

CITY OF BRENHAM, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013



PREPARED BY THE FINANCE DIVISION

CITY OF BRENHAM, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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March 3, 2014

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Brenham, Texas for the fiscal year ended September 30, 2013. State law requires that all general-purpose local governments publish, within six months of the close of the fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The purpose of the CAFR is to provide accurate and meaningful information concerning the City's financial condition and performance.

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

The City of Brenham's financial statements have been audited by Seidel, Schroeder & 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, 2013 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE CITY AND ITS ORGANIZATION

Profile of the Government

The City of Brenham, incorporated in 1858, is located in 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 15,716. The City of Brenham is empowered to levy a property

THE CITY AND ITS ORGANIZATION (continued)

Profile of the Government (continued)

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 body 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 four-year terms. Four of the council members are elected by ward. The Mayor and the two remaining council members are elected at large.

City Services

The City of Brenham provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events. In addition, Sanitation, Gas, Water, Wastewater, 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 the notes to the financial statements.

Annual Budget Process

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 appropriations to the government's manager on or before the 15th 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 34 as part of the basic financial statements.

ECONOMIC CONDITION AND OUTLOOK

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

Local Economy

Unlike some parts of the nation, the City of Brenham's economy is stable and we are fortunate to have a diversified revenue base which has helped mitigate some of the economic hardships other governmental entities are facing. Several indicators of our stable economy are noted below.

- Strong Growth in Sales Tax Revenue – Sales tax which is the largest revenue source for funding General Fund operations and maintenance, was budgeted to increase by a solid 5% over the prior year. With falling fuel prices and lower utility bills, consumer spending is expected to increase.

ECONOMIC CONDITION AND OUTLOOK (continued)

Local Economy (continued)

- Growth in Property Valuations – The City of Brenham’s certified taxable property valuations have grown from \$1,029,487,756 last year to \$1,080,568,292 for the 2014 tax year. This overall increase of 4.96% included over \$18.9 million in new improvements, and provided a small increase in tax revenues for FY13.
- Unemployment Rate for the County – The unemployment rate for Washington County in September 2013 was 4.9% which compares favorably to the state's average unemployment rate of 6.3 percent.
- The City’s Hotel Occupancy Tax (HOT) Fund experienced substantial growth during FY13. The actual collections were higher than the original budgeted levels by almost 30% and also exceeded the three previous fiscal years.

Economic Development

The City is fortunate to have major industries with headquarters or divisions located within the City’s boundaries including an ice cream manufacturer, a steel lighting standards manufacturer, a national brand mattress manufacturer, and a globally distributed salad dressing manufacturer. Also located within the City are a nationally known retail super center and two nationally known home improvement retail stores. Other top employers include the regional home office of a state-wide insurance provider and 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.

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 wastewater – 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.

The City continues to experience stable economic development in residential and commercial building permits along with a sustained focus on downtown Brenham. Several highlights are noted below.

- The final development plan for Ralston Creek Estates, a 76 lot residential subdivision, was approved by Council in the fiscal year;
- Residential building permits – In FY13, 43 residential building permits were issued for the year totaling \$3.1 million which is a decline from the previous year of 46 permits totaling \$5.2 million. The decline is directly related to the aggressive build-out of the Woodbridge Subdivision in FY12 with \$2.4 million as compared to FY13 with \$1.3 million, and the permits for Highland Meadows Subdivision in FY12 of \$700 compared to \$266 in FY13.
- Commercial building permits – The City issued 27 commercial building permits for FY13 totaling \$25.8 million as compared to 10 permits for \$5.2 million in FY12. The increase is related to \$10.3 million for Blue Bell Creameries expansion and \$11 for the new elementary school.
- Main Street Brenham, the City’s downtown area, was awarded the American Planning Association Texas Chapter Project Planning Award for the Downtown Master Plan which was adopted by Council in FY12. In addition, City Council adopted an Incentive Grant Reimbursement Program as an economic development tool for downtown building and site improvements.

In support of our industrial and residential customers, significant improvements to the City’s water utility system were done in FY13. A water expansion project for fire protection improvements at Valmont Industries, Inc. was completed and water line replacements were done in several residential areas. Utility line extensions were begun along State Highway 36 North and Burleson Street.

A joint project with the TxDOT Aviation and the City of Brenham was approved for a \$1.695 million ten unit T-hangar development, access taxiway and new electrical vault project at the Brenham Municipal Airport.

ECONOMIC CONDITION AND OUTLOOK (continued)

Economic Development (continued)

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.

- Public parks are often the economic engine that drives tourism in many communities. The City of Brenham offers first class facilities that appeal to both residents and visitors. The recreational portion of this three-eight cent sales tax provided over \$366,000 for improvements to our existing park facilities and aquatic center during the FY13.
- A portion of this revenue is allocated to the Economic Development Foundation of Brenham (EDF) and they work 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. The EDF conducted a local Occupational Wage Analysis with LCRA to assist local employers by providing the most current data to attract and retain employees.

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. During the year, two tax-phase-in agreements were approved with local companies for business expansions.

- Brazos Valley Brewing Company located their micro-brewery in downtown Brenham and plans to invest \$350,000 in capital and create 11 new jobs.
- MIC Group, LLC is planning an expansion that would involve a \$2.1 capital investment and the creation of 15 new jobs.

FINANCIAL INFORMATION

Long-term Financial Planning

Along with five-year projected operating budgets, the City has developed a five-year strategic plan that encompasses department requests as well as those projects included in the "Envision 2020" Comprehensive Plan. The projects/requests are grouped into four major areas: human resources, information technology, vehicles/equipment, and infrastructure. The plan is updated annually and reviewed with the Council to evaluate department requests as they relate to maintaining current service levels or enhancing service levels. The strategic plan is the basis for budget discussion and policy decision-making. The City has also adopted financial policies to help achieve a long-term, stable and positive financial condition.

Major Initiatives

The City Council has established transportation as a priority for our City. The two-year construction of the US Highway 290 Transportation Project which began in mid-2011 was completed in FY13. This project will aid mobility and safety for the 26,000 vehicles traveling US Highway 290, and is a joint project with the City, Washington County and the Texas Department of Transportation (TxDOT). During the year we also completed a \$1.2 million street maintenance project which included roughly 30,000 linear feet. The project included asphalt overlay of many of our major collector streets. Engineering services was begun on the realignment of Chappell Hill Street with a new collector street connecting Chappell Hill and Stringer Streets. The City issued \$1.85 million in Certificates of Obligation in FY13 for this project. Lastly, Council approved several amendments to the thoroughfare plan map within the City of Brenham's Envision 2020 Comprehensive Plan.

Another Council priority is adherence to the General Fund 90 day reserve policy. It is the City's policy to maintain an unassigned fund balance reserve sufficient to cover 90 days of operations. At the end of FY13, the unassigned fund balance had grown to over \$3.6 million or 102 days coverage. For purposes of this calculation, we used total expenditures less other financing sources/(uses). However, the excess reserves above 90 days will be used for the following initiatives.

FINANCIAL INFORMATION (continued)

Major Initiatives (continued)

- Maintain Council established R&R Policy (renovations and replacements) for unplanned facilities and equipment needs with a target of five (5) days of reserves. With our healthy General Fund reserves of 102 days, this objective was met.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual report for the fiscal year ended September 30, 2012. This is the fifth consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the dedicated and efficient staff of the Finance Division and they are to be commended for their exemplary performance. Credit is also to be given to the Mayor and City Council for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

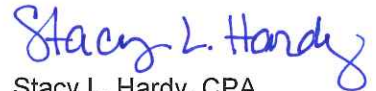
Respectfully submitted,



Terry K. Roberts
City Manager



Carolyn D. Miller, CPA
Chief Financial Officer



Stacy L. Hardy, CPA
Controller

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

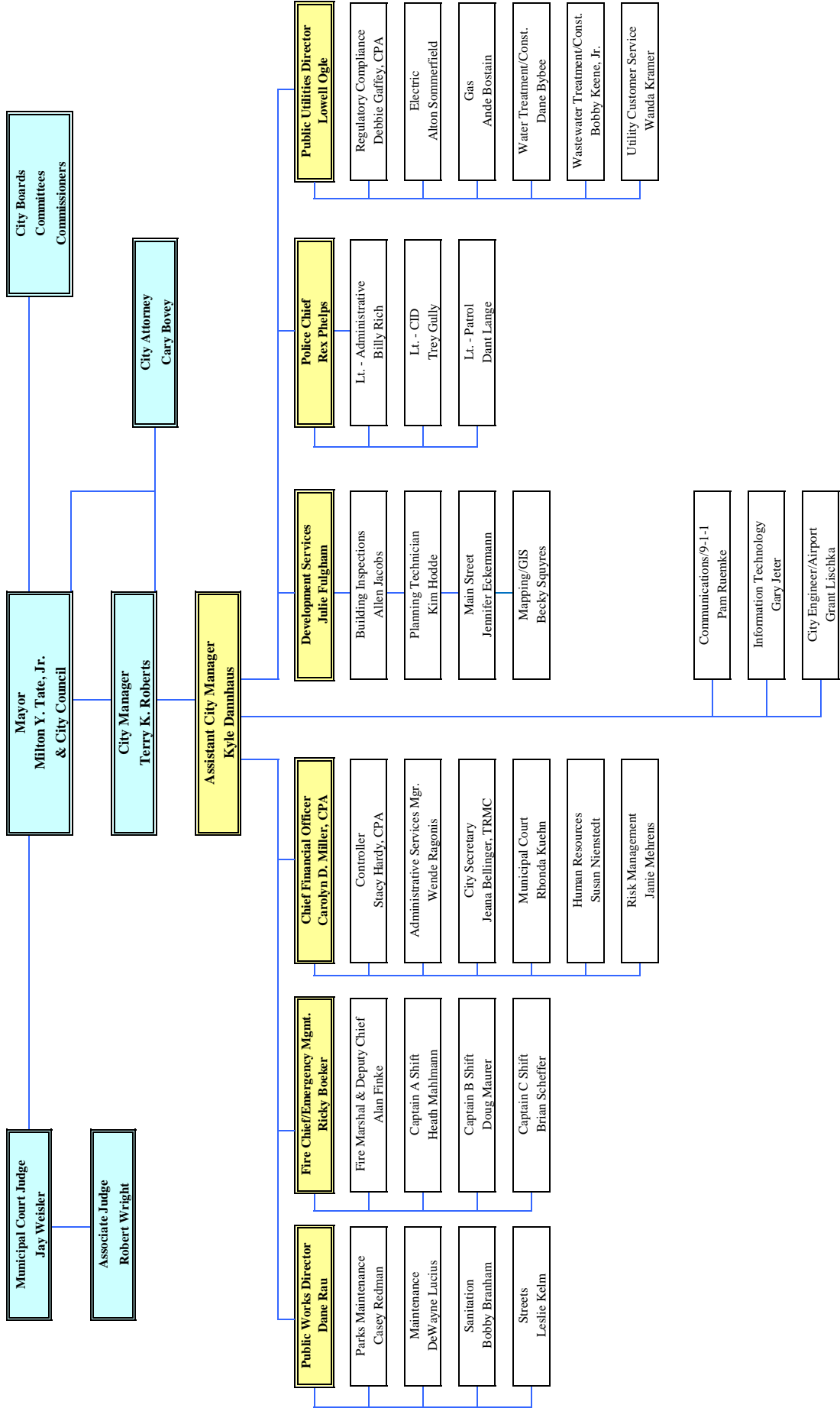
**City of Brenham
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF BRENHAM - ORGANIZATIONAL CHART
As of October 1, 2013



**CITY OF BRENHAM
PRINCIPAL OFFICERS
SEPTEMBER 30, 2013**

MAYOR

Milton Y. Tate, Jr.

MAYOR PRO-TEM

Gloria Nix

CITY COUNCIL

Mary E. Barnes-Tilley
Andrew Ebel
Danny Goss
Keith Herring
Weldon C. Williams, Jr.

CITY MANAGER

Terry K. Roberts

ASSISTANT CITY MANAGER

Kyle D. Dannhaus

CHIEF FINANCIAL OFFICER

Carolyn D. Miller, CPA

CONTROLLER

Stacy Hardy, CPA

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SEIDEL, SCHROEDER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities; the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof

and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 25 and the schedules of funding progress on pages 71 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brenham, Texas' basic financial statements. The introductory section, the combining fund statements and schedules, reports for management and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2014 on our consideration of the City of Brenham, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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* in considering City of Brenham, Texas' internal control over financial reporting and compliance.

Brenham, Texas
March 3, 2014

Sidel, Schneider & Company

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2013

The Management Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the City of Brenham for the fiscal year ended September 30, 2013. 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 1-5 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

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

- The assets of the City of Brenham exceeded its liabilities at the close of the most recent fiscal year by \$92,555 (net position). Of this amount, \$20,669 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,197.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$9,701 an increase of \$3,503 in comparison with the prior year. Approximately \$3,610 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, fund balance for the general fund was \$3,906 or 24.78% of total general fund expenditures.
- The City of Brenham's total bonded debt decreased by \$1,316 or 2.5% during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements. The GWFS, shown on pages 27-29, contain the Statement of Net Position and the Statement of Activities, which are described below, and are designed to provide readers with a broad overview of the City of Brenham's finances, in a manner similar to a private-sector business.

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

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

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

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

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS – (Continued)

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

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

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

The City of Brenham maintains 10 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 US 290 Fund which are considered to be major funds. Individual fund balance sheets and statements of revenues, expenditures, and changes in fund balance for the other 7 governmental funds are presented in the supplementary information section. The governmental FFS can be found on pages 30-33 of the CAFR.

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

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

Proprietary funds provide the same type of information as the GWFS, only in more detail. The proprietary FFS provide separate information for the water, wastewater, sanitation, gas, and electric distribution operations, which are considered to be major funds of the City of Brenham. The internal service funds are reported in a separate column in the proprietary fund financial statements. The proprietary FFS can be found on pages 35-39 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes can be found on pages 41-70 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and additional supplementary information concerning the City of Brenham's operations. The combining statements referred to earlier in connection with nonmajor governmental funds are presented in these sections. Combining and individual fund statements can be found on pages 78-100 of this report. Information relating to federal and state grant awards begins on page 119 of this report. The statistical section can be found on pages 125-146 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serves as a useful indicator of the City's financial position. Assets exceeded liabilities by \$92,555 (net position) at the close of the fiscal year, compared to assets exceeding liabilities by \$90,358 (net position) at the end of the prior fiscal year. The City's total net position increased by \$2,197 during the period.

City of Brenham, Texas						
Net Position						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012 (1)	2013	2012 (1)	2013	2012
Current and other assets	\$ 23,509	\$ 23,309	\$ 21,665	\$ 20,945	\$ 45,174	\$ 44,254
Capital assets	51,580	52,039	52,755	51,736	104,335	103,775
Total assets	<u>75,089</u>	<u>75,348</u>	<u>74,420</u>	<u>72,681</u>	<u>149,509</u>	<u>148,029</u>
Long-term debt outstanding	30,371	31,767	16,996	18,361	47,367	50,128
Other liabilities	3,960	2,588	5,627	4,953	9,587	7,541
Total liabilities	<u>34,331</u>	<u>34,355</u>	<u>22,623</u>	<u>23,314</u>	<u>56,954</u>	<u>57,669</u>
Net position:						
Invested in capital assets, net of related debt	35,548	34,415	36,082	33,977	71,630	68,392
Restricted	256	266	-	-	256	266
Unrestricted	4,954	6,311	15,715	15,389	20,669	21,700
Total net position	<u>\$ 40,758</u>	<u>\$ 40,992</u>	<u>\$ 51,797</u>	<u>\$ 49,366</u>	<u>\$ 92,555</u>	<u>\$ 90,358</u>

(1) As restated, see Note IV. D

By far the largest portion of the City of Brenham's net position, \$71,630 or 77%, reflects its net investment in capital assets e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Brenham's net position of \$256, less than 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$20,669 may be used to meet the government's ongoing obligations to citizens and creditors.

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

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

City of Brenham, Texas						
Changes in Net Position						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,121	\$ 1,364	\$ 39,160	\$ 38,102	\$ 40,281	\$ 39,466
Operating grants and contributions	575	628	-	7	575	635
Capital grants and contributions	25	1,495	325	117	350	1,612
General revenues:						
Property taxes	5,647	5,450	-	-	5,647	5,450
Sales taxes	4,404	4,107	-	-	4,404	4,107
Franchise taxes	2,972	2,889	-	-	2,972	2,889
Hotel Occupancy taxes	659	572	-	-	659	572
Alcoholic Beverage taxes	27	25	-	-	27	25
Other	1,277	1,003	176	171	1,453	1,174
Total revenues	<u>16,707</u>	<u>17,533</u>	<u>39,661</u>	<u>38,397</u>	<u>56,368</u>	<u>55,930</u>
Expenses:						
General government	5,453	5,230	-	-	5,453	5,230
Public safety	6,900	6,568	-	-	6,900	6,568
Highway/streets	2,611	2,600	-	-	2,611	2,600
Interest on Long Term Debt	916	887	-	-	916	887
Culture and recreation	3,635	3,407	-	-	3,635	3,407
Health and welfare	319	286	-	-	319	286
Water	-	-	3,342	3,282	3,342	3,282
Wastewater	-	-	2,847	2,692	2,847	2,692
Electric	-	-	23,010	22,896	23,010	22,896
Gas	-	-	2,401	1,908	2,401	1,908
Sanitation	-	-	2,737	2,603	2,737	2,603
Total Expenses	<u>19,834</u>	<u>18,978</u>	<u>34,337</u>	<u>33,381</u>	<u>54,171</u>	<u>52,359</u>
Increase (decrease) in net position before transfers	(3,127)	(1,445)	5,324	5,016	2,197	3,571
Transfers	2,893	2,716	(2,893)	(2,716)	-	-
Increase (decrease) in net position	(234)	1,271	2,431	2,300	2,197	3,571
Net position - beginning	40,825	39,554	49,245	46,945	90,070	86,499
Restatement of net position	167	-	121	-	288	-
Net position - beginning as restated	<u>40,992</u>	<u>39,554</u>	<u>49,366</u>	<u>46,945</u>	<u>90,358</u>	<u>86,499</u>
Net position - ending	<u>\$40,758</u>	<u>\$ 40,825</u>	<u>\$ 51,797</u>	<u>\$ 49,245</u>	<u>\$ 92,555</u>	<u>\$ 90,070</u>

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Governmental activities. Governmental activities decreased the City of Brenham's net assets by \$234 compared to an increase of \$1,271 in the prior fiscal year. Key elements of this decrease are noted below.

Revenues decreased \$826 (4.7%) during the year. This decrease is attributable to several factors.

Program Revenues

- Charges for Services decreased \$243 (17.8%) due mainly to a decrease in municipal court fees and fines. The completion of the Highway 290 construction project also brought an end to a period of construction zone fines.
- Operating Grants and Contributions decreased by \$53 (8.4%) due to reduced public safety funds for the SAFER grant and lower school resource officer reimbursement by Brenham ISD.
- Capital Grants and Contributions decreased by \$1,470 (98.3%) due to Southwest Industrial Park, Section 3 paving and drainage improvements and park system improvements which were done in FY13.

General Revenues

- Property Taxes increased \$197 due to an increase in taxable values of 3% for the fiscal year.
- Sales Tax increased \$297 or 7.2% over the prior year due to a more robust economy.
- Franchise Taxes are received from the enterprise funds and are budgeted at 7% of revenue. The franchise taxes were higher than the prior year by \$83 which is directly attributable to increased revenues in the Electric and Gas Funds.
- Hotel Occupancy Taxes were higher by \$87 or 15.2% compared to the prior year. The combined 7% hotel occupancy tax for properties located in Washington County, both inside and outside the city limits continues to rise with the growth in tourism.
- Other Revenues were higher than the prior year by \$274 as noted below.
 - Payments from Component Unit were higher by \$309 due to funding of Linda Anderson Park improvements;
 - Miscellaneous income was lower by \$48 due to decreased sales of surplus property.

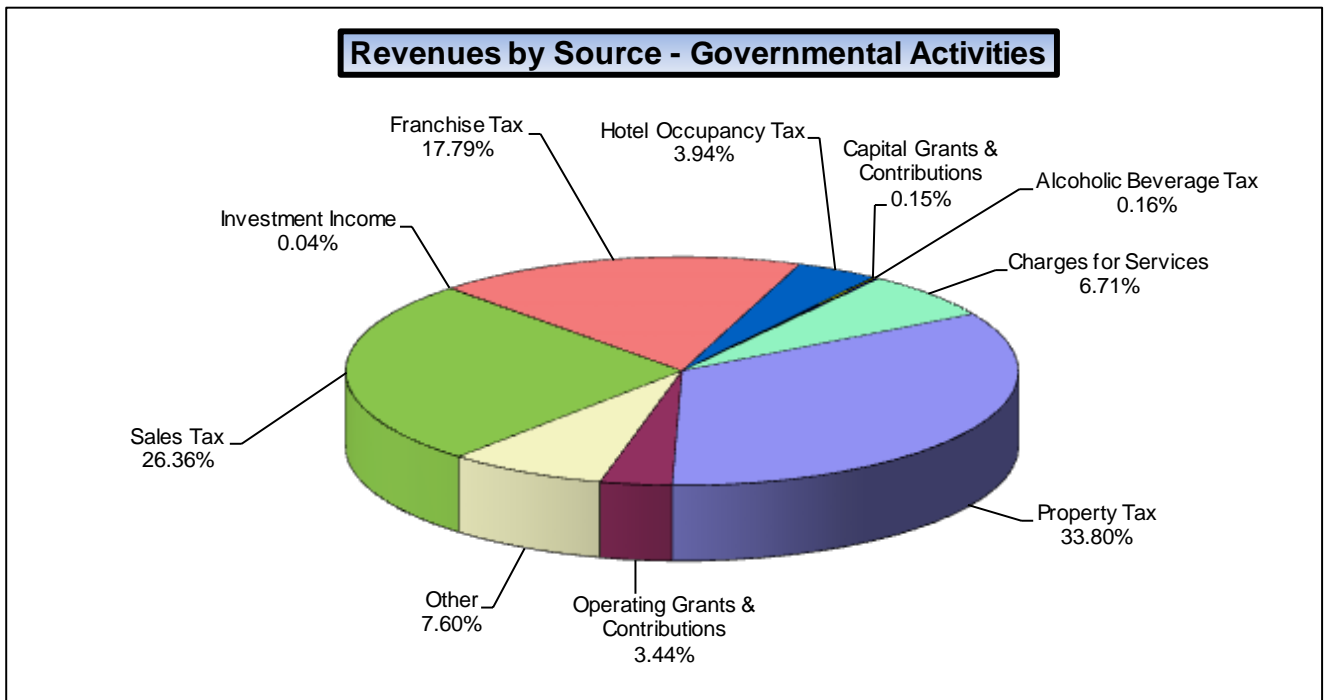
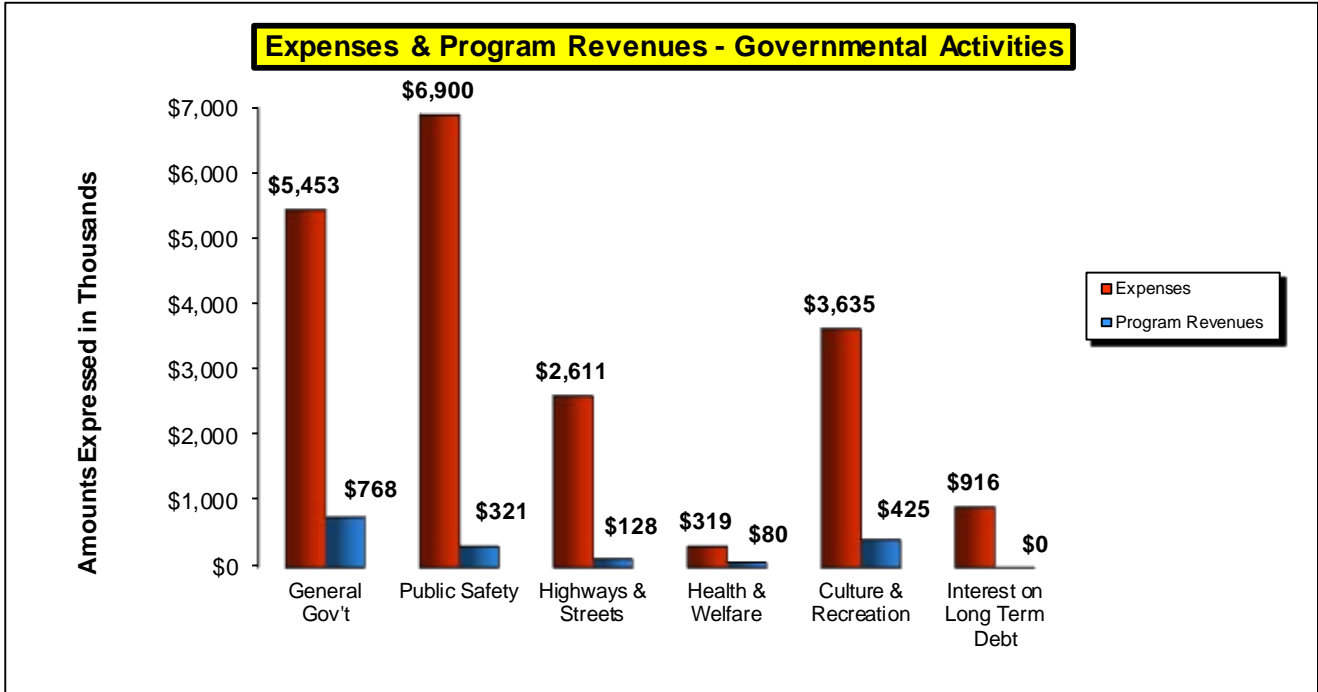
Expenses increased \$856 or 4.5% during the year. This increase is attributable to several factors.

- General Government expenses increased by \$223 due to increased expenses as follows: \$121 in increased salaries, taxes and retirement; \$48 for medical insurance; \$27 for compensation study; and \$23 for demolition costs.
- Public Safety expenses increased by \$332 which is from the following items: \$100 for increase salaries, taxes and retirement; \$51 for increased medical insurance; \$65 for radios and communication systems; \$20 for replacement of tasers; \$18 for electrical costs; \$21 for software service contracts; and \$21 for fire equipment repairs.
- Interest on Long Term Debt increased \$29 primarily from issuance of the new Certificates of Obligation for construction of new thoroughfare projects.
- Culture & Recreation expenses increased \$228 due to several items: an increase in medical insurance of \$23; outsourcing of park mowing services increased by \$25; re-plastering of indoor pool for \$80; and increased funding for convention and visitor's bureau of \$53.

Transfers increased \$177 during the year due to higher actual expenses in the indirect departments (Administration, Community Services, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

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



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

Business-type activities. Business-type activities increased the City of Brenham's net position by \$2,431 compared to an increase of \$2,300 in the prior fiscal year. Key elements of this increase are noted below.

Revenues increased \$1,264 or 3.3% during the year. This increase is attributable to several factors.

- The charges for services in the Electric Fund increased by \$706 due mainly to higher average price per kWh rising from \$0.0809 in FY12 to \$0.0836 in FY13.
- Gas Fund revenues increased \$529 resulting from a combination of higher winter consumption (over 9% higher) and higher natural gas commodity costs which are a direct pass-through.
- The charges for services in the Water Fund decreased by \$87 during the year. With more normalized weather for two consecutive years following the drought of 2011, water consumption was down 25.4 million gallons or 3% over the prior fiscal year.
- Charges for services in the Wastewater Fund were lower by \$64 compared to the previous fiscal year. Utility revenues are lower due to a decrease in the average billing rate on residential customers and lower processed gallons in other customer classes.
- The Sanitation Fund charges for services were lower by \$22 which is due from a combination of higher transfer station revenues of \$103 offset by lower recycling center revenue of \$63 and lower collection station revenue of \$60.
- Capital grants and contributions experienced an increase of \$208 for the year primarily due to the water system improvements done by Valmont Industries and deeded to the City.

