

CITY OF BRENHAM, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019



PREPARED BY THE FINANCE DIVISION

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

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INTRODUCTORY
SECTION



March 19, 2020

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

The Finance Division and the City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Brenham, Texas for the fiscal year ended September 30, 2019. 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, 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, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Brenham's financial statements for the fiscal year ended September 30, 2019, 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 the central part of the state, between Houston and Austin. The City of Brenham currently occupies a land area of approximately ten square miles and serves a population of approximately 16,372. The City of Brenham is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body, the City 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 body consisting of the Mayor and six Council members. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's city manager and city attorney. The government's city manager is responsible for carrying out the policies and ordinances of the governing body, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. The Mayor and Council members serve four-year terms. Four of the council members are elected by ward. The Mayor and the two remaining council members are elected at large.

City Services

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

Annual Budget Process

The 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 city manager on or before the 15th of July each year. The city manager uses these requests as the starting point for developing a proposed budget. The city 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 economic hardships other governmental entities are facing. Several indicators of our stable economy are noted below.

ECONOMIC CONDITION AND OUTLOOK (continued)

Local Economy (continued)

- Growth in Sales Tax Revenue – sales tax, which is the largest revenue source for funding general government operations and maintenance, was budgeted at a 3% growth rate in FY20 after strong performance in FY19.
- Strong Taxable Property Valuations – the City's certified taxable property valuations for the 2019 tax year rose by 10.3% from \$1.3 billion last year to \$1.5 billion. This growth included over \$16.2 million in new property and improvements.
- Unemployment for the County – unemployment rate for Washington County in September 2019 was 3.1% compared to 3.6% one year ago and was favorable to the State's average unemployment rate of 3.3%.
- Strong Growth in Hotel Occupancy Tax Revenues – for FY19, hotel occupancy tax collections totaled \$777,390 which was 20% higher than the original budget of \$645,000 and 16% above FY18 levels. The first quarter of FY20 is also trending favorably.

Economic Development

The City is fortunate to have major industries with headquarters or divisions located within the City's boundaries including an ice cream manufacturer, a steel lighting standards manufacturer, a national brand mattress manufacturer, and a globally distributed salad dressing manufacturer. Also located within the City are a nationally known retail super center and two nationally known home improvement retail stores. Other significant employers include the regional home office of a state-wide insurance provider, a regional food distributor 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 affordable 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 through growth in residential and commercial development and infrastructure improvements. Several highlights are noted below.

- Acceptance of public infrastructure improvements in Oak Alley Phase I and II, a 23 lot residential subdivision, for water and sanitary sewer improvements totaling \$116,532.
- Acceptance of public infrastructure improvements in Vintage Farms Phase I, a 137 lot residential subdivision, for water, sanitary sewer, storm sewers, and street improvements totaling \$1.26 million.
- Residential building permits – In FY19, we issued 68 residential building permits totaling \$8.3 million as compared to 55 permits totaling \$6.7 million in FY18.
- Commercial building permits – The City issued 16 commercial building permits for \$19.3 million compared to 13 commercial building permits totaling \$6.9 million in FY18. New projects include Blue Bell Creameries Fleet and Pallet Building for \$16 million, Blinn College Agriculture Building for \$1.3 million, Silver Sage Memory Care Center for \$1.5 million and HEB Grocery parking lot for \$300,000.
- The City continues to invest in water utility infrastructure improvements and streets and drainage improvements. In February 2019, the City issued over \$3 million in bonds for water main replacements, reimbursement for emergency streets and drainage repairs, and residential and downtown drainage projects.

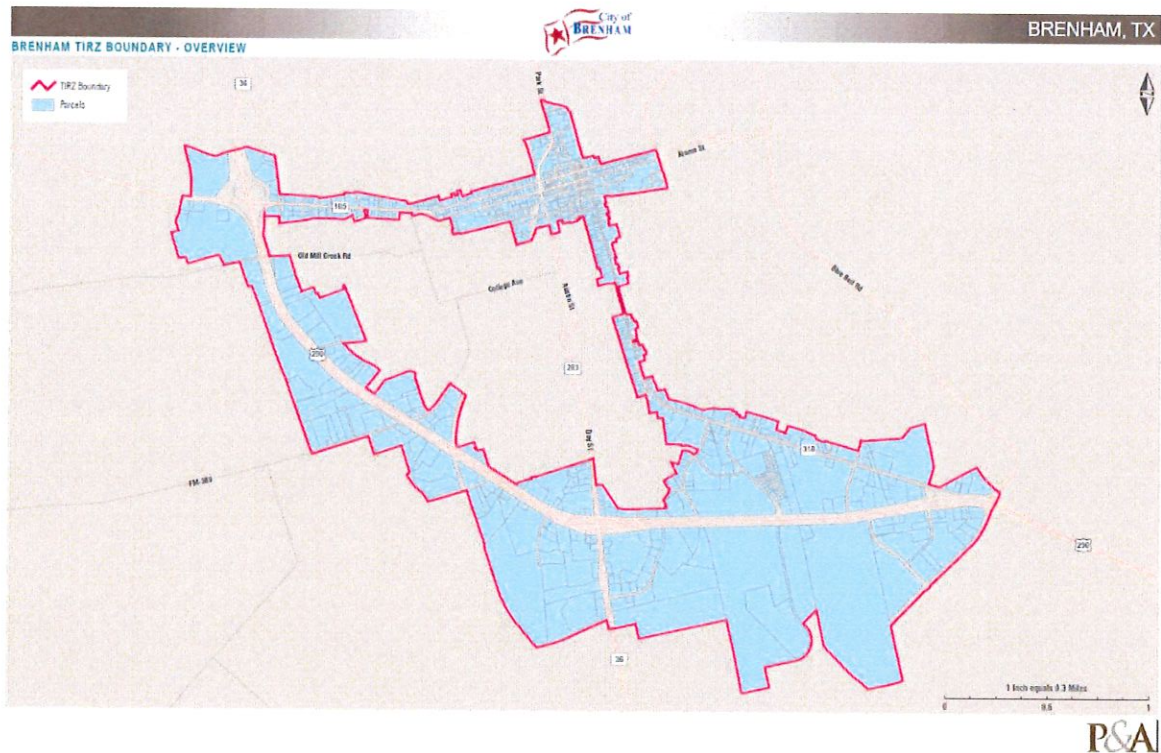
ECONOMIC CONDITION AND OUTLOOK (continued)

Economic Development (continued)

Another factor contributing to Brenham's economic success includes a tax abatement policy and establishment of Reinvestment Zones to encourage employment and provide incentives for business development and expansion. The City has 13 companies currently being monitored for tax phase-in compliance verifying that value creation and employment and payroll criteria are being met. In accordance with GASB Statement No. 77, additional information on tax abatement can be found in the notes to the financial statements. During the year, one tax-phase-in agreement was approved with Del Sol Food Company, Inc. for business expansion that included \$1.3 million in capital investment and the creation of 10 new jobs.

