



City of Brenham, Texas  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
September 30, 2008

Prepared by:  
The Finance Department



**CITY OF BRENHAM, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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February 3, 2009

To the Honorable Mayor, Members of the Governing Council, and Citizens of the City of Brenham:

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. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Brenham for the fiscal year ended September 30, 2008.

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 & Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Brenham for the fiscal year ended September 30, 2008 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 unqualified opinion that the City of Brenham's financial statements for the fiscal year ended September 30, 2008, 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 require that management 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 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.

### **Profile of the Government**

The City of Brenham, incorporated in 1858, is located in 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 14,161. The City of Brenham is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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 council consisting of the Mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, 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 three-year terms. Four of the council members are elected by ward. The Mayor and the two remaining council members are elected at large.

The City of Brenham provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. In addition, Sanitation, Gas, Water, Sewer, and Electric operations are provided by the City of Brenham. The City is financially accountable for a legally separate entity, 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 Note I.A.1. in the notes to the financial statements.

The annual budget serves as the foundation for the City of Brenham's financial planning and control. All agencies of the City of Brenham are required to submit requests for appropriation to the government's manager on or before the 15<sup>th</sup> of July each year. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the council for review prior to August 30. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Brenham's fiscal year. 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 or the Assistant 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 26 as part of the basic financial statements for the governmental funds.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Brenham operates.

**Local economy.** The City of Brenham currently enjoys a stable economic environment and local indicators point to continued stability. The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions located within the city's boundaries include an ice cream manufacturer, a steel lighting standards manufacturer, a national brand mattress manufacturer, a globally distributed salad dressing manufacturer and two technology related industries – a manufacturer of computer component parts and a manufacturer of electronic components. Also located within the City are a nationally known retail super center and two nationally known home improvement retail stores. Other top employers include the regional home office of a state-wide insurance provider and Trinity Medical Center, a regional health care facility. The state also has a major economic presence in the area thanks to Blinn College, the oldest junior college in the state, and to a major mental health facility, which together provide employment for nearly 1,800 educators, health care professionals and staff.

The City's downtown area continues to thrive under the Main Street program, with new businesses, restaurants, and specialty shops operating successfully.

The Economic Development Foundation (EDF) works closely with the City to promote growth within the existing business community and to market Brenham's competitive advantage as a location for new businesses.

Another factor contributing to Brenham's economic success includes a tax abatement policy and establishment of Enterprise Zones to encourage employment and provide incentives for business



development and expansion. The collection of a three-eighth cent sales tax allocated for economic development and recreation use has allowed the City to create a business park and recreational facilities, providing for new development opportunities.

Brenham is economically feasible for business and residential sites due to the low utility and property tax rates. The City owns all of the utilities – electric, gas, water and sewer – as well as a full range of sanitation services. Through the City's ownership, overhead is shared, allowing a lower rate structure to insure cost recovery.

**Cash management policies and practices.** With the recent uncertainty in the financial markets, cash temporarily idle during the year was invested Texpool and TexSTAR investment pools, and other interest bearing accounts. The maturities of the investments range from overnight investments to less than 60 days.

**Risk management.** The City has primary coverage under its auto, liability, public official liability, and comprehensive general liability policy that is sufficient to cover any municipal function. All municipal functions are covered under the general liability limits for losses of \$5 million per occurrence and \$10 million aggregate occurrence.

The City insures general property damage with a \$2,500 deductible, and has liability coverage of \$2,500 for each type of coverage whether general, law enforcement or public officials. The City-owned vehicles, including fire apparatus, have a \$500 physical damage deductible. Beginning in FY07 and continuing in FY08 the city purchased a zero deductible plan for workers' compensation coverage and also purchased certain stop-loss insurance to limit exposure to group health insurance claims. The Risk Management Internal Service Fund, which accounts for these self-insured programs, had ending total net assets of \$387,627 and a change in net assets of \$9,997 for the year. Revenues, which include payments into the fund by the City and by employees for dependent medical coverage, totaled \$1,755,800. Expenditures for premiums and claims totaled \$1,762,074. In recent years, due to favorable claims history, the City has received equity refunds of premiums for liability and property coverage. Additional information on the City of Brenham's risk management activity can be found in Note IV.A of the notes to the financial statements.

#### **Pension and other post-employment benefits**

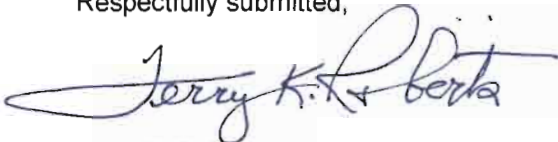
The City of Brenham provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS). The City also provides post-retirement health care for certain retirees. The retiree pays the entire premium for group health coverage and claims are paid through the self-insured medical fund.

Additional information on the City of Brenham's pension arrangements and post-employment benefits can be found in Notes I.D and IV.C in the notes to the financial statements.

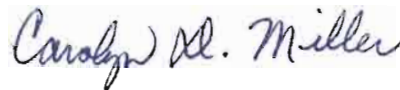
#### **Acknowledgements**

The preparation of this report would not have been possible without the dedicated and efficient staff of the Finance Department, and they are to be commended for their exemplary performance. Credit must also be given to the Mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Brenham's finances.

Respectfully submitted,



Terry K. Roberts  
City Manager

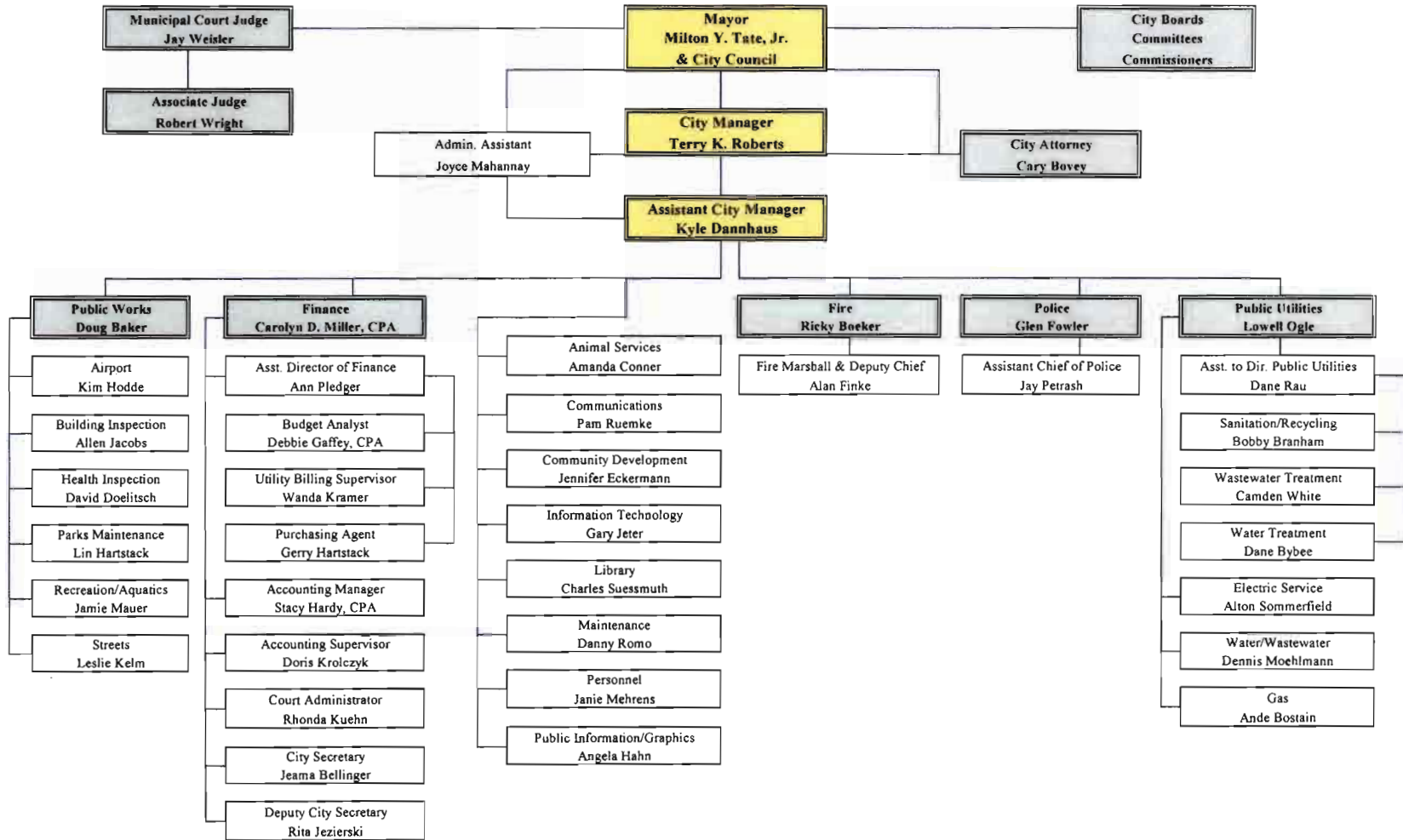


Carolyn D. Miller, CPA  
Director of Finance

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## CITY OF BRENHAM - ORGANIZATIONAL CHART



**CITY OF BRENHAM, TEXAS  
PRINCIPAL OFFICERS  
SEPTEMBER 30, 2008**

**MAYOR**

Milton Y. Tate, Jr.

**MAYOR PRO-TEM**

Gloria Nix

**CITY COUNCIL**

Andrew Ebel  
Danny Goss  
Keith Herring  
Charlie Pyle  
Weldon C. Williams, Jr.

**CITY MANAGER**

Terry K. Roberts

**ASSISTANT CITY MANAGER**

Kyle D. Dannhaus

**DIRECTOR OF FINANCE**

Carolyn D. Miller, CPA

**ASSISTANT DIRECTOR OF FINANCE**

Ann Pledger

**ACCOUNTING MANAGER**

Stacy Hardy, CPA



**SEIDEL, SCHROEDER & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

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

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

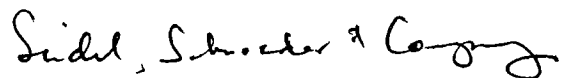
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 9 through 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, statistical tables and supplementary information 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 introductory section, statistical data and supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



February 3, 2009  
Brenham, Texas

## Management's Discussion and Analysis

As management of the City of Brenham, we offer readers of the City of Brenham's financial statements this narrative overview and analysis of the financial activities of the City of Brenham for the fiscal year ended September 30, 2008. 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 1-4 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### Financial Highlights (*Amounts Expressed in Thousands*)

- The assets of the City of Brenham exceeded its liabilities at the close of the most recent fiscal year by \$76,379 (net assets). Of this amount, \$12,965 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,245.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$12,020 an increase of \$12 in comparison with the prior year. Approximately \$11,602 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,688 or 25.6 percent of total general fund expenditures.
- The City of Brenham's total bonded debt decreased by \$2,041 (5 percent) during the current fiscal year.

### Overview of the Financial Statements

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

#### Government-wide financial statements.

The *government-wide financial statements* 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 assets* presents information on all of the City of Brenham's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 government-wide financial statements 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 water, sewer, sanitation, gas and electric distribution operations.

The government-wide financial statements 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 government-wide financial statements can be found on pages 19-21 of this report.



## **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 three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental funds.**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of 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 government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 21 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, debt service fund, and the 2006 capital projects fund, all of which are considered to be major funds. Individual fund balance sheets and statements of revenues, expenditures, and changes in fund balance for the other 18 governmental funds are presented in the supplementary information section.

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.

The basic governmental fund financial statements can be found on pages 22-26 of this report.

### **Proprietary funds.**

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 government-wide financial statements. The City of Brenham uses enterprise funds to account for its water, sewer, 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 an internal service fund to account for its risk management services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, sanitation, gas, and electric distribution operations, which are considered to be major funds of the City of Brenham. The internal service fund is reported in a separate column in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 27-31 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Brenham's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 32-33 of this report.



**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-56 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the City of Brenham's operations. The combining statements referred to earlier in connection with nonmajor governmental funds are presented in this section. Combining and individual fund statements can be found on pages 57-78 of this report. Information relating to federal and state grant awards begins on page 79 of this report. The *statistical section* can be found on pages 100-121 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the primary government of the City of Brenham, assets exceeded liabilities by \$76,379 at the close of the most recent fiscal year.

By far the largest portion of the City of Brenham's net assets (81 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Brenham uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Brenham's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	City of Brenham's Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 13,923	\$ 13,919	\$ 14,231	\$ 14,083	\$ 28,154	\$ 28,002
Capital assets	47,627	46,771	46,755	46,547	94,382	93,318
Total assets	61,550	60,690	60,986	60,630	122,536	121,320
Long-term debt outstanding	19,767	21,006	17,684	18,903	37,451	39,909
Other liabilities	2,468	2,373	6,239	5,904	8,707	8,277
Total liabilities	22,235	23,379	23,923	24,807	46,158	48,186
Net assets:						
Invested in capital assets, net of related debt	33,408	32,212	28,297	27,083	61,705	59,295
Restricted	470	334	1	539	471	873
Unrestricted	5,437	4,764	8,766	8,201	14,203	12,965
Total net assets	<u>\$ 39,315</u>	<u>\$ 37,310</u>	<u>\$ 37,064</u>	<u>\$ 35,823</u>	<u>\$ 76,379</u>	<u>\$ 73,133</u>

An additional portion of the City of Brenham's net assets (1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$12,965 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 assets for the government as a whole. The same situation held true for the prior fiscal year.

The government's total net assets increased by \$3,245 during the current fiscal year. This increase represents the degree by which the revenue stream exceeded the ongoing expenditures.

City of Brenham's Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 1,010	\$ 787	\$ 43,171	\$ 38,345	\$ 44,181	\$ 39,132
Operating grants and contributions	678	915	5	-	683	915
Capital grants and contributions	1,416	1,082	240	-	1,656	1,082
General revenues:						
Property taxes	4,548	4,152	-	-	4,548	4,152
Sales taxes	3,697	3,524	-	-	3,697	3,524
Other taxes	3,512	3,524	-	-	3,512	3,524
Other	1,634	1,422	476	591	2,110	2,013
Total revenues	<u>16,495</u>	<u>15,406</u>	<u>43,892</u>	<u>38,936</u>	<u>60,387</u>	<u>54,342</u>
Expenses:						
General government	2,002	1,888	-	-	2,002	1,888
Public safety	5,236	5,028	-	-	5,236	5,028
Highway/streets	2,302	2,279	-	-	2,302	2,279
Interest on Long Term Debt	952	991	-	-	952	991
Culture and recreation	3,608	3,264	-	-	3,608	3,264
Health and welfare	545	580	-	-	545	580
Water	-	-	3,405	3,164	3,405	3,164
Sewer	-	-	3,804	3,560	3,804	3,560
Electric	-	-	26,691	23,341	26,691	23,341
Gas	-	-	5,976	5,647	5,976	5,647
Sanitation	-	-	2,621	2,331	2,621	2,331
Total Expenses	<u>14,645</u>	<u>14,030</u>	<u>42,497</u>	<u>38,043</u>	<u>57,142</u>	<u>52,073</u>
Increase in net assets before transfers	1,850	1,376	1,395	893	3,245	2,269
Transfers	154	96	(154)	(96)	-	-
Increase in net assets	<u>2,004</u>	<u>1,472</u>	<u>1,241</u>	<u>797</u>	<u>3,245</u>	<u>2,269</u>
Net assets - beginning	37,311	17,795	35,823	34,913	73,134	52,708
Restatement of net assets	-	18,043	-	113	-	18,156
Net assets - restated	<u>37,311</u>	<u>35,838</u>	<u>35,823</u>	<u>35,026</u>	<u>73,134</u>	<u>70,864</u>
Net assets - ending	<u>\$39,315</u>	<u>\$ 37,311</u>	<u>\$ 37,064</u>	<u>\$ 35,823</u>	<u>\$ 76,379</u>	<u>\$ 73,134</u>

**Governmental activities.** Governmental activities increased the City of Brenham's net assets by \$2,004. Key elements of this increase are as explained below.

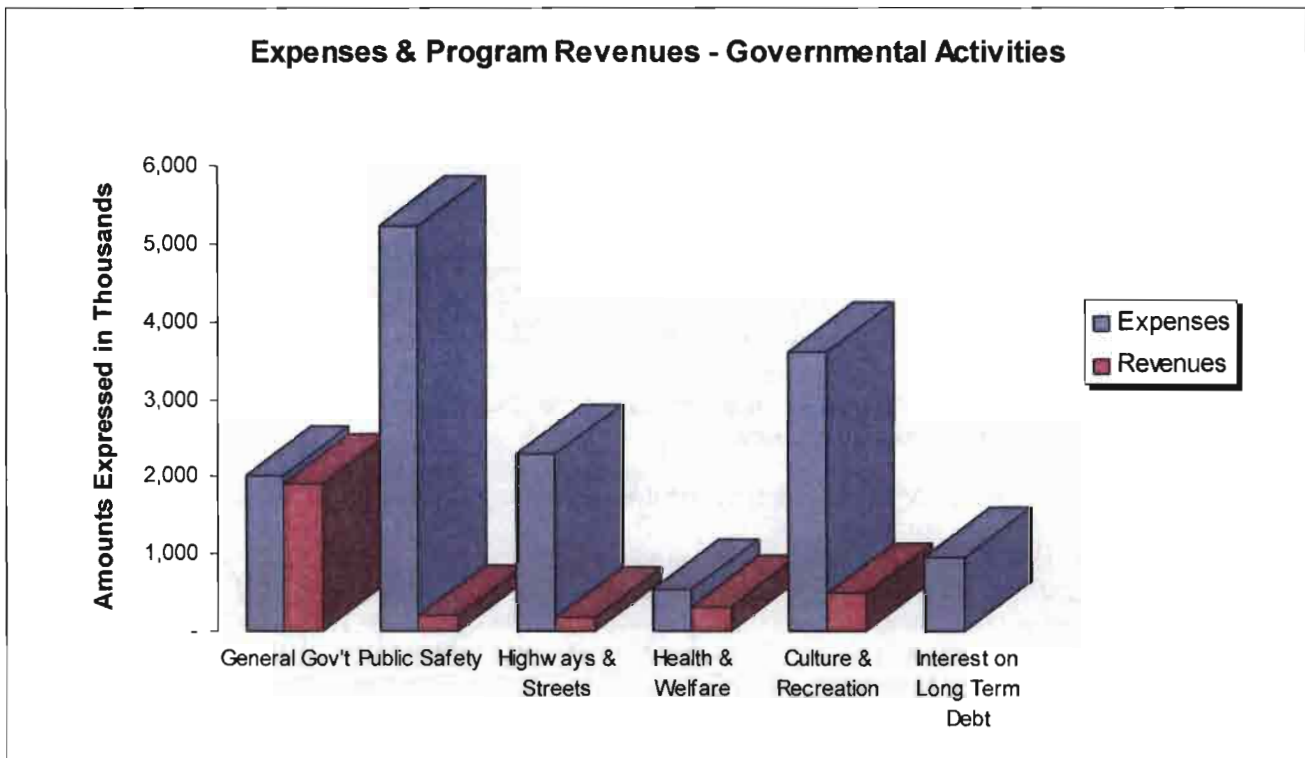
Overall, revenues increased \$1,089 (7 percent) during the year. This increase is attributable to several factors.

- The \$223 (28 percent) increase in charges for services from the prior year is mainly attributable to a \$161 increase in Municipal Court fees and fines and \$20 from airport revenues related to the new hangar. Smaller increases occurred in the following programs: a \$9 increase in library fines and fees, an increase of \$7 for animal shelter/adoption fees, and \$4 from higher aquatic center usage. Also, airport revenues of \$18 were reported as charges for services in FY08 as opposed to miscellaneous revenue in FY07.
- Operating grants and contributions decreased by \$237 (26 percent) from the prior year. In FY07, the city received public safety grants totaling \$315 for police department technology and assistance to fire fighters, which is offset by these two items: a \$23 increase in the Washington County library operating subsidy and \$53 from FEMA for reimbursement of hurricane related expenditures.
- Capital grants and contributions increased by \$334 (31 percent) during the year which is primarily due to library capital donations of \$122, two FAA Airport Development Grants for \$113, with the balance related to donations for improvements to Fireman's Park.

- Even though the city maintained the same combined tax rate of \$.5063 per \$100 valuation, property taxes increased by \$396 (9.5 percent) during the year. This was the result of an \$83 million increase in property tax valuations which is comprised of the following: \$8 million in new valuations from the 2006 annexation, \$29 million in new property/improvements and property re-appraisals added \$46 million.
- Sales tax revenue increased by \$173 (5 percent) during the year. This increase is mainly attributable to steady economic growth in the city in general.
- Other revenues increased by \$212 (15 percent) during the year which is mainly related to \$145 from the component unit for improvements to Fireman's Park and insurance proceeds of \$93 which are offset by a \$18 decrease related to airport revenues which are now reported as charges for services.

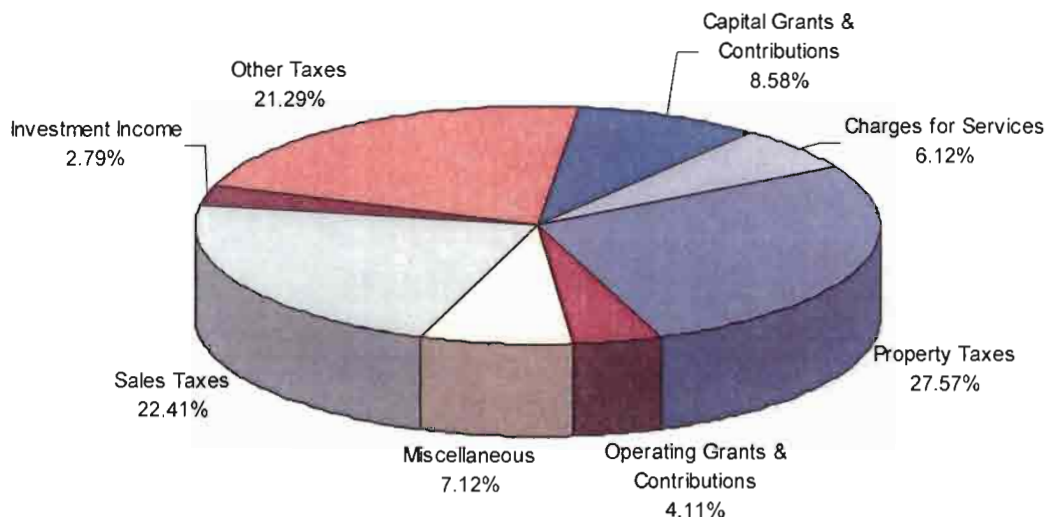
Overall, expenses increased \$614 (4 percent) during the year. This increase is attributable to several factors.

- General government expenses increased by \$114 which is primarily due to expenditures for downtown street lights and tax appraisal district costs which were previously included in the indirect cost allocation but are now being charged as direct expenditures.
- Public safety expenses increased \$207 over the prior year due to several factors: motor fuel - \$48, public safety software and hardware - \$34, electrical service - \$18, service contracts - \$78.
- The increase in expenses for highways and streets of \$23 is mainly attributable to the increase in motor fuel costs.
- Culture and recreation expenses increased \$344 which can be attributed to Main Street program expenses of \$130 which were previously included in the indirect cost allocation but are now being charged as direct expenditures, increased electrical costs of \$54, increased expenditures for library circulation items of \$30 which were historically purchased by a separate non-profit group but are now being purchased by the City, increased Hotel Occupancy Tax expenses of \$50 and increased program expenses at the Aquatic Center.
- The \$39 decrease in interest on long term debt is due to a decline in interest expense for the series 1998, 2001 and 2002 certificates of obligation.
- Health and welfare expenses decreased by \$35 which is partly attributable to reduced federal expenditures for the Section 8 housing assistance voucher program offset by higher expenses for animal adoption, shelter and control.





### Revenues by Source - Governmental Activities



**Business-type activities.** Business-type activities increased the City of Brenham's net assets by \$1,241. Key elements of this increase are as follows:

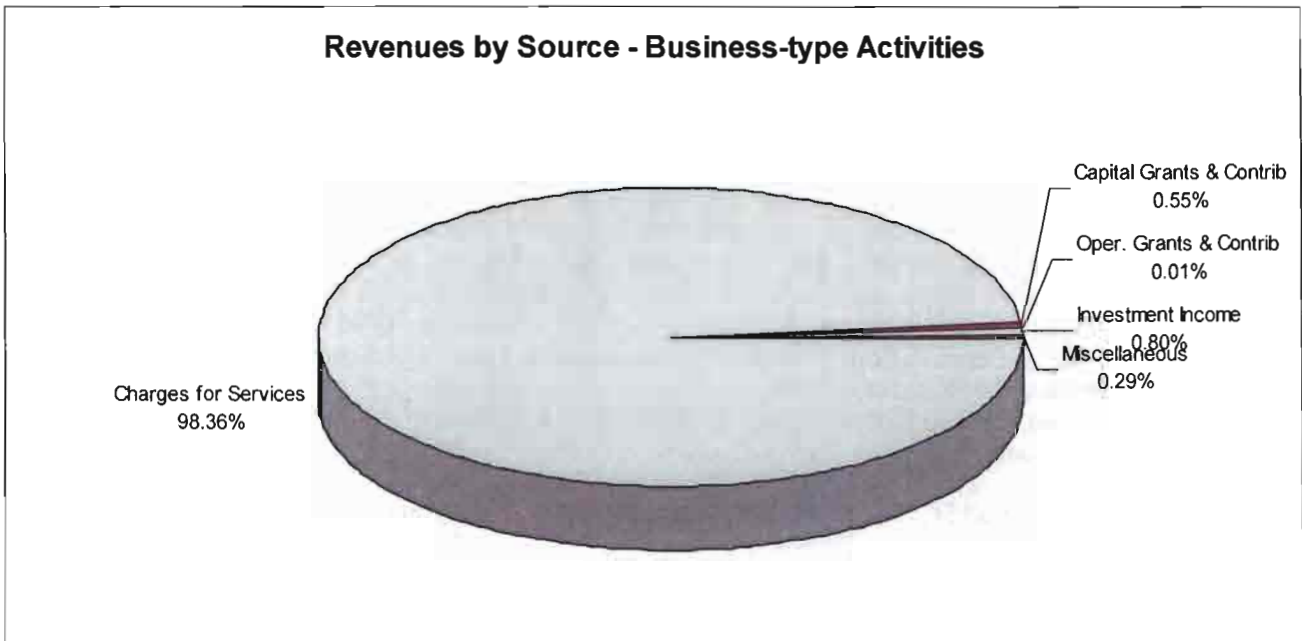
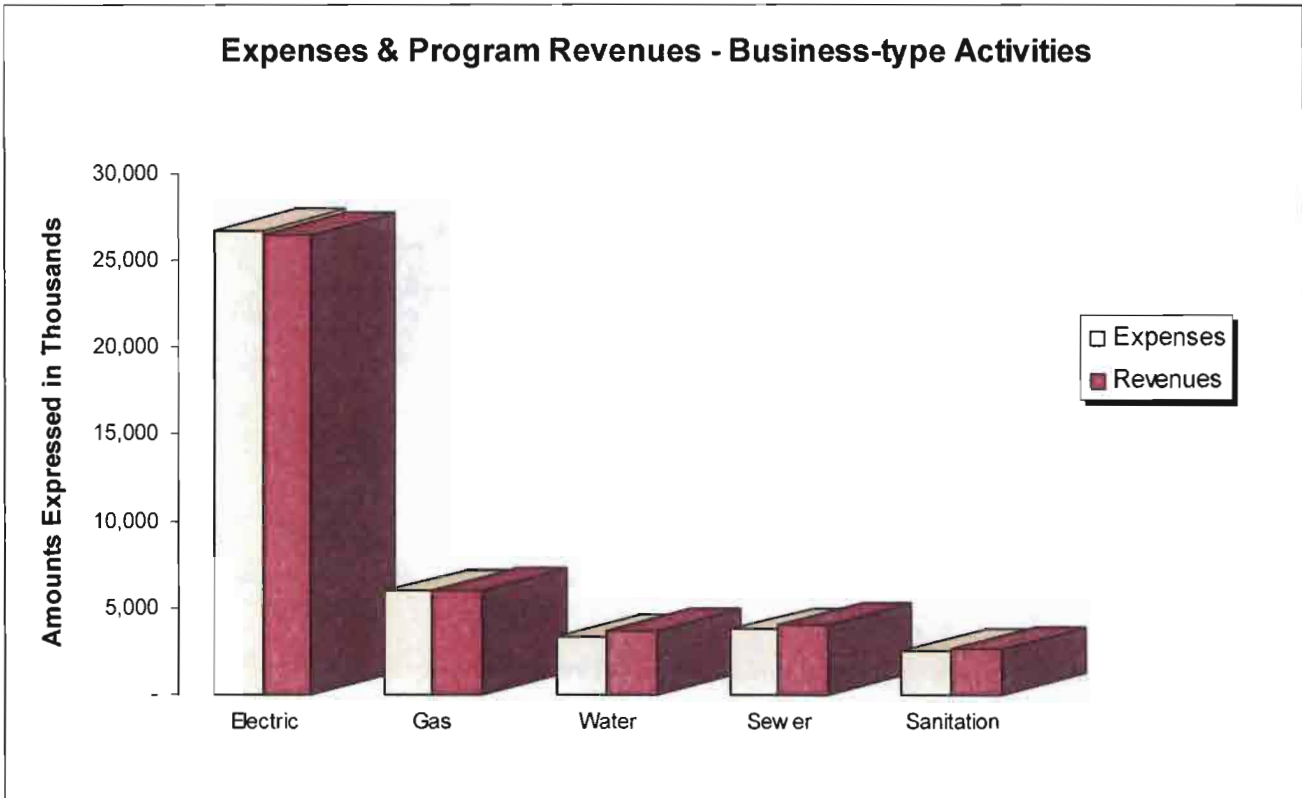
Overall, revenues increased \$4,956 (13 percent) during the year. This increase is attributable to several factors.