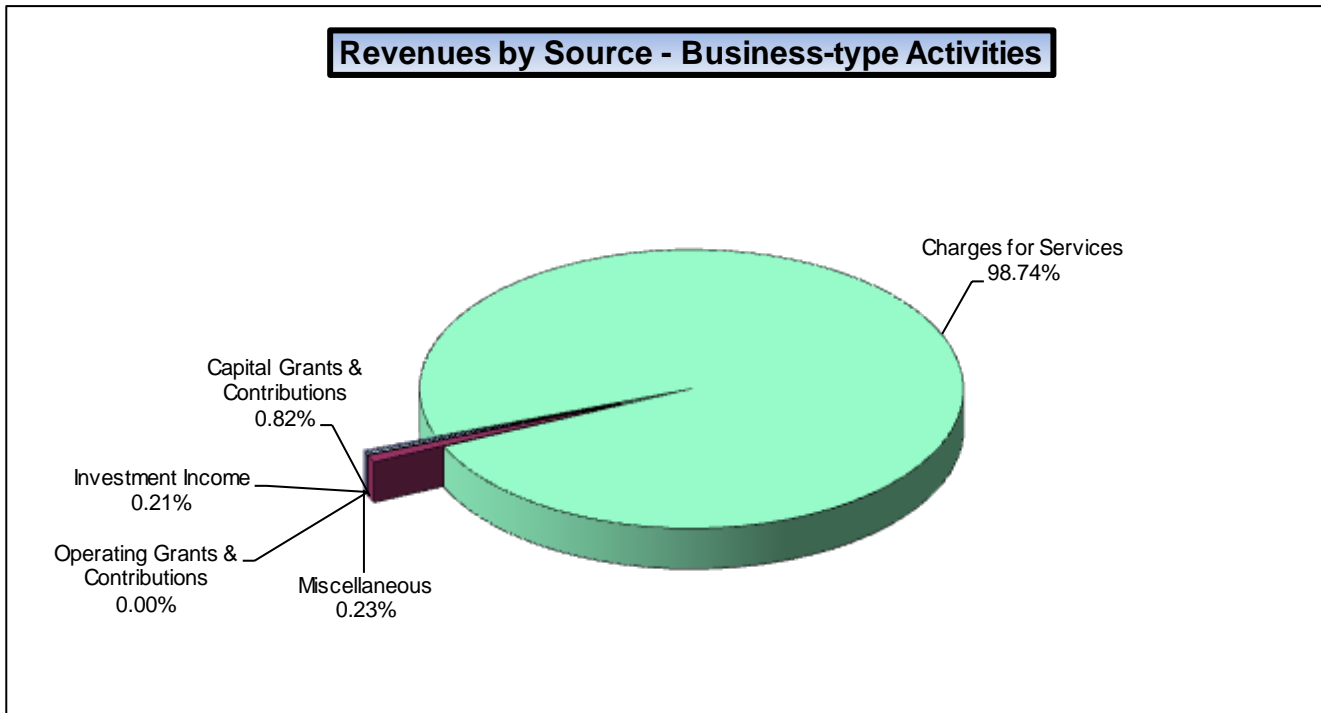
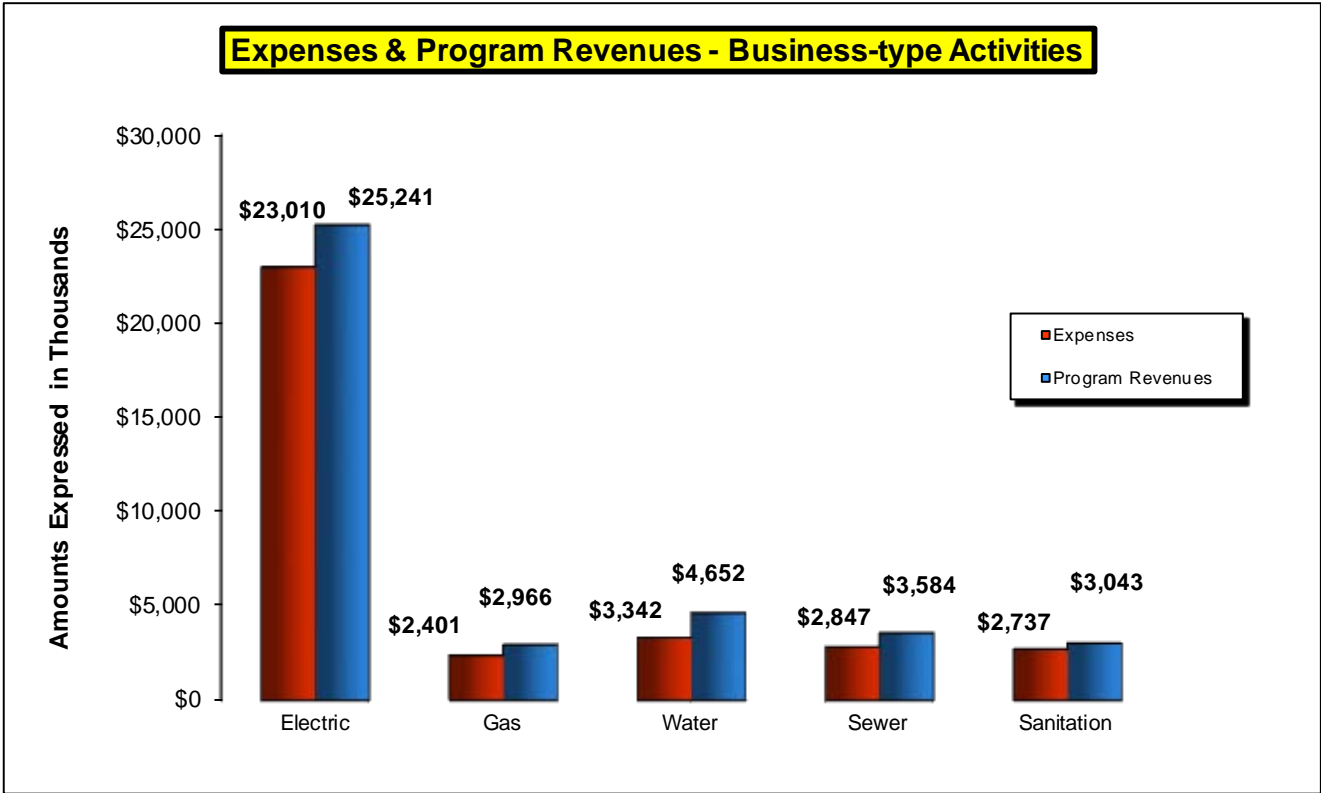
Expenses increased \$956 or 2.9% during the year with specific changes presented below.

- Electric Fund expenses increased by \$114 resulting from several factors: increased revenue triggers higher franchise taxes and transfers to the General Fund for indirect expenses were also higher.
- The increase in Gas Fund expenses of \$493 is directly attributable to higher gas purchase costs driven by increased sales volume which translates to higher franchise taxes.
- Although revenue decreased in the Water Fund, operating expenses increased due to higher depreciation and equipment rental costs for shared equipment in the new Central Fleet Fund.
- Wastewater Fund expenses increased by \$155 due to a combination of higher depreciation costs and higher electrical costs.
- With four operational areas, the Sanitation Fund expenses increased by \$134 in several areas. Transfer Station fuel costs are higher with additional trips to the landfill in Bryan, Texas and some compactable Collection Station waste is being hauled to the landfill requiring more frequent trips too; both of these items have increased the landfill fees and we have experienced increased maintenance on Transfer Station vehicles.

Transfers increased \$177 during the year due to higher actual expenses in the indirect departments (Administration, Community Services, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

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



CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2013

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the City of Brenham's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Brenham's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$9,701 an increase of \$3,503 in comparison with the prior year.

The U.S. Hwy 290 Pass-Thru Finance Fund has a total fund balance of \$3,072 which is an increase of \$2,555 in comparison to the prior fiscal year. Pass-Through Toll Revenue Bonds in the amount of \$15,000 were issued in FY11 to fund a major transportation project with the Texas Department of Transportation. In accordance with the agreement, the City of Brenham is receiving semi-annual payments from TxDot with two payments totaling \$3,057 being received in FY13.

In Other Governmental Funds, the combined fund balance grew to \$2,537, an increase of \$920, which is comprised of activity in these funds: Streets & Drainage Improvements Fund for \$674 due to the \$1.85 million in Certificates of Obligation to fund new thoroughfare projects offset by expenditures of \$1,117 related to the 2012 street overlay project; Airport Capital Improvement Fund transfer from the General Fund in the amount of \$153 for the City's hangar grant match; and growth in the Hotel Occupancy Tax Fund of \$93.

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

Unrestricted net position of the Electric Fund at the end of the year amounted to \$9,691; those of the Gas Fund were \$1,112; the Water Fund \$2,365; the Wastewater Fund \$1,465 and the Sanitation Fund \$785. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brenham's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the chief operating fund of the City of Brenham. With the implementation of *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*, six other governmental funds were combined with the General Fund.

The original revenue budget was \$12,715 and the final amended budget was \$12,769, an increase of \$54. Payment from Component Unit was increased to reflect additional revenues transferred to the General Fund for culture and recreation improvements at the Aquatic Center, Hohlt Park and Linda Anderson Park.

The original expenditure budget was \$15,364 and the final amended budget was \$15,622, an increase of \$258, in the following categories: Culture and Recreation by \$72 due to park improvements; General Government by \$128 due to demolition of former city hall; Highways and Streets by \$21 for airport fuel spill; and Public Safety by \$35 for storm damage to equipment and facilities.

The original budget for transfers-in was \$3,204 and the final amended budget was \$3,214, an increase of \$10, related to additional revenue from the Hotel Occupancy Tax Fund for city parks and recreation programs.

The original budget for transfer-out was \$490 and the final amended budget was \$610, an increase of \$120, which is mainly due to the City match for the TxDOT Aviation Hangar Grant.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
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GENERAL FUND BUDGETARY HIGHLIGHTS – (Continued)

For fiscal year 2013, the General Fund's revenue came in \$287 under budget. This decrease is primarily related to lower municipal court fees and fines. The completion of the Hwy 290 construction project also brought an end to a period of construction zone fines.

For fiscal year 2013, the General Fund's actual expenditures came in approximately \$851 lower than budget. This positive variance is mainly due to the following:

- Personnel costs came in lower than expected
- Services are lower due to favorable utility costs paid by city departments. With milder winter and summer temperatures, and with more normalized weather following with drought of 2011, overall consumption was lower for these services.

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, 2013 amounts to \$104,335 (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 \$561 or less than 1%. Changes in major capital asset expenditures during the current fiscal year included the following.

- Governmental Activities capital assets showed a net decrease of \$458. Land and land improvements increased by \$78 from erosion control improvements of \$48, U.S. Highway 290 ancillary transportation projects for \$20 and new park land; buildings decreased by \$629 primarily related to depreciation expense; improvements other than buildings had a net decrease of \$311 comprised of \$239 of new improvements (park for \$149, airport for \$33 and firing range for \$36) offset by \$551 in depreciation expense; infrastructure assets had a net increase of \$1,179 which is due to combined impact of the 2012 street overlay project and park improvements; construction-in-progress decreased by \$464 mainly from the re-construction costs for streets included in the asphalt overlay project.
- Business-type capital assets showed a net increase of \$1,019. The infrastructure category change is related to several utility items: Electric utility system improvements for Blue Bell Creameries, Blinn College, several residential areas and rotten pole change-out/upgrade; Water utility system improvements with the completion of the AMR meter replacement project, a water expansion project for fire protection improvements at Valmont Industries was completed with a substantial portion paid by Valmont deeded to the City. Also, water utility line extensions were begun along State Highway 36 North and Burleson Street, and water line replacements were done in several residential areas. The decrease in improvements other than buildings is current year depreciation expense.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION – (Continued)

City of Brenham, Texas						
Capital Assets						
(Amounts in Thousands)						
(net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and Improvements	\$ 3,395	\$ 3,317	\$ 1,351	\$ 1,313	\$ 4,746	\$ 4,630
Buildings	17,329	17,958	419	425	17,748	18,383
Improvements other than buildings	5,587	5,898	20,904	21,643	26,491	27,541
Furniture, fixtures, and equipment	646	823	419	449	1,065	1,272
Machinery	135	167	-	-	135	167
Vehicles	2,473	2,566	1,066	1,201	3,539	3,767
Intangibles	151	160	71	51	222	211
Infrastructure	21,606	20,427	27,808	25,962	49,414	46,389
Construction in progress	258	722	717	692	975	1,414
Total	<u>\$ 51,580</u>	<u>\$ 52,038</u>	<u>\$ 52,755</u>	<u>\$ 51,736</u>	<u>\$ 104,335</u>	<u>\$ 103,774</u>

Additional information on the City of Brenham's capital assets can be found in note III.E on pages 51-52 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION – (Continued)

Long-term debt. At the end of the current fiscal year, the City of Brenham had total bonded debt outstanding, net of unamortized charges, of \$50,617. Of this amount, \$32,591 is tax-supported debt backed by the full faith and credit of the government, sales tax revenues of the BCDC (Component Unit) and toll revenue from the State of Texas. The remaining \$18,026 is self-supported debt that is to be repaid from system revenues.

City of Brenham, Texas Outstanding Debt General Obligation Bonds, Certificates of Obligation, Pass-Through Toll Revenue Bonds and Limited Tax Notes (Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 7,845	\$ 8,626	\$ 12,715	\$ 13,859	\$ 20,560	\$ 22,485
Certificates of Obligation	8,670	7,427	5,835	6,193	14,505	13,620
Pass-Through Toll Revenue Bonds	14,165	14,165	-	-	14,165	14,165
Limited Tax Notes	1,315	1,585	-	-	1,315	1,585
Unamortized Credits/Charges	596	671	(524)	(593)	72	78
Total	\$ 32,591	\$ 32,474	\$ 18,026	\$ 19,459	\$ 50,617	\$ 51,933

The City of Brenham's total bonded debt decreased by \$1,316 or 2.5% during the current fiscal year. With transportation being a council priority, Certificates of Obligation in the amount of \$1.85 million were issued for capital construction of new thoroughfare projects.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5% of its total assessed valuation. Additionally, the City's charter allows a rate not exceeding \$1.65 per \$100 valuation for any one year. The tax rate is \$.5432 for the year ended September 30, 2013 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 56-60 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2013

ECONOMIC FACTOR'S AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Washington County as of September 2013 was 4.9%, which is higher than the rate of 4.8% one year ago. The current rate compares favorably to the state's average unemployment rate of 6.3%.
- Sales tax, which is the City's largest revenue source for funding general government operations, was aggressively budgeted at 10% above prior year actual for the current fiscal year. Although actuals were behind budgeted levels by 2%, we anticipate continued growth. Sales tax revenue for FY14 included a solid 5% increase.
- Inflationary trends in the region compare favorably to national indices.

These factors, as well as items noted in the Economic Conditions and Outlook section in the letter of transmittal, were considered in preparing the City of Brenham's budget for the 2014 fiscal year.

During the current fiscal year, unassigned fund balance in the General Fund, which excludes the other internal funds, grew from \$3,564 to over \$3,575. The City of Brenham's adopted budget for fiscal year 2014 is at a break-even level, so that General Fund expenditures do not utilize any fund balance. For FY14, the City's overall tax rate was increased by 2 cents per \$100 of property valuation to fund public safety initiatives in the way of two new police officers, a deputy fire marshal and the issuance of debt for new firefighting equipment. The overall tax rate changed from \$0.5432 to \$0.5634; the M&O tax rate changed from \$0.3420 to \$0.3579; and the I&S tax rate changed from \$0.2012 to \$0.2053.

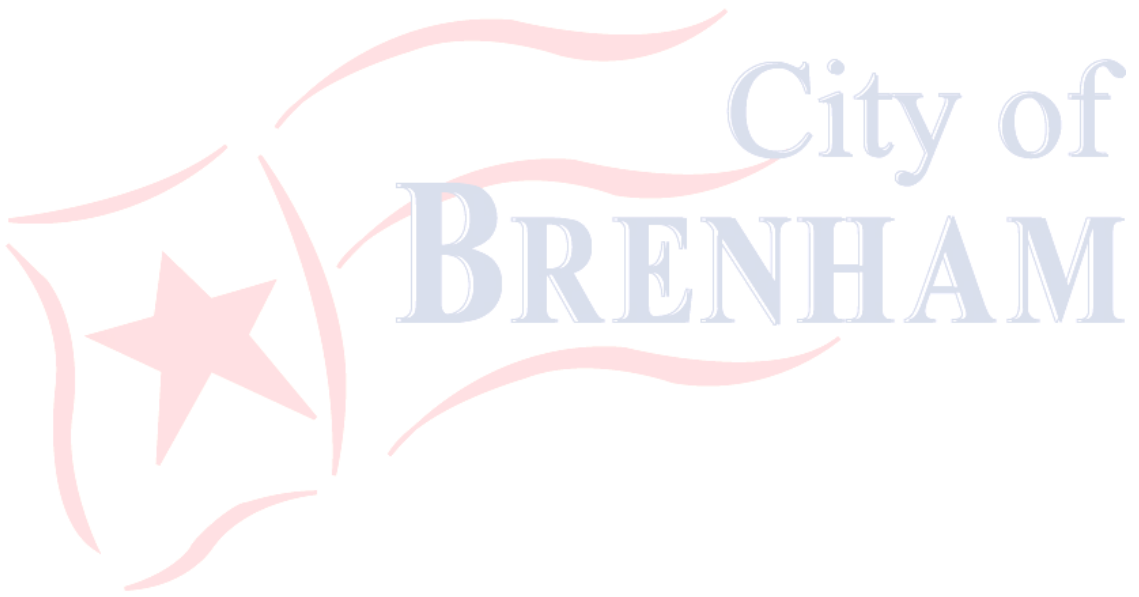
The City Council has historically recognized the importance of paying a competitive wage to attract and retain a quality workforce. The FY14 budget includes implementation costs for the compensation study conducted in the current fiscal year.

An evaluation of electric and gas utility rates was completed during the current fiscal year. For the FY14 budget, the electric and gas customer charges have been increased as recommended by the study.

Requests for Information

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

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City of Brenham
Statement of Net Position
September 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Equivalents	\$ 3,727,035	\$ 11,227,793	\$ 14,954,828	\$ 892,065
Receivables - Property Tax (net)	201,115	-	201,115	-
Receivables - Sales Tax	752,626	-	752,626	250,875
Receivables - Occupancy Taxes	53,592	-	53,592	-
Receivables - Account (net)	349,817	4,763,291	5,113,108	3,376
Receivables - Interest	-	159,567	159,567	-
Internal Balances	(133,210)	133,210	-	-
Due from Other Governments	12,062,339	28,318	12,090,657	-
Inventory at Cost	211,530	1,213,245	1,424,775	-
Notes Receivable, Current	-	56,787	56,787	-
Prepaid Water Agreement	-	252,753	252,753	-
Other Current Assets	9,002	10,362	19,364	-
Restricted Cash	5,863,641	2,334,391	8,198,032	-
Notes Receivable, Long Term	-	1,257,729	1,257,729	-
Unamortized Bond Issuance Costs, Net	412,265	227,122	639,387	-
Capital Assets, Not Being Depreciated	3,663,013	2,102,489	5,765,502	2,218,546
Other Capital Assets, Net	47,916,706	50,652,741	98,569,447	-
Total assets	<u>75,089,471</u>	<u>74,419,798</u>	<u>149,509,269</u>	<u>3,364,862</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	676,772	2,701,667	3,378,439	584
Other Liabilities	167	4,303	4,470	-
Accrued Interest	147,349	89,754	237,103	159,567
Self Insurance Claims Payable	3,079	-	3,079	-
Compensated Absences, Current	153,867	87,029	240,896	-
Bonds Payable, Current	2,883,318	-	2,883,318	-
Lease Payable, Current	94,823	77,572	172,395	-
Revenue Bonds Payable, Current	-	1,571,682	1,571,682	-
Notes Payable, Current - Component Unit	-	-	-	56,787
Consumer Deposits	-	1,094,492	1,094,492	-
Compensated Absences, Long Term	145,737	53,998	199,735	-
Post Employment Benefits	268,525	194,354	462,879	-
Long Term Debt, Net	29,957,443	16,748,097	46,705,540	1,257,728
Total liabilities	<u>34,331,080</u>	<u>22,622,948</u>	<u>56,954,028</u>	<u>1,474,666</u>
NET POSITION				
Invested in Capital Assets, Net of Related Debt	35,548,260	36,081,573	71,629,833	904,031
Restricted for Debt Service	256,528	-	256,528	-
Restricted for Economic Development	-	-	-	433,473
Restricted for Recreation	-	-	-	552,692
Unrestricted	4,953,603	15,715,277	20,668,880	-
Total net position	<u>\$ 40,758,391</u>	<u>\$ 51,796,850</u>	<u>\$ 92,555,241</u>	<u>\$ 1,890,196</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, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government			
				Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General Government	\$ 5,453,313	\$ 675,909	\$ 92,016	\$ -	\$ (4,685,388)	\$ -	\$ -
Public Safety	6,899,558	4,959	315,608	-	(6,578,991)	-	-
Highways and Streets	2,611,294	56,920	48,561	22,826	(2,482,987)	-	-
Health and Welfare	318,672	30,004	49,713	-	(238,955)	-	-
Culture and Recreation	3,635,589	353,510	68,900	2,383	(3,210,796)	-	-
Interest on Long Term Debt	916,548	-	-	-	(916,548)	-	-
Total governmental activities	19,834,974	1,121,302	574,798	25,209	(18,113,665)	-	(18,113,665)
Business-type activities:							
Electric	23,009,788	25,240,842	-	-	-	2,231,054	2,231,054
Gas	2,401,303	2,965,796	-	-	-	564,493	564,493
Sanitation	2,737,307	3,043,375	-	-	-	306,068	306,068
Wastewater	2,846,895	3,584,026	-	-	-	737,131	737,131
Water	3,342,073	4,326,320	-	325,463	-	1,309,710	1,309,710
Total business-type activities	34,337,366	39,160,359	-	325,463	-	5,148,456	5,148,456
Total primary government	\$ 54,172,340	\$ 40,281,661	\$ 574,798	\$ 350,672	\$ (18,113,665)	\$ 5,148,456	\$ (12,965,209)
Component unit:							
Brenham Community Devel Corp	\$ 236,449	-	-	-	-	-	(236,449)
Total component unit	\$ 236,449	-	-	-	-	-	(236,449)
Property Taxes		5,647,218					5,647,218
Sales Taxes		4,404,296					4,404,296
Franchise Taxes		2,972,220					2,972,220
Hotel Occupancy Taxes		658,646					658,646
Alcoholic Beverage Taxes		26,668					26,668
Investment Income not Restricted		7,125			84,013		91,138
Miscellaneous		102,935			91,658		194,593
Gain on Sale of Capital Assets		67,395			-		67,395
Payments to/from Component Unit		1,099,836			-		1,099,836
Transfers		2,893,486			(2,893,486)		(1,099,836)
Total general revenues		17,879,825			(2,717,815)		15,162,010
Change in net position		(233,840)			2,430,641		2,196,801
Net position - beginning as previously reported		40,825,267			49,245,363		90,070,630
Restatement of net position		166,964			120,846		287,810
Net position - beginning as restated		40,992,231			49,366,209		90,358,440
Net position - ending		\$ 40,758,391			\$ 51,796,850		\$ 92,555,241

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

**City of Brenham
Balance Sheet
Governmental Funds
September 30, 2013**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>US 290 Pass Thru Finance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Equivalents	\$ 3,396,178	\$ -	\$ -	\$ 330,857	\$ 3,727,035
Receivables (Net)					
Property Taxes	130,437	70,678	-	-	201,115
Sales Tax	752,626	-	-	-	752,626
Occupancy Tax	-	-	-	53,592	53,592
Accounts	349,817	-	-	-	349,817
Interfund Receivables	-	-	-	46,871	46,871
Due from Other Governments	117,451	2,371	-	-	119,822
Inventory at Cost	211,530	-	-	-	211,530
Other Current Assets	1,000	-	-	5,408	6,408
Restricted Cash	-	183,479	3,071,759	2,131,974	5,387,212
Total Assets	<u>\$ 4,959,039</u>	<u>\$ 256,528</u>	<u>\$ 3,071,759</u>	<u>\$ 2,568,702</u>	<u>\$ 10,856,028</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current Liabilities	\$ 645,272	\$ -	\$ -	\$ 31,500	\$ 676,772
Interfund Payables	1,787	-	-	-	1,787
Deferred Revenue	405,215	70,678	-	-	475,893
Other Liabilities	167	-	-	-	167
Total Liabilities	<u>1,052,441</u>	<u>70,678</u>	<u>-</u>	<u>31,500</u>	<u>1,154,619</u>
Fund Balances:					
Nonspendable	212,530	-	-	-	212,530
Restricted	74,074	185,850	3,071,759	2,356,068	5,687,751
Committed	-	-	-	12,000	12,000
Assigned	10,304	-	-	169,134	179,438
Unassigned	3,609,690	-	-	-	3,609,690
Total Fund Balances	<u>3,906,598</u>	<u>185,850</u>	<u>3,071,759</u>	<u>2,537,202</u>	<u>9,701,409</u>
Total Liabilities and Fund Balances	<u>\$ 4,959,039</u>	<u>\$ 256,528</u>	<u>\$ 3,071,759</u>	<u>\$ 2,568,702</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 Position
September 30, 2013

Total fund balances - total governmental funds \$ 9,701,409

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 51,579,719

Gross capital assets	91,902,794
Accumulated depreciation	<u>(40,323,075)</u>
	51,579,719

Certain long-term assets are not available to pay current period expenditures and therefore are not reported in the governmental funds balance sheet. 11,942,518

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (33,238,797)

Bonds payable	31,995,471
Less: Unamortized bond issue costs	(412,264)
Add: Issuance premium	947,912
Less: Unamortized deferred charges	(352,036)
Accrued interest payable	147,349
Capital lease payable	344,236
Compensated absences	299,604
Post retirement benefits	<u>268,525</u>
	33,238,797

Internal service funds are used by management to charge the costs of risk management services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 297,649

Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 475,893

Net position of governmental activities \$ 40,758,391

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, 2013

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 10,958,747	\$ 2,085,785	\$ -	\$ 658,645	\$ 13,703,177
Licenses and Permits	59,826	-	-	-	59,826
Intergovernmental	514,757	-	3,057,482	22,826	3,595,065
Charges for Services	474,350	-	-	37,662	512,012
Fines and Forfeitures	549,460	-	-	-	549,460
Investment Income	2,697	894	1,026	2,331	6,948
Payment from Component Unit	226,780	570,326	-	302,730	1,099,836
Contributions and Donations	68,724	-	-	-	68,724
Miscellaneous	145,626	-	-	15,333	160,959
Total revenues	13,000,967	2,657,005	3,058,508	1,039,527	19,756,007
Expenditures					
Current:					
Culture and Recreation	2,445,882	-	-	519,559	2,965,441
General Government	5,011,172	-	-	26,905	5,038,077
Health and Welfare	302,547	-	-	-	302,547
Highways and Streets	1,418,691	-	-	25,387	1,444,078
Public Safety	6,089,921	-	-	1,188	6,091,109
Debt service:					
Interest & Fiscal Charges	-	964,850	-	-	964,850
Principal Retirement	-	1,749,643	-	-	1,749,643
Issuance Costs	-	-	-	51,489	51,489
Capital Outlay	496,192	-	523,316	1,456,566	2,476,074
Total expenditures	15,764,405	2,714,493	523,316	2,081,094	21,083,308
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,763,438)	(57,488)	2,535,192	(1,041,567)	(1,327,301)
Other Financing Sources (Uses)					
Transfers In	2,967,680	44,157	20,062	169,326	3,201,225
Transfers Out	(219,957)	-	-	(94,256)	(314,213)
Proceeds from Bonds	-	-	-	1,886,423	1,886,423
Insurance Proceeds	56,853	-	-	-	56,853
Total other financing sources and (uses)	2,804,576	44,157	20,062	1,961,493	4,830,288
Net change in Fund Balances	41,138	(13,331)	2,555,254	919,926	3,502,987
Fund balances - beginning	3,865,460	199,181	516,505	1,617,276	6,198,422
Fund balances - ending	\$ 3,906,598	\$ 185,850	\$ 3,071,759	\$ 2,537,202	\$ 9,701,409

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, 2013

Net change in fund balances - total governmental funds \$ 3,502,987

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. (458,593)

Capital outlay	2,476,074
Depreciation expense	(2,930,922)
Proceeds from sale	(71,140)
Gain on disposal	67,395
	(458,593)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (37,869)

Repayments from the State of Texas for the Pass-Thru Financing Program are shown as revenues in the governmental funds. However, since the state is repaying these amounts, they are reflected as a reduction of the intergovernmental receivable in the statement of net position. (3,057,482)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Bond principal payments are expenditures in the governmental funds, but they reduce long term liabilities in the statement of net position. 25,853

Debt issued:	
2012 Certificates of Obligation	(1,850,000)
Bond issue costs on new debt	51,489
Bond premium on new debt	(36,423)
Repayments:	
To bond, certificate, and note holders	1,749,643
Amortization of bond premiums, discounts, & charges	111,144
	25,853