In FY18, Blue Bell Creameries was designated by the Office of the Governor as an Enterprise Project under the Texas Enterprise Zone Program with plans to invest over \$40 million in capital improvements by way of new construction, facility improvements and equipment upgrades over the next five (5) years. During FY19, the Blue Bell Creameries Fleet and Pallet Building, estimated at \$16 million, was nearing completion.

In accordance with Section 311.03 of the Texas Tax Code, the City Council approved an Ordinance for the creation of a Tax Increment Reinvestment Zone (TIRZ) in FY19. The TIRZ contains approximately 2,201 acres of land in areas in which the City would like to encourage new investment and attract development. During the 30-year term, new development that occurs within the TIRZ will generate approximately \$31.1 million in total new property tax revenue with the City of Brenham's portion being \$17.6 million. The tax increment base of the property is \$260,032,380 which was determined by the appraisal district in which the TIRZ is located. For each year of the term, the City will deposit in the TIRZ Fund an amount equal to 50% of the City's real property taxes levied and collected that constitute the City's tax increment for that year. The TIRZ boundary is shown below.



ECONOMIC CONDITION AND OUTLOOK (continued)

Economic Development (continued)

As provided in the Texas Local Government Code, the Council also approved a Chapter 380 Economic Development Agreement with BK Stringer Limited related to a commercial and retail development project. Upon completion, the 200,000 square foot development is expected to produce new taxable property value of more than \$20 million and annual sales tax revenues to the City estimated to exceed \$400,000. The first certificate of occupancy is set for July 2021. The City agreed to rebate sales tax generated from this development to BK Stringer. Sales tax grant payments shall be paid annually until the cumulative payments equal \$6 million or a total of 12 years, whichever occurs first.

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. The recreational portion of this three-eight cent sales tax provided over \$1 million for improvements to our existing park facilities and aquatic center during the fiscal year.

The Main Street Brenham program continues to thrive with a strong volunteer base which organizes and supports many downtown festivals, events and tourism promotions. We also recognize the impact of a vibrant downtown district on economic development.

FINANCIAL INFORMATION

Long-term Financial Planning

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

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

The policy states that the City will maintain a minimum unrestricted fund balance in its General Fund at an amount equal to three months (90 days) of operating expenditures and also maintain an additional reserve amount equivalent to five (5) days for unanticipated renovations and repairs (R&R). At the end of FY19, the unassigned fund balance was \$4.7 million or 117 days compared to \$4.1 million or 99 days coverage in FY18. The growth in unassigned fund balance is primarily attributable to proceeds from certificates of obligation to reimburse the use of General Fund reserves for emergency street and drainage projects in FY18. [For purposes of this calculation, we used total expenditures less other financing sources/(uses)].

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

FINANCIAL INFORMATION (continued)

Major Initiative – Recovery from May 2016 Flooding Event

The City of Brenham has reached the three-year mark following the May 2016 flooding event when the City received over 20 inches of rainfall in a 24-hour period. We identified eleven general government infrastructure projects which could be eligible for FEMA participation totaling over \$2.6 million. In FY18, the City increased the I&S tax rate a half-cent for the City's 25% FEMA match and issued certificates of obligation (COs) in December 2017.

Before the City could finalize project eligibility with FEMA, three locations were deemed emergency repairs, and Council awarded emergency construction contracts in mid-2018. During FY19, the City issued COs for \$1.5 million to reimburse the General Fund for emergency street and drainage repairs, and other locations denied by FEMA.

In mid-2019, we recruited an in-house grants manager to assist with FEMA grant reporting, completion of required documentation and submission for reimbursement. At the end of FY19, we had 14 general government infrastructure projects, three (3) water projects and three (3) wastewater projects in multiple stages of completion. Our goal for FY20 is to reach successful completion and resolution with FEMA for most of these projects.

AWARDS AND ACKNOWLEDGEMENTS

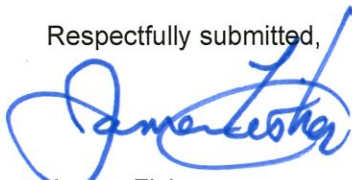
The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual report for the fiscal year ended September 30, 2018. This is the eleventh consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