- The charges for services in the Electric and Gas funds increased \$3,356 and \$421 respectively as a direct result of an increase in electric and gas source costs which are passed on to utility customers. The average cost per KWH increased from \$.056 in FY07 to \$.069 in FY08. Correspondingly the City's average natural gas cost per MCF increased from \$6.49 in FY07 to \$8.38 in FY08.
- The charges for services in the Water fund increased by \$464 or 14 percent during the year. As compared to the prior year, water sales were ahead by 83,469,300 gallons or 10.44 percent.
- Charges for services in the Sewer fund were higher by \$322 during the year. In FY08, the average number of customers increased by 125 due to new subdivision construction. Sales volumes in all customer rate classes were higher and the industrial surcharge increased by \$110 from the prior year. Also, the volume of sewage accepted from waste haulers increased resulting in additional revenue of \$48.
- The Sanitation fund charges for services were higher by \$263 which is divided among the four operational areas: Transfer Station - higher by \$136 due to a new roll-off container customer and higher tonnage from the previous year; Collection Station - \$63 resulting from increased volumes from building contractors and city residents; Recycling Center - \$10 due to increased prices on cardboard and aluminum cans; and Residential Collection - higher due to an increase in customers from subdivision growth.
- A decline in interest income accounts for the decrease in other revenues of \$115 during the year.
- Operating grants and contributions increased by \$5 resulting from a contribution from Washington County for improvements at the Recycling Center.
- Capital grants and contributions increased by \$240 due to water and sewer infrastructure improvements donated by developers.

Overall, expenses increased \$4,454 (12 percent) during the year. This increase is attributable to several factors.

- The increase in cost per KWH for electric source costs and the cost increase per MCF for natural gas source costs, account for increased expenses of \$3,350 and \$329, respectively, for these funds.
- The Water fund expenses increased \$241 which is due to an increase in chemicals of \$125, electricity of \$57 and an increase of purchased water of \$30.
- Expenses increased by \$244 for the Sewer fund which can be attributed to an increase of \$70 for electricity, \$44 for non-capital improvements to the plant, \$38 for audits and consultants fees, \$58 for sewer line maintenance, and \$16 for laboratory testing fees.

- With four operational areas, the Sanitation fund expenses increased by \$290 with the following specific increases: motor fuel costs - \$74, landfill and disposal costs - \$87, surveying expenses - \$11, debt service interest payments - \$11, new fence at Recycling Center - \$12, audits and consultants - \$37 and commercial collection contract price increase - \$55.



## 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, *unreserved 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 \$12,020 an increase of \$12 in comparison with the prior year.

The General Fund is the chief operating fund of the City of Brenham. At the end of the current fiscal year, fund balance of the general fund was \$2,688. This represents 25.6 percent of total General Fund expenditures.

The fund balance of the City of Brenham's General Fund increased by \$436 during the current fiscal year. A few of the significant increase in revenues were as follows: property taxes were ahead of budget by \$96, sales taxes were greater than budget by \$191, and Municipal Court revenues were up over \$144. Overall departmental expenditures and indirect cost allocations were around 5% below budgeted levels.

The fund balance of the 2006 Capital Projects fund decreased by \$193, however the fund balance of \$7,586 is reserved for the capital construction of the new police facility.

The Debt Service fund has a total fund balance of \$418, all of which is reserved for the payment of debt. The net increase in fund balance during the current year in the debt service fund was \$84.

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

Unrestricted net assets of the electric fund at the end of the year amounted to \$5,285; those of the gas fund were \$904; the water fund \$878; the sewer fund \$1,034 and the sanitation fund \$311. 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 original revenue budget was \$10,705 and the final amended budget was \$10,734, an increase of \$29. When the airport hangar project was completed, the budget was amended to include \$20 of hangar rental income. Library donations and grant funds that were historically received by a separate non-profit group are now being received by the City and the budget was amended by \$9 to reflect this change. Also the city received \$82 in insurance proceeds related to two building roofs and the budget was amended to reflect this revenue (see other financing sources).

The original expenditure budget was \$10,663 and the final amended budget was \$10,695, an increase of \$32. This amount is the combined effect of an expenditure increase of \$87 related to roof improvements which were covered by insurance, additional library expenditures of \$9, and a \$64 decrease in the contingency budget which was re-allocated for the transfers out to the parks special revenue fund.

The original budget for transfers out increased by \$705 due to a budget amendment approved by Council with the following components: \$150 to continue funding for Hwy 290 Pass-through financing project, \$400 for renovation of Central Fire Station/Emergency Operation Center, \$146 for completion of capital projects at Fireman's Park with the remaining amount being transferred to a special revenue fund.

Year end actual revenues were favorable compared to budget due to higher tax revenues while year end actual expenditures were under budget due to cost savings achieved through vacant budgeted positions, supplies, services and capital outlays.



## 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, 2008 amounts to \$94,382 (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 one percent.

Major capital asset events during the current fiscal year included the following:

- Governmental construction-in-progress included \$196 for airport runway improvements, parks improvements totaling \$3, construction costs of \$494 for a new police facility, design services of \$20 for renovations to the Central Fire Station/Emergency Operations Center, and design services of \$20 for a new fire substation.
- Business-type construction-in-progress included \$674 for the following electric projects: relay/recloser projects totaling \$109, south substation feeder for \$379, medical facility loop feed of \$74 and various residential development projects in the amount of \$112. The design and engineering services for the water system infrastructure improvements amount to \$265 and \$32 relates to various sewer line additions and improvements.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 2,194	\$ 2,105	\$ 1,367	\$ 1,367	\$ 3,561	\$ 3,472
Buildings	17,084	16,020	573	573	17,657	16,593
Improvements other than buildings	10,927	10,757	29,232	28,856	40,159	39,613
Furniture, fixtures, and equipment	1,660	1,640	1,112	1,093	2,772	2,733
Vehicles	6,015	5,903	3,169	2,707	9,184	8,610
Infrastructure	39,819	37,937	42,357	41,763	82,176	79,700
Construction in progress	733	1,075	971	204	1,704	1,279
Impairment	(677)	(677)	0	0	(677)	(677)
Accumulated depreciation	(30,128)	(27,990)	(32,026)	(30,016)	(62,154)	(58,006)
<b>Total</b>	<b>\$ 47,627</b>	<b>\$ 46,770</b>	<b>\$ 46,755</b>	<b>\$ 46,547</b>	<b>\$ 94,382</b>	<b>\$ 93,317</b>

Additional information on the City of Brenham's capital assets can be found in note III.E on pages 44-45 of this report.

**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 \$38,972. Of this amount, \$20,373 is tax-supported debt backed by the full faith and credit of the government and sales tax revenues of the BCDC (Component Unit). The remaining \$18,599 is self-supported debt that is to be repaid from system revenues.

City of Brenham's Outstanding Debt  
General Obligation Bonds and Certificates of Obligation

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 1,505	\$ 1,512	\$ 6,715	\$ 7,133	\$ 8,220	\$ 8,645
Certificates of Obligation	18,900	19,848	12,125	12,826	31,025	32,674
Unamortized						
Credits/Charges	(32)	(33)	(241)	(272)	(273)	(305)
Total	<u>\$ 20,373</u>	<u>\$ 21,327</u>	<u>\$ 18,599</u>	<u>\$ 19,687</u>	<u>\$ 38,972</u>	<u>\$ 41,014</u>

The City of Brenham's total bonded debt decreased by \$2,042 (5 percent) during the current fiscal year.

The City of Brenham bond rating from Standard & Poor's was upgraded from "A-" to "A+" during the fiscal year. The two-notch upgrade was due primarily to the City's steady financial performance in the past four years and very strong General Fund fund balance reserves at fiscal 2007 year-end. The Fitch bond rating remained at an "A" rating level.

In December 2008, the City received notification from Standard and Poor's that the municipal bond rating was being upgraded to "AA-" from "A+". This action was due to the City's strong financial position and good management practices.

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5 percent 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 is \$.5063 for the year ended September 30, 2008 which 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 48-52 of this report.

### Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Washington County in September 2008 was 4.3 percent, which is higher than the rate of 3.9 percent one year ago. However, the current rate compares favorably to the state's average unemployment rate of 5.2 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Brenham's budget for the 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$2,688. The City of Brenham's adopted budget for fiscal year 2009 is at a break-even level, so that general fund expenditures do not utilize any fund balance. While the overall tax rate was reduced from \$0.5063 in FY08 to \$0.5042 in FY09, the M&O rate portion increased from \$0.3245 to \$0.3420.

No rate increases were necessary in the fiscal year 2009 operating budgets for the enterprise funds. We anticipated implementing a water rate increase in the first quarter of FY09 to finance debt service on an upcoming debt issuance for water system improvements.

### Requests for Information

This financial report is designed to provide a general overview of the City of Brenham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 1059, Brenham, Texas, 77834.



**City of Brenham**  
**Statement of Net Assets**  
For the Year Ended September 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and Equivalents	\$ 2,905,215	\$ 6,915,925	\$ 9,821,140	\$ 673,394
Receivables - Property Tax (net)	150,293	-	150,293	-
Receivables - Sales Tax	667,036	-	667,036	222,345
Receivables - Occupancy Taxes	64,877	-	64,877	-
Receivables - Account (net)	357,310	4,161,346	4,518,656	-
Internal Balances	176,119	(176,119)	-	-
Due from Component Unit	5,061	-	5,061	-
Due from Other Governments	385,114	12,344	397,458	-
Inventory at Cost	94,226	598,463	692,689	-
Notes Receivable, Current	9,500	44,249	53,749	-
Other Current Assets	59,643	65,277	124,920	-
Restricted Cash	8,814,087	1,616,607	10,430,694	-
Restricted Investments	4,595	214,626	219,221	-
Capital Assets, Not Being Depreciated	2,926,909	2,337,950	5,264,859	783,054
Other Capital Assets, Net	44,700,439	44,417,040	89,117,479	-
Notes Receivable, Long Term	-	515,339	515,339	-
Unamortized Bond Issuance Costs, Net	229,360	263,513	492,873	-
Total assets	<u>61,549,784</u>	<u>60,986,560</u>	<u>122,536,344</u>	<u>1,678,793</u>
<b>LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	728,472	3,033,789	3,762,261	572
Due to Primary Government	-	-	-	5,061
Other Liabilities	-	3,403	3,403	-
Accrued Interest	115,928	106,482	222,410	-
Self Insurance Claims Payable	100,668	-	100,668	-
Bonds Payable, Current	988,806	-	988,806	-
Lease Payable, Current	253,024	84,986	338,010	-
Revenue Bonds Payable, Current	-	1,166,195	1,166,195	-
Notes Payable, Current - Component Unit	-	-	-	44,249
Consumer Deposits	-	1,506,954	1,506,954	-
Compensated Absences, Long Term	193,414	196,443	389,857	-
Rebatable Arbitrage, Long Term	87,892	-	87,892	-
Post Closure Liability	-	140,000	140,000	-
Long Term Debt, Net	19,766,646	17,684,417	37,451,063	515,338
Total liabilities	<u>22,234,850</u>	<u>23,922,669</u>	<u>46,157,519</u>	<u>565,220</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	33,407,787	28,296,722	61,704,509	223,467
Restricted for Debt Service	470,187	809	470,996	-
Restricted for Economic Development	-	-	-	635,267
Restricted for Recreation	-	-	-	254,839
Unrestricted	5,436,960	8,766,360	14,203,320	-
Total net assets	<u>\$ 39,314,934</u>	<u>\$ 37,063,891</u>	<u>\$ 76,378,825</u>	<u>\$ 1,113,573</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, 2008**

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Indirect Expenses Allocation	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	\$ 5,888,157	\$ (3,886,615)	\$ 652,831	\$ 86,910	\$ 1,172,492	\$ (89,309)	\$ -	\$ (89,309)	\$ -
Public Safety	5,235,849	-	6,138	193,790	-	(5,035,921)	-	(5,035,921)	-
Highways and Streets	2,302,230	-	38,284	30,996	113,107	(2,119,843)	-	(2,119,843)	-
Health and Welfare	545,485	-	37,566	279,639	-	(228,280)	-	(228,280)	-
Culture and Recreation	3,607,684	-	275,555	87,150	130,146	(3,114,833)	-	(3,114,833)	-
Interest on Long Term Debt	952,463	-	-	-	-	(952,463)	-	(952,463)	-
<b>Total governmental activities</b>	<b>18,531,868</b>	<b>(3,886,615)</b>	<b>1,010,374</b>	<b>678,485</b>	<b>1,415,745</b>	<b>(11,540,649)</b>	<b>-</b>	<b>(11,540,649)</b>	<b>-</b>
Business-type activities:									
Electric	24,490,549	2,199,775	26,539,793	-	-	-	(150,530)	(150,530)	-
Gas	5,441,022	534,901	6,061,128	-	-	-	85,205	85,205	-
Sanitation	2,426,518	195,020	2,731,314	5,000	-	-	114,776	114,776	-
Sewer	3,362,031	441,728	4,119,867	-	117,442	-	433,550	433,550	-
Water	2,889,882	515,191	3,719,257	-	123,039	-	437,223	437,223	-
<b>Total business-type activities</b>	<b>38,610,002</b>	<b>3,886,615</b>	<b>43,171,359</b>	<b>5,000</b>	<b>240,481</b>	<b>-</b>	<b>920,224</b>	<b>920,224</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 57,141,870</b>	<b>\$ -</b>	<b>\$ 44,181,733</b>	<b>\$ 683,485</b>	<b>\$ 1,656,226</b>	<b>(11,540,649)</b>	<b>920,224</b>	<b>(10,620,425)</b>	<b>-</b>
Component units:									
Brenham Community Devel Corp	\$ 191,425	-	-	-	-	-	-	-	(191,425)
<b>Total component units</b>	<b>\$ 191,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(191,425)</b>
General revenues:									
Property Taxes						4,547,830	-	4,547,830	-
Sales Taxes						3,696,762	-	3,696,762	1,232,254
Other Taxes						3,511,940	-	3,511,940	-
Investment Income not Restricted						460,201	348,525	808,726	24,727
Miscellaneous						208,690	126,353	335,043	30,000
Gain on Sale of Capital Assets						37,643	-	37,643	-
Payments from Component Unit						927,717	-	927,717	(927,717)
Transfers						154,171	(154,171)	-	-
<b>Total general revenues</b>						<b>13,544,954</b>	<b>320,707</b>	<b>13,865,661</b>	<b>359,264</b>
Change in net assets						2,004,305	1,240,931	3,245,236	167,839
<b>Net assets - beginning</b>						<b>37,310,629</b>	<b>35,822,960</b>	<b>73,133,589</b>	<b>945,734</b>
<b>Net assets - ending</b>						<b>\$ 39,314,934</b>	<b>\$ 37,063,891</b>	<b>\$ 76,378,825</b>	<b>\$ 1,113,573</b>

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



City of Brenham  
Balance Sheet  
Governmental Funds  
For the Year Ended September 30, 2008

	General Fund	Debt Service Fund	2006 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Equivalents	\$ 2,460,422	\$ 4,397	\$ -	\$ 357,985	\$ 2,822,804
Receivables (Net)					
Property Taxes	98,440	51,852	-	-	150,292
Sales Tax	667,036	-	-	-	667,036
Occupancy Tax	-	-	-	64,877	64,877
Accounts	342,766	-	-	-	342,766
Interfund Receivables	-	-	-	614,259	614,259
Due from Component Unit	-	-	-	5,061	5,061
Due from Other Governments	223,978	1,556	-	159,580	385,114
Inventory at Cost	94,226	-	-	-	94,226
Other Current Assets	7,411	-	-	25,370	32,781
Restricted Cash	-	412,382	7,738,915	298,314	8,449,611
Restricted Investments	-	-	-	4,595	4,595
Notes Receivable	9,500	-	-	-	9,500
<b>Total Assets</b>	<u>\$ 3,903,779</u>	<u>\$ 470,187</u>	<u>\$ 7,738,915</u>	<u>\$ 1,530,041</u>	<u>\$ 13,642,922</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts Payable & Other Current	\$ 620,582	\$ -	\$ 65,374	\$ 42,350	\$ 728,306
Interfund Payables	132,389	-	-	158,300	290,689
Deferred Revenue	462,987	51,852	-	576	515,415
Other Liabilities	167	-	-	-	167
Rebatable Arbitrage, Long Term	-	-	87,892	-	87,892
<b>Total Liabilities</b>	<u>1,216,125</u>	<u>51,852</u>	<u>153,266</u>	<u>201,226</u>	<u>1,622,469</u>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Debt Service	-	418,335	-	-	418,335
<b>Unreserved, reported in:</b>					
Capital Projects	-	-	7,585,649	202,316	7,787,965
General Fund	2,687,654	-	-	-	2,687,654
Special Revenue Funds	-	-	-	1,126,499	1,126,499
<b>Total Fund Balances</b>	<u>2,687,654</u>	<u>418,335</u>	<u>7,585,649</u>	<u>1,328,815</u>	<u>12,020,453</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,903,779</u>	<u>\$ 470,187</u>	<u>\$ 7,738,915</u>	<u>\$ 1,530,041</u>	

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 Assets  
 For the Year Ended September 30, 2008

Total fund balances - total governmental funds \$ 12,020,453

Amounts reported for governmental activities in the statement of net assets 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. 47,627,348

Gross capital assets	78,432,510
Accumulated depreciation	(30,127,764)
Impairment Loss	(677,398)
	47,627,348

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (21,088,459)

Bonds payable	20,404,561
Less: Unamortized bond issue costs	(229,360)
Less: Issuance discount	(5,310)
Add: Issuance premium	38,498
Less: Unamortized deferred charges	(64,723)
Accrued interest payable	115,928
Capital lease payable	635,451
Compensated absences	193,414
	21,088,459

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 assets. 240,177

Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 515,415

Net assets of governmental activities \$ 39,314,934

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, 2008

	General Fund	Debt Service Fund	2006 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 9,702,148	\$ 1,635,553	\$ -	\$ 432,687	\$ 11,770,388
Licenses and Permits	58,260	-	-	-	58,260
Intergovernmental	363,279	-	-	406,625	769,904
Charges for Services	404,342	-	-	54,036	458,378
Fines and Forfeitures	493,664	-	-	-	493,664
Investment Income	108,432	32,593	291,329	24,758	457,112
Payment from Component Unit	245,000	463,217	-	219,500	927,717
Contributions and Donations	-	-	-	176,900	176,900
Miscellaneous	130,318	-	-	21,574	151,892
<b>Total revenues</b>	<u>11,505,443</u>	<u>2,131,363</u>	<u>291,329</u>	<u>1,336,080</u>	<u>15,264,215</u>
<b>Expenditures</b>					
Current:					
Culture and Recreation	2,378,094	-	-	615,489	2,993,583
General Government	1,400,884	-	-	90,465	1,491,349
Health and Welfare	286,048	-	-	249,770	535,818
Highways and Streets	1,240,278	-	-	-	1,240,278
Public Safety	4,771,036	-	-	30,740	4,801,776
Debt service:					
Interest & Fiscal Charges	3,692	925,667	-	-	929,359
Principal Retirement	45,532	1,120,235	-	-	1,165,767
Issuance Costs	-	1,069	-	-	1,069
Capital Outlay	380,980	-	484,680	1,474,840	2,340,500
<b>Total expenditures</b>	<u>10,506,544</u>	<u>2,046,971</u>	<u>484,680</u>	<u>2,461,304</u>	<u>15,499,499</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>998,899</u>	<u>84,392</u>	<u>(193,351)</u>	<u>(1,125,224)</u>	<u>(235,284)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	117,824	-	-	918,495	1,036,319
Transfers Out	(773,653)	-	-	(108,495)	(882,148)
Insurance Proceeds	93,476	-	-	-	93,476
<b>Total other financing sources and (uses)</b>	<u>(562,353)</u>	<u>-</u>	<u>-</u>	<u>810,000</u>	<u>247,647</u>
<b>Net change in Fund Balances</b>	<u>436,546</u>	<u>84,392</u>	<u>(193,351)</u>	<u>(315,224)</u>	<u>12,363</u>
<b>Fund balances - beginning</b>	<u>2,251,108</u>	<u>333,943</u>	<u>7,779,000</u>	<u>1,644,039</u>	<u>12,008,090</u>
<b>Fund balances - ending</b>	<u>\$ 2,687,654</u>	<u>\$ 418,335</u>	<u>\$ 7,585,649</u>	<u>\$ 1,328,815</u>	

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, 2008

Net change in fund balances - total governmental funds \$ 12,363

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. 882,226

Capital outlay	2,340,501
Depreciation expense	(2,568,482)
Donation of capital asset	1,172,492
Proceeds from sale	(38,425)
Loss on disposal	(61,503)
Gain on disposal	37,843
	882,226

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (37,173)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net assets. Bond principal payments are expenditures in the governmental funds, but they reduce long term liabilities in the statement of net assets. 1,163,722

Repayments:	
To bond, certificate, and note holders	1,165,767
Amortization of bond premiums, discounts, & charges	(2,045)
	1,163,722

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. 1,734

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. 5,486

Some revenues reported in the governmental funds are not reported as revenue in the statement of activities. (2,327)

For government wide reporting, bond issue costs are deferred and amortized. (21,726)

Change in net assets of governmental activities \$ 2,004,305

City of Brenham  
General Fund  
Statement of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 9,391,647	\$ 9,391,647	\$ 9,702,148	\$ 310,501
Licenses and Permits	61,995	61,995	58,260	(3,735)
Intergovernmental	30,000	36,805	363,279	326,474
Charges for Services	359,860	379,860	404,342	24,482
Fines and Forfeitures	352,646	352,646	493,664	141,018
Investment Income	185,000	185,000	108,432	(76,568)
Payment from Component Unit	245,000	245,000	245,000	-
Contributions and Donations	55,000	55,000	-	(55,000)
Miscellaneous	23,940	25,825	130,318	104,493
<b>Total revenues</b>	<u>10,705,088</u>	<u>10,733,778</u>	<u>11,505,443</u>	<u>771,665</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	2,342,696	2,351,386	2,378,094	(26,708)
General Government	1,560,321	1,527,282	1,400,884	126,398
Health and Welfare	330,856	330,856	288,048	44,808
Highways and Streets	1,148,725	1,332,425	1,240,278	92,147
Public Safety	4,719,222	4,724,316	4,771,036	(46,720)
	<u>10,101,820</u>	<u>10,266,265</u>	<u>10,076,340</u>	<u>189,925</u>
Debt Service:				
Interest and Fiscal Charges	3,692	3,692	3,692	-
Principal	45,532	45,532	45,532	-
	<u>49,224</u>	<u>49,224</u>	<u>49,224</u>	<u>-</u>
Capital Outlay	511,664	379,170	380,980	(1,810)
<b>Total Expenditures</b>	<u>10,662,708</u>	<u>10,694,659</u>	<u>10,506,544</u>	<u>188,115</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>42,380</u>	<u>39,119</u>	<u>998,899</u>	<u>959,780</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	39,380	39,380	117,824	78,444
Transfers Out	(81,760)	(787,617)	(773,653)	13,964
Miscellaneous	-	82,595	93,476	10,881
<b>Total other financing sources and (uses)</b>	<u>(42,380)</u>	<u>(665,642)</u>	<u>(562,353)</u>	<u>103,289</u>
<b>Net change in fund balance</b>	-	(626,523)	436,546	1,063,070
<b>Fund balance - beginning</b>	2,251,108	2,251,108	2,251,108	-
<b>Fund balance - ending</b>	<u>\$ 2,251,108</u>	<u>\$ 1,624,585</u>	<u>\$ 2,687,654</u>	<u>\$ 1,063,070</u>