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. (54,434)

Compensated absences	(4,050)
Accrued interest payable	1,460
Post retirement benefits	(51,844)
	(54,434)

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. (90,000)

For government wide reporting, bond issue costs are deferred and amortized. (64,302)

Change in net position of governmental activities \$ (233,840)

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

**City of Brenham
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013**

	Budgeted Amounts		Actual	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Taxes	\$ 11,018,459	\$ 11,018,459	\$ 10,958,747	\$ -	\$ 10,958,747	\$ (59,712)
Licenses and Permits	70,250	70,250	59,826	-	59,826	(10,424)
Intergovernmental	87,060	87,060	514,757	(438,116)	76,641	(10,419)
Charges for Services	451,470	451,470	474,350	-	474,350	22,880
Fines and Forfeitures	776,655	776,655	549,460	-	549,460	(227,195)
Investment Income	2,400	2,400	2,697	(137)	2,560	160
Payment from Component Unit	173,000	226,780	226,780	-	226,780	-
Contributions and Donations	-	-	68,724	(68,724)	-	-
Miscellaneous	136,037	136,037	145,626	(11,803)	133,823	(2,214)
Total revenues	<u>12,715,331</u>	<u>12,769,111</u>	<u>13,000,967</u>	<u>(518,780)</u>	<u>12,482,187</u>	<u>(286,924)</u>
Expenditures						
Current:						
Culture and Recreation	2,473,285	2,545,696	2,445,882	(92,379)	2,353,503	192,193
General Government	5,102,379	5,230,817	5,011,172	(67,483)	4,943,689	287,128
Health and Welfare	260,838	260,838	302,547	(45,600)	256,947	3,891
Highways and Streets	1,479,619	1,501,328	1,418,691	-	1,418,691	82,637
Public Safety	6,048,348	6,083,552	6,089,921	(291,965)	5,797,956	285,596
	<u>15,364,469</u>	<u>15,622,231</u>	<u>15,268,213</u>	<u>(497,427)</u>	<u>14,770,786</u>	<u>851,445</u>
Capital Outlay	84,700	110,302	496,192	(380,898)	115,294	(4,992)
Total Expenditures	<u>15,449,169</u>	<u>15,732,533</u>	<u>15,764,405</u>	<u>(878,325)</u>	<u>14,886,080</u>	<u>846,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,733,838)</u>	<u>(2,963,422)</u>	<u>(2,763,438)</u>	<u>359,545</u>	<u>(2,403,893)</u>	<u>559,529</u>
Other Financing Sources (Uses)						
Transfers In	3,203,795	3,213,795	2,967,680	-	2,967,680	(246,115)
Transfers Out	(489,957)	(610,144)	(219,957)	(390,187)	(610,144)	-
Insurance Proceeds	20,000	74,075	56,853	-	56,853	(17,222)
Total other financing sources and (uses)	<u>2,733,838</u>	<u>2,677,726</u>	<u>2,804,576</u>	<u>(390,187)</u>	<u>2,414,389</u>	<u>(263,337)</u>
Net change in fund balance	-	(285,696)	41,138	(30,642)	10,496	296,192
Fund balance - beginning	<u>3,564,464</u>	<u>3,564,464</u>	<u>3,865,460</u>	<u>(300,996)</u>	<u>3,564,464</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,564,464</u>	<u>\$ 3,278,768</u>	<u>\$ 3,906,598</u>	<u>\$ (331,638)</u>	<u>\$ 3,574,960</u>	<u>\$ 296,192</u>

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

City of Brenham, Texas
Statement of Net Position
Proprietary Funds
September 30, 2013

	Business-type Activities - Enterprise Funds						Total Proprietary	Internal Service Funds
	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund			
Assets								
Current assets:								
Cash and Equivalents	\$ 6,094,358	\$ 641,167	\$ 2,126,515	\$ 1,463,869	\$ 797,350	\$ 11,123,259	\$ 104,534	
Interest Receivable	159,567	-	-	-	-	159,567	-	
Receivables - Accounts, Net	3,230,603	261,694	558,127	464,042	248,825	4,763,291	-	
Receivables - Interfund	450,674	232,140	-	-	-	682,814	-	
Intergovernmental Receivable	15,387	-	-	-	12,931	28,318	-	
Inventory at Cost	611,860	123,235	431,850	43,375	-	1,210,320	2,925	
Prepaid Water Agreement	-	-	252,753	-	-	252,753	-	
Other Current Assets	-	-	-	-	10,362	10,362	2,594	
Notes Receivable, Net	56,787	-	-	-	-	56,787	-	
Restricted Cash	1,224,220	-	811,448	298,723	-	2,334,391	476,429	
Total current assets	11,843,456	1,258,236	4,180,693	2,270,009	1,069,468	20,621,862	586,482	
Noncurrent assets:								
Capital Assets, Net	10,074,149	1,758,491	19,658,990	19,744,343	1,462,475	52,698,448	56,782	
Unamortized Bond Issuance Cost	-	-	95,413	131,709	-	227,122	-	
Notes Receivable, Long Term	1,257,729	-	-	-	-	1,257,729	-	
Total noncurrent assets	11,331,878	1,758,491	19,754,403	19,876,052	1,462,475	54,183,299	56,782	
Total assets	23,175,334	3,016,727	23,935,096	22,146,061	2,531,943	74,805,161	643,264	
Liabilities								
Current liabilities:								
Accounts Payable & Other Current Liabilities	\$ 2,169,892	\$ 105,312	\$ 221,932	\$ 38,769	\$ 164,144	\$ 2,700,049	\$ 3,008	
Other Liabilities	-	900	2,353	1,050	-	4,303	-	
Accrued Interest	72	15	47,867	41,773	27	89,754	-	
Interfund Payable	-	-	232,140	378,701	71,973	682,814	45,084	
Self Insurance Claims Payable	-	-	-	-	-	-	1,690	
Compensated Absences, Current	38,732	8,589	14,209	13,661	11,838	87,029	-	
Lease Payable, Current	8,652	1,839	2,977	60,893	3,211	77,572	-	
Revenue Bonds Payable, Current	-	-	686,455	885,227	-	1,571,682	-	
Consumer Deposits	1,094,492	-	-	-	-	1,094,492	-	
Total current liabilities	3,311,840	116,655	1,207,933	1,420,074	251,193	6,307,695	49,782	
Non current liabilities:								
Compensated Absences	29,306	7,734	5,815	2,230	8,913	53,998	-	
Post Employment Benefits	76,854	23,758	36,896	29,690	27,156	194,354	-	
Long Term Debt, Net	22,758	4,839	8,062,924	8,649,129	8,447	16,748,097	-	
Total noncurrent liabilities	128,918	36,331	8,105,635	8,681,049	44,516	16,996,449	-	
Total liabilities	3,440,758	152,986	9,313,568	10,101,123	295,709	23,304,144	49,782	
Net Position								
Invested In Capital Assets, Net of Related Debt	10,042,739	1,751,813	12,256,680	10,579,526	1,450,817	36,081,575	56,782	
Unrestricted	9,691,837	1,111,928	2,364,848	1,465,412	785,417	15,419,442	536,700	
Total net position	\$ 19,734,576	\$ 2,863,741	\$ 14,621,528	\$ 12,044,938	\$ 2,236,234	\$ 51,501,017	\$ 593,482	

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

Net Position of business-type activities

295,833
51,796,850

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

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City of Brenham, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year ended September 30, 2013

	Business-type Activities - Enterprise Funds					
	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary
Operating revenues:						
Charges for Services	\$ 25,240,840	\$ 2,965,796	\$ 4,326,320	\$ 3,584,026	\$ 3,043,375	\$ 39,160,357
Total Operating Revenues	<u>25,240,840</u>	<u>2,965,796</u>	<u>4,326,320</u>	<u>3,584,026</u>	<u>3,043,375</u>	<u>39,160,357</u>
Operating expenses:						
Cost of Sales and Services	18,703,093	1,586,954	266,490	-	-	20,556,537
Salaries	1,525,108	341,202	646,533	508,038	557,168	3,578,049
Supplies	151,273	30,584	327,603	130,397	366,185	1,006,042
Maintenance	37,169	13,859	163,400	149,744	129,859	494,031
Contractual Services	334,682	54,580	341,373	606,937	1,505,720	2,843,292
Depreciation	456,258	153,141	816,408	852,651	112,849	1,116,406
Gross Revenue Tax	1,731,176	206,909	296,896	243,842	58,132	2,391,307
Miscellaneous	51,398	7,693	19,120	17,555	11,704	2,536,955
Total operating expenses	<u>22,990,157</u>	<u>2,394,922</u>	<u>2,877,823</u>	<u>2,509,164</u>	<u>2,741,617</u>	<u>107,470</u>
Operating Income (loss)	<u>2,250,683</u>	<u>570,874</u>	<u>1,448,497</u>	<u>1,074,862</u>	<u>301,758</u>	<u>33,513,683</u>
						<u>5,646,674</u>
Nonoperating revenues (expenses):						
Investment Income	77,898	447	3,276	1,509	755	83,885
Interest Expense & Fiscal Charges	(1,483)	(249)	(480,924)	(341,119)	(435)	(824,210)
Miscellaneous, Net	23,244	1,386	15,185	30,176	21,666	91,657
Total non operating revenue (expenses)	<u>99,659</u>	<u>1,584</u>	<u>(462,463)</u>	<u>(309,434)</u>	<u>21,986</u>	<u>(648,668)</u>
Income (loss) before contributions and transfers	2,350,342	572,458	986,034	765,428	323,744	4,998,006
Capital Contributions	-	-	325,463	-	-	325,463
Transfers In	465,781	25,000	-	-	-	490,781
Transfers Out	(1,685,675)	(474,374)	(455,831)	(456,228)	(354,285)	(3,426,393)
Total Transfers In/(Out)	<u>(1,219,894)</u>	<u>(449,374)</u>	<u>(455,831)</u>	<u>(456,228)</u>	<u>(354,285)</u>	<u>(2,935,612)</u>
Change in net position	1,130,448	123,084	855,666	309,200	(30,541)	2,387,857
Total net position - beginning as previously reported	18,556,342	2,725,884	13,742,921	11,717,277	2,249,890	640,702
Restatement of net position	47,786	14,773	22,941	18,461	16,885	-
Total net position - beginning as restated	18,604,128	2,740,657	13,765,862	11,735,738	2,266,775	-
Total net position - ending	<u>\$ 19,734,576</u>	<u>\$ 2,863,741</u>	<u>\$ 14,621,528</u>	<u>\$ 12,044,938</u>	<u>\$ 2,236,234</u>	<u>\$ 593,482</u>

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

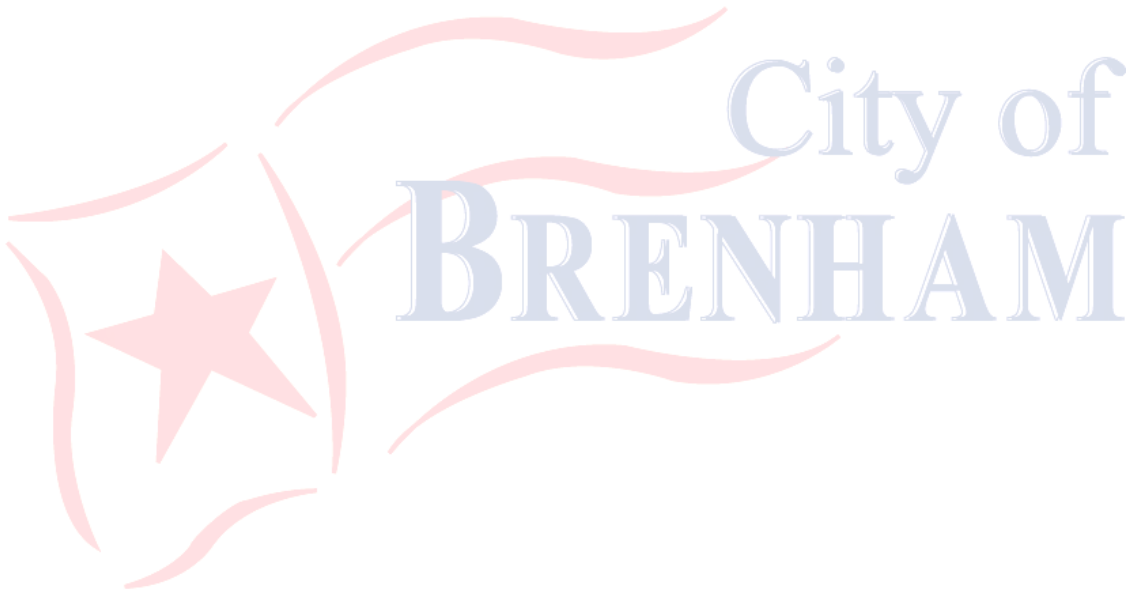
Change in net position of business-type activities
\$ 42,784
\$ 2,430,641

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2013

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
Cash Flows from Operating Activities							
Receipts from customers and users	\$ 24,996,833	\$ 2,926,996	\$ 4,383,562	\$ 3,574,272	\$ 3,045,555	\$ 38,927,218	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	1,079,716
Gross revenue tax paid to General Fund	(1,731,176)	(206,909)	(296,896)	(243,842)	(58,132)	(2,536,955)	-
Payments to suppliers	(19,061,757)	(1,857,137)	(912,550)	(762,293)	(1,967,107)	(24,560,844)	(1,275,038)
Payments to employees	(1,501,410)	(332,386)	(632,022)	(499,602)	(545,538)	(3,510,958)	-
Net cash provided (used) by operating activities	2,702,490	530,564	2,542,094	2,068,535	474,778	8,318,461	(195,322)
Cash Flows from Non Capital Financing Activities							
Transfers in	465,781	25,000	-	-	-	490,781	25,054
Transfers out	(1,662,129)	(474,374)	(455,831)	(456,228)	(354,285)	(3,402,847)	-
Interest paid on consumer deposits	(310)	-	-	-	-	(310)	-
Net cash provided (used) by noncapital financing activities	(1,196,658)	(449,374)	(455,831)	(456,228)	(354,285)	(2,912,376)	25,054
Cash Flows from Capital and Related Financing Activities							
Acquisition and construction of capital assets	(1,010,254)	(108,383)	(1,405,475)	(393,725)	(134,131)	(3,051,968)	(44,505)
Proceeds from Capital Lease	-	-	-	298,723	-	298,723	-
Principal paid on bonds and capital leases	(8,372)	(1,780)	(616,619)	(891,702)	(3,107)	(1,521,580)	-
Insurance proceeds	1,219	-	-	1,278	309	2,806	-
Proceeds from sales of capital assets	1,221	1,217	8,766	22,188	16,678	50,070	-
Interest and fees paid on bonds and capital leases	(1,192)	(253)	(473,001)	(249,545)	(442)	(724,433)	-
Net cash provided (used) by capital and related financing activities	(1,017,378)	(109,199)	(2,486,329)	(1,212,783)	(120,693)	(4,946,382)	(44,505)
Cash Flows from Investing Activities							
Principal received on notes receivable	54,023	-	-	-	-	54,023	-
Investment income received	24,721	447	3,276	1,509	755	30,708	307
Net cash provided (used) by investing activities	78,744	447	3,276	1,509	755	84,731	307
Net increase (decrease) in cash and cash equivalents	567,198	(27,562)	(396,790)	401,033	555	544,434	(214,466)
Cash and cash equivalents, beginning of year	6,751,380	668,729	3,334,753	1,361,559	796,795	12,913,216	795,429
Cash and cash equivalents, end of year	\$ 7,318,578	\$ 641,167	\$ 2,937,963	\$ 1,762,592	\$ 797,350	\$ 13,457,650	\$ 580,963
Reconciliation of cash and cash equivalents to statement of net assets							
Cash and equivalents	\$ 6,094,358	\$ 641,167	\$ 2,126,515	\$ 1,463,869	\$ 797,350	\$ 11,123,259	\$ 104,534
Restricted cash and equivalents	1,224,220	-	811,448	298,723	-	2,334,391	476,429
Cash and cash equivalents, end of year	\$ 7,318,578	\$ 641,167	\$ 2,937,963	\$ 1,762,592	\$ 797,350	\$ 13,457,650	\$ 580,963

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City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Reporting Entity

The City of Brenham is a home-rule municipality governed by an elected mayor and six-member council. The City operates under a Council-Manager form of government, established by City charter. The accompanying financial statements present the financial operations of the City as the primary government and those component units for which the primary government is considered to be financially accountable. The following discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

1. Discretely presented component unit

The City has included the Brenham Community Development Corporation (BCDC) in its financial statements as a discretely presented component unit since the City is financially accountable for the entity and a financial benefit or burden relationship exists between the City and the BCDC. The BCDC is a legally separate entity from the City and is governed by a board appointed by City Council. The BCDC was formed to oversee revenues and expenditures of a special three-eighth cent sales tax for economic development and community recreational development. The City's council approves the BCDC budget and the City Manager serves as its Chief Executive Officer. For financial reporting purposes, the BCDC is reported as a governmental fund. The component unit has a single general fund which is discretely presented in the financial statements. 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 position 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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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 *US 290 Pass-Thru Finance Fund* accounts for pass-thru toll revenue bond proceeds and payments pursuant to the Pass-Thru Agreement with Texas Department of Transportation.

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

Internal Service Funds provide self-insured health insurance risk management services, a zero deductible plan for workers' compensation and fleet management services to other funds of the City on a cost reimbursement basis. These funds are presented in detail in the Supplementary Information Section and in summary form as part of the proprietary fund financial statements. At the government-wide level, the financial statements of the risk management and workers' compensation Internal Service Funds are included in the governmental activities column while the fleet management Internal Service Fund is presented in the business-type column.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, electric, gas, 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 Position

1. Deposits and investments

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

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

Investments for the government, as well as the component unit, are reported at fair value. Funds are invested in a state money pool and another public investment pool. 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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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 include all new construction with an estimated useful life of 20 - 50 years. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$15,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

6. Compensated absences

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

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, 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

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

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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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. In 2009, TCEQ inspected the facility and determined that all post-closure care maintenance requirements had been satisfied and the site has completed the post-closure care maintenance period.

The City operates a waste transfer station for which it has demonstrated financial assurance of \$66,097 by meeting the financial assurance test. Estimated closure cost is \$15,000.

10. Post-employment benefits

The City provides the availability of post-retirement health care for certain retirees. Retirees whose sum of age and years of service was equal to or greater than 75 at the time of retirement may purchase group health until they and their covered spouses reach Medicare eligibility. As of September 30, 2013, 10 retirees/covered spouses meet those eligibility requirements and have elected to receive this benefit. The retiree/covered spouse pays the entire premium for group health coverage and claims are paid through the City's third party provider.

Employees who terminate employment because of a disability may qualify for life insurance and long term disability benefits until reaching age 65 or the end of the disability eligibility, whichever comes first. Premiums for those qualifying are waived and there is no further cost to the City or the former employee. Currently, two qualify 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. In addition to the Assistant City Manager, six 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, Chief Financial Officer, Director of Development Services, Chief of Police and Fire Chief.

1. Basis of accounting

With the exception of General Fund, all budgets are prepared and adopted on a basis consistent with generally accepted accounting principles which is the same basis of accounting used for financial reporting in these financial statements. The General Fund budget, as shown in the financial statements, is prepared and adopted on a different basis. Intergovernmental revenues are budgeted as "contra expenditures" to more clearly reflect the departmental operations. At the end of the year, adjusting journal entries are posted to reclass the "contra expenditures" to intergovernmental revenues. Also, with the implementation of *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*, six other governmental funds were combined with the General Fund for financial reporting purposes. The effect of these items is shown in the adjustments to budget basis column.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

2. Budgeted funds

Annual appropriated budgets are adopted for all governmental fund types.

For the year ended September 30, 2013, annual appropriated budgets were adopted by passage of a budget ordinance for the General Fund, Electric Fund, Gas Fund, Water Fund, Wastewater Fund, Sanitation Fund, Debt Service Fund and the US 290 Pass-Thru Finance Fund. Non major governmental funds for which budgets were adopted include the Hotel/Motel Tax, Washington County Hotel/Motel Tax, PD Criminal Law Enforcement Fund, Courts Technology/Security, Airport Capital Improvements Fund, Streets and Drainage Improvements Fund, and Parks Capital Improvements Fund. Internal Service funds with budgets adopted include the Self-Insured Health Insurance, Workers' Compensation and Central Fleet 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 City Council meeting. The proposed ordinance amending the budget is presented for approval during this meeting and during the formal session at a subsequent meeting of the Council.

5. Encumbrances

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

B. Compliance with Finance Related Legal and Contractual Provisions

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

C. Deficit Fund Balances or Net Asset Balances

No fund had a deficit fund balance at year end.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

D. Excess of Expenditures Over Appropriations

For fiscal year end September 30, 2013, all expenditures of the General Fund were within appropriations.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2013, the City had an investment in a State Money Pool (TexPool) which had a balance of \$7,596,897 which was included in cash and cash equivalents at September 30, 2013. "TexPool" is a local government investment pool created and managed by the Texas State Treasurer to invest funds on behalf of Texas political subdivisions. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Fund Investment Act. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was \$1.00 per share. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment is limited to 13 months. TexPool was rated AAAM by Standard & Poor's. Authorized investments for TexPool funds include government securities, repurchase and reverse repurchase agreements, 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 \$14,767,492 and was included in cash and cash equivalents and restricted cash at September 30, 2013. "TexSTAR" is a local government investment pool created and jointly managed by First Southwest Asset Management, Inc. and JP Morgan Chase Bank to invest funds on behalf of Texas political subdivisions. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was \$1.00008 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 \$0.996 or rises above \$1.004. The fund maintains 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 no-load money market mutual funds.

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

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

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

At year end, the government's carrying amount of deposits for the primary government and BCDC component unit was \$1,674,186 and the bank balances totaled \$1,725,160. Of the bank balances, \$250,000 was covered by federal depository insurance and \$1,052,410 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name. The remaining \$422,750 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, and proprietary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds

	General Fund
Accounts	\$ 243,206
Assessments	111,111
	354,317
Less Allowance for Uncollectibles	(4,500)
Accounts Receivable, Net	\$ 349,817

Proprietary Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total
Accounts	\$ 3,285,603	\$ 266,694	\$ 576,127	\$ 474,042	\$ 253,325	\$4,855,791
Less Allowance for Uncollectibles	(55,000)	(5,000)	(18,000)	(10,000)	(4,500)	(92,500)
Accounts Receivable, Net	\$ 3,230,603	\$ 261,694	\$ 558,127	\$ 464,042	\$ 248,825	\$4,763,291

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

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>Components</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable (General Fund)	\$ 130,437	\$ -	\$ 130,437
Delinquent property taxes receivable (Debt Service Fund)	70,678	-	70,678
Franchise fees receivable	169,500	-	169,500
Lien assessments and pending seizures	105,278	-	105,278
Total deferred/unearned revenue for governmental funds	<u>\$ 475,893</u>	<u>\$ -</u>	<u>\$ 475,893</u>
Balances not expected to be collected within one year	\$ 105,278	\$ -	\$ 105,278

C. Receivables – Property Taxes

The following information relates to property taxes receivable for the year ended September 30, 2013:

Original Certified Tax Roll	\$ 1,028,490,657
Approved Rate (Per \$100 Valuation)	0.5432
Original Levy	5,586,761
Supplements	5,699
Adjusted Levy	<u>\$ 5,592,460</u>
Collections on Current Tax Roll	5,507,178
Total Collections/Refunds/Adjustments	5,584,940
Property Taxes Receivable	\$ 201,115

D. Notes Receivable

Notes receivable at September 30, 2013 consisted of the following:

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	\$ 314,516
Note receivable from component unit Brenham Community Development Corporation, principal amount \$1,000,000; Interest payable at 4.750% with the first payment due September 30, 2017; maturing September 2029, unsecured	<u>1,000,000</u>
	\$ 1,314,516
Less Current Portion	<u>(56,787)</u>
	<u>\$ 1,257,729</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2013 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>
Capital Assets, Not Being Depreciated:						
Land	\$ 3,272,693	\$ 34,295	\$ -	\$ -	\$ (3,745)	\$ 3,303,243
Land Improvements	43,667	22,070	25,822	-	-	91,559
Intangibles-Easements	10,593	-	-	-	-	10,593
Construction in Progress	721,850	96,003	(560,235)	-	-	257,618
Total Not Being Depreciated	<u>\$ 4,048,803</u>	<u>152,368</u>	<u>(534,413)</u>	<u>-</u>	<u>(3,745)</u>	<u>3,663,013</u>
Capital Assets, Being Depreciated:						
Buildings	23,620,650	94,158	-	-	-	23,714,808
Improvements Other Than Buildings	11,340,735	217,577	21,952	-	-	11,580,264
Furniture, Fixtures and Equipment	1,424,349	22,452	-	-	(19,950)	1,426,851
Machinery	326,141	-	-	-	-	326,141
Vehicles	6,578,511	321,466	-	-	(273,796)	6,626,181
Radios	645,621	-	-	-	-	645,621
Intangibles-Software	181,891	-	-	-	-	181,891
Infrastructure	41,557,511	1,668,052	512,461	-	-	43,738,024
Total Being Depreciated	85,675,409	2,323,705	534,413	-	(293,746)	88,239,781
Less Impairment	-	-	-	-	-	-
Less Accumulated Depreciation for:						
Buildings	(5,662,052)	(723,740)	-	-	-	(6,385,792)
Improvements Other Than Bldgs.	(5,442,469)	(550,900)	-	-	-	(5,993,369)
Furniture, Fixtures and Equipment	(1,113,859)	(134,955)	-	-	19,950	(1,228,864)
Machinery	(159,231)	(31,969)	-	-	-	(191,200)
Vehicles	(4,013,348)	(413,536)	-	-	273,796	(4,153,088)
Radios	(132,472)	(64,614)	-	-	-	(197,086)
Intangibles-Software	(32,434)	(8,465)	-	-	-	(40,899)
Infrastructure	(21,130,034)	(1,002,743)	-	-	-	(22,132,777)
Total Accumulated Depreciation	<u>(37,685,899)</u>	<u>(2,930,922)</u>	<u>-</u>	<u>-</u>	<u>293,746</u>	<u>(40,323,075)</u>
Total Being Depreciated, Net	47,989,510	(607,217)	534,413	-	-	47,916,706
Capital Assets, Net	<u>\$52,038,313</u>	<u>\$ (454,849)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,745)</u>	<u>\$ 51,579,719</u>
Business-type Activities						
Capital Assets, Not Being Depreciated:						
Land	\$ 1,313,153	\$ 38,248	\$ -	\$ -	\$ -	\$ 1,351,401
Intangibles-Easements	7,437	-	-	26,374	-	33,811
Construction in Progress	692,399	579,023	(554,145)	-	-	717,277
Total Not Being Depreciated	<u>2,012,989</u>	<u>617,271</u>	<u>(554,145)</u>	<u>26,374</u>	<u>-</u>	<u>2,102,489</u>
Capital Assets, Being Depreciated:						
Buildings	753,912	1,636	17,206	-	-	772,754
Improvements Other Than Buildings	32,500,001	-	8,117	-	-	32,508,118
Furniture, Fixtures and Equipment	1,657,490	62,206	-	-	-	1,719,696
Vehicles	3,605,860	107,550	-	67,892	(255,735)	3,525,567
Intangibles-Software	68,898	-	-	-	-	68,898
Infrastructure	50,741,012	2,307,810	528,822	299,089	(40,565)	53,836,168
Total Being Depreciated	89,327,173	2,479,202	554,145	366,981	(296,300)	92,431,201
Less Accumulated Depreciation for:						
Buildings	(329,220)	(24,345)	-	-	-	(353,565)
Improvements Other Than Bldgs.	(10,857,935)	(745,967)	-	-	-	(11,603,902)
Furniture, Fixtures and Equipment	(1,207,502)	(93,151)	-	-	-	(1,300,653)
Vehicles	(2,404,826)	(242,753)	-	(44,347)	232,189	(2,459,737)
Intangibles-Software	(25,041)	(6,700)	-	-	-	(31,741)
Infrastructure	(24,779,767)	(1,289,660)	-	-	40,565	(26,028,862)
Total Accumulated Depreciation	<u>(39,604,291)</u>	<u>(2,402,576)</u>	<u>-</u>	<u>(44,347)</u>	<u>272,754</u>	<u>(41,778,460)</u>
Total Being Depreciated, Net	49,722,882	76,626	554,145	322,634	(23,546)	50,652,741
Capital Assets, Net	<u>\$51,735,871</u>	<u>\$ 693,897</u>	<u>\$ -</u>	<u>\$ 349,008</u>	<u>\$ (23,546)</u>	<u>\$ 52,755,230</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Governmental Activities</u>	
Culture and Recreation	\$ 648,228
General Government	385,615
Health and Welfare	10,097
Highways and Streets	1,159,615
Public Safety	<u>727,367</u>
Total Governmental Activities	<u>\$ 2,930,922</u>
<u>Business-type Activities</u>	
Electric	\$ 456,258
Gas	153,141
Water	816,408
Sewer	852,651
Sanitation	<u>112,849</u>
Total Business-type Activities	<u>\$ 2,391,307</u>

As of September 30, 2013, capital assets of the component unit consists of land (not being depreciated) with a balance of \$2,048,890 and land improvements (not being depreciated) with a balance of \$143,721. The Construction in Progress has a balance of \$25,935 for 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 expired November 1, 2010 and continues thereafter on a year to year basis, until terminated. For the year ending September 30, 2013, \$1,586,954 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 2047. The amount expensed under this contract for the year ending September 30, 2013 was \$266,490.