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

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

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

Respectfully submitted,



James Fisher
City Manager



Carolyn D. Miller, CPA
Assistant City Manager- Chief Financial Officer



Stacy Hardy, CPA
Controller



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

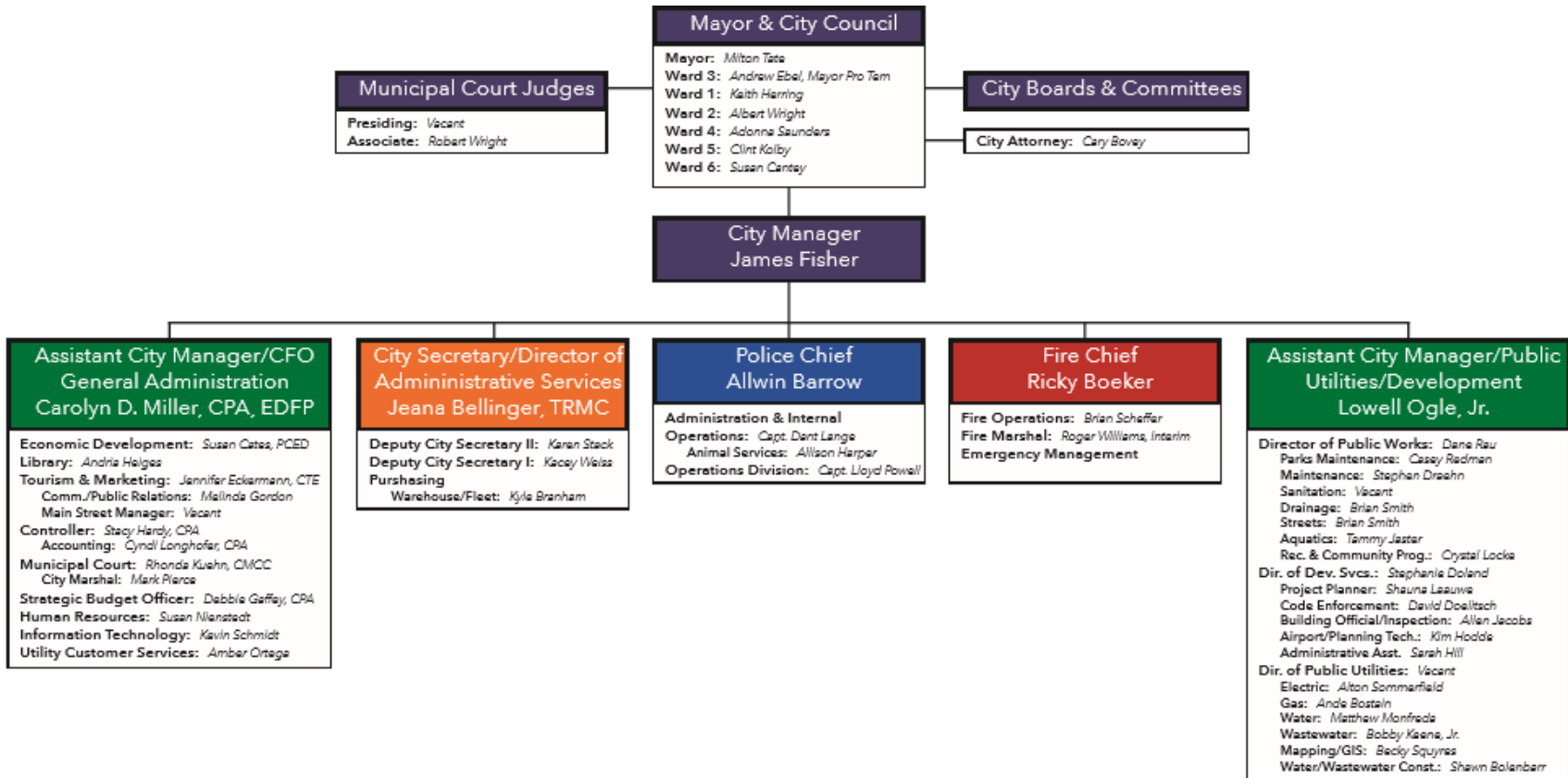
September 30, 2018

Christopher P. Morill

Executive Director/CEO

CITY OF BRENHAM – ORGANIZATIONAL CHART

As of September 30, 2019



**CITY OF BRENHAM
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2019**

MAYOR

Milton Y. Tate, Jr.

MAYOR PRO-TEM

Andrew Ebel

CITY COUNCIL

Susan Cantey
Andrew Ebel
Keith Herring
Adonna Saunders
Albert Wright

CITY MANAGER

James Fisher

ASSISTANT CITY MANAGERS

Carolyn D. Miller, CPA, Chief Financial Officer
Lowell Ogle, Public Utilities

CONTROLLER

Stacy Hardy, CPA

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FINANCIAL
SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26 and the schedule of changes in total OPEB liability and related ratios, schedule of changes in net pension liability and related ratios-Texas Municipal Retirement System, schedule of contributions-Texas Municipal Retirement System, schedule of the city's proportionate share of the net pension liability-Texas Emergency Services Retirement System, and schedule of contributions-Texas Emergency Services Retirement System on pages 83 through 88, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

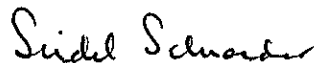
applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund statements and schedules, schedule of expenditures of federal and state awards, and schedules within the reports for management are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2020 on our consideration of the City of Brenham, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the city of Brenham, Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Brenham, Texas' internal control over financial reporting and compliance.

Brenham, Texas
March 16, 2020



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CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2019

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of the City of Brenham exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$99,882 (net position). Of this amount, \$9,895 (*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 \$2,207.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$8,472 a decrease of \$2,139 in comparison with the prior year. Approximately \$4,666 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 \$5,071 or 26% of total general fund expenditures.
- The City of Brenham's total bonded debt decreased by \$2,284 or 7.2% during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Basic Financial Statements. The MD&A is intended to serve as an introduction to the City's BFS. The BFS are comprised of three components: 1) Government-Wide Financial Statements (GWFS), 2) Fund Financial Statements (FFS), and 3) Notes to the Basic Financial Statements (Notes). The 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 and Blended Component Unit. The GWFS include not only the City of Brenham itself (known as the *primary government*), but also a legally separate community development corporation (Brenham Community Development Corporation - BCDC) for which the City of Brenham is financially accountable. Financial information for this *Component Unit* is reported separately from the financial information presented for the primary government itself. The *Blended Component Unit* (City of Brenham Community Projects Fund, Inc.) which was created in 2016, does not have a separate financial statement for FY19.

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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 11 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 Pass Thru Finance 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 9 governmental funds are presented in the supplementary information section. The governmental FFS can be found on pages 30-34 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 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 41-83 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and additional supplementary information concerning the City of Brenham's operations. The combining statements referred to earlier in connection with nonmajor governmental funds are presented in these sections. Combining and individual fund statements can be found on pages 94-122 of this report. Information relating to federal and state grant awards begins on page 163 of this report. The statistical section can be found on pages 143-166 of this report.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serves as a useful indicator of the City's financial position. Assets exceeded liabilities by \$99,882 (net position) at the close of the fiscal year, compared to assets exceeding liabilities by \$97,676 (net position) at the end of the prior fiscal year. The City's total net position increased by \$2,207 during the period.