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

**City of Brenham, Texas**  
**Statement of Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2008**

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
<b>Assets</b>							
Current assets:							
Cash and Equivalents	\$ 4,112,650	\$ 734,057	\$ 475,935	\$ 916,002	\$ 677,281	\$ 6,915,925	\$ 82,411
Receivables - Accounts, Net	2,776,042	358,660	413,426	429,938	183,280	4,161,346	14,545
Intergovernmental Receivable	-	-	-	-	12,344	12,344	-
Inventory at Cost	309,997	92,032	175,731	20,703	-	598,463	-
Other Current Assets	4,100	-	40,379	-	20,798	65,277	26,864
Notes Receivable, Net	44,249	-	-	-	-	44,249	-
Restricted Cash	1,616,607	-	-	-	-	1,616,607	364,475
Restricted Investments	-	809	-	-	213,817	214,626	-
Total current assets	8,863,645	1,185,558	1,105,471	1,366,643	1,107,520	13,628,837	488,295
Noncurrent assets:							
Capital Assets, Net	7,297,613	1,753,447	14,868,570	21,545,008	1,290,352	46,754,990	-
Unamortized Bond Issuance Cost	-	-	78,422	185,091	-	263,513	-
Notes Receivable, Long Term	515,339	-	-	-	-	515,339	-
Total noncurrent assets	7,812,952	1,753,447	14,946,992	21,730,099	1,290,352	47,533,842	-
Total assets	16,676,597	2,939,005	16,052,463	23,096,742	2,397,872	61,162,679	488,295
<b>Liabilities</b>							
Current liabilities:							
Accounts Payable & Other Current Liabilities	\$ 2,442,616	\$ 260,203	\$ 130,946	\$ 43,920	\$ 156,104	\$ 3,033,789	\$ 725
Other Liabilities	-	-	2,353	1,050	-	3,403	-
Accrued Interest	-	105	32,461	71,357	2,559	106,482	-
Interfund Payable	57,786	-	25,920	184,817	55,046	323,569	-
Self Insurance Claims Payable	-	-	-	-	-	-	99,943
Lease Payable, Current	-	6,917	-	-	78,069	84,986	-
Revenue Bonds Payable, Current	-	-	558,550	607,645	-	1,166,195	-
Consumer Deposits	1,506,954	-	-	-	-	1,506,954	-
Total current liabilities	4,007,356	267,225	750,230	908,789	291,778	6,225,378	100,668
Non current liabilities:							
Compensated Absences	86,813	20,755	35,846	31,883	21,146	196,443	-
Post-closure Liability	-	-	-	-	140,000	140,000	-
Long Term Debt, Net	-	22,580	5,185,597	12,248,087	228,153	17,684,417	-
Total noncurrent liabilities	86,813	43,335	5,221,443	12,279,970	389,299	18,020,860	-
Total liabilities	4,094,169	310,560	5,971,673	13,188,759	681,077	24,246,238	100,668
<b>Net Assets</b>							
Invested in Capital Assets, Net of Related Debt	7,297,613	1,723,950	9,202,844	8,874,368	1,197,947	28,296,722	-
Restricted for Debt Service	-	809	-	-	-	809	-
Unrestricted	5,284,815	903,686	877,946	1,033,615	518,848	8,618,910	387,627
Total net assets	\$ 12,582,428	\$ 2,628,445	\$ 10,080,790	\$ 9,907,983	\$ 1,716,795	\$ 36,916,441	\$ 387,627

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 Assets of business-type activities

147,450  
\$ 37,063,891



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**City of Brenham, Texas**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year ended September 30, 2008**

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
Operating revenues:							
Charges for Services	\$ 26,539,770	\$ 6,061,121	\$ 3,719,245	\$ 4,119,856	\$ 2,731,307	\$ 43,171,299	\$ 1,755,800
Total Operating	26,539,770	6,061,121	3,719,245	4,119,856	2,731,307	43,171,299	1,755,800
Operating expenses:							
Cost of Sales and Services	21,085,317	4,381,714	222,774	-	-	25,689,805	-
Salaries	691,387	272,455	613,769	628,339	461,134	2,667,084	-
Supplies	230,763	72,518	423,551	153,031	287,031	1,166,894	-
Maintenance	196,023	56,974	252,976	237,805	67,314	811,092	-
Contractual Services	186,840	36,706	300,233	704,678	1,456,478	2,684,935	1,762,074
Capitalized Costs-Contra	(85,670)	-	(58,474)	(75,388)	-	(219,532)	-
Administrative Costs	2,199,775	534,901	515,191	441,728	195,020	3,886,615	-
Depreciation	388,850	168,812	563,798	809,949	78,777	2,010,186	-
Gross Revenue Tax	1,698,319	447,462	250,166	265,967	48,092	2,710,006	-
Miscellaneous	88,586	2,858	4,325	25,791	11,983	133,543	-
Total operating expenses	26,680,190	5,974,400	3,088,309	3,191,900	2,605,829	41,540,628	1,762,074
Operating Income (loss)	(140,420)	86,721	630,936	927,956	125,478	1,630,671	(6,274)
Nonoperating revenues (expenses):							
Intergovernmental	-	-	-	-	5,000	5,000	-
Investment Income	250,207	15,258	26,127	29,773	22,706	344,071	9,870
Interest Expense & Fiscal Charges	(10,134)	(1,523)	(316,763)	(607,109)	(15,709)	(951,238)	-
Miscellaneous, Net	36,923	81,349	3,087	(2,820)	3,066	121,605	6,401
Total non operating revenue (expenses)	276,996	95,084	(287,549)	(580,156)	15,063	(480,562)	16,271
Income (loss) before contributions and transfers	136,576	181,805	343,387	347,800	140,541	1,150,109	9,997
Capital Contributions	-	-	123,039	117,442	-	240,481	-
Transfers In	-	-	-	-	-	-	-
Transfers Out	(52,435)	(18,054)	(15,404)	(62,598)	(5,680)	(154,171)	-
Total Transfers In/(Out)	(52,435)	(18,054)	(15,404)	(62,598)	(5,680)	(154,171)	-
Change in net assets	84,141	163,751	451,022	402,644	134,861	1,236,419	9,997
Total net assets - beginning	12,498,287	2,464,694	9,629,768	9,505,339	1,581,934		377,630
Total net assets - ending	\$ 12,582,428	\$ 2,628,445	\$ 10,080,790	\$ 9,907,983	\$ 1,716,795		\$ 387,627

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 assets of business-type activities

4,512  
\$ 1,240,931

**City of Brenham, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2008**

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
<b>Cash Flows from Operating Activities</b>							
Receipts from customers and users	\$ 26,375,752	\$ 6,099,585	\$ 3,681,761	\$ 4,119,127	\$ 2,765,211	\$ 43,041,436	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	1,917,810
Gross revenue tax paid to General Fund	(1,698,319)	(447,462)	(250,166)	(265,967)	(48,092)	(2,710,006)	-
Payments to suppliers	(23,741,691)	(5,021,842)	(1,623,823)	(1,343,774)	(1,946,785)	(33,677,915)	(1,847,280)
Payments to employees	(683,136)	(270,292)	(602,028)	(624,360)	(455,089)	(2,634,905)	-
Net cash provided (used) by operating activities	<u>252,606</u>	<u>359,989</u>	<u>1,205,744</u>	<u>1,885,026</u>	<u>315,245</u>	<u>4,018,610</u>	<u>70,530</u>
<b>Cash Flows from NonCapital Financing Activities</b>							
Transfers in (out)	(52,435)	(18,054)	(15,404)	(62,598)	(5,680)	(154,171)	-
Principal paid on settlement debt	-	-	(9,719)	(4,750)	-	(14,469)	-
Interest paid on consumer deposits	(10,134)	-	-	-	-	(10,134)	-
Interest and fees paid on settlement debt	-	-	(198)	-	-	(198)	-
Net cash provided (used) by noncapital financing activities	<u>(62,569)</u>	<u>(18,054)</u>	<u>(25,321)</u>	<u>(67,348)</u>	<u>(5,680)</u>	<u>(178,972)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Acquisition and construction of capital assets	(879,623)	(36,045)	(580,710)	(336,719)	(109,295)	(1,942,392)	-
Principal paid on bonds and capital leases	-	(6,633)	(537,025)	(582,064)	(74,906)	(1,200,628)	-
Interest and fees paid on bonds and capital leases	-	(1,546)	(281,165)	(592,494)	(16,420)	(891,625)	-
Net cash provided (used) by capital and related financing activities	<u>(879,623)</u>	<u>(44,224)</u>	<u>(1,398,900)</u>	<u>(1,511,277)</u>	<u>(200,621)</u>	<u>(4,034,645)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>							
Proceeds from sale and maturities of investments	584,719	35,321	-	-	103,183	723,223	100,000
Collections on loans	42,095	-	-	-	-	42,095	-
Investment income received	250,207	15,259	26,127	29,772	22,706	344,071	9,870
Net cash provided (used) by investing activities	<u>877,021</u>	<u>50,580</u>	<u>26,127</u>	<u>29,772</u>	<u>125,889</u>	<u>1,109,369</u>	<u>109,870</u>
Net increase (decrease) in cash and cash equivalents	187,435	348,291	(192,350)	336,173	234,833	914,382	180,400
Cash and cash equivalents, beginning of year	<u>5,541,822</u>	<u>385,766</u>	<u>668,285</u>	<u>579,829</u>	<u>442,448</u>	<u>7,618,150</u>	<u>266,486</u>
Cash and cash equivalents, end of year	<u>\$ 5,729,257</u>	<u>\$ 734,057</u>	<u>\$ 475,935</u>	<u>\$ 916,002</u>	<u>\$ 677,281</u>	<u>\$ 8,532,532</u>	<u>\$ 446,886</u>
<b>Reconciliation of cash and cash equivalents to statement of net assets</b>							
Cash and equivalents	\$ 4,112,650	\$ 734,057	\$ 475,935	\$ 916,002	\$ 677,281	\$ 6,915,925	\$ 82,411
Restricted cash and equivalents	1,616,607	-	-	-	-	1,616,607	364,475
Cash and cash equivalents, end of year	<u>\$ 5,729,257</u>	<u>\$ 734,057</u>	<u>\$ 475,935</u>	<u>\$ 916,002</u>	<u>\$ 677,281</u>	<u>\$ 8,532,532</u>	<u>\$ 446,886</u>

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

Operating income (loss)	\$ (140,420)	\$ 86,721	\$ 630,936	\$ 927,956	\$ 125,478	\$ 1,630,671	\$ (6,274)
Adjustments to reconcile net cash provided (used) by operating activities							
Depreciation	388,849	168,812	563,798	809,949	78,777	2,010,185	-
Provision for uncollectible accounts	35,455	2,776	(4,681)	(6,171)	3,781	31,160	-
Other income (expense)	36,923	81,349	3,087	1,930	8,066	131,355	6,401
Changes in assets and liabilities affecting cash provided by operations:							
(Increase) decrease in accounts receivable	(236,396)	(45,661)	(35,890)	3,512	22,057	(292,378)	155,609
(Increase) decrease in inventory	20,021	3,228	(22,994)	(232)	-	23	-
Increase (decrease) in intergovernmental payables	(37,429)	-	25,920	184,817	42,702	216,010	-
Increase (decrease) in self insurance claims liability	-	-	-	-	-	-	(68,879)
(Increase) decrease in other assets	-	-	(9,124)	-	1,247	(7,877)	(16,264)
Increase (decrease) in accounts payable and other current liabilities	113,396	60,601	42,951	(40,714)	27,092	203,326	(63)
Increase (decrease) in salaries & benefits payable	2,444	584	3,268	5,544	1,951	13,791	-
Increase (decrease) in compensated absences	5,807	1,579	8,473	(1,565)	4,094	18,388	-
Increase (decrease) in consumer deposits	63,956	-	-	-	-	63,956	-
Net cash provided (used) by operating activities	<u>\$ 252,606</u>	<u>\$ 359,989</u>	<u>\$ 1,205,744</u>	<u>\$ 1,885,026</u>	<u>\$ 315,245</u>	<u>\$ 4,018,610</u>	<u>\$ 70,530</u>

**Noncash Investing, capital and financing activities**

Purchase of capital asset with lease proceeds	\$ -	\$ 36,045	\$ -	\$ -	\$ 109,295	\$ 145,340	\$ -
Contribution of capital assets from developer	-	-	123,039	117,442	-	240,481	-

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

City of Brenham  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended September 30, 2008

	<u>Deferred Compensation Agency Fund</u>
<b>Assets</b>	
Investments	\$ 1,780,538
Participant Loans	24,364
Total Assets	<u>1,804,903</u>
<b>Liabilities</b>	<u>-</u>
<b>Net Assets</b>	
Held in trust for pension benefits and other purposes	<u><u>\$ 1,804,903</u></u>

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

City of Brenham  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Year Ended September 30, 2008

	<u>Deferred Compensation Agency Fund</u>
<b>Additions</b>	
Plan Member Contributions	\$ 246,073
Investment Income (loss)	(302,744)
Total Additions	<u>(56,670)</u>
 <b>Deductions</b>	
Benefits and contributions	64,634
Administrative expenses	12,518
Total Deductions	<u>77,152</u>
Change in Net Assets	(133,822)
<b>Net Assets - Beginning</b>	<u>1,938,725</u>
<b>Net Assets - Ending</b>	<u><u>\$ 1,804,903</u></u>
Held in trust for pension benefits and other purposes	

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



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**City of Brenham**  
**Notes to the Financial Statements**  
**September 30, 2008**

**I. Summary of significant accounting policies**

**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 Brenham Community Development Corporation (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 is financially accountable for the BCDC because 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 Corporation does not issue separate financial statements.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns with composite columns for non-major funds in the fund financial statements.

**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 and fiduciary 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 *2006 Capital Projects Fund* accounts for the resources used to construct, renovate, improve and equip a police station including land acquisition and right of way; acquisition of two fire trucks and related equipment; construct and equip a fire substation including land acquisition and right of way. The resources for these improvements are derived from the proceeds of certificates of obligation.

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 *Sewer Fund* accounts for the activities of the City's wastewater treatment plant and sewer collection systems.

The *Sanitation Fund* accounts for the activities of the City's sanitation, recycling and transfer station operations.

Additionally, the government reports the following fund types:

The *Risk Management Internal Service Fund* provides self-insured health insurance risk management services and a zero deductible plan for workers' compensation to other funds of the City on a cost reimbursement basis. This fund is presented in summary form as part of the proprietary fund financial statements. The financial statements of the internal service fund are included in the governmental activities column when presented at the government-wide level.

The *Deferred Compensation Plan Fiduciary Fund* is used to account for assets held by the City in a trustee capacity for an IRS Section 457 Deferred Compensation program that is available to all city employees. This fund is not reflected in the government-wide financial statements because the resources of the fund are not available to support the City's own programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for

their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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, sewer, electric, gas, and sanitation 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Assets, liabilities, and net assets or equity**

##### **1. Deposits and investments**

The City's cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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 are reported at fair value, as determined by quoted market prices. Interest earnings and changes in fair value are included in investment income. The City invests in no form of joint venture with other entities.

##### **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."

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 deferred revenue accounts for the amounts which will not be collected within sixty days after the end of the fiscal year.

**3. Inventories and prepaid items**

All inventories are valued at the lower of cost or market, 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 have an initial cost of more than \$50,000 and an estimated useful life of 40 – 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 estimated fair market 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 backtrending (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.

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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **9. Post Closure Care Cost**

The City's Sanitation Enterprise Fund adopted Governmental Accounting Standards Board (GASB) Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Post Closure Costs" as of October 1, 1993. This statement requires that closure and post closure care costs that are incurred on or after the landfill stops accepting waste be recognized as expense during the period that waste is accepted.

The City stopped accepting waste at its landfill in November, 1990. State and federal laws and regulations require the City to place a final cover on the site and perform maintenance and monitoring functions at the site for five years after closure. The City estimates post closure costs of \$140,000 and has reported that amount as a liability at September 30, 2008. If additional post closure care requirements are determined due to changes in technology or applicable laws or regulations, the estimate of post closure care costs may change.

The City operates a waste transfer station for which it has demonstrated financial assurance of \$60,998 by meeting the financial assurance test. Estimated closure cost is \$15,000.

## **10. Proprietary Fund Capitalized Cost**

During the year the enterprise funds perform various jobs which are ultimately capitalized. The financial statement line item "Capitalized Costs—Contra" removes the salaries and vehicle expenses from the operating statement, allowing the costs to be capitalized.

## **11. Post-employment benefits**

The City provides the availability of post-retirement health care for certain retirees. 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 until they and their covered spouses reach Medicare eligibility. Currently, eight retirees meet those eligibility requirements and have elected to receive this benefit. The retiree



pays the entire premium for group health coverage and claims are paid through the self-insured medical fund.

Employees who retire 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 qualifying retirees are waived and there is no further cost to the City or the retiree. Currently, one retiree qualifies for the long term disability benefit.

## **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. Five director positions report to the City Manager and oversee the individual departmental budgets within their area of responsibility. These positions include the Director of Public Works, Director of Public Utilities, Director of Finance, Chief of Police and Fire Chief.

#### ***1. Basis of accounting***

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.

#### ***2. Budgeted funds***

Annual appropriated budgets are adopted for all governmental fund types except the following:

- a. Budgets for certain grants, established as special revenue funds, which are created pursuant to the terms of the related grant documents.
- b. Budgets for funds set up to receive special donations or assessments for specific purposes, which are established as special revenue funds.
- c. Budgets for certain major capital improvements that are set up as capital projects funds. Annual budgets are not adopted because these projects span more than one fiscal year.

For the year ended September 30, 2008, annual appropriated budgets were adopted by passage of a budget ordinance for the General Fund, Electric Fund, Gas Fund, Water Fund, Sewer Fund, Sanitation Fund and the Debt Service Fund. Non major governmental funds for which budgets were adopted include the Hotel/Motel Tax, Main Street/Community Development, Fire/Community Hall Renovation, Motorcycle/Police Equipment, Donations, Courts Technology/Security, Parks Special Revenue, US 290 Pass Thru Finance, and Airport Capital Improvement funds. Internal Service funds adopted include the Medical Insurance and Workers' Compensation funds. 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.

#### **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 work session of a meeting of the City Council. The proposed ordinance amending the budget is then presented during a formal session at two subsequent meetings 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 asset balances**

No fund had a deficit fund balance at year end.

#### **D. Excess of expenditures over appropriations**

For fiscal year end September 30, 2008, all expenditures of the General Fund were within appropriations.

### **III. Detailed notes on all funds**

#### **A. Deposits and investments**

As of September 30, 2008, the City had an investment in a State Money Pool (TexPool) which had a balance of \$7,674,655 which was included in cash and cash equivalents at September 30, 2008. 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 \$1.00 per share. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment 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, certificates of deposit, money market mutual funds and commercial paper.

The City also had an investment in TexSTAR, another public funds investment pool, which had a balance of \$12,730,127 and was included in cash and cash equivalents at September 30, 2008. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year end was \$0.999262 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 any fund falls below \$0.995 or rises above \$1.005. It had a weighted average maturity of less than 60 days and was rated AAAM by Standard and Poor's. Authorized investments for TexSTAR funds include government securities, repurchase and reverse repurchase agreements, and money market mutual funds regulated by the Securities and Exchange Commission.

As of September 30, 2008, \$219,221 of unspent lease proceeds from the 2008 Chase Vehicle and Equipment lease were being held in an Escrow account at JP Morgan Chase Bank. These funds were invested in JP Morgan 100% Treasury shares. As of December 29, 2008, the final disbursement for equipment acquisition was made.

*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 for the primary government and BCDC component unit was \$513,116 and the bank balances totaled \$1,128,613. Of the bank balances, \$130,963 was covered by federal depository insurance and \$792,163 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name. The remaining \$205,487 was being held at JP Morgan Chase Bank in an overnight investment sweep account. These funds, although not FDIC insured or collateralized with securities held by the pledging financial institution's trust department or agent in the government's name, were invested in a low risk U.S. Treasury plus Money Market Fund. The primary investments of this fund are direct obligations of the U.S. Treasury including Treasury bills, bonds and other obligations issued or guaranteed by the U.S. Treasury and repurchase agreements collateralized by such obligations.

**B. Receivables - Account**

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

**Governmental Funds**

	<b>General Fund</b>
Interest	\$ -
Accounts	210,909
Assessments	137,857
	<u>348,766</u>
Less Allowance for Uncollectibles	<u>(6,000)</u>
Accounts Receivable, Net	<u>\$ 342,766</u>

**Proprietary Funds**

	<b>Electric Fund</b>	<b>Gas Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
Accounts	\$ 2,821,042	\$ 363,660	\$ 423,426	\$ 435,938	\$ 188,280	\$ 4,232,346
Assessments	-	-	-	-	-	-
	<u>2,821,042</u>	<u>363,660</u>	<u>423,426</u>	<u>435,938</u>	<u>188,280</u>	<u>4,232,346</u>
Less Allowance for Uncollectibles	<u>(45,000)</u>	<u>(5,000)</u>	<u>(10,000)</u>	<u>(6,000)</u>	<u>(5,000)</u>	<u>(71,000)</u>
Accounts Receivable, Net	<u>\$ 2,776,042</u>	<u>\$ 358,660</u>	<u>\$ 413,426</u>	<u>\$ 429,938</u>	<u>\$ 183,280</u>	<u>\$ 4,161,346</u>

**Internal Service Fund**

	<u>Total</u>
Accounts	\$ 14,545
Assessments	-
	<u>14,545</u>
Less Allowance for Uncollectibles	-
Accounts Receivable, Net	<u>\$ 14,545</u>

Governmental funds report deferred 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 deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable (General)	\$ 98,440	\$ -	\$ 98,440
Delinquent property taxes receivable (Debt Svc.)	51,852	-	51,852
Lien assessments and pending seizures	257,503	-	257,503
Receivable from Washington County	107,620	-	107,620
Total deferred/unearned revenue, governmental funds	<u>\$ 515,415</u>	<u>\$ -</u>	<u>\$515,415</u>
Balances not expected to be collected within one year	\$ 330,719	\$ -	\$330,719

**C. Receivables – Property Taxes**

The following information relates to property taxes receivable for the year ended September 30, 2008:

Original Certified Tax Roll	\$ 879,817,843
Approved Rate (Per \$100 Valuation)	0.5063
Original Levy	4,454,518
Supplements	41,111
Adjusted Levy	<u>\$ 4,495,628</u>
Collections on Current Tax Roll	4,424,623
Total Collections/Refunds/Adjustments	4,512,140
Property Taxes Receivable	\$ 150,293

**D. Notes Receivable**

Notes receivable at September 30, 2008 consisted of the following:

Governmental Activities - General Fund

Various notes receivable owed to the City of Brenham by third parties;  
fully secured by real estate. \$ 9,500

Business-type Activities - Electric Fund

Note receivable from component unit Brenham Community  
Development Corporation, in a sum not to exceed \$2,500,000;  
payable on demand or at the expiration of one year, whichever is later;  
interest payable monthly at 5.5%; unsecured \$ 559,588

## E. Capital assets

Capital asset activity for the year ended September 30, 2008 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclass/CIP to Complete</u>	<u>Donations</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets, Not Being Depreciated:</b>						
Land	\$ 2,105,022	\$ 89,087	\$ -	\$ -	\$ -	\$ 2,194,109
Construction in Progress	1,075,470	533,477	(876,147)	-	-	732,800
Total Not Being Depreciated	<u>\$ 3,180,492</u>	<u>622,564</u>	<u>(876,147)</u>	<u>-</u>	<u>-</u>	<u>2,926,909</u>
<b>Capital Assets, Being Depreciated:</b>						
Buildings	16,020,059	664,253	465,480	-	(66,127)	17,083,665
Improvements Other Than Buildings	10,757,135	139,812	29,673	-	-	10,926,620
Furniture, Fixtures and Equipment	1,509,209	104,082	-	52,319	(135,231)	1,530,379
Machinery	130,869	-	-	-	-	130,869
Vehicles	5,903,226	404,118	-	-	(291,946)	6,015,397
Infrastructure	37,936,788	380,716	380,994	1,120,173	-	39,818,670
Total Being Depreciated	72,257,286	1,692,980	876,147	1,172,492	(493,305)	75,505,600
Less Impairment	(677,397)	-	-	-	-	(677,397)
Less Accumulated Depreciation	(27,990,301)	(2,568,483)	-	-	431,020	(30,127,764)
Total Being Depreciated, Net	<u>43,589,588</u>	<u>(875,503)</u>	<u>876,147</u>	<u>1,172,492</u>	<u>(62,285)</u>	<u>44,700,439</u>
Capital Assets, Net	<u>\$ 46,770,080</u>	<u>\$ (252,939)</u>	<u>\$ -</u>	<u>\$ 1,172,492</u>	<u>\$ (62,285)</u>	<u>\$ 47,627,348</u>
<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclass/CIP to Complete</u>	<u>Contributed Capital</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets, Not Being Depreciated:</b>						
Land	\$ 1,366,566	\$ -	\$ -	\$ -	\$ -	\$ 1,366,566
Construction in Progress	204,332	849,570	(82,518)	-	-	971,384
Total Not Being Depreciated	<u>1,570,898</u>	<u>849,570</u>	<u>(82,518)</u>	<u>-</u>	<u>-</u>	<u>2,337,950</u>
<b>Capital Assets, Being Depreciated:</b>						
Buildings	573,126	-	-	-	-	573,126
Improvements Other Than Buildings	28,856,435	375,458	-	-	-	29,231,893
Furniture, Fixtures and Equipment	1,092,939	19,557	-	-	-	1,112,496
Vehicles	2,706,723	461,914	-	-	-	3,168,637
Infrastructure	41,762,643	271,408	82,518	240,481	-	42,357,050
Total Being Depreciated	74,991,866	1,128,337	82,518	240,481	-	76,443,202
Less Accumulated Depreciation	(30,015,976)	(2,010,186)	-	-	-	(32,026,162)
Total Being Depreciated, Net	<u>44,975,890</u>	<u>(881,849)</u>	<u>82,518</u>	<u>240,481</u>	<u>-</u>	<u>44,417,040</u>
Capital Assets, Net	<u>\$ 46,546,788</u>	<u>\$ (32,279)</u>	<u>\$ -</u>	<u>\$ 240,481</u>	<u>\$ -</u>	<u>\$ 46,754,990</u>

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

<b><u>Governmental Activities</u></b>	
Culture and Recreation	\$ 614,101
General Government	510,194
Health and Welfare	9,668
Highways and Streets	1,061,952
Public Safety	372,569
Total Governmental Activities	<u>\$ 2,568,484</u>
<b><u>Business-type Activities</u></b>	
Electric	\$ 388,850
Gas	168,812
Water	563,798
Sewer	809,949
Sanitation	78,777
Total Business-type Activities	<u>\$ 2,010,186</u>

As of September 30, 2008, capital assets of the component unit consist of land (not being depreciated) with a balance of \$757,119. The Construction in Progress has a balance of \$25,935 which is engineering for wastewater system improvements.

#### **F. 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 contract will expire in 2026. Also, a contract with a supplier to provide natural gas at a rate based on inside FERC Gas Market report index plus \$0.35 per MMBTU. This contract will expire November 1, 2010. For the year ending September 30, 2008, \$4,381,714 was paid under these contracts.