A contract with a supplier to provide electric power and energy, expiring June 25, 2041, renewable for successive twenty-five year periods. Contract rates are established by the supplier's wholesale power rate tariff. The amount paid under this contract for the year ending September 30, 2013 was \$18,703,093.

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 was 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 million per year, until the original \$15 million local contribution is repaid. As of September 30, 2012, the \$15 million had been advanced to TxDOT. In 2013, the City received repayments from

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

TXDOT in the amount of \$3,057,482. Future repayments will continue to be received during the years 2014 to 2020.

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 issued debt 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. On October 7, 2010, an ordinance was approved for the issuance of \$14.18 Million Pass-Through Toll Revenue and Limited Tax Notes pursuant to the interlocal agreement.

In March 2013, the City entered into a lease agreement for office equipment. Monthly payments are \$3,781 and the lease expires in March 2016. Minimum payments total \$45,372 for fiscal years 2014 and 2015 and total \$22,686 for fiscal year 2016.

In August 2013, the City Council approved the purchase of a parcel of real estate in the downtown area for \$73,420. An earnest money contract was executed but as of September 30, 2013, the transaction had not been finalized.

The City has the following active construction projects as of September 30, 2013:

General Government Projects

	<u>Contract Amount</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Fire Substation - Architect	\$ 191,500	\$ 140,625	\$ 50,875
Chappell Hill Street Extension			
Engineer-Design Phase	23,669	13,018	10,651
TxDot Grant-10 Unit T Hangar			
City's Share	169,500	2,536	166,964
Library Assessment & Masterplan	65,500	20,350	45,150
2013 Water Distribution System Improvements			
Engineer	40,000	23,478	16,522
Contractor	324,196	238,342	85,854
12" Water Line Hwy 36 and Burleson Street			
Engineer	69,023	41,792	27,231
Contractor	573,228	-	573,228
	<u>\$ 1,456,616</u>	<u>\$ 480,141</u>	<u>\$ 976,475</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

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, 2013 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund	Sanitation Fund	\$ 71,973
	Wastewater Fund	378,701
		<u>\$ 450,674</u>
Gas Fund	Water Fund	\$ 232,140
		<u>\$ 232,140</u>
PD Law Enforcement Fund	General Fund	1,787
		<u>\$ 1,787</u>
Streets & Drainage Fund	Internal Service Funds	
	Medical Self Insurance Fund	\$ 45,084
		<u>\$ 45,084</u>

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 shows transfers and payments within the reporting entity as of September 30, 2013:

Transfers From:	Transfers To:						Internal Service Fund	Net Transfers From
	<u>Governmental Activities</u>				<u>Business Type Activities</u>			
	<u>General</u>	<u>Debt Service</u>	<u>US 290 Pass Thru Finance</u>	<u>Other Governmental</u>	<u>Electric</u>	<u>Gas</u>		
Governmental Activities								
General Fund	-	44,157	-	169,326	-	-	6,474	219,957
Other Govtl Funds	74,194	-	20,062	-	-	-		94,256
Business-type Activities								
Major Funds								
Electric	1,637,129	-	-	-	25,000	23,546		1,685,675
Gas	339,443	-	-	134,931	-	-		474,374
Water	314,069	-	-	135,046	-	6,716		455,831
Wastewater	310,018	-	-	134,346	-	11,864		456,228
Sanitation	292,827	-	-	61,458	-	-		354,285
Total Transfers To	<u>\$ 2,967,680</u>	<u>\$ 44,157</u>	<u>\$ 20,062</u>	<u>\$ 169,326</u>	<u>\$ 465,781</u>	<u>\$ 25,000</u>	<u>\$ 48,600</u>	<u>\$ 3,740,606</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

Payments from the Brenham Community Development Corporation (BCDC) component unit consist of debt service payments on the Series 2009 General Obligation Refunded bonds (original Series 1998 which were issued in part to fund construction of a business center and recreational facilities). Also payment was made on the 2010 Tax Notes that were issued to fund improvements in the Southwest Industrial Business Park. Funding for the construction of these facilities is provided by a 3/8 cent sales tax collected and administered by the BCDC. During the year, BCDC provided \$302,730 to the Parks Special Revenue Fund for improvements to Linda Anderson Park and to the General Fund, \$160,000 for Aquatic Center operations, \$9,000 for picnic tables, \$4,000 for movies in the park, \$40,780 for the resurface of the Aquatic Center pool deck, and \$13,000 for purchase of tables and benches at the All Sports Building. The following schedule shows payments to and from the component unit for the year ended September 30, 2013:

Payments From:	Payments To:			
	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total Pymts From</u>
Component Unit				
Brenham Community Development Corp	\$ 226,780	\$ 570,326	\$ 302,730	\$ 1,099,836

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2013:

	Balance 9/30/2012	Additions	FY13 Retirements	Balance 9/30/2013	Due Within One Year	Long Term
Governmental Activities						
2002 COB - Gen	\$ 142,273	\$ -	\$ (142,273)	\$ -	\$ -	\$ -
2006 COB - Gen	7,285,000	-	(400,000)	6,885,000	415,000	6,470,000
2007 GOB Ref - Gen	1,477,588	-	(8,247)	1,469,341	8,247	1,461,094
2009 GOB Ref - Gen	4,445,644	-	(505,883)	3,939,761	515,587	3,424,174
2010 PTT-Hwy 290 - Gen	14,165,000	-	-	14,165,000	1,195,000	12,970,000
2010 Ltd Tax Notes - Gen	550,000	-	(105,000)	445,000	110,000	335,000
2010 GOB Ref - Gen	764,222	-	(208,924)	555,298	219,920	335,378
2011 GOB Ref - Gen	1,938,638	-	(57,567)	1,881,071	189,564	1,691,507
2011 Ltd Tax Notes - Gen	1,035,000	-	(165,000)	870,000	165,000	705,000
2012 COB -Gen	-	1,850,000	(65,000)	1,785,000	65,000	1,720,000
	<u>31,803,365</u>	<u>1,850,000</u>	<u>(1,657,894)</u>	<u>31,995,471</u>	<u>2,883,318</u>	<u>29,112,153</u>
Unamort Bond Premium	1,069,877	36,422	(158,387)	947,912	NA	947,912
Unamort Bond Discount	(562)	-	562	-	NA	-
Ref Deferred Charges - '07 Ref COB	(45,895)	-	4,707	(41,188)	NA	(41,188)
Ref Deferred Charges - '09 Ref GOB	(110,745)	-	18,589	(92,156)	NA	(92,156)
Ref Deferred Charges - '10 Ref GOB	(32,729)	-	4,134	(28,595)	NA	(28,595)
Ref Deferred Charges - '11 Ref GOB	(209,347)	-	19,250	(190,097)	NA	(190,097)
	<u>32,473,964</u>	<u>1,886,422</u>	<u>(1,769,039)</u>	<u>32,591,347</u>	<u>2,883,318</u>	<u>29,708,029</u>
Chase BVWACS Radio Lease	435,984	-	(91,748)	344,236	94,823	249,413
	<u>435,984</u>	<u>-</u>	<u>(91,748)</u>	<u>344,236</u>	<u>94,823</u>	<u>249,413</u>
Compensated Absences ⁽¹⁾	295,554	307,735	(303,685)	299,604	153,867	145,737
Total Governmental	<u>\$ 33,205,502</u>	<u>\$ 2,194,157</u>	<u>\$ (2,164,472)</u>	<u>\$ 33,235,187</u>	<u>\$ 3,132,008</u>	<u>\$ 30,103,179</u>

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance 9/30/2012	Additions	FY13 Retirements	Balance 9/30/2013	Due Within One Year	Long Term
Business Type Activities						
2002 COB -Wastew ater Impr	317,727	-	(317,727)	-	-	-
2007 GOB Ref - Water	1,169,063	-	(6,525)	1,162,538	6,525	1,156,013
2007 GOB Ref - Wastew ater	2,728,350	-	(15,228)	2,713,122	15,228	2,697,894
2008 COB - Water	5,875,000	-	(40,000)	5,835,000	65,000	5,770,000
2009 GOB Ref - Water	845,691	-	(17,733)	827,958	17,821	810,137
2009 GOB Ref - Wastew ater	1,973,666	-	(41,384)	1,932,282	41,592	1,890,690
2010 GOB Ref - Water	604,649	-	(165,300)	439,349	174,000	265,349
2010 GOB Ref - Wastew ater	1,411,128	-	(385,776)	1,025,352	406,080	619,272
2011 GOB Ref - Water	807,288	-	(384,180)	423,108	423,108	-
2011 GOB Ref - Wastew ater	4,319,072	-	(128,253)	4,190,819	422,328	3,768,491
	<u>20,051,634</u>	<u>-</u>	<u>(1,502,106)</u>	<u>18,549,528</u>	<u>1,571,682</u>	<u>16,977,846</u>
Unamort Bond Discount-Wastew ater	(447)	-	447	-	NA	-
Unamort Bond Premium-Water	49,253	-	(6,806)	42,447	NA	42,447
Unamort Bond Premium-Wastew ater	123,120	-	(16,631)	106,489	NA	106,489
07 Ref Deferred Chrg-Water	(36,312)	-	3,724	(32,588)	NA	(32,588)
07 Ref Deferred Chrg-Wastew ater	(84,743)	-	8,691	(76,052)	NA	(76,052)
09 Ref Deffered Chrg-Water	(67,797)	-	11,378	(56,419)	NA	(56,419)
09 Ref Deffered Chrg-Wastew ater	(158,227)	-	26,554	(131,673)	NA	(131,673)
10 Ref Deferred Chrg-Water	(25,895)	-	3,271	(22,624)	NA	(22,624)
10 Ref Deferred Chrg-Waterw ater	(60,434)	-	7,633	(52,801)	NA	(52,801)
11 Ref Deferred Chrg-Water	135,212	-	(12,431)	122,781	NA	122,781
11 Ref Deferred Chrg-Waterw ater	(466,406)	-	42,885	(423,521)	NA	(423,521)
Sub Total Bonds Payable	19,458,958	-	(1,433,391)	18,025,567		16,453,885
Compensated Absences	133,151	174,057	(166,181)	141,027	87,029	53,998
Chase BVWACS Radio Lease-Electric	39,782	-	(8,372)	31,410	8,652	22,758
Chase BVWACS Radio Lease-Gas	8,459	-	(1,781)	6,678	1,840	4,838
Chase BVWACS Radio Lease-Water	13,689	-	(2,881)	10,808	2,977	7,831
Chase BVWACS Radio Lease-Wastew ater	15,840	-	(3,334)	12,506	3,445	9,061
Chase BVWACS Radio Lease-Sanitation	14,766	-	(3,106)	11,660	3,211	8,449
Chase Sew er Vacuum Truck Lease	-	298,723	-	298,723	57,448	241,275
Total Proprietary	\$ 19,684,645	\$ 472,780	\$ (1,619,046)	\$ 18,538,379	\$ 1,736,284	\$ 16,802,095
Component Unit Governmental Activities						
Note Payable-BCDC to City Elec Fund	\$ 368,539	\$ -	\$ (54,023)	\$ 314,516	\$ 56,787	\$ 257,729
Note Payable-BCDC to City Elec Fund-FY 10	1,000,000	-	-	1,000,000	-	1,000,000
Total Governmental - BCDC	\$ 1,368,539	\$ -	\$ (54,023)	\$ 1,314,516	\$ 56,787	\$ 1,257,729

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

The annual debt service requirement to maturity for all outstanding debt as of September 30, 2013 follows:

FISCAL YEAR ENDING 9/30	PRIMARY GOVERNMENT									
	GENERAL OBLIGATION		TAX NOTES		PIT REVENUE & TAX BONDS		CERTIFICATES OF OBLIGATION		TOTAL REQUIREMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2014	2,440,000	692,616	275,000	25,183	1,195,000	554,650	545,000	575,857	4,455,000	1,848,306
2015	2,355,000	637,470	280,000	20,162	2,480,000	518,800	625,000	555,866	5,740,000	1,732,298
2016	2,425,000	563,147	280,000	14,780	2,575,000	419,600	655,000	532,093	5,935,000	1,529,620
2017	2,505,000	477,350	295,000	9,260	2,680,000	316,600	690,000	506,885	6,170,000	1,310,095
2018	2,615,000	388,453	185,000	3,164	5,235,000	307,200	720,000	480,366	8,755,000	1,179,183
2019-2023	8,220,000	701,826	-	-	-	-	5,050,000	1,925,701	13,270,000	2,627,527
2024-2028	-	-	-	-	-	-	5,755,000	728,404	5,755,000	728,404
2029-2032	-	-	-	-	-	-	465,000	29,500	465,000	29,500
	<u>\$ 20,560,000</u>	<u>\$ 3,460,862</u>	<u>\$ 1,315,000</u>	<u>\$ 72,549</u>	<u>\$ 14,165,000</u>	<u>\$ 2,116,850</u>	<u>\$ 14,505,000</u>	<u>\$ 5,334,672</u>	<u>\$ 50,545,000</u>	<u>\$ 10,984,933</u>

Debt outstanding at September 30, 2013 for the primary government is comprised of the following:

\$9,000,000; 2006 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$155,000 to \$740,000 through August 15, 2026; interest rate 3.940%	6,885,000
\$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%	5,345,000
\$5,985,000; 2008 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$30,000 to \$695,000 through August 15, 2028; interest rate 4.1-4.8%	5,835,000
\$8,970,000; 2009 General Obligation Refunding Bonds due in annual installments of \$105,000 to \$1,905,000 through August 15, 2018; interest rate 3.0-4.0%	6,700,000
\$760,000; 2010 Limited Tax Notes due in annual installments of \$105,000 to \$115,000 through August 15, 2017; interest rate 2.0-2.625%	445,000
\$14,180,000; 2010 Pass-Through Toll Revenue and Limited Tax Bonds with an installment of \$15,000 August 15, 2011 and annual installments of \$1,195,000 to \$2,790,000 from August 15, 2014 through August 15, 2019; interest rate 3.0-4.0%	14,165,000
\$3,600,000; 2010 General Obligation Refunding Bonds due in annual installments of \$85,000 to \$800,000 through August 15, 2014 and a final installment of \$1,220,000 on August 15, 2020; interest rate 2.0-4.0%	2,020,000
\$7,730,000; 2011 General Obligation Refunding Bonds due in annual installments of \$105,000 to \$1,035,000 through August 15, 2023; interest rate 1.0-3.125%	6,495,000
\$1,200,000; 2011 Limited Tax Notes due in annual installments of \$165,000 to \$185,000 through August 15, 2018; interest rate 1.71%	870,000
\$1,850,000; 2012 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$65,000 to \$120,000 through August 15, 2032; interest rate 1.0-2.5%	1,785,000
\$782,650 lease payable dated February 16, 2010 due in monthly payments of \$10,589 including interest, through March, 2017 (BWWACS Radios)	417,299
\$298,723 lease payable dated May 10, 2013 due in annual payments of \$63,303 including interest, through May, 2018 (Sewer Vacuum Truck Lease)	298,723
Compensated Absences for accrued vacation	440,630
	<u>\$51,701,652</u>
Unamortized Bond Premium	1,096,845
Unamortized Bond Discount	-
Deferred Charges on Bonds	<u>(1,024,930)</u>
	<u>\$51,773,567</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2013 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	\$ 314,515
\$1,000,000 note payable to primary government dated August 6, 2010, interest payable at 4.75%, unsecured, annual payments 2017 through 2029	<u>1,000,000</u>
	<u><u>\$ 1,314,515</u></u>

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2014	56,787
2015	59,693	11,531
2016	62,747	8,477
2017	145,737	40,487
2018	145,454	40,769
2019-2023	437,841	321,986
2024-2028	346,238	324,525
2029	60,018	181,009
	<u>\$ 1,314,515</u>	<u>\$ 943,220</u>

I. Capital Leases

In FY10, the city entered into a lease agreement to finance the acquisition of radios for proprietary and government funds. In FY13, the city entered into a lease agreement to finance the acquisition of a vacuum truck for the wastewater proprietary fund. Because the vacuum truck was not received until FY14, the lease proceeds were held in escrow for FY13 and the vacuum truck is not included in capital assets as of September 30, 2013. These two 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 their inception dates.

The assets acquired through the capital lease are as follows:

Asset Class	Governmental Activities	Business-Type Activities
Radios	644,714	137,029
Less: Accumulated Depreciation	(197,087)	(41,031)
Total Net Asset	<u>\$ 447,627</u>	<u>\$ 95,998</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

The total future minimum lease payments and the net present value of these minimum payments as of September 30, 2013 were as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2014	\$ 104,816	\$ 85,549
2015	104,816	85,549
2016	104,816	85,549
2017	50,629	74,052
2018	-	63,303
Total Minimum Lease Payments	\$ 365,077	\$ 394,002
Less: Amount Representing Interest	(20,840)	(22,217)
Present Value of Minimum Payments	<u>\$ 344,237</u>	<u>\$ 371,785</u>

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

At September 30, 2013 the primary government had no liability for rebtable arbitrage.

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	\$ -	\$ 1,110,171
Customer Deposits	-	1,224,220
Debt Service	183,479	-
Hotel/Motel Tax	260,202	-
PD Criminal Law Enforcement	44,998	-
Streets/Drainage Improvements	1,826,774	-
Worker's compensation and health insurance account	476,429	-
Pass Thru Toll Agreement	3,071,759	-
	<u>\$ 5,863,641</u>	<u>\$ 2,334,391</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

L. Classification of Net Position

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

M. Classification of Fund Balance:

In the fund financial statements, the components of fund balances reflect policies and procedures established by actions of the City Council and its designated officials.

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

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

Committed Fund Balance – Amounts that can only be used for a specific purpose because they are constrained by limitations that the government imposes upon itself through formal action by the City Council, the government's highest level of decision making authority. These restraints remain binding unless removed by formal action of City Council.

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

III. DETAILED NOTES ON ALL FUNDS (Continued)

The following schedule presents details of fund balance components at September 30, 2013:

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 211,530	\$ -	\$ -	\$ -	\$ 211,530
Prepaid Assets	1,000	-	-	-	1,000
Restricted for:					
Court Technology and Security	-	-	-	122,583	122,583
Debt Service	-	185,850	3,057,482	-	3,243,332
Grantor and Contributor Purposes	74,074	-	-	-	74,074
Public Safety	-	-	-	46,785	46,785
Transportation and Aviation Projects	-	-	14,277	1,840,551	1,854,828
Tourism Promotion	-	-	-	346,149	346,149
Committed to:					
Park Capital Improvements	-	-	-	12,000	12,000
Assigned to:					
Culture and Recreation	10,304	-	-	2,170	12,474
Transportation and Aviation Projects	-	-	-	166,964	166,964
Unassigned:	3,609,690	-	-	-	3,609,690
Total Fund Balances:	<u>\$ 3,906,598</u>	<u>\$ 185,850</u>	<u>\$ 3,071,759</u>	<u>\$ 2,537,202</u>	<u>\$ 9,701,409</u>

N. Due from Other Governments

The government-wide statement of Net Position shows an amount of \$12,062,339 as Due from Other Governments. \$11,942,517 of this amount is related to the Pass-Through Toll Agreement with TxDOT. Pursuant to the Agreement, the City received two reimbursement payments from TxDOT in FY13 totaling \$3,057,482. Future payments are anticipated to occur through fiscal year 2020.

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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

IV. OTHER INFORMATION (Continued)

In December 2013, the City's established risk management program for medical insurance benefits transitioned from a partially self-funded group medical plan to a fully funded plan. In past years, premiums were paid into an internal service fund by all other funds to be used to pay medical claims and administrative costs. The City maintains its established risk management program for workers' compensation.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Up until the transition to a fully funded group medical plan, to prevent incurring unexpected losses, the City had excess insurance coverage in the event abnormally large claims occurred. Incurred but not reported claims (IBNR) in the amount of \$1,690 at September 30, 2013 are included as liabilities, styled "self-insurance claims payable", based upon estimated carry over claims from the self-funded plan which ceased on December 31, 2012. Interfund premiums were based upon the insured funds' historical claims experience and recorded as quasi-external interfund transactions in the Proprietary Fund statements. For October thru December 2012, the various funds paid into the risk management internal service fund \$419,128 of premiums. Net position of the risk management internal service funds as of September 30, 2013 totaled \$430,860. Changes in the balances of claims liabilities for the year ended September 30 are as follows:

	2013	2012
Unpaid Claims, Beginning of Year	\$ 120,392	\$ 122,661
Claims Incurred (including IBNR)	907,466	1,740,415
Payments on Claims	(1,026,168)	(1,742,684)
Other, net	-	-
Unpaid Claims, End of Year	\$ 1,690	\$ 120,392

B. Contingent Liabilities

The City is a defendant in a lawsuit filed on July 5, 2013 relating to an injury claim which occurred in the city limits and on a City owned utility pole. Although the outcome of the lawsuit is not presently determinable, in the event of an unfavorable outcome, any claims against the City related to this matter would be covered by insurance subject to a deductible. Therefore, in the opinion of the City's counsel the resolution of this matter will not have a material adverse effect on the financial condition of the government.

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, 2013 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. The City's involvement in administering the plan is limited to remitting the amounts collected from employees to the plan administrator. The government is not considered to be holding the assets of the plan and the assets are not available to support the City's own programs, therefore the deferred compensation plans are not presented in this report.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

IV. OTHER INFORMATION (Continued)

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 849 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.tmrs.com.

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

	<i>Plan Year 2012</i>	<i>Plan Year 2013</i>
<i>Employee Deposit Rate</i>	<i>5%</i>	<i>5%</i>
<i>Matching Ratio (City to Employee)</i>	<i>2 to 1</i>	<i>2 to 1</i>
<i>Years Required for Vesting</i>	<i>5</i>	<i>5</i>
<i>Service Retirement Eligibility (Expressed as Age/Years of Service)</i>	<i>60/5, 0/20</i>	<i>60/5, 0/20</i>
<i>Updated Service Credit</i>	<i>100%, Transfers</i>	<i>100%, Transfers</i>
<i>Annuity Increase (To Retirees)</i>	<i>70% of CPI</i>	<i>70% of CPI</i>

2. Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consist of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

IV. OTHER INFORMATION (Continued)

The City contributes to the TMRS Plan at an actuarially determined 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 serves as the basis for the rate and the calendar year when the rate goes into effect. As determined by the actuarial valuation performed by TMRS, the City funds the annual required contribution amount for retirement benefits as follows:

Fiscal Year End	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation (Asset)
2011	\$904,116	\$904,116	100%	\$ -
2012	\$698,787	\$698,787	100%	\$ -
2013	\$694,276	\$694,276	100%	\$ -

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

<i>Valuation Date</i>	<i>12/31/2010</i>	<i>12/31/2011</i>	<i>12/31/2012</i>
<i>Actuarial Cost Method</i>	<i>Projected Unit Credit</i>	<i>Projected Unit Credit</i>	<i>Projected Unit Credit</i>
<i>Amortization Method</i>	<i>Level Percent of Payroll</i>	<i>Level Percent of Payroll</i>	<i>Level Percent of Payroll</i>
<i>GASB 25 Equivalent Single Amortization Period</i>	<i>14.1 years; closed period</i>	<i>11.1 years; closed period</i>	<i>8.7 years; closed period</i>
<i>Amortization Period for new Gains/Losses</i>	<i>25 years</i>	<i>25 years</i>	<i>25 years</i>
<i>Asset Valuation Method</i>	<i>10-year Smoothed Market</i>	<i>10-year Smoothed Market</i>	<i>10-year Smoothed Market</i>
<i>Actuarial Assumptions</i>			
<i>Investment Rate of Return *</i>	<i>7.0%</i>	<i>7.0%</i>	<i>7.0%</i>
<i>Projected Salary Increases *</i>	<i>Varies by age and service</i>	<i>Varies by age and service</i>	<i>Varies by age and service</i>
<i>* Includes Inflation at</i>	<i>3.00%</i>	<i>3.00%</i>	<i>3.00%</i>
<i>Cost-Of-Living Adjustments</i>	<i>2.1%</i>	<i>2.1%</i>	<i>0.0%</i>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

IV. OTHER INFORMATION (Continued)

3. Funded Status and Funding Progress

The funded status as of December 31, 2012, under the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2012	\$ 32,677,524	\$ 33,272,792	98.2%	\$ 595,268	\$ 9,933,343	6.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

D. Restatements

The net position of the City's governmental activities, business-type activities, Electric Fund, Gas Fund, Water Fund, Wastewater Fund and Sanitation Fund as previously reported, as of September 30, 2012, have been restated to give effect to the following:

1. Post-Employment Benefits

The beginning balance of post-employment benefits reported in the government-wide financial statements and the proprietary fund financial statements has been restated as a result of a correction of the previously reported value.

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

	<u>Electric Fund</u>	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>
Net position as previously reported	\$ 18,556,342	\$ 2,725,884	\$ 13,742,921	\$ 11,717,277	\$ 2,249,890
Increase(decrease) due to recalculation of post employment benefits	47,786	14,773	22,941	18,461	16,885
Net Position as restated	<u>\$ 18,604,128</u>	<u>\$ 2,740,657</u>	<u>\$ 13,765,862</u>	<u>\$ 11,735,738</u>	<u>\$ 2,266,775</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

IV. OTHER INFORMATION (Continued)

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

	Governmental Activities	Business-Type Activities	Total
Beginning net position as previously stated	40,825,267	49,245,363	90,070,630
1. Post employment benefits	166,964	120,846	287,810
Beginning net position as restated	40,992,231	49,366,209	90,358,440

The effect of these changes on operations for the year ended September 30, 2012 is an increase in net position (assets) of \$38,346 for governmental activities and \$29,177 for the business type activities.

E. Other Post-Employment Benefits

Plan Description. Prior to 2013, the City of Brenham provided post-employment medical care (OPEB) for employees through a single-employer defined benefit plan. During 2013, the City entered into an interlocal agreement with the Texas Municipal League Intergovernmental Employee Benefits Pool (TML IEBP) to provide medical benefits to eligible City employees and their eligible dependents and retirees and their eligible dependents through a fully-funded plan. Plan benefits include medical and prescription coverage.

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

As of October 1, 2012, the effective date of the most recent OPEB valuation, 8 retirees and two spouses meet plan eligibility requirements and have elected to receive this benefit. The retiree pays 100% of the premium for group health care coverage, and the annual required medical contributions are shown below:

<u>Coverage</u>	<u>Premium</u>
Retiree Only	\$6,663.84
Retiree & Spouse	\$17,950.32

The City is not required to make contributions to the plan on behalf of the retirees and funds the plan on a projected pay-as-you-go financing method. The plan had 210 active members as of October 1, 2012, the effective date of this OPEB valuation. The City pays 94.9% of monthly premiums (\$552.36) for active members, 82.9% of premiums (\$1,240.40) for member and spouse, 80.8% of premiums (\$830.76) for member and child, and 75.4% for family coverage (\$1,297.94).

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. Two persons qualify for long term disability as of October 1, 2012.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

IV. OTHER INFORMATION (Continued)

Annual OPEB Cost. The City's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the calculation of the Annual Required Contribution and Net OPEB Obligation assuming a 4.0% discount rate:

	FY Ending 09/30/2013	FY Ending 09/30/2012 (1)	FY Ending 09/30/2011 (1)
<i>Determination of Annual Required Contribution</i>			
Normal Cost at fiscal year end	\$ 83,411	\$ 99,378	\$ 99,378
Amortization of UAAL	71,861	95,589	90,122
Annual Required Contribution (ARC)	\$ 155,272	\$ 194,967	\$ 189,500
<i>Determination of Net OPEB Obligation</i>			
Annual Required Contribution	\$ 155,272	\$ 194,967	\$ 189,500
Interest on prior year Net OPEB Obligation	14,545	9,544	5,611
Adjustment to ARC	(20,220)	(13,267)	(7,800)
Annual OPEB Cost	\$ 149,597	\$ 191,244	\$ 187,311
Contributions made	(50,348)	(66,203)	(88,987)
Estimated increase in Net OPEB Obligation	\$ 99,249	\$ 125,041	\$ 98,324
<i>Estimated Net OPEB Obligation - begin of year</i>	\$ 363,630	\$ 238,589	\$ 140,265
<i>Estimated Net OPEB Obligation - end of year</i>	\$ 462,879	\$ 363,630	\$ 238,589

Note 1: These balances have been restated. Please refer to Note IV. D. Restatements.