City of Brenham, Texas						
Net Position						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 10,389	\$ 12,411	\$ 22,878	\$ 22,543	\$ 33,267	\$ 34,954
Capital assets	61,128	61,070	56,882	53,979	118,010	115,049
Total assets	<u>71,517</u>	<u>73,481</u>	<u>79,760</u>	<u>76,522</u>	<u>151,277</u>	<u>150,003</u>
Deferred Outflows of Resources						
Deferred amount from refundings	97	130	511	623	608	753
Deferred outflows - TMRS Pension	3,472	1,518	1,347	594	4,819	2,112
Deferred outflows - TESRS Pension	54	88	-	-	54	88
Deferred outflows - Post Employment Benefits	166	-	70	-	236	-
Total Deferred Outflows of Resources	<u>3,789</u>	<u>1,736</u>	<u>1,928</u>	<u>1,217</u>	<u>5,717</u>	<u>2,953</u>
Liabilities						
Long-term debt outstanding	27,876	25,060	17,210	16,800	45,086	41,860
Other liabilities	3,558	5,171	5,923	5,504	9,481	10,675
Total liabilities	<u>31,434</u>	<u>30,231</u>	<u>23,133</u>	<u>22,304</u>	<u>54,567</u>	<u>52,535</u>
Deferred Inflows of Resources						
Deferred amount from refundings	-	30	-	61	-	91
Deferred inflows - TMRS Pension	1,738	1,847	682	726	2,420	2,573
Deferred inflows - Post Employment Benefits	16	57	-	26	16	83
Deferred inflows - Post Employment Benefits	77	-	34	-	111	-
Total Deferred Inflows of Resources	<u>1,831</u>	<u>1,934</u>	<u>716</u>	<u>813</u>	<u>2,547</u>	<u>2,747</u>
Net Position						
Net invested in capital assets	44,953	45,336	44,304	41,840	89,257	87,176
Restricted	730	406	-	-	730	406
Unrestricted	(3,641)	(2,689)	13,536	12,783	9,895	10,094
Total net position	<u>\$ 42,042</u>	<u>\$ 43,052</u>	<u>\$ 57,840</u>	<u>\$ 54,623</u>	<u>\$ 99,882</u>	<u>\$ 97,676</u>

By far the largest portion of the City of Brenham's net position, \$89,257 or 89.36%, 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 \$730, less than 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$9,895 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
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GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

City of Brenham, Texas						
Changes in Net Position						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,676	\$ 1,440	\$ 36,572	\$ 37,917	\$ 38,248	\$ 39,357
Operating grants and contributions	707	769	11	32	718	801
Capital grants and contributions	973	96	1,326	230	2,299	326
General revenues:						
Property taxes	6,901	6,666	-	-	6,901	6,666
Sales taxes	5,217	4,850	-	-	5,217	4,850
Franchise taxes	2,757	2,870	-	-	2,757	2,870
Hotel Occupancy taxes	897	792	-	-	897	792
Alcoholic Beverage taxes	67	48	-	-	67	48
Other	1,452	1,811	577	498	2,029	2,309
Total revenues	<u>20,647</u>	<u>19,342</u>	<u>38,485</u>	<u>38,677</u>	<u>59,132</u>	<u>58,019</u>
Expenses:						
General government	7,766	6,774	-	-	7,766	6,774
Public safety	7,559	7,055	-	-	7,559	7,055
Highway/streets	2,990	2,887	-	-	2,990	2,887
Interest on Long Term Debt	569	591	-	-	569	591
Culture and recreation	5,521	4,800	-	-	5,521	4,800
Health and welfare	762	695	-	-	762	695
Water	-	-	3,495	3,427	3,495	3,427
Wastewater	-	-	2,984	3,077	2,984	3,077
Electric	-	-	19,478	21,194	19,478	21,194
Gas	-	-	2,599	2,499	2,599	2,499
Sanitation	-	-	3,139	3,059	3,139	3,059
Total Expenses	<u>25,166</u>	<u>22,802</u>	<u>31,694</u>	<u>33,256</u>	<u>56,860</u>	<u>56,058</u>
Increase (decrease) in net position before transfers	(4,520)	(3,459)	6,791	5,421	2,273	1,962
Transfers	3,493	3,262	(3,493)	(3,262)	-	-
Increase (decrease) in net position	(1,027)	(197)	3,298	2,159	2,272	1,962
Net position - beginning as previously reported	43,052	43,648	54,623	52,634	97,675	96,282
Restatement of net position	16	(399)	(81)	(170)	(65)	(569)
Net position - beginning	<u>43,068</u>	<u>43,249</u>	<u>54,542</u>	<u>52,464</u>	<u>97,610</u>	<u>95,713</u>
Net position - ending	<u>\$ 42,041</u>	<u>\$ 43,052</u>	<u>\$ 57,840</u>	<u>\$ 54,623</u>	<u>\$ 99,882</u>	<u>\$ 97,675</u>

CITY OF BRENHAM, TEXAS
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GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Governmental activities. Governmental activities decreased the City of Brenham's net position by \$1,027 compared to a decrease of \$197 in the prior fiscal year. A restatement of beginning net position from land transfer which was not recorded in the prior fiscal year offset this decrease by \$16. Key elements are noted below.

Revenues increased to \$20,647 from \$19,342 or \$1,305 during the year (6.7%). This increase is attributable to several factors.

Program Revenues

- The increase in *Charges for Services* is from park/aquatic facility rentals, animal adoptions and event revenue at the Barnhill Center;
- The decrease in *Operating Grants and Contributions* is attributable to FEMA disaster recovery in several areas;
- The increase in *Capital Grants and Contributions* is due to new streets and storm drainage infrastructure in the Vintage Farm subdivision.

General Revenues

- The increase in *Property Taxes* is attributable to property valuation growth of over 4%;
- *Sales Taxes* increase 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 lower than the prior year by 4% which is directly attributable to decreased revenues in the Electric and Gas Funds from lower consumption;
- *Hotel Occupancy Taxes* which are derived from a 7% hotel occupancy tax increased during the year due to the resurgence of oil and gas business as new fracking techniques make extraction from the local Austin chalk possible;
- *Other Revenues* were lower due to reduced Payments from Component Unit because the last repayment on long-term debt was made in FY18.