A contract with a supplier to provide the City's current and future water supply. The contract will expire in 2033. The amount paid under this contract for the year ending September 30, 2008 was \$222,774.

A contract with a supplier to provide electric power and energy, expiring June 25, 2016, 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, 2008 was \$21,128,316.

A contract with a landfill in Austin for solid waste disposal expiring May 1, 2009 and automatically renews for an additional two year term. The amount paid under this contract for the year ending September 30, 2008 was \$218,870.

On June 17, 2008, a Pass Thru Financing agreement with the Texas Department of Transportation (TxDOT) was approved for transportation improvements on US 290. Under this agreement, the City is responsible for providing TxDOT a maximum of \$15 million over the course of one year in \$5 million increments. Based on the current level of traffic, the City will be repaid by TxDOT a minimum payment of \$2.5 million per year and a maximum payment of \$3.75 per year, until the original \$15 million local contribution is repaid.

Also on June 17, 2008, an interlocal agreement with the County to share costs related to the US 290 Pass Thru Financing project was approved. Under this agreement, the City will issue debt in order to finance the \$15 million required local contribution. The City and County are responsible for 50% each of the annual debt service on this debt, net of the annual payment received by the



City from TxDOT. The bonds are anticipated to be issued in 2010 or later, with repayments from TxDOT occurring during the years 2012 through 2017.

An interlocal agreement with the County to share costs related to the Brazos Valley Wide Area Communication System (BVWACS) was approved on June 17, 2008. Under this agreement, the City and County agree to provide a portion of the funding support of the construction, acquisition, implementation, operation and maintenance of the BVWACS. The City and County agree to share in the total costs collectively attributable to both the City and the County on a 50/50 basis. The City's portion for administration is currently \$4,119 per quarter (\$16,476 annually).

The City has the following active construction projects as of September 30, 2008:

**2002 Capital Projects Fund**

	Contract Amount	Spent-to- Date	Remaining Commitment
<u>Central Fire Station/EOC</u>			
Architect	\$ 66,950	\$ 20,085	\$ 46,865

**2006 Capital Projects Fund**

	Contract Amount	Spent-to- Date	Remaining Commitment
<u>Police Station</u>			
Architect	\$ 370,000	\$ 296,000	\$ 74,000
Project Management	141,000	107,489	33,511
Construction Manager	18,000	18,000	-
Construction Contractor	6,612,500	-	6,612,500
	<u>\$ 7,141,500</u>	<u>\$ 421,489</u>	<u>\$ 6,720,011</u>

	Contract Amount	Spent-to- Date	Remaining Commitment
<u>Fire Substation</u>			
Architect	\$ 187,500	\$ 19,688	\$ 167,812

**Water Fund Projects**

	Contract Amount	Spent-to- Date	Remaining Commitment
<u>West Side Water Improvements</u>			
Engineer	\$ 391,428	\$ 225,458	\$ 165,970

	Contract Amount	Spent-to- Date	Remaining Commitment
<u>Raw Water Intake Structure</u>			
Engineer	\$ 82,000	\$ 27,932	\$ 54,068



**G. 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. At September 30, 2008 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Airport Capital Improvements	Other Gov'tl Funds	\$ 117,229
Fire/Community Hall Renovation Fund	Electric Fund	\$ 57,786
	Water Fund	25,920
	Sewer Fund	184,817
	Sanitation Fund	55,046
Emergency Management Grands Fund	Other Gov'tl Funds	\$ 8,368
Courts Technology/Security Fund	Other Gov'tl Funds	\$ 32,703
US 290 Pass Thru Finance Fund	General Fund	\$ 132,389

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 debt service payments, City matching revenues for grants reported as capital projects and investment income.

The following schedule reports transfers and payments within the reporting entity as of September 30, 2008:

<b>Transfers From:</b>	<b>Transfers To:</b>			<b>Net Transfers From</b>
	<u>Governmental Activities</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Other Gov'tl</u>	
<b>Governmental Activities</b>				
Major Funds				
General			773,653	773,653
Other Gov'tl Funds	78,444		30,050	108,494
<b>Business-type Activities</b>				
Major Funds				
Electric	9,845		42,590	52,435
Gas	9,845		8,209	18,054
Water	9,845		5,559	15,404
Sewer	9,845	48,361	4,392	62,598
Sanitation			5,680	5,680
<b>Total Transfers To</b>	<b>\$ 117,824</b>	<b>\$ 48,361</b>	<b>\$ 870,133</b>	<b>\$ 1,036,318</b>

Payments from the Brenham Community Development Corporation (BCDC) component unit consist of debt service payments on the Series 98 bonds which were issued in part to fund construction of a business center and recreational facilities. Funding for the construction of these facilities are provided by a 3/8 cent sales tax collected and administered by the BCDC. Additionally, the BCDC provides an operating subsidy to the General Fund to help cover the cost of operating the BlueBell Aquatic Center. During the year, BCDC also provided funding in the amount of \$45,000 to replaster the pool at the BlueBell Aquatic Center. BCDC provided funding in the amount of \$194,500 for parks improvements projects including Hohlt Park message board \$33,000, seating at Ranking Field \$16,500, and Finke kitchen \$145,000. Additionally, BCDC provided \$20,000 to fund Main Street incentive awards, as well as \$5,000 for the Main Street Hot Nights/Cool Tunes series. The following schedule shows payments from the component unit for the year ended September 30, 2008:

Payments From:	Payments to:			Total Payments from
	General Fund	Debt Service	Other Gov't'l	
Brenham Community Development Corp.	\$ 245,000	\$ 463,217	\$ 219,500	\$ 927,717
<b>Total Payments To:</b>	<b>\$ 245,000</b>	<b>\$ 463,217</b>	<b>\$ 219,500</b>	<b>\$ 927,717</b>

#### H. Long-term debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2008:

	Balance 9/30/2007	Additions	FY08 Retirements	Balance 9/30/2008	2008	
					Due Within One Year	Long Term
<b>Governmental Activities</b>						
1998 Certificates of Obligation	\$ 5,730,000	\$ -	\$ (420,000)	\$ 5,310,000	\$ 435,000	\$ 4,875,000
2001 Certificates of Obligation	2,699,319	-	(166,315)	2,533,004	174,562	2,358,442
2002 Certificates of Obligation	2,574,203	-	(117,724)	2,456,479	122,371	2,334,108
2006 General Obligation	8,845,000	-	(245,000)	8,600,000	250,000	8,350,000
2007 General Obligation Refunding	1,511,950	-	(6,873)	1,505,078	6,873	1,498,205
	<u>21,360,472</u>		<u>(955,912)</u>	<u>20,404,561</u>	<u>988,806</u>	<u>19,415,755</u>
Unamort Bond Premium	41,518	-	(3,019)	38,498	NA	38,498
Unamort Bond Discount	(5,667)	-	357	(5,310)	NA	(5,310)
Deferred Chrgs on Refunding Bonds	(69,430)	-	4,707	(64,723)	NA	(64,723)
<b>Sub Total Bonds Payable</b>	<b>21,326,892</b>		<b>(953,867)</b>	<b>20,373,025</b>	<b>988,806</b>	<b>19,384,219</b>
Lease Payable - Furniture	83,939	-	(41,284)	42,655	42,655	-
Lease Payable - Phone System	95,767	-	(45,532)	50,235	47,832	2,403
Chase Equipment Lease	236,771	-	(54,131)	182,639	56,307	126,332
Chase New World Lease	334,845	-	(78,606)	256,238	81,916	174,323
Chase Vehicle/Equipment Lease	127,000	-	(23,317)	103,683	24,315	79,368
<b>Sub Total Leases Payable</b>	<b>878,321</b>		<b>(242,871)</b>	<b>635,451</b>	<b>253,025</b>	<b>382,426</b>
Compensated Absences	187,103	6,311	-	193,414	-	193,414
<b>Total Governmental</b>	<b>\$ 22,392,317</b>	<b>\$ 6,311</b>	<b>\$ (1,196,738)</b>	<b>\$ 21,201,890</b>	<b>\$ 1,241,831</b>	<b>\$ 19,960,059</b>

**Business Type Activities**

2002 Certificates of Obligation	\$ 2,121,277	-	\$ (131,588)	1,989,689	138,112	1,851,577
2001 General Obligation Refunding	3,145,000	-	(400,000)	2,745,000	415,000	2,330,000
2001 Certificates of Obligation	4,969,404	-	(307,098)	4,662,306	322,326	4,339,980
2002 Certificates of Obligation	5,735,797	-	(262,276)	5,473,521	272,629	5,200,892
2007 General Obligation Refunding-Water	1,196,250	-	(5,438)	1,190,812	5,438	1,185,374
2007 General Obligation Refunding-Sewer	2,791,800	-	(12,690)	2,779,110	12,690	2,766,420
	<u>19,959,528</u>		<u>(1,119,090)</u>	<u>18,840,438</u>	<u>1,166,195</u>	<u>17,674,243</u>
Unamort Bond Discount-Sewer	(11,507)	-	725	(10,782)	NA	(10,782)
Unamort Bond Premium-Water	32,849	-	(2,388)	30,461	NA	30,461
Unamort Bond PremiumSewer	76,662	-	(5,575)	71,087	NA	71,087
2007 Deferred Chrgs Refunding-Water	(54,933)	-	3,724	(51,209)	NA	(51,209)
2007 Deferred Chrgs Refunding-Sewer	(128,201)	-	8,692	(119,509)	NA	(119,509)
2001 Deferred Chrgs Refunding-Water	(187,751)	-	27,145	(160,606)	NA	(160,606)
<b>Sub Total Bonds Payable</b>	<b>19,686,647</b>		<b>(1,086,767)</b>	<b>18,599,880</b>	<b>1,166,195</b>	<b>17,433,684</b>
Compensated Absences	178,056	18,388	-	196,443	-	196,443
Chase Equip Lease - Sanitation	64,129	-	(16,706)	47,422	17,378	30,044
Chase Vehicle/Equip Lease - Gas	36,130	-	(6,633)	29,497	6,917	22,580
Chase Vehicle/Equip Lease - Sanitation	317,000	-	(58,200)	258,800	60,691	198,109
Reno Settlement - Water	9,719	-	(9,719)	-	-	-
<b>Total Proprietary</b>	<b>\$ 20,291,680</b>	<b>\$ 18,388</b>	<b>\$ (1,178,026)</b>	<b>\$ 19,132,042</b>	<b>\$ 1,251,182</b>	<b>\$ 17,880,860</b>

**Component Unit Governmental Activities**

Note Payable-BCDC to Electric Fund	\$ 601,683	\$ -	\$ (42,095)	\$ 559,588	\$ 44,249	\$ 515,339
<b>Total Governmental - BCDC</b>	<b>\$ 601,683</b>	<b>\$ -</b>	<b>\$ (42,095)</b>	<b>\$ 559,588</b>	<b>\$ 44,249</b>	<b>\$ 515,339</b>

The annual debt service requirements to maturity for all outstanding debt as of September 30, 2008 follows:

FISCAL YEAR ENDNG 9/30	PRIMARY GOVERNMENT					
	GENERAL OBLIGATION		CERTIFICATES OF OBLIGATION		TOTAL REQUIREMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2009	\$ 440,000	\$ 334,253	\$ 1,715,000	\$ 1,358,122	\$ 2,155,000	\$ 1,692,375
2010	460,000	316,655	1,825,000	1,290,559	2,285,000	1,607,214
2011	475,000	298,258	1,950,000	1,214,967	2,425,000	1,513,225
2012	495,000	278,698	2,025,000	1,134,080	2,520,000	1,412,778
2013	520,000	257,725	2,120,000	1,049,692	2,640,000	1,307,417
2014-2018	2,025,000	1,075,985	11,955,000	3,659,075	13,980,000	4,735,060
2019-2023	3,805,000	309,425	7,330,000	1,350,702	11,135,000	1,660,127
2024-2028	-	-	2,105,000	168,829	2,105,000	168,829
	<b>\$ 8,220,000</b>	<b>\$ 2,870,999</b>	<b>\$ 31,025,000</b>	<b>\$ 11,226,026</b>	<b>\$ 39,245,000</b>	<b>\$ 14,097,025</b>

Debt outstanding at September 30, 2008 for the primary government is comprised of the following:

\$9,050,000, 1998 Certificates of Obligation due in annual installments of \$375,000 to \$640,000 through August 15, 2018; interest rates 3.85%-4.6%	\$ 5,310,000
\$16,590,000, 2001 Combination Tax and Utility System Revenue Certificates of Obligation due in annual installments of \$185,000 to \$1,770,000 through August 15, 2020; interest rates 3.5%-5.375%	9,185,001
\$3,965,000, 2001 General Obligation Refunding Bonds due in annual installments of \$80,000 to \$485,000 through August 15, 2014; interest rates 3.0-4.5%	2,745,000
\$9,245,000, 2002 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$105,000 to \$700,000 through August 15, 2023; interest rates 3.0%-4.7%; callable August 15, 2012	7,930,000
\$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%	8,600,000
\$5,545,000, 2007 General Obligation Refunding Bonds due in annual installments of \$25,000 to \$1,760,000 through August 15, 2021; interest rate 3.990%	5,475,001
\$200,000 lease payable dated November, 2003 due in annual payments of \$44,070, Including interest, through November, 2008 (Furniture)	42,655
\$249,924 lease payable dated October 1, 2004 due in annual payments of \$54,000, Including interest, through October, 2009 (Telephone System)	50,235
\$369,000 lease payable dated December 28, 2005 due in annual payments of \$82,934, Including interest, through December, 2010 (Street Sweeper, Trash Hauler, Flat Roller, Dump Truck)	230,062
\$417,300 lease payable dated January 18, 2007 due in annual payments of \$92,703, Including interest, through August, 2011 (New World Software)	256,238
\$480,130 lease payable dated August 30, 2007 due in annual payments of \$108,700, Including interest, through August, 2012 (FY08 Vehicles and Equipment)	391,980
Compensated Absences for accrued vacation	389,858
	<u>\$40,606,030</u>
	Unamortized Bond Premium 140,044
	Unamortized Bond Discount -16,092
	Deferred Charges on Bonds -396,048
	<u><u>\$40,333,934</u></u>

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2008 and annual debt service payments to maturity for the outstanding debt follows:

\$899,347 note payable to primary government dated May 21, 1998 in a sum not to exceed \$2,500,000, payable in one year or on demand, whichever is later; interest payable monthly at 5.5%; unsecured; note is being amortized for 20 years through September 30, 2018

\$559,587

FISCAL YEAR ENDNG 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
2009	44,249	26,974
2010	46,513	24,711
2011	48,893	22,331
2012	51,394	19,829
2013	54,023	17,200
2014-2018	314,515	41,603
	<u>\$ 559,587</u>	<u>\$ 152,648</u>

#### Prior Year Refundings

In 2001 the City issued \$3,965,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust fund for the purpose of providing for all future debt service payments on \$3,615,000 of outstanding Series 1994 bonds maturing in 2007 and later. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. At September 30, 2008, the outstanding principal on the defeased debt was \$2,605,000.

In 2007, the City issued \$5,545,000 of general obligation refunding bonds to provide resources to purchase federal securities that were placed in an irrevocable trust for the purpose of generating resources for the redemption on August 15, 2011 for certificates maturing 2018 through 2021. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. As September 30, 2008, the outstanding principal on the defeased debt was \$5,185,000.

#### I. Capital Leases

The city entered into lease agreements to finance the acquisitions of a telephone system, furniture, street department heavy equipment, public safety software, gas department vehicle, sanitation haul trucks and heavy equipment, and residential collection trucks. These lease commitments qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of their future minimum lease payments as of inception date.

The assets acquired through the capital leases are as follows:

<u>Asset Class</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Vehicles/Large Equipment	\$ 331,727	\$ 225,540
Furniture, Fixtures, Equipment	747,900	-
Less: Accumulated Depreciation	<u>(505,453)</u>	<u>(25,596)</u>
Total Net Asset	<u>\$ 574,174</u>	<u>\$ 199,944</u>

The total future minimum lease payments and the net present value of these minimum payments as of September 30, 2008 were as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2009	\$ 278,126	\$ 99,507
2010	187,976	99,508
2011	191,666	92,672
2012	28,752	79,947
Total Minimum Lease Payments	686,520	\$ 371,634
Less: Amount Representing Interest	(51,069)	(35,915)
Present Value of Minimum Payments	<u>\$ 635,451</u>	<u>\$ 335,719</u>

Amortization expense is included in depreciation expense of the Gas and Sanitation Funds.

#### J. 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 "rebatable arbitrage". Arbitrage rebate payments must be made to the federal government every five years and within 60 days of final maturity. A rebatable arbitrage liability is recognized in all funds and in the government-wide and proprietary fund financial statements when incurred and measurable.

The 2006 Capital Projects Fund had a liability for rebatable arbitrage earnings in the amount of \$87,892 at September 30, 2008. This amount was netted against interest earnings from investments.

#### K. Restricted cash and investments:

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

	Governmental Activities	Business-type Activities
Capital Projects	\$ 7,817,941	\$ -
Customer Deposits	-	1,616,607
Debt Service	412,382	-
Hotel/Motel Tax	39,651	-
Public Safety Equipment	14,838	-
Donations	164,799	-
Capital Leases	4,595	214,626
Worker's compensation and health insurance account	364,475	-
	<u>\$ 8,818,681</u>	<u>\$ 1,831,233</u>

**L. Restricted net assets:**

The balances of the restricted net asset accounts in the governmental and enterprise funds were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
NET ASSETS				
Restricted for Debt Service	\$ 470,187	\$ 809	\$ 470,996	\$ -
Restricted for Economic Development				635,267
Restricted for Recreation	-	-	-	254,839
Total net assets	<u>\$ 470,187</u>	<u>\$ 809</u>	<u>\$ 470,996</u>	<u>\$ 890,106</u>

**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 has established a risk management program for medical insurance benefits. Premiums are paid into an internal service fund by all other funds to be used to pay claims, administrative costs and to accumulate reserves for future claims. The net assets of these funds are designated for future costs incurred in these specific programs.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. To prevent incurring unexpected losses, the City has obtained excess insurance coverage in the event abnormally large claims occur. Incurred but not reported claims (IBNR) in the amount of \$95,937 at September 30, 2008 are included as liabilities, styled "self-insurance claims payable", based upon previous experience with similar claims and information obtained from the excess carrier. Interfund premiums are based upon the insured funds' historical claims experience and are recorded as quasi-external interfund transactions in the Proprietary Fund statements. For the year ended September 30, 2008, the various funds paid into the risk management internal service fund \$1,721,847 of premiums. Net assets as of September 30, 2008 totaled \$387,627. Changes in the balances of claims liabilities for the year ended September 30 are as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Unpaid Claims, Beginning of Year	\$ 168,822	\$ 172,620	\$ 98,776
Claims Incurred (including IBNR)	1,270,801	2,119,927	1,574,044
Payments on Claims	(1,339,680)	(2,123,725)	(1,500,200)
Other, net	0	0	0
Unpaid Claims, End of Year	<u>\$ 99,943</u>	<u>\$ 168,822</u>	<u>\$ 172,620</u>



## **B. Contingent liabilities**

The City, in 1999, signed a compromise agreement in settlement of a claim for breach of contract to maintain certain creek drainage. As part of the agreement, the City is to make payments totaling \$147,500, from 2000 through 2009. However, these payments are contingent upon the claimants' performance of certain conditions. Since it cannot be determined if such future performance is reasonably probable, no additional liability for this amount has been accrued. Payments for which the City may be required to pay total \$104,750 as of September 30, 2008.

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, 2008 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 amount, if any, of expenditures 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 and retirement**

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. All amounts of compensation deferred under these plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claims of the City's general creditors. Participants' rights under the plans are equal to those of general creditor of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under these plans but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

### **1. Plan Description**

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 821 administered by TMRS, an agent multiple-employer public employee retirement system.

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. The contribution rate for the employees is 5%, and the City matching ratio is currently 2 to 1. Members can retire at ages

60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years.

## 2. Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made.

The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2007 valuation is effective for rates beginning January 2009).

### Actuarial Assumptions

Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years – Open Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	None
Includes Inflation At	3.5%
Cost of Living Adjustments	None

## 3. Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/2007	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Actuarial Value of Assets	\$ 16,893,870	\$ 16,432,198	\$ 15,889,899	\$ 14,815,141	\$ 13,582,509
Actuarial Accrued Liability	20,728,599	21,170,662	20,112,571	17,671,154	16,434,774
Percentage Funded	81.5%	77.6%	79.0%	83.8%	82.6%
Unfunded (Over-funded) Actuarial					
Accrued Liability (UAAL)	\$ 3,834,729	\$ 4,738,464	\$ 4,222,672	\$ 2,856,013	\$ 2,852,265
Annual Covered Payroll	\$ 8,228,123	\$ 7,489,073	\$ 7,113,531	\$ 7,716,375	\$ 7,735,905
UAAL as a Percentage of Covered Payroll	46.6%	63.3%	59.4%	37.0%	36.9%
Net Pension Obligation (NPO),					
Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Pension Cost:					
Annual Required Contribution (ARC)	\$ 844,732	\$ 704,369	\$ 552,841	\$ 560,752	\$ 543,826
Interest on NPO	-	-	-	-	-
Adjustment to ARC	-	-	-	-	-
	844,732	704,369	552,841	560,752	543,826
Contributions Made	844,732	704,369	552,841	560,752	543,826
Increase in NPO	-	-	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -	\$ -	\$ -

#### **D. Subsequent Events**

In November 2008, the following subsequent events occurred:

- The City entered into a lease purchase agreement with Chase Equipment Leasing, Inc. (CELI) to finance the purchase of an oil distributor truck for the Street Department. The lease agreement is for three years with an interest rate of 3.98% and annual payments of \$46,993 beginning in August 2009.
- The following contracts were approved by Council for water system improvements on the west side of the City. The contracts were contingent upon the City obtaining financing which occurred on December 23, 2008.
  - Contract awarded to Landmark Structures I, L.P. in the amount of \$1,345,000 for the 500,000 gallon composite elevated water storage tank.
  - Contract awarded to Sendero Industries, LLC in the amount of \$654,551 for Phase 1 of the water distribution system improvements.
  - Contract awarded to MWD Construction Company in the amount of \$443,675 for the Atlow pump station.

The City Council approved the following items in December, 2008:

- Issued \$5,985,000 of Combination Tax and Revenue Certificates of Obligation, Series 2008, to finance improvements to the water system on the west side of the City. The interest rate on the bonds range from 4.10 to 4.80 percent and the maturity date is August 15, 2028.
- At the December 23, 2008 Council meeting, an ordinance was approved on its' second reading annexing and adopting a service plan for four areas pursuant to the City's five year annexation plan.

On January 22, 2009, the City entered the following contracts for the renovation of the Central Fire Station:

- Contract awarded to Moeller Electric in the amount of \$143,100 for electrical renovation work.
- Contract awarded to Brenham Heating and Air in the amount of \$147,000 for a complete HVAC system.
- Contract awarded to Dahlquist Plumbing in the amount of \$56,705 for plumbing renovation work.

#### **E. Future Implementation of New Accounting Principles**

The Governmental Accounting Standards Board issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension Plans ("GASB 45"), which will be effective for the City in fiscal year 2009. This statement establishes uniform financial reporting standards for postemployment benefit other than pension plans. The effect of this statement cannot be determined at this time.

## Nonmajor Governmental Funds

### 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 that is restricted to various functions and organizations that develop and promote tourism.

#### Community Development Section 8 Grant

This fund is used to account for Federal grant revenues provided through the Department of Housing and Urban Development for the development of environmental and economic opportunities, principally for persons of low and moderate income.

#### Main Street/Community Development Fund

This fund is used to account for revenues specifically designated for Main Street programs and activities.

#### Fire/Community Hall Renovation Fund

This fund is used to account for revenues specifically designated for the Fire/Community Hall Renovation project.

#### Emergency Management Grants Fund

This fund is used to account for grant revenues specifically designated for Emergency Management purposes.

#### Police Department Grants Fund

This fund is used to account for revenues specifically designated for Police programs and activities.

#### Motorcycle/PD Equipment Fund

This fund is used to account for revenues specifically designated for police motorcycle and other equipment.

#### Police Training Fund

This fund is used to account for revenues specifically designated for police training.

#### FEMA/Hurricane Relief Fund

This fund is used to account for revenues specifically designated for FEMA/Hurricane Relief activities.

#### PD Criminal Law Enforcement Fund

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

#### Donations Fund

This fund is used to account for donations designated for specific purposes or activities.

#### Courts Technology/Security Fund

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

#### Fire Department Grants Fund

This fund is used to account for revenues specifically designated for fire department activities or equipment.

#### Parks Special Revenue Fund

This fund is used to account for revenues specifically designated for parks projects.

#### US 290 Pass Thru Finance Fund

This fund is used to account for revenues specifically designated for the US 290 Pass Thru project.