Funded Status and Funding Progress. As of October 1, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,242,624, and the actuarial value of the assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,242,624. The covered payroll (annual payroll of active employees covered by the plan) was \$9,056,146 and the ratio of the UAAL to the covered payroll was 13.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the included financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

IV. OTHER INFORMATION (Continued)

The following table shows the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the three preceding years:

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2010	4.0%	\$ 139,000	56.03%	\$ 140,265
9/30/2011	4.0%	\$ 187,311	47.51%	\$ 238,589
9/30/2012	4.0%	\$ 191,244	34.62%	\$ 363,630
9/30/2013	4.0%	\$ 149,597	33.66%	\$ 462,879

Actuarial Methods and Assumptions. The following assumptions were used in the October 1, 2012 actuarial valuation:

Actuarial Valuation Information	
10/01/12	
Asset valuation method	market value
Actuarial cost method	projected unit credit
Inflation rate	2.5%
Investment rate of return	4%
Projected salary increases	N/A
Healthcare cost trend rate	Initial rate of 5.7% declining to an ultimate rate of 4.5% after 69 years
Amortization method	level dollar
Amortization period in years	30 - open

The actuarial assumptions also included a projected increase in the amount of per capita medical and prescription benefit costs (gross of retiree cost sharing amounts) as shown below:

<u>Age</u>	<u>Male</u>	<u>Female</u>
50	-2%	-4%
55	12%	4%
60	23%	15%
64	25%	16%

Coverage assumptions include the following: 25% of employees eligible for retiree medical benefits are assumed to elect continued medical coverage in retirement and 50% of members who continue coverage upon retirement are assumed to elect coverage for a spouse.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2013

IV. OTHER INFORMATION (Continued)

F. Subsequent Events

On October 13, 2013, the City Council approved a resolution expressing official intent to reimburse certain costs related to the construction of a Fire Substation and the purchase of Firefighting and Rescue equipment. The FY 13-14 adopted budget includes a \$0.0075 tax rate increase for the issuance of Certificates of Obligation in the amount of \$1.5 million. The debt issuance is expected to be completed in mid-2014. The purchase of two fire trucks for \$1.3 million was approved at the November 7, 2013 meeting.

On November 7, 2013, council approved the purchase of an electric department digger derrick truck in the amount of \$223,961. The council also approved the purchase of five vehicles for the police department totaling \$116,380. All of these vehicle purchases were approved in the fiscal year 2014 budget.

On November 21, 2013, council approved a development agreement related to the donation of over 100 acres of land for future park purposes. There is no timeline at this point for development of the park land.

On December 2, 2013 at a special meeting of the Brenham City Council and the Washington County Commissioners Court approved a Comprehensive Exchange of Services Interlocal Agreement, effective January 1, 2014. Per the Agreement, after a designated transition period (January 1, 2014 – July 1, 2015), Washington County will fund, operate and manage the county-wide Communications functions and jail services, at no monetary cost to the City. In exchange, the city will handle fire and rescue, animal control/shelter and library services.

At the January 9, 2014 City Council meeting, a resolution was approved providing for an Advanced Funding Agreement with TxDot for the installation of a traffic signal on U.S. Highway 290 business at Chappell Hill Street. The City will be responsible for 100% of the project costs estimated at \$285,000 which will be funded with the 2012 Certificates of Obligation.

At the January 9, 2014 Council meeting, a contract was approved for Architectural and Engineering Service for a new Animal Pet Adoption and Care Facility. At the January 23, 2014 meeting, council accepted a \$500,000 donation for construction of the new facility.

On February 20, 2014, the council authorized of the issuance of General Obligation Refunding Bonds in an aggregate principal amount not to exceed \$5,650,000, which will refund certain previously issued 2007 General Obligation Refunding Bonds.

G. New Pronouncements

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

- Statement No. 65, "Items Previously Reported as Assets and Liabilities." The requirements for this statement are effective for FY14.
- Statement No. 68, "Accounting and Financial Reporting for Pensions", an amendment of GASB Statement No. 27. The requirements of this statement are effective for FY15.



REQUIRED SUPPLEMENTARY
INFORMATION

City of Brenham, Texas
Required Supplementary Information
September 30, 2013

SCHEDULE OF FUNDING PROGRESS - Other Postemployment Benefit Plan (OPEB)*

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) ⁽¹⁾	Unfunded Actuarial Accrued Liabilities (UAAL) ⁽²⁾	Funded Ratio	Covered Payroll ⁽³⁾	UAAL as a % of Covered Payroll
October 1, 2008	-	\$ 1,219,154	\$ 1,219,154	0%	\$ 9,114,493	13%
October 1, 2009	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2010	-	\$ 1,558,393	\$ 1,558,393	0%	\$10,139,094	15%
October 1, 2011	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2012	-	\$ 1,242,624	\$ 1,242,624	0%	\$ 9,056,146	14%

(1) Actuarial Accrued Liability determined under the projected unit credit actuarial cost method

(2) Actuarial Accrued Liability less Actuarial Value of Assets

(3) Because of the City's plan size, it is required to obtain an actuarial valuation at least biennially.
The most recent actuarial valuation is shown.

* Health Care Insurance Plan

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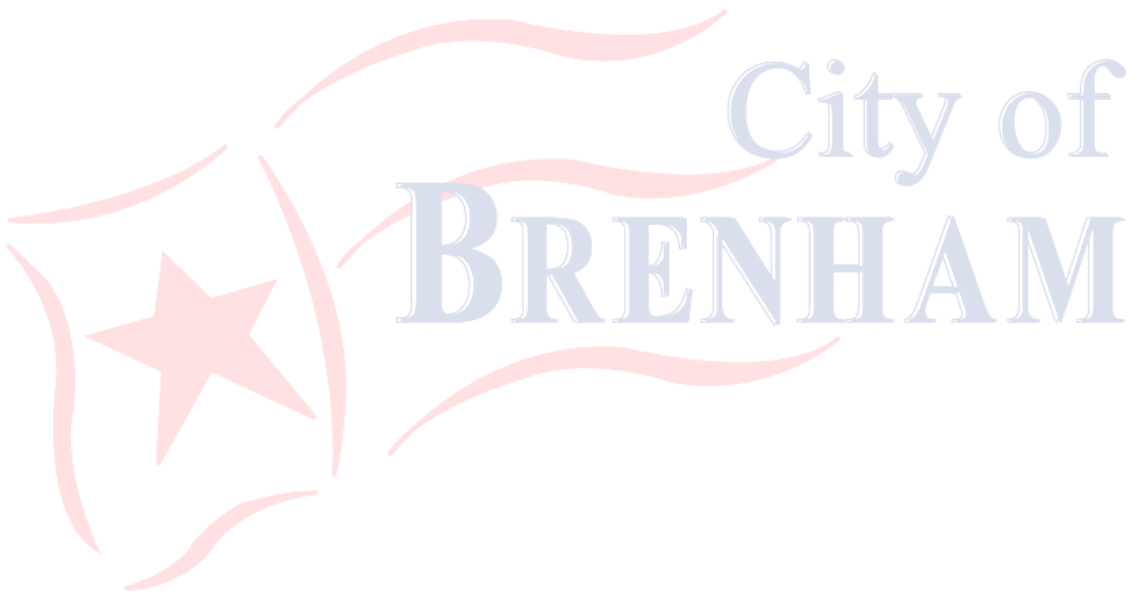
City of Brenham, Texas
Required Supplementary Information
September 30, 2013

SCHEDULE OF FUNDING PROGRESS - Texas Municipal Retirement System (TMRS)

	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>12/31/2010</u>
Actuarial Value of Assets	\$ 32,677,524	\$ 30,755,197	\$ 28,437,560
Actuarial Accrued Liability	33,272,792	31,362,391	29,272,502
Percentage Funded	98.2%	98.1%	97.1%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	595,268	607,194	834,942
Annual Covered Payroll	9,933,343	9,856,804	9,567,491
UAAL as a Percentage of Covered Payroll	6.0%	6.2%	8.7%
Net Pension Obligation (NPO)			
Beginning of Period	-	-	-
Annual Pension Cost:			
Annual Required Contribution (ARC)	694,276	698,787	904,116
Interest on NPO	-	-	-
Adjustment to ARC	-	-	-
	<u>694,276</u>	<u>698,787</u>	<u>904,116</u>
Contributions Made	694,276	698,787	904,116
Increase in NPO	-	-	-
NPO at the end of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A summary of actuarial assumptions and definitions can be found in the December 31, 2012 TMRS Comprehensive Annual Financial Report (CAFR).

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COMBINING FUND STATEMENTS
AND SCHEDULES

CITY OF BRENHAM, TEXAS

Special Revenue Funds

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

Hotel/Motel Tax Fund

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

Hotel/Motel Tax Fund – Washington County

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

PD Criminal Law Enforcement Fund

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

Courts Technology/Security Fund

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

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.

Parks Capital Improvements Fund

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

Streets and Drainage Improvements Fund

This fund is used to account for tax note proceeds and capital expenditures for street reconstruction and overlay projects.

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CITY OF BRENHAM, TEXAS

Internal Service Funds

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

Workers' Compensation Fund

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

Self-Insured Health Insurance Fund

This fund is used to account for self-insured health insurance risk management services to other funds of the City on a cost reimbursement basis.

Central Fleet Fund

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

Debt Service Fund

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

City of Brenham
Combining Balance Sheet
Other Governmental Funds
September 30, 2013

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Assets			
Cash and Equivalents	\$ 155,038	\$ 175,819	\$ 330,857
Receivables (Net)			
Occupancy Tax	53,592	-	53,592
Interfund Receivables	1,787	45,084	46,871
Other Current Assets	-	5,408	5,408
Restricted Cash	305,200	1,826,774	2,131,974
Total Assets	\$ 515,617	\$ 2,053,085	\$ 2,568,702
 Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current	\$ 100	\$ 31,400	\$ 31,500
Total Liabilities	100	31,400	31,500
 Fund Balances:			
Restricted	515,517	1,840,551	2,356,068
Committed	-	12,000	12,000
Assigned	-	169,134	169,134
Total Fund Balances	515,517	2,021,685	2,537,202
Total Liabilities and Fund Balances	\$ 515,617	\$ 2,053,085	\$ 2,568,702

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

For the Year Ended September 30, 2013

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 658,645	\$ -	\$ 658,645
Intergovernmental	-	22,826	22,826
Charges for Services	37,662	-	37,662
Investment Income	130	2,201	2,331
Payment from Component Unit	-	302,730	302,730
Program Revenue/Restitution	15,333	-	15,333
Total revenues	<u>711,770</u>	<u>327,757</u>	<u>1,039,527</u>
Expenditures			
Current:			
Culture and Recreation	508,600	10,959	519,559
General Government	26,905	-	26,905
Highways and Streets	-	25,387	25,387
Public Safety	1,188	-	1,188
Capital Outlay	-	1,456,566	1,456,566
Debt Service:			
Issuance Costs	-	51,489	51,489
Total expenditures	<u>536,693</u>	<u>1,544,401</u>	<u>2,081,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>175,077</u>	<u>(1,216,644)</u>	<u>(1,041,567)</u>
Other Financing Sources (Uses)			
Transfers In	-	169,326	169,326
Transfers Out	(74,194)	(20,062)	(94,256)
Proceeds from Bonds	-	1,886,423	1,886,423
Total other financing sources and (uses)	<u>(74,194)</u>	<u>2,035,687</u>	<u>1,961,493</u>
Net change in Fund Balances	100,883	819,043	919,926
Fund balances - beginning	<u>414,634</u>	<u>1,202,642</u>	<u>1,617,276</u>
Fund balances - ending	<u>\$ 515,517</u>	<u>\$ 2,021,685</u>	<u>\$ 2,537,202</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
September 30, 2013

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Total Special Revenue Funds
Assets					
Cash and Equivalents	\$ 10,800	\$ 21,655	\$ -	\$ 122,583	\$ 155,038
Receivables (Net)					
Occupancy Tax	53,592	-	-	-	53,592
Interfund Receivables	-	-	1,787	-	1,787
Restricted Cash	260,202	-	44,998	-	305,200
Total Assets	\$ 324,594	\$ 21,655	\$ 46,785	\$ 122,583	\$ 515,617
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current	\$ 100	\$ -	\$ -	\$ -	\$ 100
Total Liabilities	100	-	-	-	100
Fund Balances:					
Restricted	324,494	21,655	46,785	122,583	515,517
Total Fund Balances	324,494	21,655	46,785	122,583	515,517
Total Liabilities and Fund Balances	\$ 324,594	\$ 21,655	\$ 46,785	\$ 122,583	\$ 515,617

City of Brenham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds - Special Revenue Funds
For the Year Ended September 30, 2013

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Total Special Revenue Funds
Revenues					
Taxes	\$ 564,831	\$ 93,814	\$ -	\$ -	\$ 658,645
Charges for Services	-	-	-	37,662	37,662
Investment Income	94	-	36	-	130
Program Revenue/Restitution	-	-	15,333	-	15,333
Total revenues	<u>564,925</u>	<u>93,814</u>	<u>15,369</u>	<u>37,662</u>	<u>711,770</u>
Expenditures					
Current:					
Culture and Recreation	411,495	97,105	-	-	508,600
General Government	-	-	-	26,905	26,905
Public Safety	-	-	1,188	-	1,188
Total expenditures	<u>411,495</u>	<u>97,105</u>	<u>1,188</u>	<u>26,905</u>	<u>536,693</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>153,430</u>	<u>(3,291)</u>	<u>14,181</u>	<u>10,757</u>	<u>175,077</u>
Other Financing Sources (Uses)					
Transfers Out	(60,000)	-	-	(14,194)	(74,194)
Total other financing sources and (uses)	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>(14,194)</u>	<u>(74,194)</u>
Net change in Fund Balances	93,430	(3,291)	14,181	(3,437)	100,883
Fund balances - beginning	<u>231,064</u>	<u>24,946</u>	<u>32,604</u>	<u>126,020</u>	<u>414,634</u>
Fund balances - ending	<u>\$ 324,494</u>	<u>\$ 21,655</u>	<u>\$ 46,785</u>	<u>\$ 122,583</u>	<u>\$ 515,517</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Nonmajor Capital Projects Funds
September 30, 2013

	Airport Capital Impr. Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	Total Nonmajor Capital Projects Funds
Assets				
Cash and Cash Equivalents	\$ 161,556	\$ 14,263	\$ -	\$ 175,819
Interfund receivable	-	-	45,084	45,084
Due from Other Governments	-	-	-	-
Other Current Assets	5,408	-	-	5,408
Restricted Cash	-	-	-	-
Restricted Cash	-	-	1,826,774	1,826,774
Restricted Investments	-	-	-	-
Total Assets	\$ 166,964	\$ 14,263	\$ 1,871,858	\$ 2,053,085
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable & Other Current	\$ -	\$ 93	\$ 31,307	\$ 31,400
Interfund Payables	-	-	-	-
Total Liabilities	-	93	31,307	31,400
Fund Balances:				
Restricted	-	-	1,840,551	1,840,551
Committed	-	12,000	-	12,000
Assigned	166,964	2,170	-	169,134
Total Fund Balances	166,964	14,170	1,840,551	2,021,685
Total Liabilities and Fund Balances	\$ 166,964	\$ 14,263	\$ 1,871,858	\$ 2,053,085

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, 2013

	Airport Capital Impr. Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues				
Intergovernmental	\$ 22,826	\$ -	\$ -	\$ 22,826
Investment Income	-	-	2,201	2,201
Payment from Component Unit	-	302,730	-	302,730
Total revenues	22,826	302,730	2,201	327,757
Expenditures				
Current:				
Culture and Recreation	-	10,959	-	10,959
Highways and Streets	-	-	25,387	25,387
Capital Outlay	25,362	313,668	1,117,536	1,456,566
Debt Service:				
Issuance Costs	-	-	51,489	51,489
Total expenditures	25,362	324,627	1,194,412	1,544,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,536)	(21,897)	(1,192,211)	(1,216,644)
Other Financing Sources (Uses)				
Transfers In	152,896	16,430	-	169,326
Transfers Out	-	-	(20,062)	(20,062)
Bond Proceeds	-	-	1,886,423	1,886,423
Total other financing sources and (uses)	152,896	16,430	1,866,361	2,035,687
Net change in Fund Balances	150,360	(5,467)	674,150	819,043
Fund balances (deficit) - beginning	16,604	19,637	1,166,401	1,202,642
Fund balances - ending	\$ 166,964	\$ 14,170	\$ 1,840,551	\$ 2,021,685

City of Brenham
Internal Service Funds
Combining Statement of Net Position
September 30, 2013

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Central Fleet Fund	Total
Assets				
Current assets:				
Cash and Cash Equivalents	\$ -	\$ -	\$ 104,534	\$ 104,534
Inventory at Cost	-	-	2,925	2,925
Other Current Assets	100	2,494	-	2,594
Restricted Cash	343,112	133,317	-	476,429
Total current assets	343,212	135,811	107,459	586,482
Noncurrent assets:				
Capital Assets, Net	-	-	56,782	56,782
Total noncurrent assets	-	-	56,782	56,782
Total Assets	\$ 343,212	\$ 135,811	\$ 164,241	\$ 643,264
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable & Other Current Liabilities	\$ 94	\$ 1,295	\$ 1,619	\$ 3,008
Interfund Payable	-	45,084	-	45,084
Self Insurance Claims Payable	-	1,690	-	1,690
Total Liabilities	94	48,069	1,619	49,782
Net Position				
Invested in Capital Assets, Net of Related Debt	-	-	56,782	56,782
Unrestricted	343,118	87,742	105,840	536,700
Total Net Position	\$ 343,118	\$ 87,742	\$ 162,622	\$ 593,482

City of Brenham, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year ended September 30, 2013

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Central Fleet Fund	Total
Operating revenues:				
Charges for Services	\$ 131,811	\$ 774,446	\$ 158,390	\$ 1,064,647
Total operating revenues	<u>131,811</u>	<u>774,446</u>	<u>158,390</u>	<u>1,064,647</u>
Operating expenses:				
Supplies	-	-	15,863	15,863
Maintenance	-	-	12,489	12,489
Contractual Services	76,294	1,040,112	-	1,116,406
Depreciation	-	-	11,269	11,269
Miscellaneous	-	-	4,747	4,747
Total operating expenses	<u>76,294</u>	<u>1,040,112</u>	<u>44,368</u>	<u>1,160,774</u>
Operating Income (loss)	<u>55,517</u>	<u>(265,666)</u>	<u>114,022</u>	<u>(96,127)</u>
Nonoperating revenues (expenses):				
Investment Income	307	-	-	307
Total non-operating revenue (expenses):	<u>307</u>	<u>-</u>	<u>-</u>	<u>307</u>
Income (loss) before contributions and transfers	55,824	(265,666)	114,022	(95,820)
Transfers In	-	-	48,600	48,600
Total Transfers In/(Out)	<u>-</u>	<u>-</u>	<u>48,600</u>	<u>48,600</u>
Change in net position	55,824	(265,666)	162,622	(47,220)
Total net position - beginning	287,294	353,408	-	640,702
Total net position - ending	<u>\$ 343,118</u>	<u>\$ 87,742</u>	<u>\$ 162,622</u>	<u>\$ 593,482</u>

City of Brenham, Texas
Internal Service Funds
Combining Statement of Cash Flows
For the Year ended September 30, 2013

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Central Fleet Fund	Total
Cash Flows from Operating Activities				
Receipts from interfund services provided	\$ 94,802	\$ 826,524	\$ 158,390	\$ 1,079,716
Payments to suppliers	(76,100)	(1,164,533)	(34,405)	\$ (1,275,038)
Net cash provided (used) by operating activities	<u>18,702</u>	<u>(338,009)</u>	<u>123,985</u>	<u>(195,322)</u>
Cash Flows from Non Capital Financing Activities				
Transfers in (out)	\$ -	\$ -	\$ 25,054	\$ 25,054
Net cash provided (used) by non capital financing activities	<u>-</u>	<u>-</u>	<u>25,054</u>	<u>25,054</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	\$ -	\$ -	\$ (44,505)	\$ (44,505)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(44,505)</u>	<u>(44,505)</u>
Cash Flows from Investing Activities				
Investment income received	\$ 307	\$ -	\$ -	\$ 307
Net cash provided (used) by investing activities	<u>307</u>	<u>-</u>	<u>-</u>	<u>307</u>
Net increase (decrease) in cash and cash equivalents	19,009	(338,009)	104,534	(214,466)
Cash and cash equivalents, beginning of the year	324,103	471,326	-	795,429
Cash and cash equivalents, end of the year	<u>\$ 343,112</u>	<u>\$ 133,317</u>	<u>\$ 104,534</u>	<u>\$ 580,963</u>
Reconciliation of cash and cash equivalents to statement of net position				
Cash and equivalents	\$ -	\$ -	\$ 104,534	\$ 104,534
Restricted cash and equivalents	343,112	133,317	-	476,429
Cash and cash equivalents, end of year	<u>\$ 343,112</u>	<u>\$ 133,317</u>	<u>\$ 104,534</u>	<u>\$ 580,963</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 55,517	\$ (265,666)	\$ 114,022	\$ (96,127)
Adjustments to reconcile net cash provided (used) by operating activities				
Depreciation	-	-	11,269	11,269
Changes in assets and liabilities affecting cash provided by operations:				
(Increase) decrease in inventory	-	-	(2,925)	(2,925)
Increase (decrease) in interfund payables	(37,009)	(61,127)	-	(98,136)
Increase (decrease) in self insurance claims liability	-	(118,702)	-	(118,702)
(Increase) decrease in other assets	100	113,205	-	113,305
Increase (decrease) in accounts payable and other current liabilities	94	(5,719)	1,619	(4,006)
Net cash provided (used) by operating activities	<u>\$ 18,702</u>	<u>\$ (338,009)</u>	<u>\$ 123,985</u>	<u>\$ (195,322)</u>

City of Brenham
Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,090,432	\$ 2,090,432	\$ 2,085,785	\$ (4,647)
Investment Income	1,200	1,200	894	(306)
Payments from Other Governments	250,000	250,000	-	(250,000)
Payment from Component Unit	570,326	570,326	570,326	-
Total revenues	<u>2,911,958</u>	<u>2,911,958</u>	<u>2,657,005</u>	<u>(254,953)</u>
Expenditures				
Debt Service:				
Interest and Fiscal Charges	1,234,102	1,234,102	964,850	269,252
Principal Retirement	1,759,877	1,759,877	1,749,643	10,234
Total Expenditures	<u>2,993,979</u>	<u>2,993,979</u>	<u>2,714,493</u>	<u>279,486</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(82,021)</u>	<u>(82,021)</u>	<u>(57,488)</u>	<u>24,533</u>
Other Financing Sources (Uses)				
Transfer In	44,157	44,157	44,157	-
Total other financing sources and (uses)	<u>44,157</u>	<u>44,157</u>	<u>44,157</u>	<u>-</u>
Net change in fund balance	<u>(37,864)</u>	<u>(37,864)</u>	<u>(13,331)</u>	<u>24,533</u>
Fund balance - beginning	<u>199,181</u>	<u>199,181</u>	<u>199,181</u>	<u>-</u>
Fund balance - ending	<u>\$ 161,317</u>	<u>\$ 161,317</u>	<u>\$ 185,850</u>	<u>\$ 24,533</u>

City of Brenham
Hotel/Motel Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Hotel/Motel Occupancy Tax	\$ 435,000	\$ 564,831	\$ 564,831	\$ -
Investment Income	30	30	94	64
Total revenues	<u>435,030</u>	<u>564,861</u>	<u>564,925</u>	<u>64</u>
Expenditures				
Current:				
Culture and Recreation	403,284	418,084	411,495	6,589
Total Expenditures	<u>403,284</u>	<u>418,084</u>	<u>411,495</u>	<u>6,589</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>31,746</u>	<u>146,777</u>	<u>153,430</u>	<u>6,653</u>
Other Financing Sources (Uses)				
Transfers Out	(50,000)	(60,000)	(60,000)	-
Total other financing sources and (uses)	<u>(50,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund balance	(18,254)	86,777	93,430	6,653
Fund balance - beginning	231,064	231,064	231,064	-
Fund balance - ending	<u>\$ 212,810</u>	<u>\$ 317,841</u>	<u>\$ 324,494</u>	<u>\$ 6,653</u>

City of Brenham
Hotel/Motel Fund - Washington County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Hotel/Motel Occupancy Tax	\$ 75,000	\$ 93,814	\$ 93,814	\$ -
Total revenues	<u>75,000</u>	<u>93,814</u>	<u>93,814</u>	<u>-</u>
Expenditures				
Current:				
Culture and Recreation	98,000	98,000	97,105	895
Total Expenditures	<u>98,000</u>	<u>98,000</u>	<u>97,105</u>	<u>895</u>
Net change in fund balance	(23,000)	(4,186)	(3,291)	895
Fund balance - beginning	24,946	24,946	24,946	-
Fund balance - ending	<u>\$ 1,946</u>	<u>\$ 20,760</u>	<u>\$ 21,655</u>	<u>\$ 895</u>

City of Brenham
PD Criminal Law Enforcement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 45	\$ 45	\$ 36	\$ (9)
Program Income/Restitution	5,000	5,000	15,333	10,333
Total revenues	<u>5,045</u>	<u>5,045</u>	<u>15,369</u>	<u>10,324</u>
Expenditures				
Current:				
Public Safety	<u>1,188</u>	<u>1,188</u>	<u>1,188</u>	<u>-</u>
Total Expenditures	<u>1,188</u>	<u>1,188</u>	<u>1,188</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,857</u>	<u>3,857</u>	<u>14,181</u>	<u>10,324</u>
Net change in fund balance	3,857	3,857	14,181	10,324
Fund balance - beginning	32,604	32,604	32,604	-
Fund balance - ending	<u>\$ 36,461</u>	<u>\$ 36,461</u>	<u>\$ 46,785</u>	<u>\$ 10,324</u>

City of Brenham
Courts Technology/Security Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 51,900	\$ 51,900	\$ 37,662	\$ (14,238)
Total revenues	<u>51,900</u>	<u>51,900</u>	<u>37,662</u>	<u>(14,238)</u>
Expenditures				
Current:				
General Government	23,700	23,700	26,905	(3,205)
Total Expenditures	<u>23,700</u>	<u>23,700</u>	<u>26,905</u>	<u>(3,205)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>28,200</u>	<u>28,200</u>	<u>10,757</u>	<u>(17,443)</u>
Other Financing Sources (Uses)				
Transfers Out	(18,000)	(18,000)	(14,194)	3,806
Total other financing sources and (uses)	<u>(18,000)</u>	<u>(18,000)</u>	<u>(14,194)</u>	<u>3,806</u>
Net change in fund balance	10,200	10,200	(3,437)	(13,637)
Fund balance - beginning	126,020	126,020	126,020	-
Fund balance - ending	<u>\$ 136,220</u>	<u>\$ 136,220</u>	<u>\$ 122,583</u>	<u>(\$ 13,637)</u>

City of Brenham
Airport Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ -	\$ 22,826	\$ 22,826	\$ -
Total revenues	<u>-</u>	<u>22,826</u>	<u>22,826</u>	<u>-</u>
Expenditures				
Current:				
Capital Outlay	-	25,362	25,362	-
Total Expenditures	<u>-</u>	<u>25,362</u>	<u>25,362</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(2,536)</u>	<u>(2,536)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	-	152,896	152,896	-
Total other financing sources and (uses)	<u>-</u>	<u>152,896</u>	<u>152,896</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>150,360</u>	<u>150,360</u>	<u>-</u>
Fund balance - beginning	16,604	16,604	16,604	-
Fund balance - ending	<u>\$ 16,604</u>	<u>\$ 166,964</u>	<u>\$ 166,964</u>	<u>-</u>