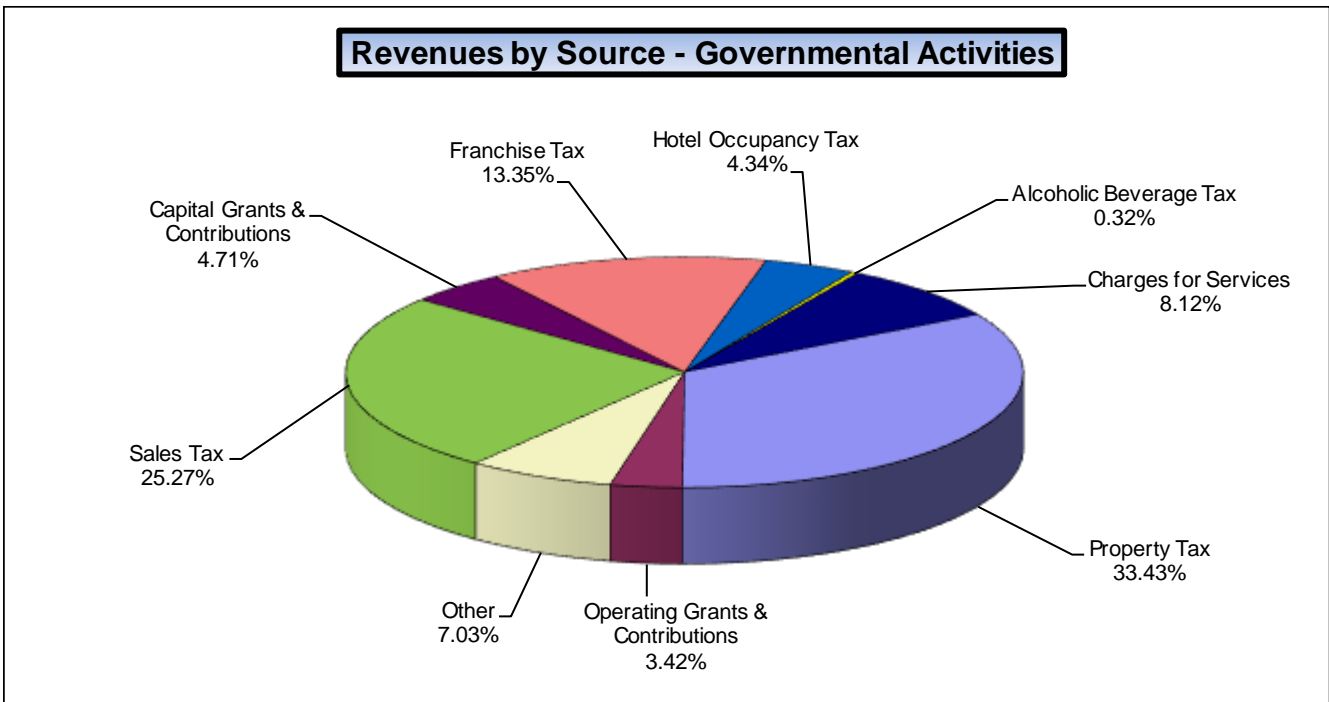
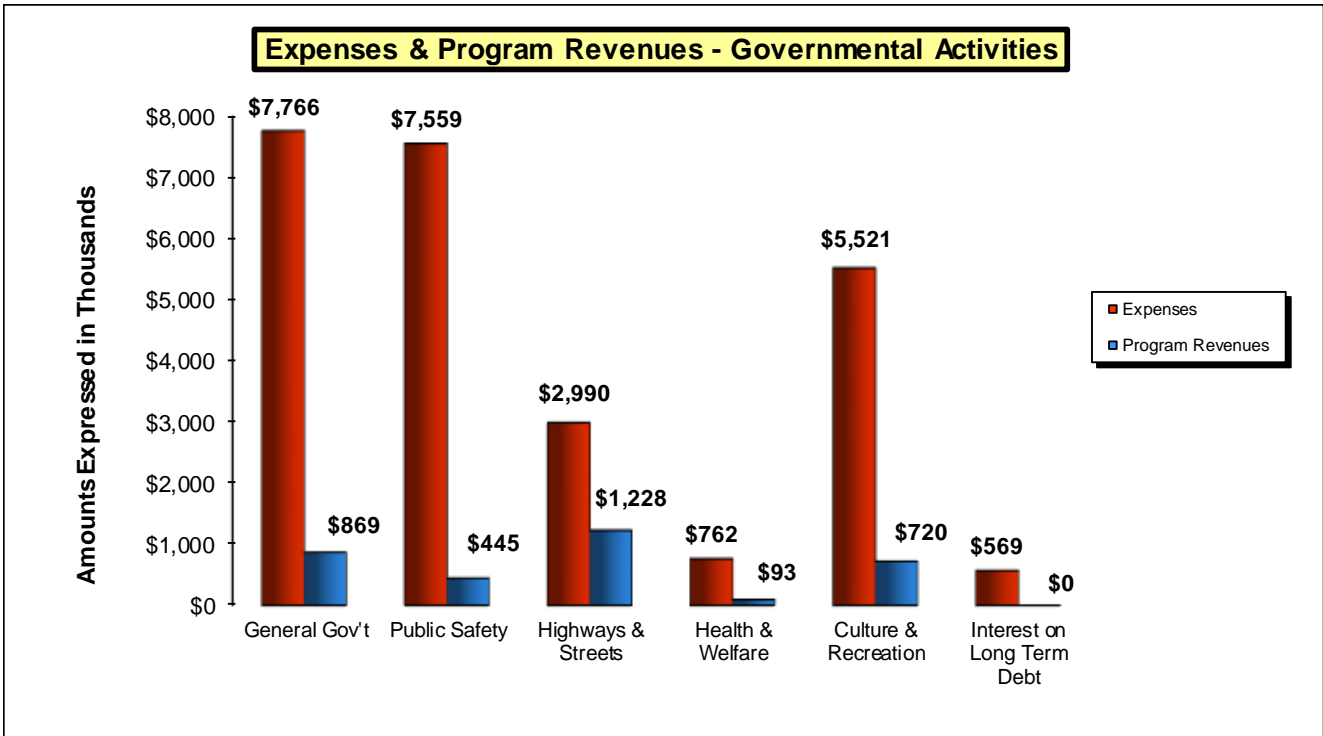
Expenses increased to \$25,166 from \$22,802 or \$2,364 during the year. This increase is attributable to several factors.