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City of Brenham  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Other Governmental Funds  
For the Year Ended September 30, 2008

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
<b>Revenues</b>			
Taxes	\$ 432,687	\$ -	\$ 432,687
Intergovernmental	293,517	113,108	406,625
Charges for Services	54,036	-	54,036
Investment Income	9,907	14,851	24,758
Payment from Component Unit	219,500	-	219,500
Contributions and Donations	176,900	-	176,900
Miscellaneous	21,574	-	21,574
<b>Total revenues</b>	<u>1,208,121</u>	<u>127,959</u>	<u>1,336,080</u>
<b>Expenditures</b>			
<b>Current:</b>			
Culture and Recreation	615,489	-	615,489
General Government	59,246	31,219	90,465
Health and Welfare	249,770	-	249,770
Public Safety	30,740	-	30,740
Capital Outlay	588,741	886,099	1,474,840
<b>Total expenditures</b>	<u>1,543,986</u>	<u>917,318</u>	<u>2,461,304</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(335,865)</u>	<u>(789,359)</u>	<u>(1,125,224)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	870,134	48,361	918,495
Transfers Out	(108,495)	-	(108,495)
<b>Total other financing sources and (uses)</b>	<u>761,639</u>	<u>48,361</u>	<u>810,000</u>
<b>Net change in Fund Balances</b>	<u>425,774</u>	<u>(740,998)</u>	<u>(315,224)</u>
<b>Fund balances - beginning</b>	<u>700,725</u>	<u>943,314</u>	<u>1,644,039</u>
<b>Fund balances - ending</b>	<u>\$ 1,126,499</u>	<u>\$ 202,316</u>	<u>\$ 1,328,815</u>

City of Brenham  
Combining Balance Sheet  
Other Governmental Funds - Special Revenue Funds  
For the Year Ended September 30, 2008

	Hotel/Motel Tax Fund	Community Development Sec. 8 Grant Fund	Main Street/ Comm. Dev. Fund	Fire/Comm. Hall Renovation Fund	Emergency Mgmt. Grants Fund	Police Dept. Grants Fund	Motorcycle/PD Equipment Fund	Police Training Fund
<b>Assets</b>								
Cash and Equivalents	\$ 5,083	\$ -	\$ -	\$ 76,430	\$ 1,356	\$ -	\$ -	\$ 6,349
Receivables (Net)								
Occupancy Tax	64,877	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	323,570	8,368	-	-	-
Due from Component Unit	-	-	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	1,000	124,277	996	-
Other Current Assets	-	-	-	-	-	-	-	2,500
Restricted Cash	39,651	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 109,611</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ 10,724</b>	<b>\$ 124,277</b>	<b>\$ 996</b>	<b>\$ 8,849</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts Payable & Other Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payables	-	-	-	-	-	124,277	996	-
Deferred Revenue	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124,277</b>	<b>996</b>	<b>-</b>
<b>Fund Balances:</b>								
Unreserved, reported in:								
Special Revenue Funds	109,611	-	-	400,000	10,724	-	-	8,849
<b>Total Fund Balances</b>	<b>109,611</b>	<b>-</b>	<b>-</b>	<b>400,000</b>	<b>10,724</b>	<b>-</b>	<b>-</b>	<b>8,849</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 109,611</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ 10,724</b>	<b>\$ 124,277</b>	<b>\$ 996</b>	<b>\$ 8,849</b>



City of Brenham  
 Combining Balance Sheet  
 Other Governmental Funds - Special Revenue Funds  
 For the Year Ended September 30, 2008

	FEMA Hurricane Relief Fund	PD Crim. Law Enforcement Fund	Donatons Fund	Courts Tech./Security Fund	Fire Dept. Grants Fund	Parks Special Revenue Fund	US 290 Pass Thru Finance Fund	Total Special Revenue Funds
<b>Assets</b>								
Cash and Equivalents	\$ -	\$ -	\$ -	\$ 62,923	\$ -	\$ 33,775	\$ 172,069	\$ 357,985
Receivables (Net)								
Occupancy Tax	-	-	-	-	-	-	-	64,877
Interfund Receivables	-	-	-	32,702	-	-	132,389	497,029
Due from Component Unit	-	-	-	-	-	5,061	-	5,061
Due from Other Governments	33,307	-	-	-	-	-	-	159,580
Other Current Assets	-	-	-	-	-	-	-	2,500
Restricted Cash	-	14,838	164,799	-	-	-	-	219,288
<b>Total Assets</b>	<b>\$ 33,307</b>	<b>\$ 14,838</b>	<b>\$ 164,799</b>	<b>\$ 95,625</b>	<b>\$ -</b>	<b>\$ 38,836</b>	<b>\$ 304,458</b>	<b>\$ 1,306,320</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts Payable & Other Current	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ 20,665	\$ -	\$ 22,265
Interfund Payables	31,707	-	-	-	-	-	-	156,980
Deferred Revenue	-	576	-	-	-	-	-	576
<b>Total Liabilities</b>	<b>33,307</b>	<b>576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,665</b>	<b>-</b>	<b>179,821</b>
<b>Fund Balances:</b>								
Unreserved, reported in:								
Special Revenue Funds	-	14,262	164,799	95,625	-	18,171	304,458	1,126,499
<b>Total Fund Balances</b>	<b>-</b>	<b>14,262</b>	<b>164,799</b>	<b>95,625</b>	<b>-</b>	<b>18,171</b>	<b>304,458</b>	<b>1,126,499</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 33,307</b>	<b>\$ 14,838</b>	<b>\$ 164,799</b>	<b>\$ 95,625</b>	<b>\$ -</b>	<b>\$ 38,836</b>	<b>\$ 304,458</b>	<b>\$ 1,306,320</b>

City of Brenham  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Other Governmental Funds - Special Revenue Funds  
For the Year Ended September 30, 2008

	Hotel/Motel Tax Fund	Community Development Sec. 8 Grant Fund	Main Street/ Comm. Dev. Fund	Fire/Comm. Hall Renovation Fund	Emergency Mgmt. Grants Fund	Police Dept. Grants Fund	Motorcycle/PD Equipment Fund	Police Training Fund
<b>Revenues</b>								
Taxes	\$ 432,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	249,770	-	-	1,000	3,260	996	2,684
Charges for Services	-	-	-	-	-	-	-	-
Investment Income	1,670	-	-	-	-	-	-	-
Payment from Component Unit	-	-	25,000	-	-	-	-	-
Contributions and Donations	-	-	17,070	-	-	-	-	-
Miscellaneous	-	-	5,610	-	-	-	-	-
<b>Total revenues</b>	<b>434,357</b>	<b>249,770</b>	<b>47,680</b>	<b>-</b>	<b>1,000</b>	<b>3,260</b>	<b>996</b>	<b>2,684</b>
<b>Expenditures</b>								
Current:								
Culture and Recreation	408,232	-	207,257	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Health and Welfare	-	249,770	-	-	-	-	-	-
Public Safety	-	-	-	-	16,907	3,260	996	2,239
Capital Outlay	-	-	-	-	-	-	14,810	-
<b>Total expenditures</b>	<b>408,232</b>	<b>249,770</b>	<b>207,257</b>	<b>-</b>	<b>16,907</b>	<b>3,260</b>	<b>15,806</b>	<b>2,239</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>26,125</b>	<b>-</b>	<b>(159,577)</b>	<b>-</b>	<b>(15,907)</b>	<b>-</b>	<b>(14,810)</b>	<b>445</b>
<b>Other Financing Sources (Uses)</b>								
Transfers In	-	-	143,523	400,000	-	-	-	-
Transfers Out	(55,000)	-	(30,050)	-	-	-	-	-
<b>Total other financing sources and (uses)</b>	<b>(55,000)</b>	<b>-</b>	<b>113,473</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in Fund Balances</b>	<b>(28,875)</b>	<b>-</b>	<b>(46,104)</b>	<b>400,000</b>	<b>(15,907)</b>	<b>-</b>	<b>(14,810)</b>	<b>445</b>
Fund balances - beginning	138,486	-	46,104	-	26,631	-	14,810	8,404
<b>Fund balances - ending</b>	<b>\$ 109,611</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ 10,724</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,849</b>

## 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 airport hanger construction and the runway extension project.

### 2002 Capital Projects Fund

This fund is used to account for proceeds and expenditures for the approved 2002 Bond projects.

### Capital Leases Fund

This fund is use to account for capital lease proceeds and capital lease expenditures.

City of Brenham  
Combining Balance Sheet  
Other Governmental Funds  
For the Year Ended September 30, 2008

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
<b>Assets</b>			
Cash and Equivalents	\$ 357,985	\$ -	\$ 357,985
Receivables (Net)			
Occupancy Tax	64,877	-	64,877
Interfund Receivables	497,029	117,230	614,259
Due from Component Unit	5,061	-	5,061
Due from Other Governments	159,580	-	159,580
Other Current Assets	2,500	22,870	25,370
Restricted Cash	219,288	79,026	298,314
Restricted Investments	-	4,595	4,595
<b>Total Assets</b>	<u>\$ 1,306,320</u>	<u>\$ 223,721</u>	<u>\$ 1,530,041</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable & Other Current	\$ 22,265	\$ 20,085	\$ 42,350
Interfund Payables	156,980	1,320	158,300
Deferred Revenue	576	-	576
<b>Total Liabilities</b>	<u>179,821</u>	<u>21,405</u>	<u>201,226</u>
Fund Balances:			
Unreserved, reported in:			
Capital Projects	-	202,316	202,316
Special Revenue Funds	1,126,499	-	1,126,499
<b>Total Fund Balances</b>	<u>1,126,499</u>	<u>202,316</u>	<u>1,328,815</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,306,320</u>	<u>\$ 223,721</u>	<u>\$ 1,530,041</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, 2008

	FEMA Hurricane Relief Fund	PD Crim. Law Enforcement Fund	Donations Fund	Courts Tech./Security Fund	Fire Dept. Grants Fund	Parks Special Revenue Fund	US 290 Pass Thru Finance Fund	Total Special Revenue Funds
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 432,687
Intergovernmental	33,307	-	-	-	2,500	-	-	293,517
Charges for Services	-	-	-	54,036	-	-	-	54,036
Investment Income	-	525	-	-	-	3,254	4,458	9,907
Payment from Component Unit	-	-	-	-	-	194,500	-	219,500
Contributions and Donations	-	-	143,830	-	-	16,000	-	176,900
Miscellaneous	-	15,964	-	-	-	-	-	21,574
<b>Total revenues</b>	<u>33,307</u>	<u>16,489</u>	<u>143,830</u>	<u>54,036</u>	<u>2,500</u>	<u>213,754</u>	<u>4,458</u>	<u>1,208,121</u>
<b>Expenditures</b>								
Current:								
Culture and Recreation	-	-	-	-	-	-	-	615,489
General Government	33,307	-	17,867	8,072	-	-	-	59,246
Health and Welfare	-	-	-	-	-	-	-	249,770
Public Safety	-	4,838	-	-	2,500	-	-	30,740
Capital Outlay	-	14,466	-	-	-	559,465	-	588,741
<b>Total expenditures</b>	<u>33,307</u>	<u>19,304</u>	<u>17,867</u>	<u>8,072</u>	<u>2,500</u>	<u>559,465</u>	<u>-</u>	<u>1,543,986</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(2,815)</u>	<u>125,963</u>	<u>45,964</u>	<u>-</u>	<u>(345,711)</u>	<u>4,458</u>	<u>(335,865)</u>
<b>Other Financing Sources (Uses)</b>								
Transfers In	-	-	30,050	-	-	146,561	150,000	870,134
Transfers Out	-	-	-	(23,445)	-	-	-	(108,495)
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>-</u>	<u>30,050</u>	<u>(23,445)</u>	<u>-</u>	<u>146,561</u>	<u>150,000</u>	<u>761,639</u>
<b>Net change in Fund Balances</b>	<u>-</u>	<u>(2,815)</u>	<u>156,013</u>	<u>22,519</u>	<u>-</u>	<u>(199,150)</u>	<u>154,458</u>	<u>425,774</u>
Fund balances - beginning	-	17,077	8,786	73,106	-	217,321	150,000	700,725
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ 14,262</u>	<u>\$ 164,799</u>	<u>\$ 95,625</u>	<u>\$ -</u>	<u>\$ 18,171</u>	<u>\$ 304,458</u>	<u>\$ 1,126,499</u>

**Combining Balance Sheet**  
**Other Governmental Funds - Nonmajor Capital Projects Funds**  
**For the Year Ended September 30, 2008**

	Airport Capital Impr. Fund	2002 Capital Projects Fund	Capital Leases Fund	Total Nonmajor Capital Projects Funds
<b>Assets</b>				
Interfund receivable	\$ 117,230	\$ -	\$ -	\$ 117,230
Other Current Assets	22,870	-	-	22,870
Restricted Cash	-	79,026	-	79,026
Restricted Investments	-	-	4,595	4,595
<b>Total Assets</b>	<u>\$ 140,100</u>	<u>\$ 79,026</u>	<u>\$ 4,595</u>	<u>\$ 223,721</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable & Other Current	\$ -	\$ 20,085	\$ -	\$ 20,085
Interfund Payables	-	1,320	-	1,320
<b>Total Liabilities</b>	<u>-</u>	<u>21,405</u>	<u>-</u>	<u>21,405</u>
<b>Fund Balances:</b>				
Unreserved, reported in:				
Capital Projects	140,100	57,621	4,595	202,316
<b>Total Fund Balances</b>	<u>140,100</u>	<u>57,621</u>	<u>4,595</u>	<u>202,316</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 140,100</u>	<u>\$ 79,026</u>	<u>\$ 4,595</u>	<u>\$ 223,721</u>

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, 2008

	Airport Capital Impr. Fund	2002 Capital Projects Fund	Capital Leases Fund	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Intergovernmental	\$ 113,108	\$ -	\$ -	\$ 113,108
Investment Income	-	11,581	3,270	14,851
<b>Total revenues</b>	<u>113,108</u>	<u>11,581</u>	<u>3,270</u>	<u>127,959</u>
<b>Expenditures</b>				
Current:				
General Government	-	31,219	-	31,219
Capital Outlay	110,950	591,096	184,053	886,099
<b>Total expenditures</b>	<u>110,950</u>	<u>622,315</u>	<u>184,053</u>	<u>917,318</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>2,158</u>	<u>(610,734)</u>	<u>(180,783)</u>	<u>(789,359)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	48,361	-	48,361
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>48,361</u>	<u>-</u>	<u>48,361</u>
<b>Net change in Fund Balances</b>	<u>2,158</u>	<u>(562,373)</u>	<u>(180,783)</u>	<u>(740,998)</u>
Fund balances - beginning	137,942	619,994	185,378	943,314
<b>Fund balances - ending</b>	<u>\$ 140,100</u>	<u>\$ 57,621</u>	<u>\$ 4,595</u>	<u>\$ 202,316</u>



City of Brenham  
Debt Service

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,614,548	\$ 1,614,548	\$ 1,635,553	\$ 21,005
Payment from Component Unit	463,216	463,216	463,217	1
Investment Income	45,633	45,633	32,593	(13,041)
<b>Total revenues</b>	<u>2,123,397</u>	<u>2,123,397</u>	<u>2,131,363</u>	<u>7,965</u>
<b>Expenditures</b>				
Debt Service:				
Interest and Fiscal Charges	955,046	955,046	925,667	29,379
Principal	1,106,253	1,106,253	1,120,235	(13,982)
Issuance Costs	1,466	1,466	1,069	398
<b>Total Debt Service</b>	<u>2,062,765</u>	<u>2,062,765</u>	<u>2,046,971</u>	<u>15,795</u>
<b>Total Expenditures</b>	<u>2,062,765</u>	<u>2,062,765</u>	<u>2,046,971</u>	<u>15,795</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>60,632</u>	<u>60,632</u>	<u>84,392</u>	<u>23,760</u>
<b>Net change in fund balance</b>	60,632	60,632	84,392	23,760
<b>Fund balance - beginning</b>	333,943	333,943	333,943	-
<b>Fund balance - ending</b>	<u>\$ 394,575</u>	<u>\$ 394,575</u>	<u>\$ 418,335</u>	<u>\$ 23,760</u>

City of Brenham  
Hotel/Motel Tax Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Hotel/Motel Occupancy Tax	\$ 388,000	\$ 388,000	\$ 432,687	\$ 44,687
Interest Income	8,300	8,300	1,670	(6,630)
<b>Total revenues</b>	<u>396,300</u>	<u>396,300</u>	<u>434,357</u>	<u>38,057</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	478,093	478,093	408,232	69,861
<b>Total Expenditures</b>	<u>478,093</u>	<u>478,093</u>	<u>408,232</u>	<u>69,861</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(81,793)</u>	<u>(81,793)</u>	<u>26,125</u>	<u>107,918</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(55,000)	(55,000)
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>-</u>	<u>(55,000)</u>	<u>(55,000)</u>
<b>Net change in fund balance</b>	<u>(81,793)</u>	<u>(81,793)</u>	<u>(28,875)</u>	<u>52,918</u>
Fund balance - beginning	138,486	138,486	138,486	-
Fund balance - ending	<u>\$ 56,693</u>	<u>\$ 56,693</u>	<u>\$ 109,611</u>	<u>\$ 52,918</u>

City of Brenham  
Main Street/Community Development Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	\$ -	\$ -	\$ 17,070	\$ 17,070
Payment from Component Unit	-	25,000	25,000	-
Miscellaneous	7,300	7,300	5,610	(1,690)
<b>Total revenues</b>	<u>7,300</u>	<u>32,300</u>	<u>47,680</u>	<u>15,380</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	187,923	222,219	207,257	14,962
<b>Total Expenditures</b>	<u>187,923</u>	<u>222,219</u>	<u>207,257</u>	<u>14,962</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(180,623)</u>	<u>(189,919)</u>	<u>(159,577)</u>	<u>30,342</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	145,623	154,919	143,523	(11,396)
Transfers Out	-	-	(30,050)	(30,050)
<b>Total other financing sources and (uses)</b>	<u>145,623</u>	<u>154,919</u>	<u>113,473</u>	<u>(41,446)</u>
<b>Net change in fund balance</b>	(35,000)	(35,000)	(46,104)	(11,104)
<b>Fund balance - beginning</b>	46,104	46,104	46,104	-
<b>Fund balance - ending</b>	<u>\$ 11,104</u>	<u>\$ 11,104</u>	<u>-</u>	<u>(\$ 11,104)</u>

City of Brenham  
 Fire/Community Hall Renovation Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
Current:				
Public Safety	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	400,000	400,000	-
Transfers Out	-	-	-	-
<b>Total other financing sources and (uses)</b>	-	400,000	400,000	-
<b>Net change in fund balance</b>	-	400,000	400,000	-
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ 400,000</b>	<b>-</b>

City of Brenham  
Motorcycle/PD Equipment Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Grant Revenues	\$ -	\$ -	\$ 996	\$ 996
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>996</u>	<u>996</u>
<b>Expenditures</b>				
Current:				
Public Safety	-	-	996	(996)
<b>Total Current</b>	<u>-</u>	<u>-</u>	<u>996</u>	<u>(996)</u>
Capital Outlay	14,810	14,810	14,810	-
<b>Total Expenditures</b>	<u>14,810</u>	<u>14,810</u>	<u>15,806</u>	<u>(996)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(14,810)</u>	<u>(14,810)</u>	<u>(14,810)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(14,810)</u>	<u>(14,810)</u>	<u>(14,810)</u>	<u>-</u>
Fund balance - beginning	14,810	14,810	14,810	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham  
Donations Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Donations	\$ -	\$ 8,400	\$ 143,830	\$ 135,430
<b>Total revenues</b>	<u>-</u>	<u>8,400</u>	<u>143,830</u>	<u>135,430</u>
<b>Expenditures</b>				
Current:				
General Government	-	8,400	17,867	(9,467)
<b>Total Expenditures</b>	<u>-</u>	<u>8,400</u>	<u>17,867</u>	<u>(9,467)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>125,963</u>	<u>125,963</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	30,050	30,050
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>-</u>	<u>30,050</u>	<u>30,050</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>156,013</u>	<u>156,013</u>
<b>Fund balance - beginning</b>	8,786	8,786	8,786	-
<b>Fund balance - ending</b>	<u>\$ 8,786</u>	<u>\$ 8,786</u>	<u>\$ 164,799</u>	<u>\$ 156,013</u>

City of Brenham  
 Courts Technology/Security Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$ 36,100	\$ 36,100	\$ 54,036	\$ 17,936
<b>Total revenues</b>	<u>36,100</u>	<u>36,100</u>	<u>54,036</u>	<u>17,936</u>
<b>Expenditures</b>				
Current:				
General Government	82,902	82,902	8,072	74,830
<b>Total Expenditures</b>	<u>82,902</u>	<u>82,902</u>	<u>8,072</u>	<u>74,830</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(46,802)</u>	<u>(46,802)</u>	<u>45,964</u>	<u>92,766</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(23,445)	(23,445)
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>-</u>	<u>(23,445)</u>	<u>(23,445)</u>
<b>Net change in fund balance</b>	<u>(46,802)</u>	<u>(46,802)</u>	<u>22,519</u>	<u>69,321</u>
<b>Fund balance - beginning</b>	<u>73,106</u>	<u>73,106</u>	<u>73,106</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 26,304</u>	<u>\$ 26,304</u>	<u>\$ 95,625</u>	<u>\$ 69,321</u>



City of Brenham  
Parks Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment Income	\$ -	\$ -	\$ 3,254	\$ 3,254
Contributions and Donations	-	16,000	16,000	-
Payment from Component Unit	135,000	194,500	194,500	-
<b>Total revenues</b>	<u>135,000</u>	<u>210,500</u>	<u>213,754</u>	<u>3,254</u>
<b>Expenditures</b>				
Capital Outlay				
Culture and Recreation	358,557	559,466	559,465	1
Total capital outlay	358,557	559,466	559,465	1
<b>Total Expenditures</b>	<u>358,557</u>	<u>559,466</u>	<u>559,465</u>	<u>1</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(223,557)</u>	<u>(348,966)</u>	<u>(345,710)</u>	<u>3,255</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	146,561	146,561	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>146,561</u>	<u>146,561</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(223,557)</u>	<u>(202,405)</u>	<u>(199,150)</u>	<u>3,255</u>
Fund balance - beginning	217,321	217,321	217,321	-
Fund balance - ending	<u>(\$ 6,236)</u>	<u>\$ 14,916</u>	<u>\$ 18,171</u>	<u>\$ 3,255</u>

City of Brenham  
US 290 Pass Thru Finance Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Investment Income	\$ -	\$ -	\$ 4,458	\$ 4,458
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>4,458</u>	<u>4,458</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>4,458</u>	<u>4,458</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	150,000	150,000	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>150,000</u>	<u>154,458</u>	<u>4,458</u>
Fund balance - beginning	150,000	150,000	150,000	-
Fund balance - ending	<u>\$ 150,000</u>	<u>\$ 300,000</u>	<u>\$ 304,458</u>	<u>\$ 4,458</u>

City of Brenham  
 Airport Capital Improvement Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Grant Revenues	\$ 847,125	\$ 847,125	\$ 113,108	\$ (734,017)
<b>Total revenues</b>	<u>847,125</u>	<u>847,125</u>	<u>113,108</u>	<u>(734,017)</u>
<b>Expenditures</b>				
Current:				
Highways and Streets	30,000	30,000	-	30,000
	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Capital Outlay	911,250	911,250	110,950	800,300
<b>Total Expenditures</b>	<u>941,250</u>	<u>941,250</u>	<u>110,950</u>	<u>830,300</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(94,125)</u>	<u>(94,125)</u>	<u>2,158</u>	<u>96,283</u>
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	(94,125)	(94,125)	2,158	96,283
Fund balance - beginning	137,942	137,942	137,942	-
Fund balance - ending	<u>\$ 43,817</u>	<u>\$ 43,817</u>	<u>\$ 140,100</u>	<u>\$ 96,283</u>

City of Brenham  
 Brenham Community Development Corporation Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended September 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,168,724	\$ 1,168,724	\$ 1,232,254	\$ 63,530
Investment Income	25,000	25,000	24,726	(274)
Miscellaneous	600	600	30,000	29,400
<b>Total revenues</b>	<u>1,194,324</u>	<u>1,194,324</u>	<u>1,286,980</u>	<u>92,656</u>
<b>Expenditures</b>				
Current:				
Economic Development	295,786	223,388	183,252	40,136
	<u>295,786</u>	<u>223,388</u>	<u>183,252</u>	<u>40,136</u>
Debt Service:				
Principal Retirement	42,095	42,095	42,095	-
	<u>42,095</u>	<u>42,095</u>	<u>42,095</u>	<u>-</u>
Capital Outlay	-	25,862	25,862	-
<b>Total Expenditures</b>	<u>337,881</u>	<u>291,345</u>	<u>251,209</u>	<u>40,136</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>856,443</u>	<u>902,979</u>	<u>1,035,771</u>	<u>132,792</u>
<b>Other Financing Sources (Uses)</b>				
Payment from Component Unit	(843,216)	(927,716)	(927,716)	-
<b>Total other financing sources and (uses)</b>	<u>(843,216)</u>	<u>(927,716)</u>	<u>(927,716)</u>	<u>-</u>
<b>Net change in fund balance</b>	13,227	(24,737)	108,055	132,792
Fund balance - beginning	782,051	782,051	782,051	-
Fund balance - ending	<u>\$ 795,278</u>	<u>\$ 757,314</u>	<u>\$ 890,106</u>	<u>\$ 132,792</u>

Net change in fund balance - component unit \$ 108,055

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

Component unit reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. 17,689

Capital outlay	25,862
Donation of capital asset	(8,173)
	<u>17,689</u>

Bond principal payments are expenditures in the component unit, but they reduce long term liabilities in the statement of net assets. 42,095

Change in net assets of component unit \$ 167,839

CITY OF BRENHAM, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/07	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/08
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>								
Bulletproof Vest Partnership 2006 Grant	16.607		2,499	1,238	(1,238)	-	-	-
Bulletproof Vest Partnership 2007 Grant	16.607		1,248	-	-	996	-	996
C.O.P.S. Law Enforcement Technology Grant	16.710	2006CKWX0147	148,084	124,277	-	-	-	124,277
			\$ 151,831	\$ 125,515	\$ (1,238)	\$ 996	\$ -	\$ 125,273
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>								
<b>Texas Department of Transportation</b>								
Selective Traffic Enforcement Program-Click It Or Ticket	20.609		7,500	-	(3,260)	3,260	-	-
Selective Traffic Enforcement Program-2009 Comprehensive			39,203	-	-	-	-	-
			\$ 46,703	\$ -	\$ (3,260)	\$ 3,260	\$ -	\$ -
<b>Texas Department of Transportation</b>								
Routine Airport Maintenance Program (RAMP)		M717 BRENM	50,000	9,745	(12,858)	3,932	(819)	-
Routine Airport Maintenance Program (RAMP)		M817 BRENM	50,000	-	-	26,393	-	26,393
Routine Airport Maintenance Program (RAMP)		M917 BRENM	50,000	-	-	-	-	-
			\$ 150,000	\$ 9,745	\$ (12,858)	\$ 30,325	\$ (819)	\$ 26,393
<b>Texas State Library and Archives Commission</b>								
Loan Star Libraries Grant - Fiscal Year 2008		442-08057	6,805	-	(6,805)	6,805	-	-
Loan Star Libraries Grant - Fiscal Year 2009		442-09057	6,897	-	-	-	-	-
			\$ 13,702	\$ -	\$ (6,805)	\$ 6,805	\$ -	\$ -
<b>TOTAL FEDERAL AND STATE CASH AWARDS</b>			\$ 362,236	\$ 135,260	\$ (24,161)	\$ 41,386	\$ (819)	\$ 151,666

CITY OF BRENHAM, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/07	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/08
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>								
<b>Brazos Valley Council of Governments (1)</b>								
Section 8 Housing Assistance and Voucher Program	14.871	TX540VO	\$ 256,228	\$ (20,289)	\$ (256,228)	\$ 190,744	\$ 85,773	\$ -
<b><u>U.S. DEPARTMENT OF TRANSPORTATION - FAA</u></b>								
<b>Texas Department of Transportation (2)</b>								
Federally Assisted Airport Development Grant HANGAR	20.106	06HGBRENM	\$ 894,980	\$ -	\$ (29,589)	\$ 29,589	\$ -	\$ -
Federally Assisted Airport Development Grant RUNWAY	20.106	0717BRENM	387,000	-	(83,518)	83,518	-	-
			<u>\$ 1,281,980</u>	<u>\$ -</u>	<u>\$ (113,107)</u>	<u>\$ 113,107</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL NON-CASH FEDERAL AND STATE AWARDS</b>			<u>\$ 1,538,208</u>	<u>\$ (20,289)</u>	<u>\$ (369,335)</u>	<u>\$ 303,851</u>	<u>\$ 85,773</u>	<u>\$ -</u>

- (1) For the period October 2007 through June 2008, the City contracted with Brenham Housing Authority to administer the Section 8 grant program, and no funds were directly received or expended by the City. Effective July 1, 2008, the fiscal program administration and management was transferred to Brenham Housing Authority and the City no longer functions as the grantee.
- (2) 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.

