21

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Recreation/Parks										
Park acreage	191	191	191	191	191	191	191	191	191	191
Parks	8	8	8	8	8	8	8	8	8	8
Amphitheatres	1	1	1	1	1	1	1	1	1	1
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Baseball fields	8	8	7	7	7	7	7	7	8	8
Softball fields	8	8	9	9	9	9	9	9	9	9
Pickleball courts	6	6	6	6	4	4	-	-	-	-
Tennis courts	6	6	6	6	6	6	8	8	8	8
Soccer/Multi-Use fields	11	11	11	11	11	11	11	11	11	11
Skate parks	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Airports	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	48	51	51	47	45	45	45	45	44	43
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	6	6	6	6	6	6	6	6	6	6
Animal control/shelter/adoption										
Shelters	1	1	1	1	1	1	1	1	1	1
Electric										
Miles of electric mains	140	126	122	122	122	121	120	119	118	118
Gas										
Miles of gas mains	138	133	130	130	128	126	124	122	121	118
Water										
Miles of water mains	188	167	167	167	167	165	155	154	153	153
Wastewater										
Miles of wastewater mains	153	149	148	148	145	144	143	141	141	138
Sanitation										
Collection stations	1	1	1	1	1	1	1	1	1	1
Transfer stations	1	1	1	1	1	1	1	1	1	1
Recycling stations	1	1	1	1	1	1	1	1	1	1

Source of Non-Accounting Data: City of Brenham's Departmental Records





CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS ADVISORS

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

To the Honorable Mayor and
Members of the City Council
City of Brenham, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 28, 2022.

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 designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Brenham, Texas
February 28, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Brenham, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Brenham, Texas' major federal programs for the year ended September 30, 2021. The City of Brenham, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Brenham, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Brenham, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brenham, Texas
February 28, 2022



CITY OF BRENHAM, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2021

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Brenham, Texas were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City of Brenham, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are reported in the Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as major programs were:
 - U.S. Department of Homeland Security/Texas Division of Emergency Management CFDA 97.036.
 - U.S. Department of the Treasury/Texas Division of Emergency Management CFDA 97.039.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City did not qualify as a low-risk auditee.

FINDINGS- FINANCIAL STATEMENT AUDIT

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

CITY OF BRENHAM, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2021

DEPARTMENT OF AGRICULTURE
EMERGENCY WATERSHED PROGRAM CFDA NO. 10.923

2020-001 Allowance Costs/Cost Principles

Condition: The City contracted with professional engineers for projects funded by federal awards without following competitive proposal procedures.

Recommendation: It was recommended that the City should follow procurement policies and procedures included in federal contract provisions.

Current Status: The City established written policies, procedures, and standards of conduct for federal awards in accordance with the Uniform Guidance in September 2020.