- *General Government* expenses increased by \$992 due to several items: \$547 of the increase was due to the close-out of the Hwy 290 Fund and payment to Washington County for 50% of residual proceeds; the remaining \$445 increase is due to higher audits/consultants due TIRZ creation and economic development; stairwell safety improvements at City Hall; increased compensated absences; the additional pension expense under GASB 75 OPEB implementation and TMRS pension expense under GASB 68 reporting requirements;
- *Public Safety* expenses increased \$504 due primarily to the implementation of the Compensation Study and higher pension expense for TMRS and TESRS under GASB 68 reporting requirements;
- *Highway/Streets* expenses increased by \$103 from downtown removable bollards for traffic control and crowd safety; non-capital equipment purchases and increased street maintenance;
- *Culture and Recreation* expenses were higher by \$721 due to several items: a full year of operating the Barnhill Center and "Visitor Brenham" tourism program; outdoor leisure pool drain repairs; HVAC repairs at the library including annual maintenance and inspection; increased library programming expenses; and completion of the strategic plan for tourism;
- *Health and Welfare* increased by \$67 due mainly to building repairs; additional shelter supplies and staffing costs labor due to a larger animal population;

Transfers increased during the year by \$231 which is directly proportional to the overall increase in actual expenses in the governmental indirect departments (Administration, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)



CITY OF BRENHAM, TEXAS
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GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Business-type activities. Business-type activities increased the City of Brenham's net position by \$3,298 compared to an increase of \$2,159 in the prior fiscal year. However, a restatement of beginning net position as a result of a capital asset disposal which was not recorded in the prior fiscal year reduced the ending net position by \$81. Key elements are noted below.

Revenues decreased to \$38,485 from \$38,677 during the year (less than 1%). This decrease is attributable to several factors.

- The charges for services in the Electric Fund decreased \$1,206 or 5.2% due primarily to the LCRA wholesale power cost adjustment passed on to the City and lower kWh consumption.
- Gas Fund revenues experienced a \$56 decrease due to lower mcf consumption from milder winter weather reducing heating needs.
- The charges for services in the Water Fund decreased \$150 during the year. Unusually wet weather contributed to lower consumption which was down 75 million gallons from the prior fiscal year.
- Charges for services in the Wastewater Fund were lower by \$97 from industrial surcharges running lower than the prior year.
- The Sanitation Fund charges for services were higher by \$52 due primarily to higher Transfer Station revenues.

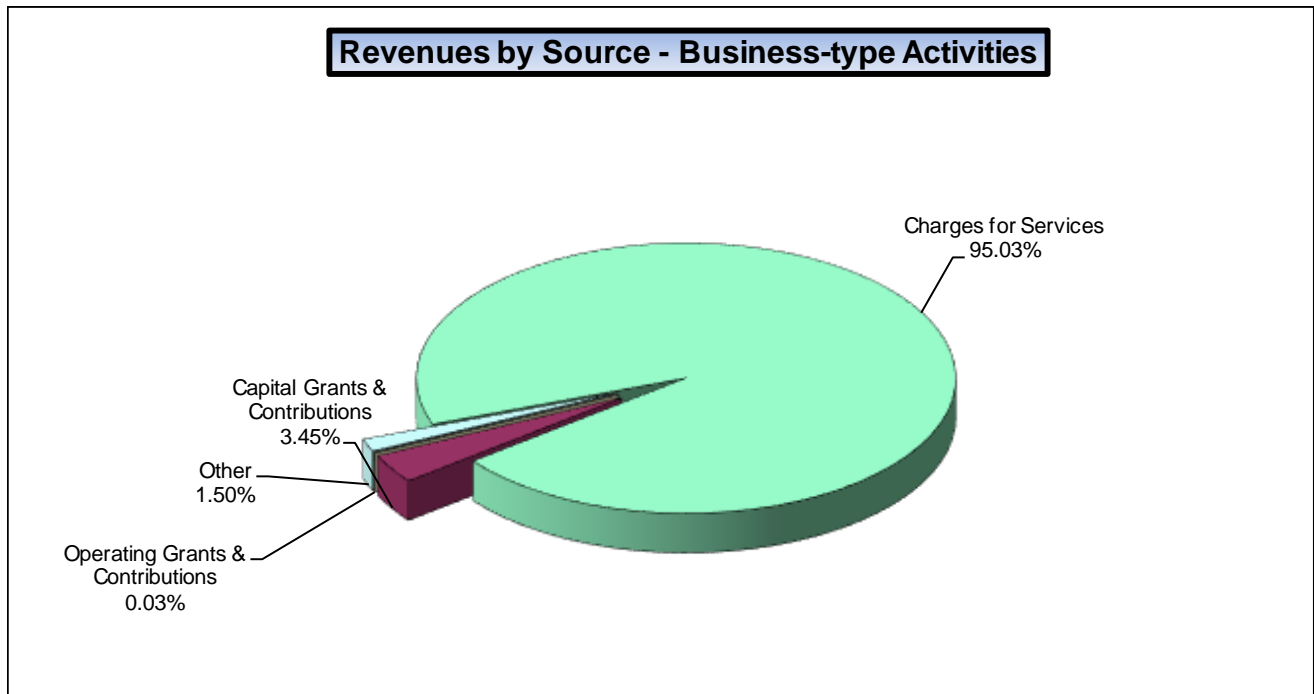
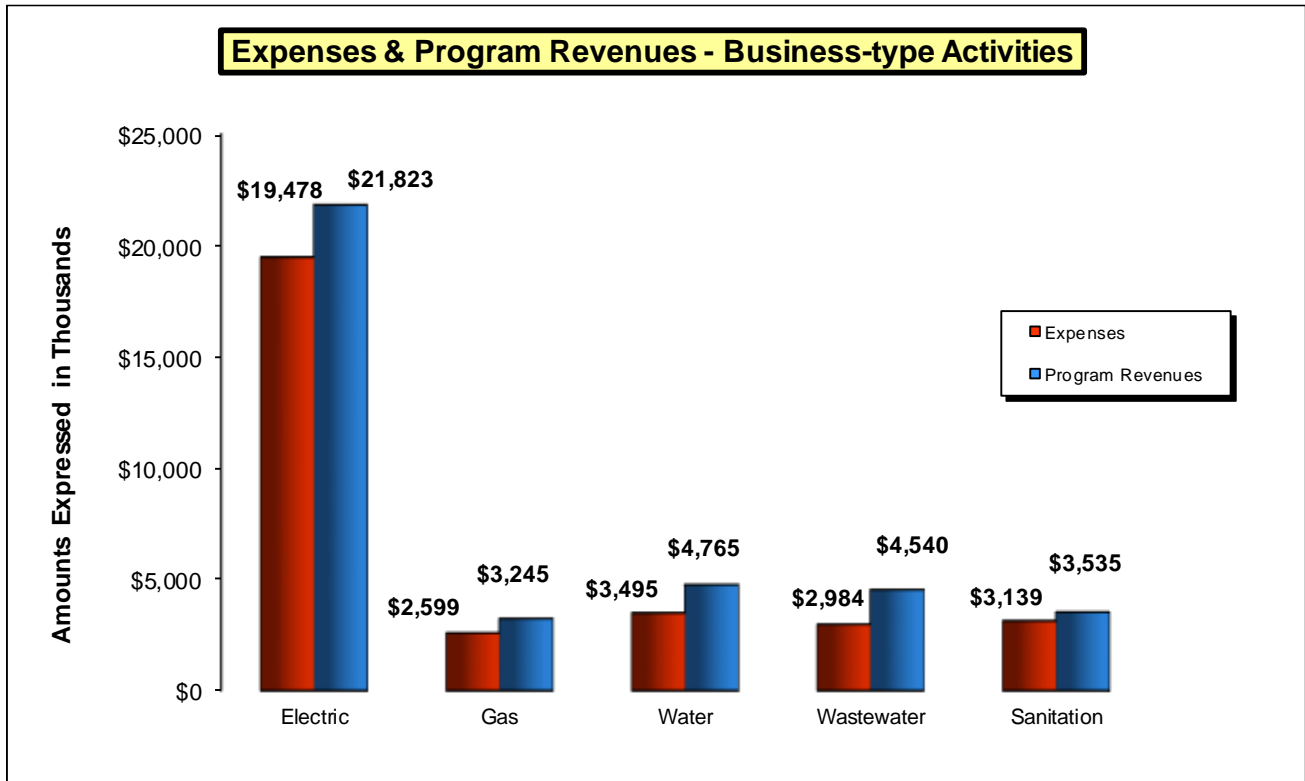
Expenses decreased to \$31,694 from \$33,256 or 4.7% during the year with specific changes presented below.