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 Six Fiscal Years*

CITY OF BRENHAM

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Economic Development	Culture and Recreation	Interest on Long-term Debt	Electric	Gas	Water	Sewer	Sanitation
2003	\$ 1,099,474	\$ 4,255,750	\$ 1,548,837	\$ 554,797	\$ 269,685	\$ 2,897,340	\$ 696,557	\$ 18,431,275	\$ 5,023,642	\$ 2,439,366	\$ 2,559,845	\$ 1,689,275
2004	1,071,441	4,399,037	1,544,154	569,459	3,417	2,802,023	758,226	19,621,793	4,537,389	2,557,248	2,656,350	2,007,536
2005	1,930,824	4,174,264	1,569,656	218,987	-	2,903,509	743,699	20,843,491	5,225,571	2,732,815	2,944,784	2,062,243
2006	1,993,032	4,719,613	1,637,165	624,350	-	3,047,778	709,650	25,991,891	6,027,066	3,162,284	3,544,654	2,309,317
2007	1,888,188	5,028,102	2,279,505	580,118	-	3,264,409	991,486	23,342,221	5,646,666	3,164,010	3,559,574	2,331,316
2008	2,001,542	5,235,849	2,302,230	545,485	-	3,607,684	952,463	26,690,324	5,975,923	3,405,073	3,803,759	2,621,538

The City of Brenham first applied GASB Statement No. 34 in fiscal year 2003; therefore, government wide financial information for years prior to fiscal year 2003 is not available.

**GOVERNMENT-WIDE REVENUES**  
*Last Six Fiscal Years*

CITY OF BRENHAM

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous	Gain/(Loss) on Sale of Capital Assets	Payments from Component Unit		
2003	\$ 30,735,343	\$ 999,126	\$ 542,589	\$ 7,856,433	\$ 28,348	\$ 425,151	\$ 134,751	\$ (51,100)	\$ 675,704	\$ 41,346,345	
2004	32,265,188	980,398	2,192,208	8,254,456	16,624	411,498	166,138	21,536	622,061	44,930,107	
2005	35,236,390	933,751	704,478	8,962,713	-	370,280	142,374	(57,173)	661,407	46,954,220	
2006	42,045,906	678,830	1,130,716	9,752,858	-	574,417	139,478	15,490	661,417	54,999,112	
2007	39,131,718	915,090	1,081,668	11,200,672	-	1,049,411	323,318	(129,116)	770,877	54,343,638	
2008	44,181,733	683,485	1,656,226	11,756,532	-	808,726	335,043	37,643	927,717	60,387,105	

The City of Brenham first applied GASB Statement No. 34 in fiscal year 2003; therefore, government wide financial information for years prior to fiscal year 2003 is not available.

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

CITY OF BRENHAM

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture & Recreation	Economic Development	Debt Service	Capital Outlay	Totals
1999	\$ 705,394	\$ 3,253,276	\$ 1,283,000	\$ 423,424	\$ 1,096,587	\$ -	\$ 1,419,448	\$ 3,788,039	\$ 11,969,168
2000	780,017	3,522,975	1,148,165	481,397	1,399,065	-	1,298,834	5,719,752	14,350,205
2001	750,684	3,864,203	1,073,128	434,823	1,988,445	-	1,296,710	2,847,592	12,255,585
2002	901,474	4,229,819	1,857,357	613,154	2,590,967	-	1,598,452	2,795,571	14,586,794
2003	980,100	4,021,661	1,032,007	556,746	2,366,423	275,531	1,627,423	3,198,692	14,058,583
2004	974,771	4,164,948	1,070,642	571,160	2,267,690	3,417	1,663,252	4,780,081	15,495,961
2005	1,560,873	4,053,844	1,046,654	214,873	2,374,455	-	1,762,731	1,763,551	12,776,981
2006	1,270,288	4,179,268	1,085,298	614,794	2,467,861	-	1,875,109	2,475,907	13,968,525
2007	1,383,100	4,634,054	1,153,897	562,579	2,611,013	-	2,030,056	3,497,123	15,871,822
2008	1,491,349	4,801,776	1,240,278	535,818	2,993,583	-	2,096,195	2,340,500	15,499,499

NOTE:

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

RECONCILIATION OF PROPERTY TAX RECEIVABLES

CITY OF BRENHAM

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions Net of Adjustments</u>	<u>Collections Refunds and Adjustments</u>	<u>Ending Balance</u>
1999	\$ 142,872	\$ 1,788,276	\$ (1,805,082)	\$ 126,066
2000	126,066	1,833,551	(1,838,887)	120,730
2001	120,730	2,042,221	(2,044,501)	118,450
2002	118,450	2,391,892	(2,383,038)	127,304
2003	127,304	2,648,253	(2,624,589)	150,968
2004	150,968	2,827,306	(2,805,850)	172,424
2005	172,424	3,072,218	(3,123,274)	121,368
2006	121,368	3,468,062	(3,443,982)	145,448
2007	145,448	4,109,307	(4,090,608)	164,147
2008	164,147	4,497,853	(4,511,707)	150,293

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
1999	\$ 5,755,025	\$ 49,178	\$ 1,117,650	\$ 47,162	\$ 276,804	\$ 1,367,217	\$ 8,613,036
2000	6,060,506	39,918	1,076,484	49,787	233,410	1,313,637	8,773,742
2001	6,508,631	50,114	966,026	139,743	193,627	1,598,799	9,456,940
2002	7,374,952	45,181	1,425,598	283,369	217,342	860,259	10,206,701
2003	7,832,768	43,572	1,269,907	331,505	216,255	1,090,139	10,784,146
2004	8,233,000	57,574	2,094,325	401,130	300,235	1,985,022	13,071,286
2005	9,013,770	57,846	1,596,241	396,353	344,076	1,001,261	12,409,547
2006	9,728,777	56,146	1,656,366	363,984	337,014	1,202,119	13,344,406
2007	11,181,972	54,487	1,648,201	368,861	363,253	1,553,226	15,170,000
2008	11,770,388	58,260	769,904	458,378	493,664	1,713,621	15,264,215

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

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

CITY OF BRENHAM

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST AND FISCAL CHARGES</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES</u>
1999	\$ 740,038	\$ 512,206	\$ 1,252,244	\$ 11,969,168	10.46
2000	757,544	541,290	1,298,834	14,350,205	9.05
2001	795,244	501,465	1,296,709	12,369,246	10.48
2002	916,183	610,757	1,526,940	14,586,794	10.47
2003	779,940	705,872	1,485,812	14,058,583	10.57
2004	857,158	717,105	1,574,263	15,495,961	10.16
2005	920,031	689,865	1,609,896	12,776,981	12.60
2006	1,014,256	647,046	1,661,302	13,968,525	11.89
2007	841,734	908,768	1,750,502	15,871,822	11.03
2008	955,912	900,024	1,855,936	15,499,499	11.97

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

CITY OF BRENHAM

Last Ten Fiscal Years

FISCAL YEAR	NET TAXABLE PROPERTY VALUE	RESIDENTIAL		COMMERCIAL		DEMOLITION		RELOCATION		TOTAL	
		NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE
1999	510,931,990	193	7,656,984	95	14,669,258	4	12,500	2	9,800	294	22,348,542
2000	523,867,785	166	4,247,576	124	7,438,640	8	131,900	6	22,700	304	11,840,816
2001	553,587,303	160	4,213,330	110	22,234,514	7	22,650	8	119,100	285	26,589,594
2002	606,171,712	182	13,438,167	125	11,598,574	6	57,875	9	56,000	322	25,151,116
2003	643,396,615	160	6,727,442	102	9,811,858	9	49,328	1	19,150	272	16,607,778
2004	686,861,013	136	6,296,904	127	44,482,180	4	11,250	6	31,200	273	50,821,534
2005	705,780,613	186	13,396,626	124	23,887,960	10	26,514	7	42,860	327	37,353,960
2006	742,413,700	212	13,094,207	136	13,189,145	12	95,875	13	65,980	373	26,445,207
2007	797,156,826	215	13,832,035	137	12,817,681	7	198,800	8	71,500	367	26,920,016
2008	879,817,843	224	11,320,174	135	18,898,102	7	110,673	18	22,800	384	30,351,749



REVENUES BY SOURCE - BUSINESS TYPE ACTIVITIES  
*Last Ten Fiscal Years*

CITY OF BRENHAM

FISCAL YEAR	ELECTRIC	GAS	SANITATION	SEWER	WATER	TOTAL REVENUES
1999	\$ 15,098,239	\$ 2,634,229	\$ 1,235,324	\$ 1,610,502	\$ 2,171,894	\$ 22,750,188
2000	16,383,896	3,269,589	1,325,829	1,739,697	2,635,493	25,354,504
2001	18,291,033	5,938,345	1,347,140	1,619,162	2,227,339	29,423,019
2002	18,026,344	3,456,761	1,487,365	1,594,352	2,472,349	27,037,171
2003	19,230,844	4,945,353	1,701,153	2,032,243	2,563,880	30,473,473
2004	20,468,491	4,412,176	1,993,821	1,953,816	2,690,075	31,518,379
2005	22,138,695	4,803,557	2,171,315	2,377,633	2,944,790	34,435,990
2006	26,440,575	5,768,269	2,427,160	2,934,281	3,718,368	41,288,653
2007	23,184,463	5,639,536	2,468,172	3,798,212	3,254,617	38,345,000
2008	26,539,770	6,061,121	2,731,307	4,119,856	3,719,245	43,171,299

**ELECTRIC CUSTOMERS, CONSUMPTION AND SALES**  
*Last Ten Fiscal Years*

CITY OF BRENHAM

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Number of customers</b>										
Residential	5,184	5,061	4,925	4,844	4,828	4,852	4,807	4,781	4,764	4,719
Commercial	1,165	1,191	1,138	1,124	1,111	1,100	1,060	1,002	997	962
Large commercial	294	288	282	276	274	273	258	248	237	234
Industrial	22	20	26	26	28	29	31	35	35	35
Street lights	1,218	1,205	1,175	1,137	1,135	1,126	1,115	1,116	1,096	1,076
Security lights	177	182	182	178	180	184	183	182	187	182
<b>Total</b>	<b>8,060</b>	<b>7,947</b>	<b>7,728</b>	<b>7,585</b>	<b>7,556</b>	<b>7,564</b>	<b>7,454</b>	<b>7,364</b>	<b>7,316</b>	<b>7,208</b>
<b>Consumption (in KWH)</b>										
Residential	73,296,005	70,267,796	73,781,005	71,200,173	67,146,651	70,366,417	68,957,930	71,179,304	70,807,609	70,038,320
Commercial	17,061,350	17,089,919	17,756,825	17,639,335	17,006,158	17,616,182	16,970,604	17,086,571	16,773,652	15,573,414
Large commercial	65,162,802	64,226,951	64,242,555	63,440,681	61,690,946	60,934,736	54,909,551	50,535,244	49,799,714	48,459,628
Industrial	133,073,570	148,939,620	157,358,022	154,601,347	146,081,323	152,368,023	160,204,329	163,677,977	169,415,182	168,191,452
Street lights	1,403,016	1,388,136	1,353,480	1,309,704	1,308,072	1,296,802	1,285,032	1,285,032	1,262,568	1,240,008
Security lights	276,192	277,728	280,800	276,576	279,264	284,736	288,768	290,016	295,872	286,464
<b>Total</b>	<b>290,272,935</b>	<b>302,190,150</b>	<b>314,772,687</b>	<b>308,467,816</b>	<b>293,512,414</b>	<b>302,866,896</b>	<b>302,616,214</b>	<b>304,054,144</b>	<b>308,354,597</b>	<b>303,789,286</b>
<b>Sales (1)</b>										
Residential	\$ 7,909,221	\$ 6,419,733	\$ 7,118,275	\$ 5,985,305	\$ 5,688,795	\$ 5,436,951	\$ 4,969,097	\$ 5,205,766	\$ 4,718,095	\$ 4,395,586
Commercial	1,877,315	1,607,902	1,760,370	1,526,577	1,478,458	1,393,007	1,252,180	1,275,689	1,140,992	1,009,960
Large commercial	5,979,719	4,867,798	5,253,311	4,388,473	4,270,913	3,784,246	3,320,333	3,085,814	2,642,020	2,400,070
Industrial	10,135,546	9,842,065	11,814,007	9,679,213	8,574,419	8,106,613	8,076,026	8,294,969	7,452,143	6,827,799
Street lights	92,907	81,595	81,238	76,322	76,337	71,278	71,869	78,156	67,008	62,534
Security lights	38,696	39,011	39,525	38,901	39,114	38,603	34,107	34,171	34,916	33,809
<b>Total</b>	<b>\$ 26,033,404</b>	<b>\$ 22,858,104</b>	<b>\$ 26,066,726</b>	<b>\$ 21,694,791</b>	<b>\$ 20,126,036</b>	<b>\$ 18,830,698</b>	<b>\$ 17,723,612</b>	<b>\$ 17,974,565</b>	<b>\$ 16,055,174</b>	<b>\$ 14,729,758</b>
<b>Annual average consumption per customer (in KWH)</b>										
Residential	14,138	13,884	14,981	14,699	13,908	14,503	14,345	14,888	14,863	14,842
Commercial	14,651	14,349	15,604	15,693	15,307	16,015	16,010	17,052	16,824	16,189
Large commercial	221,642	223,010	227,810	229,858	225,149	223,204	212,828	203,771	210,125	207,092
Industrial	6,048,799	7,446,981	6,052,232	5,946,206	5,217,190	5,254,070	5,167,882	4,676,514	4,840,434	4,805,470
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,151	1,152	1,152
Security lights	1,562	1,526	1,543	1,554	1,551	1,547	1,578	1,593	1,582	1,574
<b>Monthly average bill per customer</b>										
Residential	127	106	120	103	98	93	86	91	83	78
Commercial	134	113	129	113	111	106	98	106	95	87
Large commercial	1,695	1,409	1,552	1,325	1,299	1,155	1,072	1,037	929	855
Industrial	38,392	41,009	37,865	31,023	25,519	23,295	21,710	19,750	17,743	16,257
Street lights	6	6	6	6	6	5	5	6	5	5
Security lights	18	18	18	18	18	17	16	16	16	15
<b>Average price per KWH purchased</b>	<b>0.0691</b>	<b>0.0557</b>	<b>0.0650</b>	<b>0.0501</b>	<b>0.0480</b>	<b>0.0441</b>	<b>0.0411</b>	<b>0.0467</b>	<b>0.0402</b>	<b>0.0368</b>
<b>Average price per KWH sold</b>	<b>0.0896</b>	<b>0.0756</b>	<b>0.0828</b>	<b>0.0703</b>	<b>0.0686</b>	<b>0.0622</b>	<b>0.0586</b>	<b>0.0591</b>	<b>0.0521</b>	<b>0.0485</b>
<b>% line loss</b>	<b>5.32%</b>	<b>4.52%</b>	<b>4.06%</b>	<b>5.19%</b>	<b>5.33%</b>	<b>5.37%</b>	<b>4.35%</b>	<b>2.68%</b>	<b>3.48%</b>	<b>3.32%</b>

(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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Number of customers</b>										
Residential	3,562	3,490	3,443	3,423	3,417	3,448	3,446	3,428	3,413	3,386
Small commercial	357	369	345	344	329	314	319	324	310	306
Large commercial	122	124	127	128	129	127	130	127	125	125
Governmental	63	64	64	66	65	63	60	57	61	56
Industrial	3	3	3	4	4	4	3	3	3	3
<b>Total</b>	<b>4,106</b>	<b>4,050</b>	<b>3,982</b>	<b>3,965</b>	<b>3,944</b>	<b>3,956</b>	<b>3,958</b>	<b>3,939</b>	<b>3,912</b>	<b>3,876</b>
<b>Consumption (in mcf)</b>										
Residential	97,885	112,591	89,134	94,947	101,988	126,301	118,657	141,252	93,099	101,099
Small commercial	22,379	24,202	21,183	18,386	18,501	21,078	17,603	21,147	11,066	11,559
Large commercial	149,571	168,806	164,018	153,229	160,421	180,596	189,458	195,334	183,461	180,888
Governmental	42,332	43,576	40,741	42,915	43,974	49,862	28,570	28,074	25,145	22,960
Industrial	210,244	253,544	248,432	233,585	232,906	267,083	332,488	371,381	316,039	327,212
<b>Total</b>	<b>522,411</b>	<b>602,719</b>	<b>563,508</b>	<b>543,062</b>	<b>557,790</b>	<b>644,920</b>	<b>686,776</b>	<b>757,188</b>	<b>628,810</b>	<b>643,718</b>
<b>Sales (1)</b>										
Residential	\$ 1,386,177	\$ 1,414,718	\$ 1,227,469	\$ 1,044,382	\$ 1,036,421	\$ 1,271,425	\$ 769,167	\$ 1,465,948	\$ 672,735	\$ 646,991
Small commercial	280,878	261,881	247,547	180,366	166,469	191,032	102,501	204,677	75,480	68,919
Large commercial	1,656,716	1,501,897	1,653,440	1,306,104	1,223,093	1,337,093	883,081	1,497,216	913,615	669,636
Governmental	465,583	403,126	431,779	374,630	349,391	399,995	148,032	254,866	138,547	93,813
Industrial	2,254,059	2,058,256	2,250,948	1,845,221	1,631,185	1,729,332	1,550,328	2,512,118	1,466,193	1,149,756
<b>Total</b>	<b>\$ 6,043,413</b>	<b>\$ 5,639,878</b>	<b>\$ 5,811,183</b>	<b>\$ 4,750,703</b>	<b>\$ 4,406,559</b>	<b>\$ 4,928,877</b>	<b>\$ 3,453,109</b>	<b>\$ 5,934,825</b>	<b>\$ 3,266,570</b>	<b>\$ 2,629,115</b>
<b>Annual average consumption per customer (in mcf)</b>										
Residential	27	32	26	28	30	37	34	41	27	30
Small commercial	63	66	61	53	56	67	55	65	36	38
Large commercial	1,223	1,361	1,291	1,197	1,244	1,422	1,457	1,538	1,468	1,447
Governmental	676	681	637	650	677	791	476	493	412	410
Industrial	70,081	84,515	82,811	58,396	58,227	66,771	110,829	123,794	105,346	109,071
<b>Monthly average bill per customer</b>										
Residential	32	34	30	25	25	31	19	36	16	16
Small commercial	66	59	60	44	42	51	27	53	20	19
Large commercial	1,129	1,009	1,085	850	790	877	566	982	609	446
Governmental	619	525	562	473	448	529	206	373	189	140
Industrial	62,613	57,174	62,526	38,442	33,983	36,028	43,065	69,781	40,728	31,938
<b>Average price per mcf purchased</b>	<b>8.3838</b>	<b>6.4885</b>	<b>8.1660</b>	<b>7.2225</b>	<b>5.9204</b>	<b>5.7464</b>	<b>3.5759</b>	<b>6.3861</b>	<b>3.7032</b>	<b>2.6822</b>
<b>Average price per mcf sold</b>	<b>11.5683</b>	<b>9.3524</b>	<b>10.3125</b>	<b>8.7480</b>	<b>7.9000</b>	<b>7.6426</b>	<b>5.0280</b>	<b>7.8380</b>	<b>5.1948</b>	<b>4.0843</b>
<b>% line loss (gain)</b>	<b>0.04%</b>	<b>1.94%</b>	<b>-0.21%</b>	<b>0.18%</b>	<b>-0.85%</b>	<b>0.35%</b>	<b>1.14%</b>	<b>-0.84%</b>	<b>3.53%</b>	<b>1.44%</b>

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

**ELECTRIC RATES (1)**  
*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		
Sep-25-1995	Customer charge	\$11.59	\$20.05	\$15.00	\$25.95	\$40.36	\$69.83	\$100.00	\$100.00
	Demand charge	-	-	-	-	\$6.30	\$6.30	-	-
	Non-coincident demand charge	-	-	-	-	-	-	\$1.7930	\$1.7930
	On peak demand charge	-	-	-	-	-	-	\$9.0610	\$9.0610
	Off peak demand charge	-	-	-	-	-	-	\$6.4650	\$6.4650
	KVA	-	-	-	-	-	-	\$0.240	\$0.181
Apr-01-2002	Customer charge	\$11.60	\$20.00	\$15.00	\$26.00	\$40.00	\$70.00	\$100.00	\$100.00
	Wires charge (per KWH)	\$0.02290	\$0.02290	\$0.02200	\$0.02200	\$0.01510	\$0.01510	\$0.00896	\$0.00636
Sep-22-2002	Customer charge	\$11.60	\$20.00	\$15.00	\$26.00	\$40.00	\$70.00	\$100.00	\$100.00
	Wires charge (per KWH)	\$0.02510	\$0.02510	\$0.02420	\$0.02420	\$0.01640	\$0.01640	\$0.00993	\$0.00700
Jan-01-2003	Customer charge	\$11.60	\$20.00	\$15.00	\$26.00	\$40.00	\$70.00	\$100.00	\$100.00
	Wires charge (per KWH)	\$0.02520	\$0.02520	\$0.02430	\$0.02430	\$0.01650	\$0.01650	\$0.00993	\$0.00700

(1) Rates reflect base charges excluding the energy charge which is the cost of energy passed directly through to the customer. Customers are also assessed charges for adjustments in generation charges as needed.

**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		
Oct-01-1995	First 1 mcf (Min) (1)	\$5.30	\$7.95	\$5.30	\$7.95	-	-	-	-	-	-
	Next 4 mcf	\$2.42	\$3.62	\$2.42	\$3.62	-	-	-	-	-	-
	Next 10 mcf	\$1.89	\$3.84	\$1.89	\$3.84	-	-	-	-	-	-
	All additional mcf	\$1.58	\$2.36	\$1.58	\$2.36	\$0.80	\$1.20	\$0.80	\$1.20	-	-
	Minimum bill (1)	\$5.30	\$7.95	\$5.30	\$7.95	\$28.80	\$43.20	\$28.80	\$43.20	-	-
	First 30 mcf (Min) (1)	-	-	-	-	\$1.01	\$43.20	\$1.01	\$43.20	-	-
	All mcf (1)	-	-	-	-	-	-	-	-	\$0.69	-
All mcf - urban (1)		-	-	-	-	-	-	-	-	-	\$1.01
	All mcf - rural (1)	-	-	-	-	-	-	-	-	-	\$1.51
Feb-22-1999	Customer charge	\$5.30	\$6.10	\$5.30	\$6.10	\$28.80	\$33.12	\$28.80	\$33.12	\$28.80	\$28.80
	Gas charge per mcf (2)	\$3.52600	\$3.75800	\$3.52600	\$3.75800	\$3.17700	\$3.35400	\$3.17700	\$3.35400	\$2.87200	\$3.29700
Sep-22-2002	Customer charge	\$6.16	\$7.09	\$6.16	\$7.09	\$33.50	\$38.52	\$33.50	\$38.52	\$33.50	\$33.50
	Gas charge per mcf (2)	\$3.73100	\$3.99400	\$3.73100	\$3.99400	\$3.33600	\$3.53700	\$3.33600	\$3.53700	\$2.98600	\$3.46200
Sep-22-2004	Customer charge	\$7.29	\$8.39	\$7.29	\$8.39	\$39.63	\$45.57	\$39.63	\$45.57	\$39.63	\$39.63
	Gas charge per mcf (2)	\$4.00000	\$4.30300	\$4.00000	\$4.30300	\$3.54400	\$3.77500	\$3.54400	\$3.77500	\$3.13400	\$3.67700
Feb-22-2006	Customer charge	\$7.29	\$8.39	\$7.29	\$8.39	\$39.63	\$45.57	\$39.63	\$45.57	\$39.63	\$39.63
	Gas charge per mcf (2)	\$9.66500	\$9.96800	\$9.66500	\$9.96800	\$9.20900	\$9.44000	\$9.20900	\$9.44000	\$8.79900	\$9.34200
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 (2)	\$10.53100	\$10.93000	\$10.53100	\$10.93000	\$9.79100	\$10.07900	\$9.79100	\$10.07900	\$9.68500	\$9.52300

(1) In addition to the base charges, each customer's monthly bill includes a gas fuel adjustment charge per mcf.

(2) In addition to the appropriate base rate charge, each customer shall pay a Gas Cost Adjustment Charge to recover those costs of purchasing gas on a wholesale basis, which exceed the allowance provided for the cost of gas within the base rate.