CITY OF BRENNHAM, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/20	FEDERAL/ STATE FUNDS RECEIVED	FY 21 FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/21
Federal - Cash								
<u>U.S. DEPARTMENT OF JUSTICE</u>								
Bulletproof Vest Partnership 2019 Grant	16.607		\$ 2,449	\$ 299	\$ (2,436)	\$ 2,138	\$ -	\$ -
Bulletproof Vest Partnership 2020 Grant	16.607		2,844	-	(1,147)	1,147	-	-
			<u>\$ 5,293</u>	<u>\$ 299</u>	<u>\$ (3,583)</u>	<u>\$ 3,285</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>								
Texas Department of Transportation								
Selective Traffic Enforcement Program-2020 Comprehensive	20.600		\$ 15,035	\$ 4,262	\$ (4,262)	\$ -	\$ -	\$ -
Selective Traffic Enforcement Program-2021 Comprehensive	20.600		15,020	-	-	5,436	-	5,436
Selective Traffic Enforcement Program-2022 Comprehensive	20.600		15,039	-	-	-	-	-
			<u>\$ 45,095</u>	<u>\$ 4,262</u>	<u>\$ (4,262)</u>	<u>\$ 5,436</u>	<u>\$ -</u>	<u>\$ 5,436</u>
Texas Department of Transportation								
Cares Act Airport Grant	20.106	20CRBRNHM	\$ 69,000	\$ -	\$ (69,000)	\$ 69,000	\$ -	\$ -
			<u>\$ 69,000</u>	<u>\$ -</u>	<u>\$ (69,000)</u>	<u>\$ 69,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>								
Natural Resources Conservation Service								
Emergency Watershed Protection Program	10.923	NR197442XXXXC037	\$ 187,845	\$ 56,141	\$ (56,141)	\$ -	\$ -	\$ -
			<u>\$ 187,845</u>	<u>\$ 56,141</u>	<u>\$ (56,141)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>								
Texas Division of Emergency Management								
Disaster Grants-Public Assistance								
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00878	\$ 116,049	\$ -	\$ -	\$ -	\$ -	\$ -
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00862	34,815	(34,815)	-	-	34,815	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00864	12,739	-	(4,726)	-	4,726	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00585	883,575	174,758	(174,758)	372,232	-	372,232
			<u>\$ 1,047,178</u>	<u>\$ 139,944</u>	<u>\$ (179,485)</u>	<u>\$ 372,232</u>	<u>\$ 39,541</u>	<u>\$ 372,232</u>
Texas Office of the Governor - Homeland Security Grants Division								
FY21 State Homeland Security Program	97.067	4292701	\$ 73,395	\$ -	\$ -	\$ -	\$ -	\$ -
			<u>\$ 73,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>								
Texas Division of Emergency Management								
COVID-19 Coronavirus Relief Fund								
Disaster Grants - State Public Assistance - 2020 Coronavirus Relief Fund	21.027	DR-CRF-2020	\$ 976,360	\$ 976,360	\$ (976,360)	\$ -	\$ -	\$ -
COVID-19 Coronavirus State & Local Fiscal Recovery Fund								
Disaster Grants - State Public Assistance - 2021 CLFRF	21.027	TX0207	\$ 2,213,100	\$ -	\$ (2,213,100)	\$ -	\$ -	\$ (2,213,100)
Hazard Mitigation Grants								
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-025	\$ 768,172	\$ 576,441	\$ (763,672)	\$ -	\$ 187,231	\$ -
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-027	378,122	-	-	267,701	-	267,701
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-023	232,245	-	(156,250)	213,750	-	57,500
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-056	210,958	210,958	(210,958)	-	-	-
			<u>\$ 1,589,497</u>	<u>\$ 787,399</u>	<u>\$ (1,130,880)</u>	<u>\$ 481,451</u>	<u>\$ 187,231</u>	<u>\$ 325,201</u>
INSTITUTE OF MUSEUM AND LIBRARY SCIENCES								
Texas State Library and Archives Commission								
Grants to States								
Competitive - TSLAC Cares - Cycle 1 Grant Program	45.310	CAR1-21024	\$ 24,258	\$ -	\$ (24,242)	\$ 24,242	\$ -	\$ -
Library Technology Academy Program	45.310	LTA 200017	10,000	-	(10,000)	10,000	-	-
			<u>\$ 34,258</u>	<u>\$ -</u>	<u>\$ (34,242)</u>	<u>\$ 34,242</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal - Cash			<u>\$ 6,241,022</u>	<u>\$ 1,964,404</u>	<u>\$ (4,667,053)</u>	<u>\$ 965,646</u>	<u>\$ 226,772</u>	<u>\$ (1,510,231)</u>
Federal - Non-Cash								
<u>U.S. DEPARTMENT OF TRANSPORTATION - FAA</u>								
Texas Department of Transportation (1)								
Federally Assisted Airport Development Grant-Reconstruct Runway	20.106	1917BRENNM	\$ 706,590	\$ -	\$ (362,843)	\$ 362,843	\$ -	\$ -
			<u>\$ 706,590</u>	<u>\$ -</u>	<u>\$ (362,843)</u>	<u>\$ 362,843</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal Awards - Cash and Non-Cash			<u>\$ 6,947,612</u>	<u>\$ 1,964,404</u>	<u>\$ (5,029,896)</u>	<u>\$ 1,328,489</u>	<u>\$ 226,772</u>	<u>\$ (1,510,231)</u>

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/20	FEDERAL/ STATE FUNDS RECEIVED	FY 21 FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/21
Nonfederal - State of Texas								
Texas Department of Transportation								
Routine Airport Maintenance Program (RAMP)		M2017 BREN	\$ 50,000	\$ 50,000	\$ (50,000)	\$ -	\$ -	\$ -
Routine Airport Maintenance Program (RAMP)		M2117 BREN	50,000	-	-	50,000	-	50,000
Routine Airport Maintenance Program (RAMP)		M2217 BREN	50,000	-	-	-	-	-
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Nonfederal - State of Texas			<u>\$ 178,696</u>	<u>\$ 50,000</u>	<u>\$ (76,406)</u>	<u>\$ 76,406</u>	<u>\$ -</u>	<u>\$ 50,000</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 7,126,308</u>	<u>\$ 2,014,404</u>	<u>\$ (5,106,302)</u>	<u>\$ 1,404,895</u>	<u>\$ 226,772</u>	<u>\$ (1,460,231)</u>

(1) The City remits its matching funds requirements to the State Department of Transportation, which acts as sponsor for these airport development programs.
No funds are directly received by the City.

City of Brenham, Texas
Notes to Federal Awards Section
September 30, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City and is presented on the modified accrual basis of accounting.

Note 2: Indirect Cost Rate

The City of Brenham has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Notes A-D: Net Other Transactions

A - Net Other Transactions includes a \$16,749 overpayment of federal funds which required recoupment of funds to FEMA.

B – On September 3, 2020, the City requested this project be withdrawn from FEMA funding consideration. Once this request was approved, the City was required to repay the \$34,815 of previously received federal funds. Net Other Transactions includes this recoupment of funds payment to FEMA.

C - Includes \$4,726 of expenditures incurred in prior years but not accrued as of September 30, 2020.

D - Includes \$187,231 of expenditures incurred in the prior year but not accrued as of September 30, 2020. At FYE 2020, a Cost Change requesting additional grant funding had been submitted to HMGP but not approved. Because the additional grant funding was unknown, an accrual was not made. In July 2021, the City was notified of approval of the Cost Change and the grant funds were received by the City in September 2021.

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