- Electric Fund expenses decreased \$1,716 or 8% due to lower costs for wholesale power combined with lower kWh consumption by customers.
- Gas Fund expenses increased by \$101 due to higher purchase costs per mcf, higher salaries and maintenance.
- The Water Fund operating expenses increased by \$68 due to higher salaries and supplies.
- Wastewater Fund expenses decreased by \$93 due mainly to lower plant maintenance.
- With four operational areas, the Sanitation Fund expenses increased by \$80 overall due mainly to higher disposal costs.

Transfers out increased by \$231 during the year which is directly proportional to the overall increase in actual expenses in the governmental indirect departments (Administration, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)



CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
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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 \$8,472 a decrease of \$2,138 in comparison with the prior year. The General Fund highlights are discussed in the following section. Significant changes in other governmental funds are noted below.

The U.S. Hwy 290 Pass-Thru Finance Fund has a \$0 fund balance or a decrease of \$2,790 in comparison to the prior fiscal year. Pass-Through Toll Revenue Bonds in the amount of \$15 million were issued in FY11 to fund a major transportation project with the Texas Department of Transportation. Repayments from TxDOT were based on traffic levels. In years 2013 through 2017, the City received repayments from TxDOT totaling \$15 million for principal repayments. The City and Washington County were each responsible for 50% of the interest on the bonds. The final debt service payment on the Pass-Thorough Toll Revenue Bonds was made in August 2019 and the residual balance in the Fund was divided equally between the City and County.

In Other Governmental Funds, the combined fund balance of \$2,780 decreased by \$152. This decrease is mainly attributable to activity in the *2017 Capital Projects Fund* which is used to account for proceeds and approved expenditures for the 2017 Bond projects. In FY19 we completed drainage improvements of \$411; however, this decrease was offset by increased revenues in the *Hotel/Motel Tax Fund*.

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

Unrestricted net position of the Electric Fund at the end of the year totaled to \$9,001; those of the Gas Fund were \$1,031; the Water Fund \$1,565; the Wastewater Fund \$1,094 and the Sanitation Fund \$677. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brenham's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The original and final amended revenue budget was \$14,578. Although we had favorable and unfavorable revenue variance for fiscal year 2019, the General Fund's actual revenue came in on track with budget due to a combination of the following:

- Taxes were higher by \$32 from property, sales and mixed beverage taxes offset by lower franchise tax;
- Intergovernmental revenues were higher by \$63 from library and airport grants and reimbursement from the Boys and Girls Club for building maintenance;
- Charges for services were higher by \$71 from park/aquatic facility rentals and animal adoptions;
- Investment income was up by \$73 due to higher interest rates;
- Miscellaneous revenue was higher by \$37 due to sale of crushed street asphalt millings;
- Fines and Forfeitures revenues were lower by \$155 from a decline in court fees and fines;
- Payment from Component Unit was less by \$121 due to savings in Blue Bell Aquatic Center refurbishments and the decision to have the Main Street Board update the Downtown Master Plan rather than an outside consultant.

CITY OF BRENHAM, TEXAS
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GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

The original expenditure budget was \$17,951 compared to the final amended budget of \$17,919, a decrease of \$32. The Culture and Recreation budget increased by \$36 due to increased personnel costs while the General Government budget decreased by \$68 due to turnover and vacant positions.

For fiscal year 2019, the General Fund's actual expenditures overall came in approximately \$195 lower than budget attributable mainly to vacant positions and lower personnel costs. However, expenditures for General Government were unfavorable by \$110 due to consultant fees related to the creation of a Tax Increment Reinvestment Zone and Health and Welfare were over budget by \$22 due to HVAC repairs at the Animal Shelter.

The original budget for transfers-in was \$3,578 and the final amended budget was \$3,597 an increase of \$19. The decrease was from the Electric Fund for lower shared service allocations.

The original budget for transfers-out was \$57 and the final amended budget was \$483 an increase of \$425. We increased the transfers-out to the Equipment Fund for public safety vehicle replacements.

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, 2019 totals \$118,010 (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 \$2,961 or 2.6%.