TEN LARGEST ELECTRIC CUSTOMERS  
 Current Year and Nine Years Ago

CITY OF BRENHAM

2008			1999		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	\$ 3,475,249	13.09%	Mount Vernon Mills, Inc.	\$ 1,887,564	12.50%
Mount Vernon Mills, Inc.	1,643,838	6.19%	Blue Bell Creameries	1,631,226	10.80%
Blinn College	1,153,848	4.35%	Blinn College	446,963	2.96%
Valmont/Als - Abated	1,025,129	3.86%	Brenham I.S.D.	441,459	2.92%
Brenham I.S.D.	755,207	2.85%	Brenham State School	360,579	2.39%
Brenham State School	570,019	2.15%	Cleaners Hanger Co.	283,409	1.88%
City of Brenham Wastewater Plant	546,260	2.06%	Valmont/Als	261,798	1.73%
Trinity Medical Center	388,034	1.46%	Brenham Wholesale Grocery	196,457	1.30%
Brenham Wholesale Grocery	377,828	1.42%	City of Brenham Wastewater Plant	163,599	1.08%
Germania Insurance	301,428	1.14%	H.E.B.	172,975	1.15%
Total	\$ 10,236,840	38.57%	Total	\$ 5,846,029	38.72%

TEN LARGEST GAS CUSTOMERS  
Current Year and Nine Years Ago

CITY OF BRENHAM

2008			1999		
NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS	NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS
		CHARGES			CHARGES
Mount Vernon Mills, Inc.	\$ 1,512,941	24.96%	Mount Vernon Mills, Inc.	\$ 548,521	20.82%
Blue Bell Creameries	811,580	13.39%	Tuscarora	345,799	13.13%
Blinn College	370,032	6.11%	Blue Bell Creameries	256,596	9.74%
Longwood Elastomers	299,705	4.94%	Valmont/Als	89,071	3.38%
Valmont/Als	297,886	4.91%	Longwood Elastomers	86,199	3.27%
Trinity Medical Center	148,834	2.46%	Cleaners Hanger Co.	78,924	3.00%
Brenham Housing Authority	124,302	2.05%	Blinn College	43,981	1.67%
Brenham I.S.D.	76,309	1.26%	Trinity Medical Center	40,827	1.55%
City of Brenham	45,879	0.76%	Brenham I.S.D.	33,930	1.29%
Germania Insurance	36,640	0.60%	Brenham Housing Authority	32,557	1.24%
Total	\$ 3,724,108	61.44%	Total	\$ 1,556,405	59.08%

The Water System - Utility Billing Statistics  
 Current Year and Prior Year

City of Brenham

	Fiscal Year		
	2008	2007	(DEC)/INC
<b><u>NUMBER OF CUSTOMERS</u></b>			
Residential	5,190	5,049	141
Commercial	1,221	1,232	(11)
Meter on Fire Hydrant	12	11	1
Sprinkler	392	362	30
TOTAL	6,816	6,654	162
<b><u>CONSUMPTION (in thousands of gallons)</u></b>			
Residential	383,300,900	324,805,400	58,495,500
Commercial	358,689,300	373,245,000	(14,555,700)
Meter on Fire Hydrant	3,324,000	2,816,800	507,200
Sprinkler	137,701,700	98,679,400	39,022,300
TOTAL	883,015,900	799,546,600	83,469,300
<b><u>SALES (in dollars)</u></b>			
Residential	\$ 1,696,865	\$ 1,451,161	\$ 245,704
Commercial	1,274,420	1,319,603	(45,183)
Meter on Fire Hydrant	15,765	13,508	2,257
Sprinkler	576,745	409,496	167,249
TOTAL	\$ 3,563,795	\$ 3,193,768	\$ 370,027
<b><u>AVERAGE ANNUAL CONSUMPTION PER CUSTOMER</u></b>			
Residential (in thousands of gallons)	73,861	64,331	9,530
Commercial	293,687	302,959	(9,272)
Meter on Fire Hydrant	269,514	258,027	11,486
Sprinkler	350,907	272,595	78,312
<b><u>MONTHLY AVERAGE BILL PER CUSTOMER</u></b>			
Residential	\$ 27	\$ 24	\$ 3
Commercial	87	89	(2)
Meter on Fire Hydrant	107	103	3
Sprinkler	122	94	28
<b>AVERAGE PRICE PER 1000 GALLONS PURCHASED</b>	0.196	0.224	(0.028)
<b>AVERAGE PRICE PER 1000 GALLONS SOLD</b>	4.036	3.994	0.041
<b>% LINE LOSS</b>	15.81% *	4.00% *	11.81%

\*12,331,600 and 12,243,600 gallons respectively unbilled City water usage



The Sewer System - Utility Billing Statistics  
 Current Year and Prior Year

City of Brenham

	Fiscal Year		
	2008	2007	(DEC)/INC
<b><u>NUMBER OF CUSTOMERS</u></b>			
Residential	5,166	5,025	141
Commercial	1,023	1,037	(14)
Industrial	8	9	(1)
Oak Hill Acres Flow Meter	1	1	-
TOTAL	6,199	6,072	126
<b><u>SALES (in dollars)</u></b>			
Residential	\$ 1,720,268	\$ 1,654,671	\$ 65,597
Commercial	1,057,233	1,034,527	22,706
Industrial	1,028,613	882,042	146,571
Oak Hill Acres Flow Meter	48,085	56,548	(8,463)
TOTAL	\$ 3,854,201	\$ 3,627,788	\$ 226,412
<b><u>MONTHLY AVERAGE BILL PER CUSTOMER</u></b>			
Residential	\$ 28	\$ 27	\$ 0
Commercial	86	83	3
Industrial	10,715	8,167	2,548
Oak Hill Acres Flow Meter	4,007	4,712	(705)

The Sanitation System - Utility Billing Statistics  
 Current Year and Prior Year

City of Brenham

	Fiscal Year		
	2008	2007	(DEC)/INC
<b><u>NUMBER OF CUSTOMERS</u></b>			
Residential	4,767	4,624	143
Residential - Rural	11	32	(21)
Commercial	522	512	10
Dumpster	-	-	-
TOTAL	5,300	5,168	131
<b><u>SALES (in dollars)</u></b>			
Residential	\$ 782,928	\$ 745,431	\$ 37,497
Residential - Rural	2,573	4,930	(2,357)
Commercial	807,929	776,754	31,175
Dumpster	-	-	-
TOTAL	\$ 1,593,430	\$ 1,527,115	\$ 66,314
<b><u>MONTHLY AVERAGE BILL PER CUSTOMER</u></b>			
Residential	\$ 14	\$ 13	\$ 1
Residential - Rural	20	13	7
Commercial	129	126	3

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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
<b>Revenue Capacity</b> 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.	5-11
<b>Debt Capacity</b> 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.	12-16
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	17-18
<b>Operating Information</b> 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.	19-21

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports of the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**NET ASSETS BY COMPONENT**  
*Last Six Fiscal Years (1)*  
*(accrual basis of accounting)*

CITY OF BRENHAM

**TABLE 1**

Description	Fiscal Year					
	2008	2007	2006 (2)	2005	2004 (3)	2003
<b>Governmental activities:</b>						
Invested in capital assets, net of related debt	\$ 33,407,787	\$ 32,212,469	\$ 32,062,294	\$ 12,937,041	\$ 11,978,324	\$ 8,599,427
Restricted	470,187	333,943	1,439,731	3,145,253	3,059,760	4,328,818
Unrestricted	5,435,960	4,764,217	2,336,891	846,738	790,615	595,910
Subtotal governmental activities net assets	39,313,934	37,310,629	35,838,916	16,929,032	15,828,699	13,524,155
<b>Business-type activities:</b>						
Invested in capital assets, net of related debt	28,296,722	27,082,608	27,842,335	27,560,970	26,087,722	21,635,027
Restricted	809	538,822	243,547	1,550,431	2,000,995	5,615,238
Unrestricted	8,766,360	8,201,530	6,940,747	5,436,192	5,954,831	6,695,793
Subtotal business-type activities net assets	37,063,891	35,822,960	35,026,629	34,547,593	34,043,548	33,946,058
<b>Primary government:</b>						
Invested in capital assets, net of related debt	61,704,509	59,295,077	59,904,629	40,498,011	38,066,046	30,234,454
Restricted	470,996	872,765	1,683,278	4,695,684	5,060,755	9,944,056
Unrestricted	14,202,320	12,965,747	9,277,638	6,282,929	6,745,446	7,291,703
Total primary government net assets (4)	\$ 76,377,825	\$ 73,133,589	\$ 70,865,545	\$ 51,476,624	\$ 49,872,247	\$ 47,470,213
<b>Component unit:</b>						
Invested in capital assets, net of related debt	\$ 223,467	\$ 163,683	\$ 163,683	\$ 85,538	\$ 134,928	\$ 35,537
Restricted	890,106	782,051	513,699	-	-	-
Unrestricted	-	-	-	279,770	102,795	108,916
Total component unit net assets (4)	\$ 1,113,573	\$ 945,734	\$ 677,382	\$ 365,308	\$ 237,723	\$ 144,453

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data will be accumulated over time.

(2) As restated for infrastructure valuations in compliance with GASB 34 implementation.

(3) As restated for reallocation of \$300,000 in long term debt from business type activities to governmental activities.

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

**CHANGE IN NET ASSETS**  
*Last Six Fiscal Years (1)*  
*(accrual basis of accounting)*

CITY OF BRENHAM

TABLE 2

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
<b>Program expenses</b>						
Governmental activities:						
General government	\$ 2,001,542	\$ 1,888,188	\$ 1,993,032	\$ 1,930,824	\$ 1,071,441	\$ 1,099,474
Public safety	5,235,849	5,028,102	4,719,613	4,174,264	4,399,037	4,255,750
Highways and streets	2,302,230	2,279,505	1,637,165	1,569,656	1,544,154	1,548,837
Health and welfare	545,485	580,118	624,350	218,987	569,459	554,797
Economic development	-	-	-	-	3,417	269,685
Culture and recreation	3,607,684	3,264,409	3,047,778	2,903,509	2,802,023	2,897,340
Debt service	952,463	991,486	709,650	743,699	758,226	696,557
<b>Total government activities program expenses</b>	<b>14,645,253</b>	<b>14,031,808</b>	<b>12,731,588</b>	<b>11,540,939</b>	<b>11,147,757</b>	<b>11,322,440</b>
Business-type activities:						
Electric	26,690,324	23,342,221	25,991,891	20,843,491	19,621,793	18,431,275
Gas	5,975,923	5,646,666	6,027,066	5,225,571	4,537,389	5,023,642
Water	3,405,073	3,164,010	3,162,284	2,732,815	2,557,248	2,439,366
Sewer	3,803,759	3,559,574	3,544,654	2,944,784	2,656,350	2,559,845
Sanitation	2,621,538	2,331,316	2,309,317	2,062,243	2,007,536	1,689,275
<b>Total business-type activities program expenses</b>	<b>42,496,617</b>	<b>38,043,787</b>	<b>41,035,212</b>	<b>33,808,904</b>	<b>31,380,316</b>	<b>30,143,403</b>
<b>Total primary government expenses</b>	<b>57,141,870</b>	<b>52,075,595</b>	<b>53,766,800</b>	<b>45,349,843</b>	<b>42,528,073</b>	<b>41,465,843</b>
<b>Program revenues</b>						
Governmental activities:						
Charges for services:						
General government	652,831	482,252	423,312	450,653	405,857	284,763
Public safety	6,138	2,321	34,020	28,641	25,130	30,798
Highways and streets	38,284	13	14	15	59	59
Health and welfare	37,566	30,290	32,094	7,179	11,299	13,245
Economic development	-	-	-	-	25	25
Culture and recreation	275,555	271,842	267,813	314,012	316,720	241,706
Operating grants and contributions	678,485	915,090	678,830	933,651	968,117	965,931
Capital grants and contributions	1,415,745	1,081,668	1,120,556	704,478	2,192,208	542,589
<b>Total governmental activities program revenues</b>	<b>3,104,604</b>	<b>2,783,476</b>	<b>2,556,639</b>	<b>2,438,629</b>	<b>3,919,415</b>	<b>2,079,116</b>
Business-type activities:						
Charges for services:						
Electric	26,539,793	23,184,463	26,440,575	22,138,695	20,468,491	19,230,844
Gas	6,061,128	5,639,536	5,768,269	4,803,557	4,412,176	4,945,353
Water	3,719,257	3,254,617	3,718,368	2,944,790	2,690,075	2,563,880
Sewer	4,119,867	3,798,212	2,934,281	2,377,633	1,953,816	1,756,712
Sanitation	2,731,314	2,468,172	2,427,160	2,171,215	1,981,540	1,667,958
Operating grants and contributions	5,000	-	-	100	12,281	33,195
Capital grants and contributions	240,481	-	10,160	-	-	275,531
<b>Total business-type activities program revenues</b>	<b>43,416,841</b>	<b>38,345,000</b>	<b>41,298,813</b>	<b>34,435,990</b>	<b>31,518,379</b>	<b>30,473,473</b>
<b>Total primary government program revenues</b>	<b>46,521,445</b>	<b>41,128,476</b>	<b>43,855,452</b>	<b>36,874,619</b>	<b>35,437,794</b>	<b>32,552,589</b>
<b>Net (expense)/revenue</b>						
Governmental activities	(11,540,649)	(11,248,332)	(10,174,949)	(9,102,310)	(7,228,342)	(9,243,324)
Business-type activities	920,224	301,213	263,601	627,086	138,063	330,070
<b>Total primary government net expense</b>	<b>(10,620,425)</b>	<b>(10,947,119)</b>	<b>(9,911,348)</b>	<b>(8,475,224)</b>	<b>(7,090,279)</b>	<b>(8,913,254)</b>

Continued

**CHANGE IN NET ASSETS**  
*Last Six Fiscal Years (1)*  
*(accrual basis of accounting)*

CITY OF BRENHAM

TABLE 2

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
<b>General revenues and other changes in net assets</b>						
Governmental activities:						
Property taxes	4,547,830	4,152,080	3,505,543	3,091,085	2,899,464	2,680,158
Sales taxes	3,696,762	3,524,009	3,290,760	2,910,902	2,610,841	2,588,412
Other taxes	3,511,940	3,524,583	2,956,555	2,960,726	2,744,151	2,587,861
Grants and contributions not restricted	-	-	-	-	16,624	28,348
Investment income not restricted	460,201	587,125	261,901	143,000	138,952	111,107
Miscellaneous	208,690	55,483	120,666	119,836	134,188	103,857
Gain (loss) on sale of capital assets	37,643	9,508	5,458	(58,343)	21,536	(51,110)
Payments from component Unit	927,717	770,877	661,417	661,407	622,061	675,704
Transfers	154,171	96,380	239,378	374,031	645,069	1,671,039
<b>Total government activities</b>	<b>13,544,954</b>	<b>12,720,045</b>	<b>11,041,678</b>	<b>10,202,644</b>	<b>9,832,886</b>	<b>10,395,376</b>
Business-type activities:						
Investment income not restricted	348,525	462,286	312,516	227,280	272,546	314,044
Miscellaneous	126,353	267,835	18,812	22,538	31,950	30,894
Gain (loss) on sale of capital assets	-	(138,624)	10,032	1,170	-	-
Transfers	(154,171)	(96,380)	(239,378)	(374,031)	(645,069)	(1,671,039)
<b>Total business-type activities</b>	<b>320,707</b>	<b>495,117</b>	<b>101,982</b>	<b>(123,043)</b>	<b>(340,573)</b>	<b>(1,326,101)</b>
<b>Total primary government general revenues and other changes in net assets</b>	<b>13,865,661</b>	<b>13,215,162</b>	<b>11,143,660</b>	<b>10,079,601</b>	<b>9,492,313</b>	<b>9,069,275</b>
<b>Change in net assets</b>						
Governmental activities, as previously reported	2,004,305	1,471,713	866,729	1,100,334	2,604,544	1,152,052
Restatement in capital assets (2)	-	-	17,915,958	-	-	-
Restatement in deferred revenue (3)	-	-	127,197	-	-	-
Restatement in bonds (4)	-	-	-	-	(300,000)	-
Governmental activities, restated	2,004,305	1,471,713	18,909,885	1,100,334	2,304,544	1,152,052
Business-type activities, as previously reported	1,240,931	796,330	365,583	504,043	(202,510)	(996,031)
Restatement in capital assets (2)	-	-	113,453	-	-	-
Restatement in bonds (4)	-	-	-	-	300,000	-
Business-type activities, restated	1,240,931	796,330	479,036	504,043	97,490	(996,031)
<b>Total primary government change in net assets</b>	<b>\$ 3,245,236</b>	<b>\$ 2,268,044</b>	<b>\$ 19,388,921</b>	<b>\$ 1,604,377</b>	<b>\$ 2,402,034</b>	<b>\$ 156,021</b>
<b>Component unit</b>						
Program expenses	\$ 191,425	\$ 163,868	\$ 137,649	\$ 154,949	\$ 157,137	\$ 145,353
Program revenues						
Brenham Community Development Corporation	-	-	-	-	-	-
Net expenses	(191,425)	(163,868)	(137,649)	(154,949)	(157,137)	(145,353)
<b>General revenues and other changes in net assets</b>						
Component unit activities:						
Sales taxes	1,232,254	1,174,670	1,096,920	970,301	870,280	862,804
Investment income not restricted	24,727	28,427	14,220	1,275	1,344	4,704
Miscellaneous	30,000	-	-	560	844	25,201
Gain (loss) on sale of capital assets	-	-	-	(28,194)	-	-
Payments from component unit	(927,717)	(770,877)	(661,417)	(661,407)	(622,061)	(675,704)
<b>Total component unit activities</b>	<b>359,264</b>	<b>432,220</b>	<b>449,723</b>	<b>282,534</b>	<b>250,407</b>	<b>217,005</b>
<b>Component unit change in assets</b>	<b>\$ 167,839</b>	<b>\$ 268,352</b>	<b>\$ 312,074</b>	<b>\$ 127,585</b>	<b>\$ 93,270</b>	<b>\$ 71,652</b>

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data will be accumulated over time.

(2) As restated for infrastructure valuations in compliance with GASB 34 implementation.

(3) As restated for prior year accrued franchise taxes which were not recorded.

(4) As restated for reallocation of \$300,000 in long term debt from business type activities to governmental activities.

**FUND BALANCES - GOVERNMENTAL FUNDS**  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

CITY OF BRENHAM

TABLE 3

	Fiscal Year									
	2008	2007	2006	2005	2004 (1)	2003	2002	2001	2000	1999
<b>General fund:</b>										
Reserved	\$ -	\$ -	\$ 37,908	\$ 40,578	\$ 35,748	\$ 41,038	\$ 56,306	\$ 31,179	\$ 38,975	\$ 24,817
Unreserved	2,687,654	2,251,108	1,661,118	1,217,177	632,990	363,249	919,391	1,383,016	860,928	927,677
<b>Total general fund</b>	<b>\$ 2,687,654</b>	<b>\$ 2,251,108</b>	<b>\$ 1,699,026</b>	<b>\$ 1,257,755</b>	<b>\$ 668,738</b>	<b>\$ 404,287</b>	<b>\$ 975,697</b>	<b>\$ 1,414,195</b>	<b>\$ 899,903</b>	<b>\$ 952,494</b>
<b>All other governmental funds:</b>										
Reserved, reported in:										
Debt service fund	\$ 418,335	\$ 333,943	\$ 200,931	\$ 146,770	\$ 177,877	\$ 295,934	\$ 316,626	\$ 250,540	\$ 375,090	\$ 398,664
Unreserved reported in:										
Special revenue funds	1,126,499	700,725	170,553	220,271	161,873	201,107	255,728	275,857	234,265	219,326
Capital projects funds	7,787,965	8,722,314	10,196,685	1,738,329	2,348,041	3,638,494	1,551,731	(985,788)	402,851	5,294,158
<b>Total all other governmental funds</b>	<b>\$ 9,332,799</b>	<b>\$ 9,756,982</b>	<b>\$ 10,568,169</b>	<b>\$ 2,105,370</b>	<b>\$ 2,687,791</b>	<b>\$ 4,135,535</b>	<b>\$ 2,124,085</b>	<b>\$ (459,391)</b>	<b>\$ 1,012,206</b>	<b>\$ 5,912,148</b>

(1) As restated for reallocation of \$300,000 in long term debt from business type activities to governmental activities.

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

CITY OF BRENHAM

TABLE 4

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Revenues</b>										
Taxes	\$ 11,770,388	\$ 11,181,972	\$ 9,728,777	\$ 9,013,770	\$ 8,233,000	\$ 7,832,768	\$ 7,374,952	\$ 6,508,631	\$ 6,060,506	\$ 5,755,025
Licenses and permits	58,260	54,487	56,146	57,846	57,574	43,572	45,181	50,114	39,918	49,178
Intergovernmental	769,904	1,648,201	1,656,366	1,596,241	2,094,325	1,269,907	1,425,598	966,026	993,974	1,117,650
Charges for services	458,378	368,861	363,984	396,353	401,130	331,505	283,369	139,743	49,787	47,162
Fines and forfeitures	493,664	363,253	337,014	344,076	300,235	216,255	217,342	193,627	233,410	276,804
Investment income	457,112	572,336	248,716	137,011	138,952	111,107	187,302	264,869	302,774	419,983
Payment from component unit	927,717	770,877	661,417	661,407	622,061	675,704	714,985	525,976	80,000	-
Contributions and donations	176,900	124,608	176,214	44,895	1,084,504	-	265,270	1,156,193	376,888	376,295
Miscellaneous	151,892	85,405	117,772	157,948	139,505	303,328	399,980	347,947	343,708	269,445
<b>Total revenues</b>	<b>15,264,215</b>	<b>15,170,000</b>	<b>13,344,406</b>	<b>12,409,547</b>	<b>13,071,286</b>	<b>10,784,146</b>	<b>10,913,979</b>	<b>10,153,126</b>	<b>8,480,965</b>	<b>8,311,542</b>
<b>Expenditures</b>										
<b>Current:</b>										
Culture and recreation	2,993,583	2,611,013	2,467,861	2,374,455	2,267,690	2,366,423	2,590,967	1,988,445	1,399,065	1,096,587
Economic development	-	-	-	-	3,417	275,531	-	-	-	-
General government	1,491,349	1,383,100	1,270,288	1,560,873	974,771	980,100	876,371	713,764	751,921	619,595
Health and welfare	535,818	562,579	614,794	214,873	571,160	556,746	613,154	434,823	481,397	423,424
Highways and streets	1,240,278	1,153,897	1,085,298	1,046,654	1,070,642	1,032,007	1,857,357	1,073,128	1,148,165	1,283,000
Public safety	4,801,776	4,634,054	4,179,288	4,053,844	4,164,948	4,021,661	4,229,819	3,864,203	3,522,975	3,253,276
<b>Debt service:</b>										
Interest & fiscal charges	929,359	938,159	664,571	724,066	739,385	716,629	610,758	501,466	541,290	512,206
Principal retirement	1,165,787	1,070,825	1,138,070	1,038,665	927,215	848,102	916,183	795,244	757,544	740,038
Issuance costs	1,069	21,072	72,468	-	-	62,692	71,511	-	-	167,204
Capital outlay	2,340,500	3,497,123	2,475,907	1,763,551	4,780,081	3,198,692	2,795,571	2,847,592	5,719,752	3,788,039
<b>Total expenditures</b>	<b>15,499,499</b>	<b>15,871,822</b>	<b>13,968,525</b>	<b>12,776,981</b>	<b>15,499,309</b>	<b>14,058,583</b>	<b>14,561,691</b>	<b>12,218,665</b>	<b>14,322,109</b>	<b>11,883,369</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(235,284)</b>	<b>(701,822)</b>	<b>(624,119)</b>	<b>(367,434)</b>	<b>(2,428,023)</b>	<b>(3,274,437)</b>	<b>(3,647,712)</b>	<b>(2,065,539)</b>	<b>(5,841,144)</b>	<b>(3,571,827)</b>
<b>Other financing sources (uses)</b>										
Transfers in	1,036,319	723,787	802,738	609,424	1,088,710	1,892,850	1,539,723	1,251,490	951,606	1,152,526
Transfers out	(882,148)	(848,384)	(563,360)	(235,394)	(293,904)	(221,812)	(453,779)	(143,256)	(62,995)	(1,420,868)
Proceeds from bonds	-	-	9,000,000	-	-	3,043,442	4,342,199	-	-	9,050,000
Refunding bonds issued	-	1,524,321	-	-	-	-	-	-	-	-
Gain on settlement	-	-	-	-	-	-	75,000	-	-	-
Bond premium refund	-	-	-	-	-	-	-	-	-	1,810
Payment to refunded bond escrow agent	-	(1,501,306)	-	-	-	-	-	-	-	-
Proceeds from capital lease	-	544,300	288,810	-	449,924	-	289,547	-	-	-
Miscellaneous	93,476	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>247,647</b>	<b>442,718</b>	<b>9,528,188</b>	<b>374,030</b>	<b>1,244,730</b>	<b>4,714,480</b>	<b>5,792,690</b>	<b>1,108,234</b>	<b>888,611</b>	<b>8,783,468</b>
<b>Net change in fund balance</b>	<b>\$ 12,363</b>	<b>\$ (259,104)</b>	<b>\$ 8,904,069</b>	<b>\$ 6,596</b>	<b>\$ (1,183,293)</b>	<b>\$ 1,440,043</b>	<b>\$ 2,144,978</b>	<b>\$ (957,305)</b>	<b>\$ (4,952,533)</b>	<b>\$ 5,211,641</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>15.93%</b>	<b>16.40%</b>	<b>16.32%</b>	<b>16.01%</b>	<b>15.55%</b>	<b>14.99%</b>	<b>13.59%</b>	<b>13.84%</b>	<b>15.10%</b>	<b>17.53%</b>



**TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS**  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

CITY OF BRENHAM

**TABLE 5**

Fiscal Year	Sales Tax	Ad Valorem Taxes (1)	Franchise Taxes (2)	Motel Tax	Mixed Beverage	Other Tax	Total Tax Revenues
1999	\$ 2,320,941	1,804,226	\$ 1,354,375	\$ 231,929	\$ 14,844	\$ 28,710	\$ 5,755,025
2000	2,488,593	1,837,844	1,457,262	234,966	14,282	27,559	6,060,506
2001	2,573,793	2,034,652	1,620,358	241,369	16,821	21,638	6,508,631
2002	2,552,078	2,386,339	2,152,380	240,653	14,259	29,243	7,374,952
2003	2,588,412	2,656,495	2,289,566	250,942	16,776	30,577	7,832,768
2004	2,610,842	2,812,921	2,412,216	317,533	14,403	65,085	8,233,000
2005	2,910,902	3,092,295	2,593,770	351,238	15,718	49,847	9,013,770
2006	3,290,760	3,481,463	2,567,933	356,745	20,664	11,212	9,728,777
2007	3,524,009	4,133,381	3,117,224	371,468	26,525	9,365	11,181,972
2008	3,696,762	4,561,685	3,047,240	432,687	23,881	8,133	11,770,388

(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
1999	\$ 218,865,870	\$ 182,817,531	\$ 179,679,871	\$ 581,363,272	\$ 70,431,282	\$ 510,931,990	0.35000
2000	219,109,029	197,720,959	180,726,140	597,556,128	73,688,343	523,867,785	0.35000
2001	269,118,178	186,973,818	184,013,476	640,105,472	86,518,169	553,587,303	0.37000
2002	294,146,981	207,576,271	201,341,491	703,064,743	96,893,031	606,171,712	0.39500
2003	313,526,154	222,282,517	200,099,154	735,907,825	92,511,210	643,396,615	0.41160
2004	342,870,991	256,701,023	188,770,685	788,342,699	101,481,686	686,861,013	0.41160
2005	361,775,150	256,868,274	177,812,355	796,455,779	90,675,166	705,780,613	0.43620
2006	370,683,893	174,081,839	251,690,047	831,172,476	88,694,515	742,477,961	0.46620
2007	422,316,663	150,958,311	257,897,502	900,404,272	103,247,446	797,156,826	0.50630
2008	465,073,145	145,256,103	290,075,024	1,002,851,296	123,033,453	879,817,843	0.50630