City of Brenham
Parks Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Payment from Component Unit	\$ -	\$ 302,730	\$ 302,730	\$ -
Total revenues	<u>-</u>	<u>302,730</u>	<u>302,730</u>	<u>-</u>
Expenditures				
Current:				
Culture and Recreation	-	-	10,959	(10,959)
Capital Outlay	<u>-</u>	<u>316,468</u>	<u>313,668</u>	<u>2,800</u>
Total Expenditures	<u>-</u>	<u>316,468</u>	<u>324,627</u>	<u>(8,159)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(13,738)</u>	<u>(21,897)</u>	<u>(8,159)</u>
Other Financing Sources (Uses)				
Transfers In	-	16,430	16,430	-
Total other financing sources and (uses)	<u>-</u>	<u>16,430</u>	<u>16,430</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>2,692</u>	<u>(5,467)</u>	<u>(8,159)</u>
Fund balance - beginning	19,637	19,637	19,637	-
Fund balance - ending	<u>\$ 19,637</u>	<u>\$ 22,329</u>	<u>\$ 14,170</u>	<u>\$ (8,159)</u>

City of Brenham
Streets and Drainage Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 200	\$ 200	\$ 2,201	\$ 2,001
Total revenues	<u>200</u>	<u>200</u>	<u>2,201</u>	<u>2,001</u>
Expenditures				
Current:				
Highways and Streets	-	23,565	25,387	(1,822)
Capital Outlay	1,166,700	1,143,135	1,117,536	25,599
Debt Service:				
Issuance Costs	-	51,489	51,489	-
Total Expenditures	<u>1,166,700</u>	<u>1,218,189</u>	<u>1,194,412</u>	<u>23,777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,166,500)</u>	<u>(1,217,989)</u>	<u>(1,192,211)</u>	<u>25,778</u>
Other Financing Sources (Uses)				
Transfers Out	-	(20,062)	(20,062)	-
Bond Proceeds	-	1,886,423	1,886,423	-
Total other financing sources and (uses)	<u>-</u>	<u>1,866,361</u>	<u>1,866,361</u>	<u>-</u>
Net change in fund balance	(1,166,500)	648,372	674,150	25,778
Fund balance - beginning	1,166,401	1,166,401	1,166,401	-
Fund balance - ending	<u>\$ (99)</u>	<u>\$ 1,814,773</u>	<u>\$ 1,840,551</u>	<u>\$ 25,778</u>

City of Brenham
US 290 Pass Thru Finance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 400	\$ 400	\$ 1,026	\$ 626
Intergovernmental	-	3,057,482	3,057,482	-
Total revenues	<u>400</u>	<u>3,057,882</u>	<u>3,058,508</u>	<u>626</u>
Expenditures				
Capital Outlay	424,140	444,196	523,316	(79,120)
Total Expenditures	<u>424,140</u>	<u>444,196</u>	<u>523,316</u>	<u>(79,120)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(423,740)</u>	<u>2,613,686</u>	<u>2,535,192</u>	<u>(78,494)</u>
Other Financing Sources (Uses)				
Transfers In	-	20,062	20,062	-
Total other financing sources and (uses)	<u>-</u>	<u>20,062</u>	<u>20,062</u>	<u>-</u>
Net change in fund balance	<u>(423,740)</u>	<u>2,633,748</u>	<u>2,555,254</u>	<u>(78,494)</u>
Fund balance - beginning	<u>516,505</u>	<u>516,505</u>	<u>516,505</u>	<u>-</u>
Fund balance - ending	<u>\$ 92,765</u>	<u>\$ 3,150,253</u>	<u>\$ 3,071,759</u>	<u>\$ (78,494)</u>

City of Brenham
Brenham Community Development Corporation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,497,194	\$ 1,497,194	\$ 1,468,099	\$ (29,095)
Investment Income	600	600	1,120	520
Miscellaneous	-	-	3,376	3,376
Total revenues	<u>1,497,794</u>	<u>1,497,794</u>	<u>1,472,595</u>	<u>(25,199)</u>
Expenditures				
Current:				
Economic Development	683,245	326,735	166,070	160,665
Debt Service:				
Interest and Fiscal Charges	17,200	17,200	17,200	-
Principal Retirement	54,023	54,023	54,023	-
Total Expenditures	<u>754,468</u>	<u>397,958</u>	<u>237,293</u>	<u>160,665</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>743,326</u>	<u>1,099,836</u>	<u>1,235,302</u>	<u>135,466</u>
Other Financing Sources (Uses)				
Payment to Primary Government	(743,326)	(1,099,836)	(1,099,836)	-
Total other financing sources and (uses)	<u>(743,326)</u>	<u>(1,099,836)</u>	<u>(1,099,836)</u>	<u>-</u>
Net change in fund balance	-	-	135,466	135,466
Fund balance - beginning	1,010,269	1,010,269	1,010,269	-
Fund balance - ending	<u>\$ 1,010,269</u>	<u>\$ 1,010,269</u>	<u>\$ 1,145,735</u>	<u>\$ 135,466</u>

Net change in fund balance - component unit \$ 135,466

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

Bond principal payments are expenditures in the component unit, but they reduce long term liabilities in the statement of net position. 54,023

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.

Accrued interest payable (53,179)

Change in net position of component unit \$ 136,310

City of Brenham
Donations Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 160	\$ 160	\$ 137	\$ (23)
Contributions and Donations	48,000	73,000	67,724	(5,276)
Total revenues	<u>48,160</u>	<u>73,160</u>	<u>67,861</u>	<u>(5,299)</u>
Expenditures				
Current:				
Culture and Recreation	5,000	5,000	15,575	(10,575)
Health and Welfare	3,000	3,000	-	3,000
Public Safety	2,500	2,500	3,930	(1,430)
Capital Outlay	62,000	62,000	23,813	38,187
Total Expenditures	<u>72,500</u>	<u>72,500</u>	<u>43,318</u>	<u>29,182</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,340)</u>	<u>660</u>	<u>24,543</u>	<u>23,883</u>
Other Financing Sources (Uses)				
Transfers In	-	12,250	12,250	-
Total other financing sources and (uses)	<u>-</u>	<u>12,250</u>	<u>12,250</u>	<u>-</u>
Net change in fund balance	(24,340)	12,910	36,793	23,883
Fund balance - beginning	281,261	281,261	281,261	-
Fund balance - ending	<u>\$ 256,921</u>	<u>\$ 294,171</u>	<u>\$ 318,054</u>	<u>\$ 23,883</u>

City of Brenham
Emergency Management Grants Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Expenditures				
Current:				
Public Safety	9,000	9,000	-	9,000
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,000)</u>	<u>(8,000)</u>	<u>1,000</u>	<u>9,000</u>
Net change in fund balance	(8,000)	(8,000)	1,000	9,000
Fund balance - beginning	10,193	10,193	10,193	-
Fund balance - ending	<u>\$ 2,193</u>	<u>\$ 2,193</u>	<u>\$ 11,193</u>	<u>\$ 9,000</u>

City of Brenham
Equipment Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 17,557	\$ 17,557
Total revenues	<u>-</u>	<u>-</u>	<u>17,557</u>	<u>17,557</u>
Expenditures				
Current:				
General Government	10,000	10,000	38,408	(28,408)
Capital Outlay	435,800	435,800	357,086	78,714
Total Expenditures	<u>445,800</u>	<u>445,800</u>	<u>395,494</u>	<u>50,306</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(445,800)</u>	<u>(445,800)</u>	<u>(377,937)</u>	<u>67,863</u>
Other Financing Sources (Uses)				
Transfers In	445,800	377,937	377,937	-
Total other financing sources and (uses)	<u>445,800</u>	<u>377,937</u>	<u>377,937</u>	<u>-</u>
Net change in fund balance	-	(67,863)	-	67,863
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ (67,863)</u>	<u>\$ -</u>	<u>\$ 67,863</u>

City of Brenham
Public Safety Training Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
Public Safety	\$ 9,681	\$ 9,681	\$ 7,151	\$ 2,530
Total Expenditures	<u>9,681</u>	<u>9,681</u>	<u>7,151</u>	<u>2,530</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,681)</u>	<u>(9,681)</u>	<u>(7,151)</u>	<u>2,530</u>
Net change in fund balance	(9,681)	(9,681)	(7,151)	2,530
Fund balance - beginning	9,542	9,542	9,542	-
Fund balance - ending	<u>\$ (139)</u>	<u>\$ (139)</u>	<u>\$ 2,391</u>	<u>\$ 2,530</u>



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

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

GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Economic Development	Culture and Recreation	Interest on Long-term Debt	Electric	Gas	Water	Wastewater	Sanitation
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
2009	5,241,430	5,414,468	2,410,013	271,509	-	3,585,647	918,260	22,428,215	2,905,012	3,316,393	3,286,770	2,464,142
2010	5,755,450	6,831,143	2,679,468	299,216	-	3,676,194	855,569	22,259,716	3,198,740	3,088,039	2,979,406	2,669,678
2011	5,177,514	6,579,061	2,628,682	288,699	-	3,513,628	938,663	23,962,803	2,602,842	3,430,862	2,860,922	2,706,750
2012	5,230,134	6,567,832	2,599,723	285,870	-	3,406,693	887,431	22,895,981	1,908,278	3,281,611	2,692,136	2,603,144
2013	5,453,313	6,899,558	2,611,294	318,672	-	3,635,589	916,548	23,009,788	2,401,303	2,737,307	2,846,895	3,342,073

GOVERNMENT-WIDE REVENUES
Last Ten 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		
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	
2009	41,621,868	477,522	1,582,859	12,017,184	-	310,440	313,104	5,482	931,773	57,260,232	
2010	39,840,742	865,607	1,442,512	12,034,031	-	63,631	150,906	7,879	850,941	55,256,249	
2011	43,342,287	643,492	1,209,944	12,455,139	-	114,299	165,034	12,771	219,526	58,162,492	
2012	39,465,830	635,562	1,613,347	13,043,092	-	94,334	221,185	53,693	803,174	55,930,217	
2013	40,281,661	574,798	350,672	13,709,048	-	91,138	194,593	67,395	1,099,836	56,369,141	

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture & Recreation	Economic Development	Debt Service	Capital Outlay	Totals
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
2009	4,793,575	5,055,235	1,317,966	262,880	2,963,083	-	2,268,575	9,585,060	26,246,374
2010	4,987,652	5,977,319	1,535,385	281,388	2,985,738	-	2,111,683	2,002,664	19,881,829
2011	4,814,955	5,801,959	11,426,323	278,258	2,860,841	-	2,887,548	1,203,378	29,273,262
2012	4,849,317	5,870,921	6,061,296	280,468	2,778,854	-	2,647,851	1,303,258	23,791,965
2013	5,038,077	6,091,109	1,444,078	302,547	2,965,441	-	2,765,982	2,476,074	21,083,308

NOTE:

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

RECONCILIATION OF PROPERTY TAX RECEIVABLES
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	Beginning Balance	Additions Net of Adjustments	Total Collections	Ending Balance
2004	\$ 132,013	\$ 2,800,016	\$ (2,797,899)	\$ 134,130
2005	134,130	3,079,637	(3,092,399)	121,368
2006	121,368	3,466,184	(3,445,005)	142,546
2007	142,546	4,105,907	(4,086,359)	162,094
2008	162,094	4,488,860	(4,510,087)	140,867
2009	140,867	4,737,395	(4,717,579)	160,684
2010	160,684	4,956,620	(4,936,188)	181,116
2011	181,116	4,924,126	(4,914,024)	191,219
2012	191,219	5,391,084	(5,387,057)	195,245
2013	195,245	5,589,907	(5,584,038)	201,115

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
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
2009	12,006,792	61,989	1,462,232	571,177	594,840	1,301,275	15,998,305
2010	12,013,599	76,999	1,817,216	603,568	668,762	1,149,059	16,329,203
2011	12,445,035	64,465	696,256	558,484	766,908	1,216,432	15,747,580
2012	13,039,066	72,425	545,942	509,278	782,276	1,128,916	16,077,903
2013	13,703,177	59,826	3,595,065	512,012	549,460	1,336,467	19,756,007

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

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

CITY OF BRENHAM

FISCAL YEAR	PRINCIPAL	INTEREST AND FISCAL CHARGES	TOTAL DEBT SERVICE	TOTAL GENERAL GOVERNMENTAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
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
2009	1,319,200	816,482	2,135,682	26,246,374	8.14
2010	1,291,944	819,739	2,111,683	19,881,829	10.62
2011	1,623,452	932,687	2,556,139	29,273,262	8.73
2012	1,664,835	967,466	2,632,301	23,791,965	11.06
2013	1,749,643	964,850	2,714,493	21,083,308	12.88

NOTES:

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

PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	NET TAXABLE PROPERTY VALUE	RESIDENTIAL		COMMERCIAL		DEMOLITION		RELOCATION		TOTAL	
		NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE
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	742,477,961	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
2009	945,811,445	241	12,664,897	101	16,088,855	4	5,500	8	44,000	354	28,803,252
2010	982,776,938	218	18,814,016	136	26,768,176	7	84,485	1	15,000	362	45,681,677
2011	975,919,507	210	19,274,211	146	15,613,921	9	36,800	2	39,000	367	34,963,932
2012	997,362,133	164	5,141,225	114	30,891,830	10	759,666	3	165,000	291	36,957,721
2013	1,029,480,016	156	5,146,739	108	26,579,908	15	260,216	0	0	279	31,986,863

REVENUES BY SOURCE - BUSINESS TYPE ACTIVITIES
Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	ELECTRIC	GAS	WATER	WASTEWATER	SANITATION	TOTAL REVENUES
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
2009	25,678,975	3,338,384	2,723,637	4,045,839	4,606,941	40,393,776
2010	24,387,110	3,740,131	3,898,316	3,552,059	2,913,756	38,491,372
2011	26,814,022	3,178,809	5,122,167	3,717,881	3,119,513	41,952,392
2012	24,538,196	2,437,313	4,413,080	3,647,921	3,065,317	38,101,827
2013	25,240,840	2,965,796	4,326,320	3,584,026	3,043,375	39,160,357

ELECTRIC CUSTOMERS, CONSUMPTION AND SALES
Last Ten Fiscal Years

CITY OF BRENHAM

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Number of customers										
Residential	5,642	5,450	5,357	5,337	5,273	5,184	5,061	4,925	4,844	4,828
Commercial	1,000	1,132	1,178	1,154	1,146	1,165	1,191	1,138	1,124	1,111
Large commercial	301	309	317	308	303	294	288	282	276	274
Industrial	21	21	21	23	23	22	20	26	26	28
Street lights	1,263	1,257	1,248	1,238	1,228	1,218	1,205	1,175	1,137	1,135
Security lights	178	176	165	175	176	177	182	182	178	180
Total	8,405	8,345	8,286	8,235	8,150	8,060	7,947	7,728	7,585	7,556
Consumption (in KWH)										
Residential	75,322,524	75,853,482	80,534,797	76,664,387	74,039,837	73,296,005	70,267,796	73,781,005	71,200,173	67,146,651
Commercial	15,150,052	15,607,437	16,835,349	16,364,454	16,334,810	17,061,350	17,089,919	17,756,825	17,639,335	17,006,158
Large commercial	64,393,979	65,687,242	68,446,624	65,006,673	64,052,067	65,162,802	64,226,951	64,242,555	63,440,681	61,690,946
Industrial	124,709,000	122,894,960	122,217,940	111,567,780	115,129,160	133,073,570	148,939,620	157,358,022	154,601,347	146,081,323
Street lights	1,454,952	1,447,560	1,437,576	1,426,728	1,414,248	1,403,016	1,388,136	1,353,480	1,309,704	1,308,072
Security lights	298,608	295,488	296,472	289,440	278,448	276,192	277,728	280,800	276,576	279,264
Total	281,329,115	281,786,169	289,768,758	271,319,462	271,248,570	290,272,935	302,190,150	314,772,687	308,467,816	293,512,414
Sales (1)										
Residential	\$ 7,783,426	\$ 7,636,392	\$ 8,477,097	\$ 7,861,811	\$ 8,077,592	\$ 7,909,221	\$ 6,419,733	\$ 7,118,275	\$ 5,985,305	\$ 5,686,795
Commercial	1,600,573	1,628,597	1,829,938	1,727,624	1,838,138	1,877,315	1,607,902	1,760,370	1,526,577	1,478,458
Large commercial	5,632,488	5,623,885	6,195,255	5,662,262	6,055,319	5,979,719	4,867,798	5,253,311	4,388,473	4,270,913
Industrial	9,518,295	9,139,115	9,683,819	8,461,265	9,322,374	10,135,546	9,842,065	11,814,007	9,679,213	8,574,419
Street lights	98,050	95,163	101,171	95,651	106,217	92,907	81,595	81,238	76,322	76,337
Security lights	41,920	41,522	41,660	40,639	39,090	38,696	39,011	39,525	38,901	39,114
Total	\$ 24,674,752	\$ 24,164,675	\$ 26,328,940	\$ 23,849,252	\$ 25,438,730	\$ 26,033,404	\$ 22,858,104	\$ 26,066,726	\$ 21,694,791	\$ 20,126,036
Annual average consumption per customer (in KWH)										
Residential	13,350	13,918	15,034	14,365	14,041	14,138	13,884	14,981	14,699	13,908
Commercial	15,150	13,782	14,291	14,181	14,254	14,651	14,349	15,604	15,693	15,307
Large commercial	213,933	212,408	215,920	211,061	211,393	221,642	223,010	227,810	229,858	225,149
Industrial	5,938,524	5,783,292	5,819,902	4,850,773	5,005,616	6,048,799	7,446,981	6,052,232	5,946,206	5,217,190
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Security lights	1,678	1,684	1,797	1,654	1,582	1,562	1,526	1,543	1,554	1,551
Monthly average bill per customer										
Residential	\$ 115	\$ 117	\$ 132	\$ 123	\$ 128	\$ 127	\$ 106	\$ 120	\$ 103	\$ 98
Commercial	133	120	129	125	134	134	113	129	113	111
Large commercial	1,559	1,515	1,629	1,532	1,665	1,695	1,409	1,552	1,325	1,299
Industrial	37,771	35,840	38,428	30,657	33,777	38,392	41,009	37,865	31,023	25,519
Street lights	6	6	7	6	7	6	6	6	6	6
Security lights	20	20	21	19	19	18	18	18	18	18
Average price per KWH purchased	\$ 0.0628	\$ 0.0613	\$ 0.0656	\$ 0.0637	\$ 0.0626	\$ 0.0691	\$ 0.0557	\$ 0.0650	\$ 0.0501	\$ 0.0480
Average price per KWH sold	\$ 0.0877	\$ 0.0858	\$ 0.0909	\$ 0.0879	\$ 0.0938	\$ 0.0896	\$ 0.0756	\$ 0.0828	\$ 0.0703	\$ 0.0686
% line loss	5.12%	5.71%	5.83%	5.83%	5.14%	5.32%	4.52%	4.06%	5.19%	5.33%

(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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Number of customers										
Residential	3,808	3,733	3,686	3,653	3,611	3,562	3,490	3,443	3,423	3,417
Small commercial	310	348	363	368	350	357	369	345	344	329
Large commercial	128	129	129	126	125	122	124	127	128	129
Governmental	69	68	65	64	63	63	64	64	66	65
Industrial	1	1	1	1	2	3	3	3	4	4
Total	4,316	4,279	4,244	4,212	4,151	4,106	4,050	3,982	3,965	3,944
Consumption (in mcf)										
Residential	91,677	81,402	100,773	133,709	93,011	97,885	112,591	89,134	94,947	101,988
Small commercial	22,104	20,938	24,741	27,617	20,183	22,379	24,202	21,183	18,386	18,501
Large commercial	153,111	152,527	152,773	153,974	135,470	149,571	168,806	164,018	153,229	160,421
Governmental	48,692	42,938	40,885	46,813	41,174	42,332	43,576	40,741	42,915	43,974
Industrial	87,072	71,218	75,391	81,232	131,013	210,244	253,544	248,432	233,585	232,906
Total	402,656	369,023	394,563	443,345	420,851	522,411	602,719	563,508	543,062	557,790
Sales (\$)										
Residential	\$ 965,455	\$ 831,794	\$ 1,095,738	\$ 1,430,671	\$ 1,036,495	\$ 1,386,177	\$ 1,414,718	\$ 1,227,469	\$ 1,044,382	\$ 1,036,421
Small commercial	176,043	154,636	215,979	253,361	181,313	280,878	261,881	247,547	180,366	166,469
Large commercial	975,201	847,219	1,077,654	1,141,328	964,811	1,656,716	1,501,897	1,653,440	1,306,104	1,223,093
Governmental	311,526	242,614	293,843	351,882	295,795	465,583	403,126	431,779	374,630	349,391
Industrial	508,802	355,647	489,495	542,846	884,593	2,254,059	2,058,256	2,250,948	1,845,221	1,631,185
Total	\$ 2,937,027	\$ 2,431,910	\$ 3,172,709	\$ 3,720,088	\$ 3,363,007	\$ 6,043,413	\$ 5,639,878	\$ 5,811,183	\$ 4,750,703	\$ 4,406,559
Annual average consumption per customer (in mcf)										
Residential	24	22	27	37	26	27	32	26	28	30
Small commercial	71	60	68	75	58	63	66	61	53	56
Large commercial	1,196	1,182	1,184	1,222	1,084	1,223	1,361	1,291	1,197	1,244
Governmental	706	631	629	731	654	676	681	637	650	677
Industrial	87,072	71,218	75,391	81,232	65,507	70,081	84,515	82,811	58,396	58,227
Monthly average bill per customer										
Residential	\$ 21	\$ 19	\$ 25	\$ 33	\$ 24	\$ 32	\$ 34	\$ 30	\$ 25	\$ 25
Small commercial	47	37	50	57	43	66	59	60	44	42
Large commercial	635	547	696	755	643	1,129	1,009	1,085	850	790
Governmental	376	297	377	458	391	619	525	562	473	448
Industrial	42,400	29,637	40,791	45,237	36,858	62,613	57,174	62,526	38,442	33,983
Average price per mcf purchased	\$ 3.9600	\$ 3.1400	\$ 4.4400	\$ 5.2824	\$ 4.8929	\$ 8.3838	\$ 6.4885	\$ 8.1660	\$ 7.2225	\$ 5.9204
Average price per mcf sold	\$ 7.2900	\$ 6.5900	\$ 8.0400	\$ 8.3910	\$ 7.9910	\$ 11.5683	\$ 9.3524	\$ 10.3125	\$ 8.7480	\$ 7.9000
% line loss (gain)	0.93%	1.47%	1.47%	2.72%	0.85%	0.04%	1.94%	-0.21%	0.18%	-0.85%

(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	SMALL INDUSTRIAL	LARGE INDUSTRIAL	SMALL INDUSTRIAL	LARGE INDUSTRIAL
Jan-01-2003	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
	Wires charge (per KWH)	\$0.02520	\$0.02520	\$ 0.02430	\$ 0.02430	\$ 0.01650	\$ 0.01650	\$ 0.00993	\$ 0.00993	\$ 0.00700	\$ 0.00700
Oct-01-2013	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
	Wires charge (per KWH)	\$0.02520	\$0.02520	\$ 0.02430	\$ 0.02430	\$ 0.01650	\$ 0.01650	\$ 0.01162	\$ 0.01162	\$ 0.00817	\$ 0.00817

(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

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL		LARGE INDUSTRIAL	GOVERNMENTAL
		URBAN	RURAL	URBAN	RURAL	URBAN	RURAL	URBAN	RURAL		
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
Oct-01-2013	Customer charge	\$ 10.00	\$ 11.50	\$ 10.00	\$ 11.50	\$ 56.25	\$ 64.69	\$ 56.25	\$ 64.69	\$ 56.25	\$ 56.25
	Gas charge per mcf (2)	\$ 7.66100	\$ 8.06000	\$ 7.66100	\$ 8.06000	\$ 6.92100	\$ 7.20900	\$ 6.92100	\$ 7.20900	\$ 6.81500	\$ 6.65300

(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

		2013	2004		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	\$ 3,663,231	14.85%	Blue Bell Creameries	\$ 2,606,292	12.95%
Blinn College	1,177,981	4.77%	Mount Vernon Mills, Inc.	2,249,060	11.17%
Valmont/Als - Abated	1,160,751	4.70%	Blinn College	835,633	4.15%
City of Brenham	1,062,340	4.31%	City of Brenham	783,031	3.89%
Brenham I.S.D.	756,386	3.07%	Valmont/Als	683,629	3.40%
StanPac USA	689,813	2.80%	Brenham I.S.D.	532,602	2.65%
Brenham State Supported Living Center	572,143	2.32%	Brenham State Supported Living Center	425,446	2.11%
Scott & White Hospital - Brenham	475,579	1.93%	Brenham Wholesale Grocery	310,455	1.54%
Brenham Wholesale Grocery	356,120	1.44%	Germania Insurance	238,495	1.19%
Germania Insurance	319,907	1.30%	Scott & White Hospital - Brenham	230,991	1.15%
Total	\$10,234,251	41.48%	Total	\$ 8,895,633	44.20%

2013 Total Electric Charges \$24,674,752

2004 Total Electric Charges \$20,126,036

TEN LARGEST GAS CUSTOMERS
Current Year and Nine Years Ago

CITY OF BRENHAM

2013

2004

NAME	2013		2004	
	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES
Blue Bell Creameries	\$ 554,842	18.89%	\$ 1,058,983	24.03%
Blinn College	233,427	7.95%	630,797	14.31%
Longwood Elastomers	208,179	7.09%	259,715	5.89%
Valmont/Als	176,704	6.02%	202,274	4.59%
Scott & White Hospital - Brenham	74,783	2.55%	101,576	2.31%
Brenham I.S.D.	54,040	1.84%	89,037	2.02%
Brenham Housing Authority	37,884	1.29%	73,966	1.68%
City of Brenham	25,487	0.87%	63,731	1.45%
Germania Insurance	20,434	0.70%	61,541	1.40%
HEB Grocery Company	17,525	0.60%	48,656	1.10%
Total	\$ 1,403,305	47.78%	\$ 2,590,276	58.78%

2013 Total Gas Charges

\$ 2,937,027

2004 Total Gas Charges

\$ 4,406,559

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

CITY OF BRENHAM

	FISCAL YEAR		
	2013	2012	(DEC)/INC
<u>Number of customers</u>			
Residential	6,182	5,535	647
Commercial	1,077	1,197	(120)
Meter on Fire Hydrant	9	16	(7)
Sprinkler	537	523	14
Total	7,805	7,271	534
<u>Consumption (in gallons)</u>			
Residential	390,758,300	398,831,200	(8,072,900)
Commercial	284,355,500	304,591,600	(20,236,100)
Meter on Fire Hydrant	4,793,100	5,445,600	(652,500)
Sprinkler	167,095,500	163,512,900	3,582,600
Total	847,002,400	872,381,300	(25,378,900)
<u>Sales (in dollars)</u>			
Residential	\$ 2,087,172	\$ 2,110,913	\$ (23,741)
Commercial	1,218,113	1,303,671	(85,558)
Meter on Fire Hydrant	35,616	39,871	(4,255)
Sprinkler	933,082	917,913	15,169
Total	\$ 4,273,983	\$ 4,372,368	\$ (98,385)
<u>Annual average consumption per customer</u>			
Residential (in gallons)	63,209	72,056	(8,847)
Commercial	264,026	254,462	9,564
Meter on Fire Hydrant	532,567	340,350	192,217
Sprinkler	311,165	312,644	(1,479)
<u>Monthly average bill per customer</u>			
Residential	\$ 28	\$ 32	\$ (4)
Commercial	94	91	3
Meter on Fire Hydrant	330	208	122
Sprinkler	145	146	(1)
Average price per 1,000 gallons purchased	\$ 0.314	\$ 0.305	\$ 0.009
Average price per 1,000 gallons sold	\$ 5.046	\$ 5.012	\$ 0.034
% line loss (gain)	7.40% *	-2.02% *	9.42%

*12,249,600 and 12,249,600 gallons respectively unbilled City water usage

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

CITY OF BRENHAM

	FISCAL YEAR		
	2013	2012	(DEC)/INC
<u>Number of customers</u>			
Residential	5,659	5,503	156
Commercial	948	1,026	(78)
Industrial	6	6	-
Oak Hill Acres Flow Meter	1	1	-
Total	6,614	6,536	78
<u>Sales (in dollars)</u>			
Residential	\$ 1,780,422	\$ 1,785,725	\$ (5,303)
Commercial	1,024,414	1,070,521	(46,107)
Industrial	659,534	667,884	(8,350)
Oak Hill Acres Flow Meter	32,923	41,471	(8,548)
Total	\$ 3,497,293	\$ 3,565,602	\$ (68,309)
<u>Monthly average bill per customer</u>			
Residential	\$ 26	\$ 27	\$ (1)
Commercial	90	87	3
Industrial	9,160	9,276	(116)
Oak Hill Acres Flow Meter	2,744	3,456	(712)

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

CITY OF BRENHAM

	FISCAL YEAR		
	2013	2012	(DEC)/INC
<u>Number of customers</u>			
Residential	5,309	5,265	44
Residential - Rural	7	6	1
Commercial	542	541	1
Dumpster	-	-	-
Total	5,858	5,812	46
<u>Sales (in dollars)</u>			
Residential	\$ 893,260	\$ 887,288	\$ 5,972
Residential - Rural	1,590	1,342	248
Commercial	952,328	951,061	1,267
Dumpster	-	-	-
Total	\$ 1,847,178	\$ 1,839,691	\$ 7,487
<u>Monthly average bill per customer</u>			
Residential	\$ 14	\$ 14	\$ -
Residential - Rural	19	19	-
Commercial	146	146	-

CITY OF BRENHAM, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/12	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/13
U.S. DEPARTMENT OF JUSTICE								
Bulletproof Vest Partnership 2011 Grant	16.607		\$ 3,150	\$ 3,150	\$ (3,150)	\$ -	\$ -	\$ -
Bulletproof Vest Partnership 2012 Grant	16.607		3,975	-	-	1,787	-	1,787
Bulletproof Vest Partnership 2013 Grant	16.607		2,263	-	-	-	-	-
			\$ 9,388	\$ 3,150	\$ (3,150)	\$ 1,787	\$ -	\$ 1,787
U.S. DEPARTMENT OF HOMELAND SECURITY & FEMA								
FY2008 Staffing for Adequate Fire & Emergency Response Grant	97.083	EMW-2008-FR-00416	\$ 325,140	\$ 14,840	\$ (39,574)	\$ 44,136	\$ -	\$ 19,402
			\$ 325,140	\$ 14,840	\$ (39,574)	\$ 44,136	\$ -	\$ 19,402
Texas Department of Transportation								
Routine Airport Maintenance Program (RAIMP)		M217 BRENIM	50,000	28,185	(28,185)	-	-	-
Routine Airport Maintenance Program (RAIMP)		M317 BRENIM	50,000	-	-	31,004	-	31,004
Routine Airport Maintenance Program (RAIMP)		M1417 BREN	50,000	-	-	-	-	-
			\$ 150,000	\$ 28,185	\$ (28,185)	\$ 31,004	\$ -	\$ 31,004
TOTAL FEDERAL AND STATE CASH AWARDS			\$ 484,528	\$ 46,175	\$ (70,909)	\$ 76,927	\$ -	\$ 52,193

See accompanying note to schedule of expenditures of federal and state awards.