(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 Six Fiscal Years (1)*

CITY OF BRENHAM

TABLE 7

	Calendar Year (2)					
	2007	2006	2005	2004	2003	2002
<b><u>Sales subject to sales tax</u></b>						
Retail trade	\$ 174,772,296	\$ 166,190,738	\$ 155,327,262	\$ 130,927,048	\$ 126,258,311	\$ 123,089,392
Accommodation/food services	30,261,377	28,528,631	25,819,914	22,751,074	21,939,466	21,527,867
Manufacturing	16,509,175	16,115,966	14,012,727	13,111,304	12,941,111	14,551,417
Wholesale trade	16,316,965	15,797,269	14,047,063	12,158,582	9,870,736	10,151,093
Mining/quarrying/oil/gas extraction	7,752,965	5,464,529	2,131,253	1,510,270	411,837	384,445
Other services	7,391,730	6,339,914	6,790,780	6,782,529	6,175,297	5,925,060
Admin/support/waste mgmt/remediation services	6,385,434	6,511,431	6,535,273	6,127,609	5,335,190	4,878,604
Real estate/rental/leasing	6,275,753	4,927,370	4,082,531	3,566,293	3,379,402	3,195,265
Information	6,053,793	1,662,880	2,479,786	45,820,215	40,204,429	2,949,226
Construction	5,313,078	4,009,748	3,575,204	3,773,376	4,807,705	3,240,315
Professional/scientific/technical services	2,157,118	2,157,118	2,226,815	1,958,581	2,058,213	1,790,163
Educational services	1,815,152	1,585,995	1,270,482	1,537,769	1,740,983	57,479
Finance/insurance	1,074,663	1,182,103	949,048	813,183	1,073,465	1,228,011
Arts/entertainment/recreation	505,007	428,104	401,372	360,531	451,220	331,400
Agriculture/forestry/fishing hunting	367,864	338,068	106,869	201,372	125,257	105,119
Transportation/warehousing	111,957	27,959	33,263	10,417	0	0
Health care/social assistance	34,638	33,136	41,445	29,011	25,904	41,728
Public administration	0	1,778,439	0	0	0	0
Management of companies/enterprises	0	0	0	0	0	0
Other	0	0	110	40,156	155,206	726,073
<b>All industries (3)</b>	<b>\$ 289,963,285</b>	<b>\$ 268,569,972</b>	<b>\$ 246,450,244</b>	<b>\$ 258,267,573</b>	<b>\$ 243,817,934</b>	<b>\$ 202,874,609</b>
<b>City sales tax rate (4)</b>	<b>0.01500</b>	<b>0.01500</b>	<b>0.01500</b>	<b>0.01500</b>	<b>0.01500</b>	<b>0.01500</b>

- (1) The City implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data will be accumulated over time.
- (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 businesses that only file annually. Data for calendar year 2008 was 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 four reporting outlets. Therefore, summation of sales subject to sales tax by industry will be less than the total shown for all industries.
- (4) 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							
1999	0.21600	0.13400	0.35000	1.56350	0.06110	0.46490	2.43950	0.01500	0.00500	0.02000
2000	0.21600	0.13400	0.35000	1.53560	0.05980	0.48400	2.42940	0.01500	0.00500	0.02000
2001	0.27300	0.09700	0.37000	1.54560	0.05760	0.48400	2.45720	0.01500	0.00500	0.02000
2002	0.27500	0.12000	0.39500	1.57170	0.05440	0.45000	2.47110	0.01500	0.00500	0.02000
2003	0.28750	0.12410	0.41160	1.59900	0.05490	0.45160	2.51710	0.01500	0.00500	0.02000
2004	0.30000	0.11160	0.41160	1.59900	0.05670	0.45160	2.51890	0.01500	0.00500	0.02000
2005	0.30510	0.13110	0.43620	1.56900	0.05520	0.44350	2.50390	0.01500	0.00500	0.02000
2006	0.31650	0.14970	0.46620	1.61000	0.05100	0.44350	2.57070	0.01500	0.00500	0.02000
2007	0.31650	0.18980	0.50630	1.44500	0.05130	0.43350	2.43610	0.01500	0.00500	0.02000
2008	0.32450	0.18180	0.50630	1.10840	0.05480	0.43490	2.10440	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

2008			1999		
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	\$ 35,448,749	4.03%	Blue Bell Creameries	\$ 36,749,970	7.19%
Wal-Mart Properties #4109	15,710,540	1.79%	Mount Vernon Mills, Inc.	27,562,650	5.39%
Mount Vernon Mills, Inc.	15,184,480	1.73%	Valmont Industries	11,359,190	2.22%
Valmonts/Als-Abated	14,913,700	1.70%	Cleaners Hangers Co.	10,285,800	2.01%
RR Donnelley Co.	13,559,240	1.54%	Wal-Mart Properties #4109	9,789,690	1.92%
Longwood Elastomers Inc	12,717,740	1.45%	Brenham Wholesale Groc.	9,653,040	1.89%
Valmonts/Als	11,878,130	1.35%	Germania Farm Mutual Aid Assoc	8,099,280	1.59%
Lowe's Home Centers, Inc. #2521	11,662,590	1.33%	Sealy Mattress, Co.	6,568,280	1.29%
Magnetic Instruments	11,270,200	1.28%	Longwood Elestomers, Inc.	6,035,880	1.18%
Germania Farm Mutual Aid Assoc	10,544,040	1.20%	Southwestern Bell Telephone	5,957,540	1.17%
Total	\$ 152,889,409	17.38%	Total	\$ 132,061,320	25.85%

(1) Data is from Washington County Appraisal District.

**PROPERTY TAX LEVIES AND COLLECTIONS**  
*Last Ten Fiscal Years*

CITY OF BRENHAM

**TABLE 10**

Fiscal Year	Assessed Valuation	Tax Rate	Levy Net of Adjustments	Collected within the Fiscal Year of Levy		Collections from Prior Years	Total Collections		
				Amount	Percentage of Levy		Amount	Percentage of Levy	
1999	\$ 510,931,990	0.35000	\$ 1,788,276	\$ 1,757,932	98.30%	\$ 45,770	1,804,226	(1)	100.89%
2000	523,867,785	0.35000	1,833,551	1,802,125	98.29%	34,949	1,837,335	(2)	100.21%
2001	553,587,303	0.37000	2,042,221	2,010,387	98.44%	22,592	2,035,652	(3)	99.68%
2002	606,171,712	0.39500	2,391,893	2,354,756	98.45%	27,119	2,386,386	(4)	99.77%
2003	643,396,615	0.41160	2,648,253	2,595,349	98.00%	29,990	2,625,339		99.13%
2004	686,861,013	0.41160	2,827,306	2,746,974	97.16%	66,648	2,813,622		99.52%
2005	705,780,613	0.43620	3,072,218	3,022,400	98.38%	68,463	3,092,295	(5)	100.65%
2006	742,477,961	0.46620	3,468,062	3,413,035	98.41%	30,946	3,443,981		99.31%
2007	797,156,826	0.50630	4,088,719	4,020,719	98.34%	65,640	4,089,261	(6)	100.01%
2008	879,817,843	0.50630	4,495,628	4,426,676	98.47%	85,464	4,581,092	(7)	101.90%

- (1) Includes \$524 of 1999 rollback taxes collected.
- (2) Includes \$261 of 2000 rollback taxes collected.
- (3) Includes \$2,673 of 2001 rollback taxes collected.
- (4) Includes \$4,511 in overrages.
- (5) Includes \$1,432 in overrages.
- (6) Includes \$2,902 of 2007 rollback taxes collected.
- (7) Includes \$2,053 of 2008 rollback taxes collected.

PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)  
 Calendar Years 2007 and 2002 (2)

CITY OF BRENHAM

TABLE 11

2007				2002			
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	\$ 174,772,296	60.27%	383	Retail trade	123,089,392	60.67%	378
Accommodation/food services	30,261,377	10.44%	76	Accommodation/food services	21,527,867	10.61%	67
Manufacturing	16,509,175	5.69%	75	Manufacturing	14,551,417	7.17%	65
Wholesale trade	16,316,965	5.63%	41	Wholesale trade	10,151,093	5.00%	29
Mining/quarrying/oil/gas extraction	7,752,965	2.67%	5	Other services	5,925,060	2.92%	104
Other services	7,391,730	2.55%	95	Admin/support/waste mgmt/remediation services	4,878,604	2.40%	61
Admin/support/waste mgmt/remediation services	6,385,434	2.20%	54	Construction	3,240,315	1.60%	79
Real estate/rental/leasing	6,275,753	2.16%	17	Real estate/rental/leasing	3,195,265	1.58%	10
Information	6,053,793	2.09%	11	Information	2,949,226	1.45%	12
Construction	5,313,078	1.83%	86	Professional/scientific/technical services	1,790,163	0.88%	38
Professional/scientific/technical services	2,157,118	0.74%	54	Finance/insurance	1,228,011	0.61%	13
Educational services	1,815,152	0.63%	13	Other	726,073	0.36%	50
Finance/insurance	1,074,663	0.37%	10	Mining/quarrying/oil/gas extraction	384,445	0.19%	4
Arts/entertainment/recreation	505,007	0.17%	24	Arts/entertainment/recreation	331,400	0.16%	11
Agriculture/forestry/fishing hunting	367,864	0.13%	11	Agriculture/forestry/fishing hunting	105,119	0.05%	10
Transportation/warehousing	111,957	0.04%	6	Educational services	57,479	0.03%	9
Health care/social assistance	34,638	0.01%	5	Health care/social assistance	41,728	0.02%	4
Other	0	0.00%	9	Public administration	0	0.00%	3
Public administration	0	0.00%	1	Transportation/warehousing	0	0.00%	3
Management of companies/enterprises	0	0.00%	1	Management of companies/enterprises	0	0.00%	0
All industries (3)	\$ 289,963,285	100.00%	977	All industries (3)	\$ 202,872,064	100.00%	950

(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 2008 and prior to 2002 was 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**  
*Last Ten Fiscal Years*

CITY OF BRENHAM

TABLE 12

Fiscal Year	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding	Capital Leases	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding	Capital Leases	Settlement			
1999	\$ 2,790,000	\$ 8,675,000	\$ -	\$ 195,912	\$ 5,205,000	\$ -	\$ -	\$ -	\$ 113,822	\$ 16,979,734	4.97%	1,301
2000	2,460,000	8,300,000	-	143,368	4,970,000	-	-	-	103,367	15,976,735	4.25%	1,183
2001	2,110,000	7,910,000	-	88,124	4,725,000	-	-	-	92,267	14,925,391	3.86%	1,105
2002	1,735,000	11,767,124	-	239,676	855,000	12,117,876	3,885,000	276,226	80,483	30,956,385	7.84%	2,246
2003	1,340,000	14,433,034	-	171,514	585,000	18,181,966	3,885,000	217,454	67,972	38,881,940	9.85%	2,810
2004	920,000	14,292,528	-	551,381	300,000	17,677,472	3,885,000	166,807	54,689	37,847,877	8.87%	2,692
2005	475,000	13,817,497	-	432,747	-	17,432,503	3,885,000	113,759	40,586	36,197,092	7.85%	2,542
2006	-	22,278,242	-	597,743	-	17,086,758	3,530,000	138,387	25,614	43,656,744	8.69%	3,036
2007	-	19,848,522	1,511,950	878,321	-	12,826,478	7,133,050	417,259	9,719	42,625,299	8.15%	2,960
2008	-	18,899,484	1,505,078	635,451	-	12,125,517	6,714,923	335,720	-	40,216,173	7.11%	2,681

(1) 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	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding	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)
1999	\$ 2,790,000	\$ 8,675,000	\$ -	\$ 11,465,000	\$ 398,664	\$ 11,066,336	\$ 510,931,990	2.17%	\$ 848
2000	2,460,000	8,300,000	-	10,760,000	375,089	10,384,911	523,867,785	1.98%	769
2001	2,110,000	7,910,000	-	10,020,000	250,540	9,769,460	553,587,303	1.76%	723
2002	1,735,000	11,767,124	-	13,502,124	316,626	13,185,498	606,171,712	2.18%	957
2003	1,340,000	14,433,034	-	15,773,034	295,934	15,477,100	643,396,615	2.41%	1,118
2004	920,000	14,292,528	-	15,212,528	177,817	15,034,711	686,861,013	2.19%	1,069
2005	475,000	13,817,497	-	14,292,497	146,770	14,145,727	760,929,323	1.86%	994
2006	-	22,278,242	-	22,278,242	198,430	22,079,812	742,477,961	2.97%	1,535
2007	-	19,848,522	1,511,950	21,360,472	332,812	21,027,660	797,156,826	2.64%	1,460
2008	-	18,899,484	1,505,078	20,404,562	418,335	19,986,227	879,817,843	2.27%	1,332

(1) See Table 17 for population information.

DIRECT AND OVERLAPPING DEBT  
Current Year

CITY OF BRENHAM

TABLE 14

NAME OF GOVERNMENTAL UNIT	NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING	2007 TAX ROLL TAXABLE VALUE	PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)	CITY OF BRENHAM'S SHARE OF DEBT
City of Brenham	\$ 19,986,227	\$ 879,817,843	100.0%	\$ 19,986,227
Brenham I. S. D.	22,573,070	1,666,756,490	52.8%	11,915,472
Washington County	5,760,000	2,011,149,740	43.7%	2,519,828
Blinn Junior College	-	2,059,865,958	-	-
Total direct and overlapping debt	\$ <u>48,319,297</u>	\$ <u>6,617,590,031</u>		\$ <u>34,421,526</u>

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation 0.52%

Per capita consolidated overlapping tax supported debt (based on population of 15,002) \$2,220

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Taxable assessed valuations	\$ 879,817,843	\$ 797,156,826	\$ 742,477,961	\$ 705,780,613	\$ 686,861,013	\$ 643,396,615	\$ 606,171,712	\$ 553,587,303	\$ 523,867,785	\$ 510,931,990
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	0.32450	0.31650	0.31650	0.30510	0.30000	0.28750	0.27500	0.27300	0.21600	0.21600
Debt limit per \$100 valuation	1.32550	1.33350	1.33350	1.34490	1.35000	1.36250	1.37500	1.37700	1.43400	1.43400
Debt limit	11,661,986	10,630,086	9,900,944	9,492,043	9,272,624	8,766,279	8,334,861	7,622,897	7,512,264	7,326,765
Total net debt applicable to limit	2,046,971	1,980,831	1,754,883	1,655,433	1,574,263	1,485,812	1,385,364	1,234,998	1,237,122	1,190,533
Legal debt margin	\$ 9,615,015	\$ 8,649,255	\$ 8,146,061	\$ 7,836,610	\$ 7,698,361	\$ 7,280,467	\$ 6,949,497	\$ 6,387,899	\$ 6,275,142	\$ 6,136,232
Total net debt applicable to the limit as a percentage of debt limit	17.55%	18.63%	17.72%	17.44%	16.98%	16.95%	16.62%	16.20%	16.47%	16.25%

PLEGGED REVENUE COVERAGE  
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 16

Electric Fund - Series 1992 Revenue Bonds (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						Principal	Interest	
1999	15,098,239	14,222,491	875,748	-	-	-	1999	2,171,894	2,214,338	(42,444)	220,000	310,078	(0.08)
2000	16,383,896	15,879,020	504,876	-	-	-	2000	2,635,493	1,826,152	809,341	235,000	299,298	1.51
2001	18,291,033	18,293,266	(2,233)	-	-	-	2001	2,227,339	1,908,321	319,018	245,000	287,548	0.60
2002	18,026,344	17,091,916	934,428	-	-	-	2002	2,472,349	2,045,722	426,627	402,146	235,015	0.67
2003	19,230,844	18,462,455	768,389	-	-	-	2003	2,563,880	2,022,318	541,562	311,230	393,136	0.77
2004	20,468,491	19,650,655	817,836	-	-	-	2004	2,690,075	2,161,268	528,807	328,586	377,209	0.75
2005	22,138,695	20,901,606	1,237,089	-	-	-	2005	2,944,790	2,376,870	567,920	341,325	346,490	0.83
2006	26,440,575	25,982,043	458,532	-	-	-	2006	3,718,368	2,797,111	921,257	397,213	328,534	1.27
2007	23,184,426	23,239,037	(54,611)	-	-	-	2007	3,254,601	2,784,247	470,354	522,026	303,652	0.57
2008	26,539,770	26,680,190	(140,420)	-	-	-	2008	3,719,245	3,088,309	630,936	537,025	281,166	0.77

Sewer Fund - Self-Supporting Debt (3)							Total Water, and Sewer Funds (4)						
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						Principal	Interest	
1999	1,610,502	1,617,750	(7,248)	-	-	-	1999	2,171,894	2,214,338	(42,444)	220,000	310,078	(0.08)
2000	1,739,697	1,699,108	40,589	-	-	-	2000	2,635,493	1,826,152	809,341	235,000	299,298	1.51
2001	1,619,162	1,769,162	(150,000)	-	-	-	2001	2,227,339	1,908,321	319,018	245,000	287,548	0.60
2002	1,594,352	1,861,284	(266,932)	144,666	338,370	(0.55)	2002	4,066,701	3,907,006	159,695	546,812	573,385	0.14
2003	2,032,243	1,964,495	67,748	88,830	561,089	0.10	2003	4,596,123	3,986,813	609,310	400,060	954,225	0.45
2004	1,953,816	2,005,729	(51,913)	164,256	653,379	(0.06)	2004	4,643,891	4,166,997	476,894	492,842	1,030,588	0.31
2005	2,377,633	2,315,795	61,838	203,644	648,215	0.07	2005	5,322,423	4,692,665	629,758	544,969	994,705	0.41
2006	2,944,441	2,895,413	49,028	303,332	640,901	0.05	2006	6,662,809	5,692,524	970,285	700,545	969,435	0.58
2007	3,798,195	2,888,251	909,944	571,241	617,220	0.77	2007	7,052,796	5,672,498	1,380,298	1,093,267	920,872	0.69
2008	4,119,856	3,191,900	927,956	582,064	592,494	0.79	2008	7,839,101	6,280,209	1,558,892	1,119,089	873,660	0.78

(1) All revenue bond debt was retired in 1998.

(2) Water fund-supported debt includes 1994 general obligation refunding bonds, 2001 general obligation refunding bonds, 2001 certificates of obligation and 2007 general obligation refunding bonds.

(3) Sewer fund-supported debt includes 2001 and 2002 certificates of obligation and 2007 general obligation refunding bonds.

(4) Sewer fund was only included in the summary for years 2002 and later.

TABLE 17

Fiscal Year	Population (1)	Total Personal Income (000's) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
1999	13,048	\$ 341,884	\$ 26,202	2.7
2000	13,507	375,846	27,826	3.6
2001	13,505	386,554	28,623	3.5
2002	13,785	394,761	28,637	4.4
2003	13,838	394,798	28,530	5.1
2004	14,062	426,458	30,327	5.2
2005	14,237	461,265	32,399	4.6
2006	14,381	502,314	34,929	4.4
2007	14,402	522,793	36,300	3.8
2008	15,002	565,575	37,700	3.8

(1) Population for 1998 and 1999 are estimates based on the 1990 Census and a growth rate of 1% per year. The 2000 population is per the 2000 Census. 2001 to 2008 population are projections provided by the Texas Data Center.

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

(3) Data for years 1998 to 2006, is for Washington County and comes from the Bureau of Economic Analysis. 2007 and 2008 are estimates based on a five year compound average annual growth rate.

(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 2005 to 2008 are for Washington County.

**PRINCIPAL EMPLOYERS**  
*Current Year and Nine Years Ago*

**CITY OF BRENHAM**

**TABLE 18**

2008			1999		
Employer (1)	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Blinn College	900	13.30%	Brenham State School	1,062	17.57%
Brenham State School	880	13.00%	Blue Bell Creameries	741	12.26%
Blue Bell Creameries	786	11.61%	Brenham I.S.D.	620	10.26%
Brenham I.S.D.	719	10.62%	Blinn College	600	9.93%
Wal-Mart Supercenter	380	5.62%	Mount Vernon Mills	350	5.79%
Germania Insurance	324	4.79%	Germania Insurance	285	4.72%
Mount Vernon Mills	305	4.51%	Trinity Medical Center	250	4.14%
Trinity Medical Center	285	4.21%	Wal-Mart Supercenter	241	3.99%
City of Brenham	240	3.55%	Valmont A.L.S.	240	3.97%
Sealy Mattress Company	211	3.12%	Brenham Wholesale Grocery	227	3.76%
<b>Total</b>	<b>5,030</b>	<b>74.33%</b>	<b>Total</b>	<b>4,616</b>	<b>76.37%</b>
Employment (2)	6,767		Employment (3)	6,044	

(1) Major employers as identified in a report issued by Washington County Chamber of Commerce, revised June 2007.

(2) Employment is taken from U.S. Bureau of Labor Statistic reports. A city must have a population of at least 25,000 for city-level estimates. Employment shown for 2008 is an estimate based on Washington County employment estimates reported by the U.S. Bureau of Labor Statistics for 2007, increased by the percentage change in employment reported for Texas in 2008. City employment is an allocation using the proportion of City to County estimated populations.

(3) Employment is taken from 2000 Census.

**FULL-TIME EQUIVALENT EMPLOYEES**  
*Last Six Fiscal Years (1)*

**CITY OF BRENHAM**

**TABLE 19**

Function/program	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Streets/Drainage	17.50	17.50	17.88	18.28	18.31	18.28
Parks/Recreation	20.10	20.10	20.08	20.23	20.23	20.48
Aquatic Center	20.19	20.19	22.50	23.12	22.25	24.37
Library	8.92	8.92	7.88	6.84	7.36	7.84
Central Communication	14.17	13.17	13.19	14.22	14.70	12.72
Police	34.00	33.00	32.00	32.75	32.00	32.00
Fire	12.00	11.00	11.00	10.50	10.50	10.50
Animal Control	4.40	3.40	3.00	3.00	3.00	3.00
Municipal Court	4.60	4.60	4.60	3.60	3.60	3.60
Public Works	6.14	6.14	6.14	5.89	5.64	5.64
Administration	7.00	10.00	8.00	8.25	6.50	6.50
Main St/Community Development	2.00	-	-	-	-	-
Utility Billing/Customer Service	10.00	10.00	10.00	10.73	9.73	10.73
Finance	10.00	10.00	11.00	10.00	12.00	12.00
Public Information	2.00	2.00	2.00	2.00	4.00	3.00
Public Utilities	6.00	6.00	6.00	8.00	9.33	9.00
Central Warehouse/Maintenance	8.38	9.38	9.38	9.40	8.37	6.40
Information Technology	4.50	3.50	4.50	4.50	3.00	3.00
Electric	11.00	11.00	11.00	11.00	12.00	12.00
Gas	5.00	5.33	5.33	5.33	5.33	5.33
Water Treatment	7.00	6.00	6.00	6.00	7.00	7.00
Water Construction	5.50	5.34	5.34	5.34	5.34	5.34
Wastewater Treatment	7.00	7.00	7.00	7.00	8.00	8.00
Wastewater Construction	5.50	5.33	5.33	5.33	5.33	5.33
Transfer Station	3.08	3.08	3.08	5.14	3.99	4.56
Collection Station	1.08	1.08	1.08	-	-	-
Recycling Center	2.25	2.25	2.25	2.33	3.33	3.25
Collection	4.03	5.03	4.59	5.84	7.17	8.50
Special Revenues/Grants	-	-	-	2.25	3.00	4.00
<b>Total</b>	<b>243.34</b>	<b>240.34</b>	<b>240.15</b>	<b>246.87</b>	<b>251.01</b>	<b>252.37</b>

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data will be accumulated over time.

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Six Fiscal Years (1)

CITY OF BRENHAM

TABLE 20

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
<b>Recreation/Parks</b>						
Number of athletic tournaments (2)	31	32	38	35	31	NA
<b>Aquatic Center</b>						
Number of Visitors	73,506	66,793	70,363	67,914	58,627	49,089
Number of Annual Passes	143	137	140	140	159	239
Number of Monthly Passes	927	907	878	913	814	615
<b>Streets</b>						
Road maintenance in linear feet	9,376	11,738	16,393	12,967	7,750	7,955
<b>Library</b>						
Circulation	70,174	44,933	49,004	47,545	49,754	51,204
<b>Central Communications</b>						
Number of Incoming Calls	682,254	561,436	519,038	503,992	481,609	436,210
Number of 9-1-1 Calls	30,001	30,702	27,253	20,496	17,928	16,075
<b>Police</b>						
Traffic Citations	6,445	3,593	2,988	3,186	4,513	2,506
Traffic Warning Tickets Issued	3,426	3,536	4,188	5,297	8,516	4,237
Mileage on Police units	296,882	296,422	299,527	295,802	300,602	312,246
<b>Fire (2)</b>						
Fire Responses	81	118	80	86	71	68
Rescues	28	52	34	32	32	30
<b>Animal Control/Shelter/Adoption</b>						
Number of Incoming Animals	1,723	1,846	1,464	1,784	1,876	1,812
Animals Adopted	385	401	343	342	304	301
<b>Municipal Court</b>						
Traffic dispositions	4,444	5,614	5,132	4,232	4,429	3,388
Other dispositions	1,647	1,413	1,505	1,953	1,790	1,850
<b>Public Works</b>						
Building Inspection Visits	1,936	1,742	1,692	1,779	1,552	1,536
<b>Electric</b>						
kWh delivered	290,272,935	302,190,150	314,772,687	308,467,816	293,512,414	302,866,896
Customers served	8,060	7,947	7,728	7,585	7,556	7,564
<b>Gas</b>						
mcf delivered	522,411	602,719	563,508	543,062	557,790	644,920
Customers served	4,106	4,050	3,982	3,965	3,944	3,956
<b>Water</b>						
Gallons delivered	883,015,900	799,546,600	956,383,100	811,893,100	736,565,100	782,517,000
Customers served	6,816	6,654	6,372	6,211	6,134	6,124
<b>Sewer</b>						
Effluent plant gallons processed	772,589,000	810,562,100	751,247,000	759,309,000	696,397,880	727,604,500
Commercial/industrial gallons processed	393,674,700	394,462,700	406,897,100	359,657,100	352,189,200	381,528,924
Customers served	6,198	6,073	5,839	5,766	5,722	5,719
<b>Sanitation</b>						
Customers served	5,299	5,168	5,065	4,979	4,949	5,158

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data will be accumulated over time.

(2) Tournament data for 2003 is not available.

(3) Operating indicators for the Fire Department are based on calendar year. Figures for 2007 are year-to-date December 12, 2007.



CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
 Last Six Fiscal Years (1)

CITY OF BRENHAM

TABLE 21

Function/program	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Recreation/Parks						
Park acreage	150	150	150	150	150	150
Parks	7	7	7	7	7	7
Aquatic centers	1	1	1	1	1	1
Baseball fields	8	8	8	8	8	8
Softball fields	9	9	9	9	9	9
Tennis courts	6	6	6	6	6	6
Soccer fields	12	12	12	12	12	12
Skateboard parks	1	1	1	1	1	1
Library						
Libraries	1	1	1	1	1	1
Airports	1	1	1	1	1	1
Police						
Stations	1	1	1	1	1	1
Police vehicles	40	38	33	34	33	33
Fire						
Fire stations	1	1	1	1	1	1
Fire trucks	5	5	5	5	5	5
Animal control/shelter/adoption						
Shelters	1	1	1	1	1	1
Electric						
Miles of service lines	118	116	115	113	112	110
Gas						
Miles of service lines	115	111	111	110	109	107
Water						
Miles of water mains	145	143	138	137	136	136
Sewer						
Miles of sanitary sewers	136	135	129	128	127	127
Sanitation						
Collection stations	1	1	1	1	1	1
Transfer stations	1	1	1	1	1	1
Recycling stations	1	1	1	1	1	1

(1) The City implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data will be accumulated over time.

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**SEIDEL, SCHROEDER & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

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 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, 2008, and have issued our report thereon dated February 3, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### 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*.

This report is intended solely for the information and use of the audit committee, City Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

February 3, 2009  
Brenham, Texas