CITY OF BRENHAM, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/12	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/13
<u>U.S. DEPARTMENT OF TRANSPORTATION - FAA</u> Texas Department of Transportation (1) Federally Assisted Airport Development Grant HANGAR & TAXIWAY	20.106	13HGBRENM	\$ 1,525,500	\$ -	\$ -	\$ 22,826	\$ -	\$ 22,826
TOTAL NON-CASH FEDERAL AND STATE AWARDS			\$ 1,525,500	\$ -	\$ -	\$ 22,826	\$ -	\$ 22,826

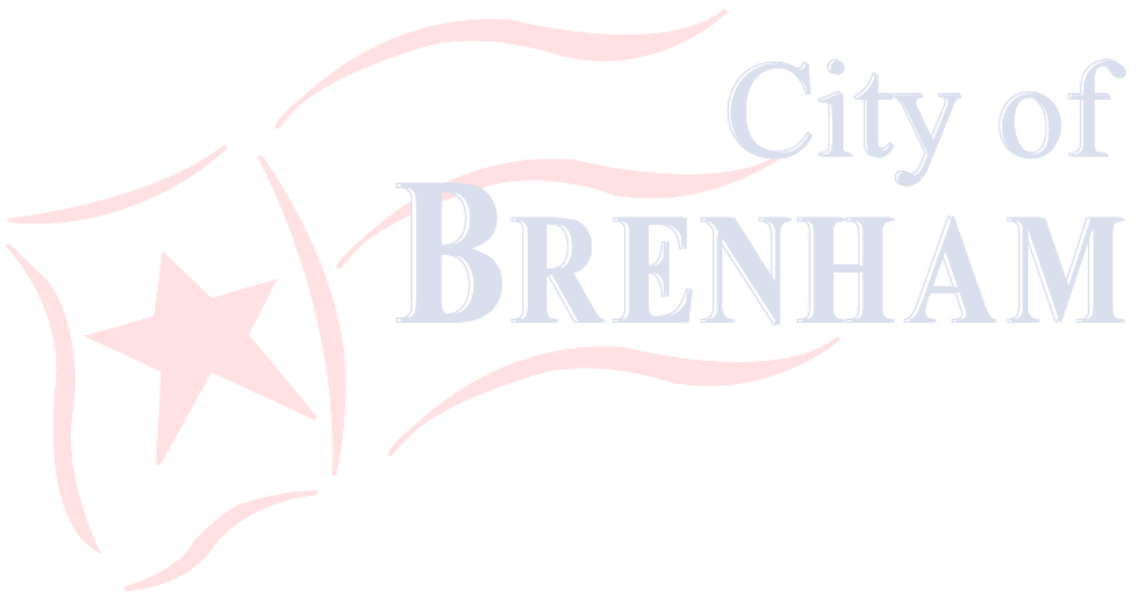
(1) The City remits its matching funds requirements to the State Department of Transportation, which acts as sponsor for these airport development programs.

City of Brenham, Texas
Notes to Federal Awards Section
September 30, 2013

Note 1: Basis of Presentation

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

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

Contents

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

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

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

CITY OF BRENHAM

TABLE 1

Description	FISCAL YEAR									
	2013	2012 (5)	2011	2010	2009 (3)	2008	2007	2006 (2)	2005	2004 (1)
Governmental activities:										
Invested in capital assets, net of related debt	\$ 35,548,260	\$ 34,415,305	\$ 35,294,268	\$ 35,289,795	\$ 35,421,458	\$ 33,407,787	\$ 32,212,469	\$ 32,062,294	\$ 12,937,041	\$ 11,978,324
Restricted	256,528	266,119	307,292	537,786	391,469	470,187	333,943	1,439,731	3,145,253	3,059,760
Unrestricted	4,953,603	6,310,807	3,952,381	4,502,834	5,227,975	6,649,435	4,764,217	2,336,891	846,738	790,615
Subtotal governmental activities net position	40,758,391	40,992,231	39,553,941	40,330,415	41,040,902	40,527,409	37,310,629	35,838,916	16,929,032	15,828,699
Business-type activities:										
Invested in capital assets, net of related debt	36,081,573	33,977,027	31,846,549	29,364,559	28,504,390	28,296,722	27,082,608	27,842,335	27,560,970	26,087,722
Restricted	-	-	-	-	-	809	538,822	243,547	1,550,431	2,000,995
Unrestricted	15,715,277	15,389,182	15,098,756	13,332,206	11,851,906	8,766,360	8,201,530	6,940,747	5,436,192	5,954,831
Subtotal business-type activities net position	51,796,850	49,366,209	46,945,305	42,696,765	40,356,296	37,063,891	35,822,960	35,026,629	34,547,593	34,043,548
Primary government:										
Invested in capital assets, net of related debt	71,629,833	68,392,332	67,140,817	64,654,354	63,925,848	61,704,509	59,295,077	59,904,629	40,498,011	38,066,046
Restricted	256,528	266,119	307,292	537,786	391,469	470,996	872,765	1,683,278	4,695,684	5,060,755
Unrestricted	20,668,880	21,699,989	19,051,138	17,835,040	17,079,881	15,415,795	12,965,747	9,277,638	6,282,929	6,745,446
Total primary government net position (4)	\$ 92,555,241	\$ 90,358,440	\$ 86,499,247	\$ 83,027,180	\$ 81,397,198	\$ 77,591,300	\$ 73,133,589	\$ 70,865,545	\$ 51,476,624	\$ 49,872,247
Component unit:										
Invested in capital assets, net of related debt	\$ 904,031	\$ 850,007	\$ 838,450	\$ 867,353	\$ 135,227	\$ 223,467	\$ 163,683	\$ 163,683	\$ 85,538	\$ 134,928
Restricted	986,165	903,879	1,353,823	551,160	1,110,691	890,106	782,051	513,699	-	-
Unrestricted	-	-	-	-	-	-	-	-	279,770	102,795
Total component unit net position (4)	\$ 1,890,196	\$ 1,753,886	\$ 2,192,273	\$ 1,418,513	\$ 1,245,918	\$ 1,113,573	\$ 945,734	\$ 677,382	\$ 365,308	\$ 237,723

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

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

(3) As restated for prior year capital assets and unbilled accounts receivable which were not recorded.

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

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

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

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Program expenses										
Governmental activities:										
General government	\$ 5,453,313	\$ 5,230,134	\$ 5,177,514	\$ 5,755,450	\$ 5,241,430	\$ 2,001,542	\$ 1,888,188	\$ 1,993,032	\$ 1,930,824	\$ 1,071,441
Public safety	6,899,558	6,567,832	6,579,061	6,831,143	5,414,468	5,235,849	5,028,102	4,719,613	4,174,264	4,399,037
Highways and streets	2,611,294	2,599,723	2,628,682	2,679,468	2,410,013	2,302,230	2,279,505	1,637,165	1,569,656	1,544,154
Health and welfare	318,672	285,870	288,699	299,216	271,509	545,485	580,118	624,350	218,987	569,459
Economic development	-	-	-	-	-	-	-	-	-	3,417
Culture and recreation	3,635,589	3,406,693	3,513,628	3,676,194	3,585,647	3,607,684	3,264,409	3,047,778	2,903,509	2,802,023
Debt service	916,548	887,431	938,663	855,569	918,260	952,463	991,486	709,650	743,699	758,226
Total governmental activities program expenses	19,834,974	18,977,683	19,126,247	20,097,040	17,841,327	14,645,263	14,031,808	12,731,588	11,540,939	11,147,757
Business-type activities:										
Electric	23,009,788	22,895,981	23,962,803	22,259,716	22,428,215	26,690,324	23,342,221	25,991,891	20,843,491	19,621,793
Gas	2,401,303	1,908,278	2,602,842	3,198,740	2,905,012	5,675,923	5,646,666	6,027,066	5,225,571	4,537,389
Sanitation	2,737,307	2,603,144	2,706,750	2,669,678	2,464,142	2,331,316	2,309,317	2,309,317	2,062,243	2,007,536
Wastewater	2,846,895	2,692,136	2,860,922	2,979,406	3,286,770	3,803,759	3,559,574	3,544,654	2,944,784	2,656,350
Water	3,342,073	3,281,611	3,430,862	3,085,039	3,316,393	3,405,073	3,164,010	3,162,284	2,732,815	2,557,248
Total business-type activities program expenses	34,337,366	33,381,150	35,564,179	34,195,579	34,400,532	42,496,617	38,043,787	41,035,212	33,808,904	31,380,316
Total primary government program expenses	54,172,340	52,358,833	54,690,426	54,292,619	52,241,859	57,141,870	52,075,595	53,766,800	45,349,843	42,528,073
Program revenues										
Governmental activities:										
Charges for services:										
General government	675,909	936,160	934,808	866,090	782,976	652,831	482,252	423,312	450,653	405,857
Public safety	4,959	5,971	6,258	8,548	5,446	6,138	2,321	34,020	28,641	25,130
Highways and streets	56,920	51,616	51,666	51,996	44,094	38,284	13	14	15	59
Health and welfare	30,004	29,507	32,452	35,606	47,472	37,566	30,290	32,094	7,179	11,299
Economic development	-	-	-	-	-	-	-	-	-	25
Culture and recreation	353,510	340,739	364,696	387,113	348,065	275,555	271,842	267,813	314,012	316,720
Operating grants and contributions	574,798	628,127	626,870	865,607	469,206	678,485	915,090	678,830	933,651	968,117
Capital grants and contributions	25,209	1,495,920	610,145	1,213,423	1,467,320	1,415,745	1,081,668	1,120,556	704,478	2,192,208
Total governmental activities program revenues	1,721,309	3,488,040	2,626,895	3,428,383	3,164,579	3,104,604	2,783,476	2,556,639	2,438,629	3,919,415
Business-type activities:										
Charges for services:										
Electric	25,240,842	24,538,200	26,814,028	24,387,117	26,016,817	26,539,793	23,184,463	26,440,575	22,138,695	20,468,491
Gas	2,865,796	2,437,314	3,178,811	3,740,133	3,372,455	6,061,128	5,639,536	5,768,269	4,803,557	4,412,176
Sanitation	3,043,375	3,065,318	3,119,515	2,913,758	2,767,713	2,468,172	2,427,160	2,427,160	2,171,215	1,981,540
Wastewater	3,584,026	3,647,923	3,717,883	3,552,062	4,104,465	4,119,867	3,798,212	2,934,281	2,377,633	1,953,816
Water	4,326,320	4,413,082	5,122,170	3,899,319	4,688,689	3,719,257	3,254,617	3,718,368	2,944,790	2,690,075
Operating grants and contributions	-	7,435	16,622	-	8,316	5,000	-	-	100	12,281
Capital grants and contributions	325,463	117,427	599,799	229,089	115,539	240,481	-	10,160	-	-
Total business-type activities program revenues	39,485,822	38,226,699	42,568,828	38,720,478	41,073,994	43,416,841	38,345,000	41,298,813	34,435,990	31,518,379
Total primary government program revenues	41,207,131	41,714,739	45,195,723	42,148,861	44,238,573	46,521,445	41,128,476	43,855,452	36,874,619	35,437,794
Net (expense)/revenue										
Governmental activities	(18,113,665)	(15,489,643)	(16,499,352)	(16,668,657)	(14,676,748)	(11,540,649)	(11,248,332)	(10,174,949)	(9,102,310)	(7,228,342)
Business-type activities	5,148,456	4,845,549	7,004,649	4,524,899	6,673,462	920,224	301,213	263,601	627,086	1,38,063
Total primary government net expense	(12,965,209)	(10,644,094)	(9,494,703)	(12,143,758)	(8,003,286)	(10,620,425)	(10,947,119)	(9,911,348)	(8,475,224)	(7,090,279)

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

CITY OF BRENHAM
TABLE 2

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General revenues and other changes in net position										
Governmental activities:										
Property taxes	5,647,218	5,449,748	4,980,377	5,011,013	4,787,893	4,547,830	4,152,080	3,505,543	3,091,085	2,899,464
Sales taxes	4,404,296	4,107,558	3,774,894	3,678,707	3,727,329	3,696,762	3,524,009	3,290,760	2,910,302	2,610,841
Other taxes	3,657,534	3,485,786	3,699,868	3,344,311	3,501,962	3,511,940	3,524,583	2,956,555	2,960,726	2,744,151
Grants and contributions not restricted	-	-	-	-	-	-	-	-	-	16,624
Investment income not restricted	7,125	6,817	18,501	12,790	181,281	480,201	587,125	261,901	143,000	138,952
Miscellaneous	102,935	150,630	143,988	105,935	120,375	208,690	120,666	119,836	119,836	134,188
Gain (loss) on sale of capital assets	67,395	53,693	12,771	7,879	5,482	37,643	9,508	5,458	(58,343)	21,536
Payments from component unit	1,099,836	791,218	219,526	850,941	931,773	927,717	770,877	661,417	661,407	622,061
Transfers	2,893,486	2,715,519	2,872,953	2,836,566	3,146,621	154,171	96,380	239,378	374,031	645,069
Total governmental activities	17,879,825	16,760,969	15,722,878	15,848,142	16,402,716	13,544,954	12,720,045	11,041,678	10,202,644	9,832,886
Business-type activities:										
Investment income not restricted	84,013	87,517	95,798	50,841	129,159	348,525	462,286	312,516	227,280	272,546
Miscellaneous	91,658	70,555	21,046	44,971	192,729	126,353	267,835	18,812	22,538	31,950
Gain (loss) on sale of capital assets	-	-	-	-	-	-	(138,624)	10,032	1,170	-
Payments from component unit	-	11,956	-	-	-	-	-	-	-	-
Transfers	(2,893,486)	(2,715,519)	(2,872,953)	(2,836,566)	(3,146,621)	(154,171)	(96,380)	(239,378)	(374,031)	(645,069)
Total business-type activities	(2,717,815)	(2,545,491)	(2,756,109)	(2,740,764)	(2,824,734)	(320,707)	(485,117)	(101,882)	(123,043)	(345,573)
Total primary government general revenues and other changes in net position	15,162,010	14,215,478	12,966,769	13,107,388	13,577,982	13,865,661	13,215,162	11,143,660	10,079,601	9,492,313
Change in net position										
Governmental activities, as previously reported	(233,840)	1,271,326	(776,474)	(820,515)	1,725,968	2,004,305	1,471,713	866,729	1,100,334	2,604,544
Restatement in capital assets (1)	-	-	-	-	-	-	-	17,915,958	-	-
Restatement in deferred revenue (2)	-	-	-	-	-	-	-	127,197	-	-
Restatement in bonds (3)	-	-	-	-	-	-	-	-	-	(300,000)
Restatement in capital assets (4)	-	-	-	110,028	-	-	-	-	-	-
Restatement in post employment benefits (6)	-	166,964	-	-	-	-	-	-	-	-
Governmental activities, restated	(233,840)	1,438,290	(776,474)	(710,487)	1,725,968	2,004,305	1,471,713	18,909,885	1,100,334	2,304,544
Business-type activities, as previously reported	2,430,641	2,300,058	4,248,540	1,784,145	3,292,404	1,240,931	796,330	365,583	504,043	(202,510)
Restatement in capital assets (1)	-	-	-	-	-	-	-	113,453	-	-
Restatement in bonds (3)	-	-	-	-	-	-	-	-	-	300,000
Restatement in charges for services (5)	-	-	-	556,324	-	-	-	-	-	-
Restatement in post employment benefits (6)	-	120,846	-	-	-	-	-	-	-	-
Business-type activities, restated	2,430,641	2,420,904	4,248,540	2,340,469	3,292,404	1,240,931	796,330	479,036	504,043	97,490
Total primary government change in net position	\$ 2,196,801	\$ 3,859,194	\$ 3,472,066	\$ 1,629,922	\$ 5,018,373	\$ 3,245,236	\$ 2,268,044	\$ 19,388,921	\$ 1,604,377	\$ 2,402,034
Component unit										
Program expenses	\$ 236,449	\$ 1,107,871	\$ 269,757	\$ 205,065	\$ 190,761	\$ 191,425	\$ 163,868	\$ 137,649	\$ 154,949	\$ 157,137
Program revenues	(236,449)	(1,107,871)	(269,757)	(205,065)	(190,761)	(191,425)	(163,868)	(137,649)	(154,949)	(157,137)
Brenham Community Development Corporation										
Net expenses										
General revenues and other changes in net position										
Component unit activities:										
Sales taxes	1,468,099	1,369,186	1,258,298	1,226,236	1,242,443	1,232,254	1,174,670	1,096,920	970,301	870,280
Investment income not restricted	1,120	1,434	1,645	2,365	7,088	24,727	28,427	14,220	1,275	1,344
Miscellaneous	3,376	102,038	-	-	-	30,000	-	-	560	844
Gain (loss) on sale of capital assets	-	-	3,100	-	5,348	-	-	-	(28,194)	-
Payments from component unit	(1,099,836)	(803,174)	(219,526)	(850,941)	(931,773)	(927,717)	(770,877)	(661,417)	(661,407)	(622,061)
Transfers	-	-	-	-	-	-	-	-	-	-
Total component unit activities	372,759	669,484	1,043,517	377,660	323,106	359,264	432,220	449,723	282,534	250,407
Component unit change in position	\$ 136,310	\$ (438,387)	\$ 773,760	\$ 172,595	\$ 132,345	\$ 167,839	\$ 268,352	\$ 312,074	\$ 127,585	\$ 93,270

(1) As restated for infrastructure valuations in compliance with GASB 34 implementation.
(2) As restated for prior year accrued franchise taxes which were not recorded.
(3) As restated for reallocation of \$300,000 in long term debt from business type activities to governmental activities.
(4) As restated for prior year capital assets which were not recorded.
(5) As restated for prior year correction to charges for services.
(6) As restated for recalculation of post employment benefits liability.

FUND BALANCES - GOVERNMENTAL FUNDS
City of Brenham
TABLE 3

	FISCAL YEAR									
	2013	2012 (3)	2011 (2)	2010	2009	2008	2007	2006	2005	2004 (1)
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	212,530	256,443	204,230	2,764,850	2,764,850	2,687,654	2,251,108	1,661,118	40,578	35,748
Nonspendable	74,074	103,959	103,052	-	-	-	-	-	-	-
Restricted	10,304	-	-	-	-	-	-	-	-	-
Assigned	3,609,690	3,505,058	3,529,369	-	-	-	-	-	-	-
Unassigned	3,906,598	3,865,460	3,836,651	2,764,850	2,764,850	2,687,654	2,251,108	1,699,026	1,257,755	668,738
Total general fund										
	\$ -	\$ -	\$ -	\$ 481,884	\$ 337,949	\$ 418,335	\$ 333,943	\$ 200,931	\$ 146,770	\$ 177,877
All other governmental funds:										
Reserved, reported in:										
Debt service fund	-	-	-	1,829,883	1,400,880	1,126,499	700,725	170,553	220,271	161,873
Unreserved reported in:										
Special revenue funds	-	-	-	77,479	699,191	7,787,965	8,722,314	10,196,685	1,738,329	2,348,041
Capital projects funds	5,613,677	1,793,596	5,600,913	-	-	-	-	-	-	-
Restricted	12,000	15,689	111,424	-	-	-	-	-	-	-
Committed	169,134	523,677	394,896	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 5,794,811	\$ 2,332,962	\$ 6,107,233	\$ 2,389,246	\$ 2,438,020	\$ 9,332,799	\$ 9,756,982	\$ 10,568,169	\$ 2,105,370	\$ 2,687,791

(1) As restated for reallocation of \$300,000 in long term debt from business type activities to governmental activities.
(2) Implementation of GASB 54 beginning in 2011, prior years are not restated.

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

CITY OF BRENHAM
TABLE 4

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 13,703,177	\$ 13,039,066	\$ 12,445,035	\$ 12,013,599	\$ 12,006,792	\$ 11,770,388	\$ 11,181,972	\$ 9,728,777	\$ 9,013,770	\$ 8,233,000
Licenses and permits	59,826	72,425	64,465	76,999	61,989	58,260	54,487	56,146	57,846	57,574
Intergovernmental	3,595,065	545,942	696,256	1,817,216	1,462,232	769,904	1,648,201	1,656,366	1,596,241	2,094,325
Charges for services	512,012	509,278	558,484	603,568	571,177	458,378	368,861	363,984	396,353	401,130
Fines and forfeitures	549,460	782,276	766,908	668,762	594,840	493,664	363,253	337,014	344,076	300,235
Investment income	6,948	6,604	18,259	12,428	179,685	457,112	572,336	246,716	137,011	138,952
Payment from component unit	1,099,836	791,218	970,989	850,941	931,773	927,717	770,877	661,417	661,407	622,061
Contributions and donations	68,724	127,206	111,254	174,272	39,833	176,900	124,608	176,214	44,895	1,084,504
Miscellaneous	160,959	203,888	115,930	111,418	149,984	151,892	85,405	117,772	157,948	139,505
Total revenues	19,756,007	16,077,903	15,747,580	16,329,203	15,998,305	15,264,215	15,170,000	13,344,406	12,409,547	13,071,286
Expenditures										
Current:										
Culture and recreation	2,965,441	2,778,854	2,860,841	2,985,738	2,963,083	2,993,583	2,611,013	2,467,861	2,374,455	2,267,690
Economic development	-	-	-	-	-	-	-	-	-	3,417
General government	5,038,077	4,849,317	4,814,955	4,987,652	4,793,575	1,491,349	1,383,100	1,270,288	1,560,873	974,771
Health and welfare	302,547	280,468	278,258	281,388	262,880	535,818	562,579	614,794	214,873	571,160
Highways and streets	1,444,078	6,061,296	11,426,323	1,535,385	1,317,966	1,240,278	1,153,897	1,085,298	1,046,654	1,070,642
Public safety	6,091,109	5,870,921	5,801,959	5,977,319	5,055,235	4,801,776	4,634,054	4,179,268	4,053,844	4,164,948
Debt service:										
Interest & fiscal charges	964,850	967,466	932,687	818,939	816,482	929,359	938,159	664,571	724,066	739,385
Principal retirement	1,749,643	1,664,835	1,623,452	1,291,944	1,319,200	1,165,767	1,070,825	1,138,070	1,038,665	927,215
Issuance costs	51,489	15,550	331,409	800	132,893	1,069	21,072	72,468	-	-
Capital outlay	2,476,074	1,303,258	1,203,378	2,002,664	9,585,060	2,340,500	3,497,123	2,475,907	1,763,551	4,780,081
Total expenditures	21,083,308	23,791,965	29,273,262	19,881,829	26,246,374	15,499,499	15,871,822	13,968,525	12,776,981	15,499,309
Excess (deficiency) of revenues over(under) expenditures	(1,327,301)	(7,714,062)	(13,525,682)	(3,552,626)	(10,248,069)	(235,284)	(701,822)	(624,119)	(367,434)	(2,428,023)
Other financing sources (uses)										
Transfers in	3,201,225	3,060,200	3,091,370	3,849,305	4,092,165	1,036,319	723,787	802,738	609,424	1,088,710
Transfers out	(314,213)	(344,681)	(218,417)	(1,012,739)	(945,544)	(882,148)	(848,364)	(563,360)	(235,394)	(293,904)
Payment to Component Unit	-	-	(751,463)	-	-	-	-	-	-	-
Proceeds from bonds	1,886,423	1,200,000	16,097,674	-	-	-	-	9,000,000	-	-
Refunding bonds issued	-	-	3,060,619	-	5,941,995	-	1,524,321	-	-	-
Gain on settlement	-	-	-	-	-	-	-	-	-	-
Bond premium	-	-	-	-	194,962	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(3,004,387)	(6,004,364)	-	-	(1,501,306)	-	-	-
Proceeds from capital lease	-	-	645,621	131,933	-	-	544,300	288,810	-	449,924
Miscellaneous	56,853	53,081	40,074	21,665	19,339	93,476	-	-	-	-
Total other financing sources (uses)	4,830,288	3,968,600	18,315,470	3,503,852	3,430,486	247,647	442,718	9,528,188	374,030	1,244,730
Net change in fund balance	\$ 3,502,987	\$ (3,745,462)	\$ 4,789,788	\$ (48,774)	\$ (6,817,583)	\$ 12,363	\$ (259,104)	\$ 8,904,069	\$ 6,596	\$ (1,183,293)
Debt service as a percentage of non-capital expenditures	14.59%	11.70%	9.11%	11.81%	12.82%	15.92%	16.23%	15.69%	16.01%	15.55%

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

CITY OF BRENHAM

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 5

Fiscal Year	Sales Tax	Ad Valorem Taxes (1)	Franchise Taxes (2)	Motel Tax	Mixed Beverage	Other Tax	Total Tax Revenues
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	(580,283)	11,181,972
2008	3,696,762	4,561,685	3,047,240	432,687	23,881	8,133	11,770,388
2009	3,727,329	4,777,500	3,031,923	438,632	23,454	7,954	12,006,792
2010	3,678,707	4,990,580	2,879,641	434,330	24,642	5,698	12,013,599
2011	3,774,894	4,970,273	3,145,892	523,605	24,247	6,124	12,445,035
2012	4,107,558	5,445,722	2,888,603	571,918	25,265	-	13,039,066
2013	4,404,296	5,641,349	2,972,220	658,646	26,668	-	13,703,179

(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
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	208,798,536	251,690,047	831,172,476	88,694,515	742,477,961	0.46620
2007	422,316,663	220,190,107	257,897,502	900,404,272	103,247,446	797,156,826	0.50630
2008	465,073,145	247,703,127	290,075,024	1,002,851,296	123,033,453	879,817,843	0.50630
2009	496,035,865	293,274,572	302,853,623	1,092,164,060	146,352,615	945,811,445	0.50420
2010	518,208,990	327,644,944	307,326,105	1,153,180,039	170,403,101	982,776,938	0.50420
2011	531,338,057	330,838,349	276,091,085	1,138,267,491	162,347,984	975,919,507	0.50420
2012	543,733,871	339,233,301	284,765,763	1,167,732,935	170,370,802	997,362,133	0.54320
2013	553,888,549	338,903,778	305,901,720	1,198,694,047	169,214,031	1,029,480,016	0.54320

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

SALES SUBJECT TO SALES TAX BY INDUSTRY
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 7

	CALENDAR YEAR (1)									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Sales subject to sales tax										
Retail trade	\$ 192,871,102	\$ 185,845,076	\$ 184,434,383	\$ 185,958,779	\$ 184,899,069	\$ 176,374,582	\$ 165,564,470	\$ 154,723,485	\$ 128,219,315	\$ 126,258,311
Accommodation/food services	38,170,567	36,330,789	36,298,144	35,547,090	34,609,238	31,635,974	28,528,631	25,761,532	22,784,614	21,939,466
Manufacturing	17,054,406	15,277,547	14,031,339	15,744,268	25,038,093	16,522,060	16,115,966	14,012,727	11,181,932	12,941,111
Wholesale trade	13,899,176	13,899,176	12,950,217	13,395,632	16,490,784	16,316,965	17,216,891	14,364,045	13,550,787	9,870,736
Other services	8,397,832	7,852,686	8,264,050	7,646,118	7,642,688	7,529,497	6,339,914	6,837,315	6,295,677	6,175,297
Mining/quarrying/oil/gas extraction	6,714,095	2,999,333	3,152,929	4,229,845	9,146,075	7,752,965	5,464,529	2,019,117	2,128,802	411,837
Admin/support/waste mgmt/remediation services	5,929,461	4,250,898	4,864,757	5,485,705	4,183,561	5,313,078	4,009,748	3,529,516	3,919,448	4,807,705
Construction	4,578,407	4,270,107	4,675,387	4,934,661	7,408,045	5,840,137	4,927,370	4,082,531	3,112,151	3,379,402
Real estate/rental/leasing	4,222,671	3,924,959	3,403,518	3,293,086	2,587,597	6,743,249	1,662,880	2,743,990	45,820,215	40,204,429
Professional/scientific/technical services	2,269,454	2,112,551	1,661,032	1,773,675	2,931,954	2,202,976	2,250,152	2,294,657	1,958,581	2,058,213
Educational services	2,164,287	2,157,995	1,886,553	1,759,260	1,767,263	1,815,152	1,585,995	1,270,482	1,537,769	1,740,983
Finance/insurance	2,056,713	1,905,231	2,399,368	2,649,199	1,399,762	1,074,663	1,182,103	1,263,093	800,927	1,073,465
Arts/entertainment/recreation	1,157,707	1,135,531	1,098,302	1,135,902	1,016,048	664,880	428,104	401,372	360,305	451,220
Transportation/warehousing	306,074	246,296	223,081	225,203	273,397	111,957	27,959	33,263	10,417	-
Agriculture/forestry/fishing hunting	170,625	171,394	136,705	116,141	163,971	367,864	338,068	130,726	309,314	125,257
Health care/social assistance	134,722	114,402	47,212	37,369	52,738	34,638	33,136	39,545	29,011	25,904
Public administration	-	-	-	-	-	-	1,778,439	-	-	-
Management of companies/enterprises	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	110	18,250	155,206
All industries (2)	\$ 317,864,492	\$ 296,235,006	\$ 292,177,360	\$ 297,373,449	\$ 314,645,173	\$ 293,550,391	\$ 269,363,326	\$ 246,650,161	\$ 254,318,729	\$ 243,969,795
City sales tax rate (3)	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500

(1) Data was derived from the Texas Comptroller's Quarterly Sales Tax Report for the City of Brenham. Information was selected on a calendar year basis in order to capture those businesses that only file annually. Data for calendar year 2012 was unavailable.

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

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

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

CITY OF BRENHAM
TABLE 8

Fiscal Year	PROPERTY TAX RATES (per \$100 of assessed value) (1)										SALES TAX RATES (2)			
	City Direct Rates			Brenham			Total				City of Brenham	Washington County	Total Overlapping Governments	
	General Fund	Debt Service	Total	Independent School District	Blinn College	Washington County	Washington County	Overlapping Governments	Overlapping Governments					
2004	0.30000	0.11160	0.41160	1.59900	0.05670	0.45160	0.45160	2.51890	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2005	0.30510	0.13110	0.43620	1.56900	0.05520	0.44350	0.44350	2.50390	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2006	0.31650	0.14970	0.46620	1.61000	0.05100	0.44350	0.44350	2.57070	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2007	0.31650	0.18980	0.50630	1.44450	0.05130	0.43350	0.43350	2.43560	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2008	0.32450	0.18180	0.50630	1.10840	0.05480	0.43490	0.43490	2.10440	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2009	0.34200	0.16220	0.50420	1.08840	0.05320	0.42600	0.42600	2.07180	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2010	0.34200	0.16220	0.50420	1.08840	0.05450	0.42600	0.42600	2.07310	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2011	0.34200	0.16220	0.50420	1.11840	0.05590	0.43580	0.43580	2.11430	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2012	0.34200	0.20120	0.54320	1.13500	0.05660	0.44080	0.44080	2.17560	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2013	0.34200	0.20120	0.54320	1.13500	0.05670	0.44260	0.44260	2.17750	0.01500	0.00500	0.02000	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 Ten Years Ago

CITY OF BRENHAM
 TABLE 9

	2013			2004		
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	\$ 52,424,177	5.09%	Blue Bell Creameries	\$ 30,066,862	4.38%	
Valmont/Als	25,607,220	2.49%	Valmont Industries	21,341,162	3.11%	
MIC Group LLC (West)	19,895,890	1.93%	Mount Vernon Mills, Inc.	19,192,550	2.79%	
Germania Farm Mutual Aid Assoc	11,652,400	1.13%	Wallace Computer Services	13,417,810	1.95%	
MIC LLC (East)	11,486,740	1.12%	Wal-Mart Properties #32	10,858,295	1.58%	
PI Components Corp.	10,247,890	1.00%	Germania Farm Mutual Aid Assoc	9,306,290	1.35%	
Lowe's Home Centers, Inc. #2521	9,037,100	0.88%	Brenham Wholesale Grocery Company	9,254,470	1.35%	
Longwood Elastomers, Inc.	8,164,168	0.79%	Sealy Mattress Company	6,860,610	1.00%	
Brenham Wholesale Grocery Company	8,082,350	0.79%	Longwood Elastomers, Inc.	6,158,787	0.90%	
Wal-Mart Real Estate Business Trust	7,693,810	0.75%	P I Components	6,134,250	0.89%	
Total	\$ 164,291,745	15.96%		\$ 132,591,086	19.30%	

(1) Data is from Washington County Appraisal District.

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 10

Fiscal Year	Total Tax Levy Net of Adjustments	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2004	\$ 2,798,992	\$ 2,745,544	98.09%	\$ 50,781	\$ 2,796,325	99.90%
2005	3,078,589	3,029,961	98.42%	45,711	3,075,672	99.91%
2006	3,487,780	3,410,719	97.79%	72,918	3,483,637	99.88%
2007	4,092,663	4,020,713	98.24%	67,464	4,088,177	99.89%
2008	4,493,157	4,424,623	98.47%	61,499	4,486,122	99.84%
2009	4,738,976	4,666,545	98.47%	64,571	4,731,116	99.83%
2010	4,952,222	4,866,421	98.27%	69,142	4,935,563	99.66%
2011	4,919,453	4,840,737	98.40%	57,532	4,898,269	99.57%
2012	5,409,343	5,320,079	98.35%	42,580	5,362,659	99.14%
2013	5,592,460	5,507,178	98.48%	-	5,507,178	98.48%

PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)
Calendar Years 2012 and 2003 (2)

CITY OF BRENHAM
TABLE 11

	2012				2003			
	Sales Tax Payers By Industry		Sales		Sales Tax Payers By Industry		Sales	
	Sales Tax	Percentage of All Industries	Number of Reporting Outlets 4th Q.	Subject to Sales Tax	Sales Tax	Percentage of All Industries	Number of Reporting Outlets 4th Q.	
Retail trade	\$ 192,871,102	60.68%	372	\$ 126,258,311	51.75%	390		
Accommodation/food services	38,170,567	12.01%	94	40,204,429	16.48%	18		
Manufacturing	17,054,406	5.37%	93	21,939,466	8.99%	70		
Wholesale trade	13,899,176	4.37%	55	12,941,111	5.30%	62		
Other services	8,397,832	2.64%	110	9,870,736	4.05%	34		
Mining/quarrying/oil/gas extraction	6,728,368	2.12%	8	6,175,297	2.53%	103		
Admin/support/waste mgmt/remediation services	6,714,095	2.11%	62	5,487,051	2.25%	71		
Construction	5,929,461	1.87%	81	4,807,705	1.97%	81		
Real estate/rental/leasing	4,578,407	1.44%	14	3,379,402	1.39%	11		
Information	4,222,671	1.33%	7	2,058,213	0.84%	39		
Professional/scientific/technical services	2,269,454	0.71%	67	1,740,983	0.71%	10		
Educational services	2,164,287	0.68%	12	1,073,465	0.44%	15		
Finance/insurance	2,056,713	0.65%	18	451,220	0.18%	10		
Arts/entertainment/recreation	1,157,707	0.36%	17	411,837	0.17%	4		
Transportation/warehousing	306,074	0.10%	8	155,206	0.06%	40		
Agriculture/forestry/fishing hunting	170,625	0.05%	15	125,257	0.05%	9		
Health care/social assistance	134,722	0.04%	9	25,904	0.01%	4		
Public administration	-	0.00%	1	-	0.00%	3		
Management of companies/enterprises	-	0.00%	1	-	0.00%	3		
Other	-	0.00%	9	-	0.00%	-		
All industries (3)	\$ 317,864,492	100.00%	1,053	\$ 243,969,795	100.00%	977		

(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 2013 unavailable.

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

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

CITY OF BRENHAM
TABLE 12

Fiscal Year	Governmental Activities					Business-Type Activities					Total		Percentage of Personal Income	Per Capita	
	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding	Revenue Bonds	Limited Tax Notes	Capital Leases	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding	Capital Leases	Settlement	Primary Government			Government
2004	\$ 920,000	\$ 14,292,528	\$ -	\$ -	\$ -	\$ 551,381	\$ 300,000	\$ 17,677,472	\$ 3,885,000	\$ 166,807	\$ 54,689	\$ 37,847,877	\$ 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	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	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	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	40,216,173	7.11%	2,681
2009	-	12,019,923	7,371,700	-	-	471,085	-	14,680,078	9,273,300	250,733	-	44,066,819	44,066,819	7.43%	2,886
2010	-	11,407,845	6,906,103	-	-	866,584	-	13,892,156	8,763,898	291,763	-	42,128,349	42,128,349	6.90%	2,681
2011	-	7,947,643	9,127,587	15,191,283	665,873	552,333	-	6,535,198	14,311,233	188,043	-	54,519,193	54,519,193	8.03%	3,435
2012	-	7,426,711	8,391,568	15,061,647	1,594,036	435,986	-	6,192,281	13,266,678	92,535	-	52,461,442	52,461,442	7.29%	3,273
2013	-	8,705,034	7,632,103	14,932,012	1,322,198	344,237	-	5,835,000	12,190,566	371,785	-	51,332,935	51,332,935	6.72%	3,170

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

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	Revenue Bonds	Limited Tax Notes	Gross Bonded Debt	Less Debt Service Funds Available	Net Bonded Debt	Taxable Assessed Value	Ratio of Net Bonded Debt to Assessed Values		Net Bonded Debt Per Capita (1)
										Values	Values	
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	
2009	-	12,019,923	7,371,700	-	-	19,391,623	337,949	19,053,674	945,811,445	2.01%	1,248	
2010	-	11,407,845	6,906,103	-	-	18,313,948	481,884	17,832,064	982,776,938	1.81%	1,135	
2011	-	7,947,643	9,127,587	15,191,283	665,873	32,932,386	245,654	32,686,732	975,919,507	3.35%	2,059	
2012	-	7,426,711	8,391,568	15,061,647	1,594,036	32,473,962	199,181	32,274,781	997,362,133	3.24%	2,013	
2013	-	8,705,034	7,632,103	14,932,012	1,322,198	32,591,347	185,850	32,405,497	1,029,480,016	3.15%	2,001	

(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	2012 TAX ROLL TAXABLE VALUE	PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)	CITY OF BRENHAM'S SHARE OF DEBT
City of Brenham	<u>\$ 32,405,497</u>	<u>\$ 1,029,480,016</u>	100.00%	<u>\$ 32,405,497</u>
Total direct debt	<u>32,405,497</u>	<u>1,029,480,016</u>		<u>32,405,497</u>
Brenham I. S. D.	39,132,099	1,894,265,245	54.35%	21,267,198
Washington County	4,155,000	2,311,248,297	44.54%	1,850,727
Blinn Junior College	<u>-</u>	<u>2,320,586,078</u>	0.00%	<u>-</u>
Total overlapping debt	<u>43,287,099</u>	<u>6,526,099,620</u>		<u>23,117,925</u>
Total direct and overlapping debt	<u>\$ 75,692,596</u>	<u>\$ 7,555,579,636</u>		<u>\$ 55,523,422</u>

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation 0.73%

Per capita consolidated overlapping tax supported debt (based on population of 16,031) \$3,464

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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Taxable assessed valuations	\$ 1,029,480,016	\$ 997,362,133	\$ 975,919,507	\$ 982,776,938	\$ 945,811,445	\$ 879,817,843	\$ 797,156,826	\$ 742,477,961	\$ 705,780,613	\$ 686,861,013
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	0.34200	0.34200	0.34200	0.34200	0.34200	0.32450	0.31650	0.31650	0.30510	0.30000
Debt limit per \$100 valuation	1.30800	1.30800	1.30800	1.30800	1.30800	1.32550	1.33350	1.33350	1.34490	1.35000
Debt limit	13,465,599	13,045,497	12,765,027	12,854,722	12,371,214	11,661,986	10,630,086	9,900,944	9,492,043	9,272,624
Total net debt applicable to limit	2,714,493	2,632,301	2,611,307	2,107,581	2,219,350	2,046,971	1,980,831	1,754,883	1,655,433	1,574,263
Legal debt margin	\$ 10,751,106	\$ 10,413,196	\$ 10,153,720	\$ 10,747,141	\$ 10,151,864	\$ 9,615,015	\$ 8,649,255	\$ 8,146,061	\$ 7,836,610	\$ 7,698,361

Total net debt applicable to the limit as a percentage of debt limit	20.16%	20.18%	20.46%	16.40%	17.94%	17.55%	18.63%	17.72%	17.44%	16.98%
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PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years

CITY OF BRENHAM
TABLE 16

Fiscal Year	Water Fund (1)				Wastewater Fund - Self-Supporting Debt (2)								
	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue		Utility Charges for Services	Less: Operating Expenses	Net Available Revenue		Debt Service Coverage				
			Principal	Interest (3)			Principal	Interest (3)					
2004	\$ 2,690,050	\$ 2,161,268	\$ 528,782	\$ 328,586	\$ 377,209	0.75	2004	\$ 1,953,796	\$ 2,005,729	\$ (51,933)	\$ 164,256	\$ 653,379	(0.06)
2005	2,944,778	2,376,870	567,908	341,325	346,490	0.83	2005	2,377,615	2,315,795	61,820	203,644	648,215	0.07
2006	3,718,352	2,797,111	921,241	397,213	328,534	1.27	2006	2,934,264	2,895,413	38,851	303,332	640,901	0.04
2007	3,254,601	2,784,247	470,354	522,026	303,652	0.57	2007	3,798,195	2,888,251	909,944	571,241	617,220	0.77
2008	3,719,245	3,088,309	630,936	537,025	281,166	0.77	2008	4,119,856	3,191,900	927,956	582,064	592,494	0.79
2009	4,606,941	2,835,706	1,771,235	569,498	426,689	1.78	2009	4,045,839	2,639,477	1,406,362	633,196	544,878	1.19
2010	3,898,316	2,509,163	1,389,153	629,780	492,080	1.24	2010	3,552,059	2,406,199	1,145,860	667,545	497,324	0.98
2011	5,122,167	2,969,660	2,152,507	690,635	430,063	1.92	2011	3,717,881	2,396,120	1,321,761	790,302	375,458	1.13
2012	4,413,080	2,819,979	1,593,101	600,229	481,901	1.47	2012	3,647,921	2,353,385	1,294,536	856,283	271,196	1.15
2013	4,326,320	2,877,823	1,448,497	613,738	472,594	1.33	2013	3,584,026	2,509,164	1,074,862	888,133	249,074	0.95

Total Water and Wastewater Funds							
Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue		Debt Service Interest (3)	Debt Service Coverage	
			Principal	Interest (3)			
2004	\$ 4,643,846	\$ 4,166,997	\$ 476,849	\$ 492,842	\$ 1,030,588	0.31	
2005	5,322,393	4,692,665	629,728	544,969	994,705	0.41	
2006	6,652,616	5,692,524	960,092	700,545	969,435	0.57	
2007	7,052,796	5,672,498	1,380,298	1,093,267	920,872	0.69	
2008	7,839,101	6,280,209	1,558,892	1,119,089	873,660	0.78	
2009	8,652,780	5,475,183	3,177,597	1,202,694	971,567	1.46	
2010	7,450,375	4,915,362	2,535,013	1,297,325	989,404	1.11	
2011	8,840,048	5,365,780	3,474,268	1,480,937	805,522	1.52	
2012	8,061,001	5,173,364	2,887,637	1,456,512	753,097	1.31	
2013	7,910,346	5,386,987	2,523,359	1,501,871	721,668	1.13	

(1) Water fund-supported debt includes 2001 general obligation refunding bonds, 2001 and 2008 certificates of obligation, and 2007, 2009, 2010, 2011 general obligation refunding bonds.
(2) Wastewater fund-supported debt includes 2001 and 2002 certificates of obligation, and 2007, 2009, 2010, 2011 general obligation refunding bonds.
(3) Interest is represented on a cash basis.

TABLE 17

Fiscal Year	Population (1)	Total Personal Income (000's) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2004	14,407	\$ 436,921	\$ 30,327	5.2
2005	14,484	473,004	32,657	4.6
2006	14,614	495,239	33,888	4.4
2007	14,873	531,516	35,737	3.8
2008	15,049	555,248	36,896	3.8
2009	15,270	591,797	38,756	5.3
2010	15,716	639,780	40,709	5.9
2011	15,872	678,703	42,761	6.0
2012	16,031	720,038	44,916	4.8
2013	16,191	763,601	47,161	4.9

(1) Population data for 2004 to 2009 are projections provided by the Population Division of the U.S. Census Bureau. The results of the 2010 Census supply the data for 2010. Data for 2011 to 2013 is estimated based on prior percent increase.

(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 2004 to 2008, is for Washington County and comes from the Bureau of Economic Analysis. Years 2009 to 2013 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 2013 are for Washington County.

CITY OF BRENHAM
TABLE 18

PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago

	2013			2004		
Employer (1)	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment	
Brenham State Supported Living Center	1,033	14.65%	Blinn College	900	14.63%	
Blue Bell Creameries	874	12.39%	Brenham State Supported Living Center	880	14.31%	
Brenham I.S.D.	732	10.38%	Blue Bell Creameries	786	12.78%	
Blinn College	542	7.68%	Brenham I. S. D.	719	11.69%	
MIC Group	419	5.94%	Wal-Mart Supercenter	380	6.18%	
Valmont	419	5.94%	Germania Insurance	324	5.27%	
Wal-Mart Supercenter	385	5.46%	Mount Vernon Mills	305	4.96%	
City of Brenham	314	4.45%	Trinity Medical Center	285	4.63%	
Scott & White Hospital	292	4.14%	City of Brenham	235	3.82%	
Germania Insurance	289	4.10%	Sealy Mattress Company	211	3.43%	
Total	5,299	75.13%	Total	5,025	81.69%	
Employment (2)	7,053	Employment		6,151		

(1) Major employers as identified in a report issued by Washington County Chamber of Commerce, revised January 2012.

(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 2013 is an estimate based on Washington County employment estimates reported by the U.S. Bureau of Labor Statistics for 2012. City employment is an allocation using the proportion of City to County estimated populations.

FULL-TIME EQUIVALENT EMPLOYEES
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 19

Function/program	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Administration	6.00	5.00	6.28	8.08	8.08	7.00	10.00	8.00	8.25	6.50
Development Services	4.10	1.00	1.00	-	-	-	-	-	-	-
Human Resources	2.00	2.80	2.80	-	-	-	-	-	-	-
Main Street	1.00	1.00	2.00	2.00	2.00	2.00	-	-	-	-
Maintenance	7.50	8.00	8.00	8.00	8.00	8.38	9.38	9.38	9.40	8.37
Finance	9.08	8.08	9.39	10.39	10.45	10.00	10.00	11.00	10.00	12.00
Purchasing/Warehouse	3.47	3.47	-	-	-	-	-	-	-	-
Streets	16.46	16.46	16.90	16.90	16.90	17.50	17.50	17.88	18.28	18.31
Parks	17.62	18.62	21.06	21.06	27.38	20.10	20.10	20.08	20.23	20.23
Library	5.99	7.41	8.14	8.14	8.03	8.92	8.92	7.88	6.84	7.36
Recreation	2.19	4.66	4.74	4.74	-	-	-	-	-	-
Aquatic Center	14.90	13.92	15.04	15.04	15.04	20.19	20.19	22.50	23.12	22.25
Communications	17.17	16.92	17.16	17.16	13.13	14.17	13.17	13.19	14.22	14.70
Police	38.50	38.00	38.00	37.00	34.00	34.00	33.00	32.00	32.75	32.00
Fire	15.25	15.00	15.00	15.00	12.13	12.00	11.00	11.00	10.50	10.50
Animal Shelter/Control	4.00	4.00	4.00	3.00	4.00	4.40	3.40	3.00	3.00	3.00
Municipal Court	4.80	4.80	4.60	4.60	4.75	4.60	4.60	4.60	3.60	3.60
Public Works	1.90	5.50	6.00	6.00	6.00	6.14	6.14	6.14	5.89	5.64
Information Technology	5.00	6.00	5.00	5.00	5.00	4.50	3.50	4.50	4.50	3.00
Utility Customer Service	7.20	9.00	10.00	10.00	10.00	10.00	10.00	10.00	10.73	9.73
Public Utilities	8.00	7.50	7.00	7.00	7.00	6.00	6.00	6.00	8.00	9.33
Electric	12.00	12.00	13.00	12.00	12.00	11.00	11.00	11.00	11.00	12.00
Gas	5.00	5.00	5.00	5.00	5.00	5.00	5.33	5.33	5.33	5.33
Water Treatment	6.50	6.50	6.50	6.50	7.00	7.00	6.00	6.00	6.00	7.00
Water Construction	5.00	5.00	5.00	5.50	5.50	5.50	5.34	5.34	5.34	5.34
Wastewater Construction	5.00	5.00	5.00	5.50	5.50	5.50	5.33	5.33	5.33	5.33
Wastewater Treatment	4.50	4.50	4.50	4.50	5.50	7.00	7.00	7.00	7.00	8.00
Transfer Station	2.75	2.75	2.75	2.75	3.08	3.08	3.08	3.08	5.14	3.99
Collection Station	3.25	2.83	2.83	2.83	1.39	1.08	1.08	1.08	-	-
Recycling Center	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.33	3.33
Residential Collection	2.75	2.75	2.75	2.75	3.59	4.03	5.03	4.59	5.84	7.17
Public Information	-	-	-	2.00	2.00	2.00	2.00	2.00	2.00	4.00
Special Revenues/Grants	-	-	-	-	-	-	-	-	2.25	3.00
Total	241.13	245.72	251.69	250.69	244.70	243.34	240.34	240.15	246.87	251.01

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM
TABLE 20

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Recreation/Parks										
Number of athletic tournaments	42	45	41	36	33	31	32	38	35	31
Aquatic Center										
Number of Visitors	67,353	65,703	68,997	67,000	67,526	73,506	66,793	70,363	67,914	58,627
Number of Annual Passes	131	132	87	97	145	143	137	140	140	159
Number of Monthly Passes	910	991	1,156	962	930	927	907	878	913	814
Number of Summer Passes	76	80	84	-	-	-	-	-	-	-
Streets										
Road maintenance in linear feet	5,178	8,796	16,430	33,958	11,186	9,376	11,738	16,393	12,967	7,750
Library										
Circulation	62,782	63,737	73,288	75,174	73,700	70,174	44,933	49,004	47,545	49,754
Communications										
Number of Incoming Calls	644,070	683,380	759,065	712,766	749,499	682,254	561,436	519,038	503,992	481,609
Number of 9-1-1 Calls	38,540	36,332	34,924	30,388	30,594	30,001	30,702	27,253	20,496	17,928
Police										
Traffic Citations	4,425	4,081	5,240	6,230	8,036	6,445	3,593	2,988	3,186	4,513
Traffic Warning Tickets Issued	4,964	4,964	9,740	7,493	4,274	3,426	3,536	4,188	5,297	8,516
Mileage on Police units	419,124	443,909	401,630	422,313	382,597	296,882	296,422	299,527	295,802	300,602
Fire (1)										
Fire Responses	547	547	570	429	352	376	401	402	502	454
Rescues	36	36	18	17	52	36	46	34	30	32
Animal Control/Shelter/Adoption (2)										
Number of Incoming Animals	1,645	1,906	1,611	1,760	1,455	1,723	1,846	1,464	1,784	1,876
Animals Adopted	256	263	336	343	300	385	401	343	342	304
Municipal Court										
Traffic dispositions	2,880	5,186	4,270	5,703	5,562	4,444	5,614	5,132	4,232	4,429
Other dispositions	2,132	4,302	2,458	1,527	1,603	1,647	1,413	1,505	1,953	1,790
Public Works										
Building Inspection Visits	1,901	1,621	1,835	1,956	1,818	1,936	1,742	1,692	1,779	1,552
Electric										
kWh delivered	281,329,115	281,786,169	289,768,758	271,319,462	271,248,570	290,272,935	302,190,150	314,772,687	308,467,816	293,512,414
Customers served	8,405	8,345	8,286	8,235	8,150	8,060	7,947	7,728	7,585	7,556
Gas										
mcf delivered	402,656	369,023	394,563	443,345	420,851	522,411	602,719	563,508	543,062	557,790
Customers served	4,316	4,279	4,244	4,212	4,151	4,106	4,050	3,982	3,965	3,944
Water										
Gallons delivered	847,002,400	872,381,300	996,362,800	752,748,100	926,510,200	883,015,900	799,546,600	956,383,100	811,893,100	736,565,100
Customers served	7,805	7,271	7,164	7,077	6,946	6,816	6,654	6,372	6,211	6,134
Wastewater										
Effluent plant gallons processed	672,065,000	704,378,000	657,568,000	727,301,000	762,338,000	772,589,000	810,562,100	751,247,000	759,309,000	696,397,880
Commercial/Industrial gallons processed	326,351,900	340,551,900	351,747,400	327,125,800	385,150,300	393,674,700	394,462,700	406,897,100	359,657,100	352,189,200
Customers served	6,614	6,536	6,434	6,373	6,284	6,198	6,073	5,839	5,766	5,722
Sanitation										
Customers served	5,858	5,812	5,728	5,610	5,468	5,299	5,168	5,065	4,979	4,949

(1) Operating indicators for the Fire Department are based on calendar year. Figures for 2008 are year-to-date, December 12, 2008.

(2) Operating indicators for the Animal Control/Shelter/Adoption are based on calendar year.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM
TABLE 21

	FISCAL YEAR									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Recreation/Parks										
Park acreage	191	191	191	150	150	150	150	150	150	150
Parks	8	8	8	7	7	7	7	7	7	7
Amphitheatres	1	1	1	-	-	-	-	-	-	-
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Baseball fields	8	8	8	8	8	8	8	8	8	8
Softball fields	9	9	9	9	9	9	9	9	9	9
Tennis courts	6	6	6	6	6	6	6	6	6	6
Soccer fields	12	12	12	12	12	12	12	12	12	12
Skateboard parks	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Airports	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	44	43	43	43	43	40	38	33	34	33
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	6	6	5	5	5	5	5	5	5	5
Animal control/shelter/adoption										
Shelters	1	1	1	1	1	1	1	1	1	1
Electric										
Miles of service lines	118	118	118	118	118	118	116	115	113	112
Gas										
Miles of service lines	121	118	118	116	115	115	111	111	110	109
Water										
Miles of service lines	153	153	153	149	148	145	143	138	137	136
Wastewater										
Miles of service lines	141	138	138	137	137	136	135	129	128	127
Sanitation										
Collection stations	1	1	1	1	1	1	1	1	1	1
Transfer stations	1	1	1	1	1	1	1	1	1	1
Recycling stations	1	1	1	1	1	1	1	1	1	1





SEIDEL, SCHROEDER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 3, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Brenham, Texas
March 3, 2014

Seidel, Schaefer & Company