City of Brenham, Texas Capital Assets (Amounts in Thousands) (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and Improvements	\$ 4,624	\$ 4,608	\$ 562	\$ 562	\$ 5,186	\$ 5,170
Buildings	19,879	20,261	376	406	20,255	20,667
Improvements other than buildings	5,243	5,428	17,361	18,234	22,604	23,662
Furniture, fixtures, and equipment	1,027	714	841	835	1,868	1,549
Machinery	314	257	-	-	314	257
Vehicles	3,768	3,922	2,596	2,666	6,364	6,588
Intangibles	109	126	133	87	242	213
Infrastructure	25,106	25,026	30,243	29,713	55,349	54,739
Construction in progress	1,058	728	4,770	1,476	5,828	2,204
Total	\$ 61,128	\$ 61,070	\$ 56,882	\$ 53,979	\$ 118,010	\$ 115,049

CITY OF BRENHAM, TEXAS
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CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

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

- Governmental Activities capital assets showed a net increase of \$58 with major changes in the following categories: completion of Fireman's Park restrooms project, Rock Party Room improvements and Police Station covered parking offset by disposal of HVAC units/controllers and current year depreciation expense accounted for the \$382 decrease in Buildings; playground equipment, parking lot construction and Fire Station fencing were added to Improvements Other Than Buildings, however current year depreciation resulted in a decrease of \$185; Furniture, Fixtures and Equipment increased due to the purchase of public safety radios for Police and Fire; Vehicles declined due to current year depreciation offset by new vehicle purchases; Infrastructure increased due to drainage improvements, street reconstruction and acceptance of Vintage Farm developer improvements offset by current year depreciation; and Construction in Progress increased due to downtown and residential drainage improvements and park improvements not completed until FY20.
- Business-type capital assets showed an overall increase of \$2,903 with major changes in the following categories: Improvements Other Than Buildings decreased due to retirement of water infrastructure and additional depreciation expense; Infrastructure projects related to utility lines, meters, and transformers in the utility operations increased this category; and Construction in Progress increased due to storm damage projects at the Wastewater Treatment Plant and Lake Intake Structure.

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

Long-term debt. At the end of the current fiscal year, the City of Brenham had total bonded debt outstanding, net of unamortized charges, of \$29,287. Of this amount, \$16,064 is tax-supported debt backed by the full faith and credit of the government and sales tax revenues of the BCDC (Component Unit). The remaining \$13,223 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			
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 1,726	\$ 2,359	\$ 8,653	\$ 10,461	\$ 10,379	\$ 12,820
Certificates of Obligation	14,049	13,437	4,231	2,893	18,280	16,330
Pass-Through Toll Revenue Bonds	-	1,750	-	-	-	1,750
Limited Tax Notes	-	-	-	-	-	-
Unamortized Credits/Charges	289	328	339	343	628	671
Total	\$ 16,064	\$ 17,874	\$ 13,223	\$ 13,697	\$ 29,287	\$ 31,571

The City of Brenham's total bonded debt decreased by \$2,284 or 7.2% during the current fiscal, with a decrease of \$1,810 in governmental activities and a decrease of \$474 in business-type activities. The City issued \$3.025 million of Certificates of Obligation (COs) for renovation of and improvements to the City's water utility system and facilities and construction of street and drainage improvements.

CITY OF BRENHAM, TEXAS
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CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5% of its total assessed valuation. Additionally, the City's charter allows a rate not exceeding \$1.65 per \$100 valuation for any one year. The tax rate of \$.5170 for the year ended September 30, 2019 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic backdrop for Brenham's FY19-20 Budget is favorable.

- The unemployment rate for Washington County in September 2019 was 3.1%, which is lower than the rate of 3.6% one year ago and is favorable compared to the State's average unemployment rate of 3.3%.
- Sales tax, which is the City's largest revenue source for funding general government operations and maintenance, was budgeted at a 3% growth rate plus \$97,000 in new revenue from local sales tax enacted on residential electric and gas customers.
- Utility franchise taxes paid to the General Fund are based on 7% of actual utility fund revenue. Due to increases in electric and water rates with modest growth in consumption, this revenue was budgeted to increase.

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 2020 fiscal year.

During FY19, unassigned fund balance in the General Fund, which excludes the other internal funds, decreased from \$4,500 to \$4,239. A portion of the unassigned fund balance was used to purchase public safety vehicles. The City of Brenham's adopted budget for FY20 is at a break-even level, so that General Fund expenditures do not utilize any fund balance.

For FY20, the City's overall tax rate decreased by \$0.003 per \$100 of property valuation as noted below.

- Overall tax rate changed from \$0.5170 from \$0.5140
- M&O tax rate unchanged at \$0.3200
- I&S tax rate reduced from \$0.1970 to \$0.1940

The City's FY20 Budget is the launching point for implementing the priorities and initiatives derived from the October 2018 Council/Staff Retreat. It reflects a new strategic direction, while continuing a strong financial position. The City is conducting a Comprehensive Plan update including a Thoroughfare Plan component. This document is essential as we plan for the City's future growth and challenges. We also continue to work with FEMA regarding the May 2016 storm recovery.

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 Assistant City Manager-Chief Financial Officer, P.O. Box 1059, Brenham, Texas, 77834.

City of Brenham
Statement of Net Position
September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Equivalents	\$ 5,348,959	\$ 4,917,567	\$ 10,266,526	\$ 1,143,104
Investments	3,000,000	2,249,313	5,249,313	500,000
Receivables - Property Tax (net)	294,553	-	294,553	-
Receivables - Sales Tax	852,321	-	852,321	284,107
Receivables - Occupancy Taxes	82,256	-	82,256	-
Receivables - Account (net)	403,038	4,699,145	5,102,183	45
Receivables - Interest	37,876	94,304	132,180	768
Internal Balances	(3,113,839)	3,113,839	-	-
Due from Other Governments	232,105	776,794	1,008,899	-
Inventory at Cost	190,104	1,206,310	1,396,414	-
Notes Receivable, Current	-	154,721	154,721	-
Prepaid Water Agreement	-	365,296	365,296	-
Other Current Assets	4,963	10,275	15,238	-
Restricted Cash	3,056,490	2,920,967	5,977,457	-
Restricted Investments	-	1,000,000	1,000,000	-
Notes Receivable, Long Term	-	1,029,747	1,029,747	-
Accrued Interest, Noncurrent	-	339,721	339,721	-
Capital Assets, Not Being Depreciated	5,692,284	5,365,952	11,058,236	3,131,397
Other Capital Assets, Net	55,436,173	51,515,975	106,952,148	12,983
Total assets	<u>71,517,283</u>	<u>79,759,926</u>	<u>151,277,209</u>	<u>5,072,404</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount from Refundings	96,915	511,250	608,165	-
Deferred Outflows - TMRS Pension	3,472,179	1,347,163	4,819,342	-
Deferred Outflows - TESRS Pension	54,231	-	54,231	-
Deferred Outflows - Post Employment Benefits	165,844	70,231	236,075	-
Total deferred outflows	<u>3,789,169</u>	<u>1,928,644</u>	<u>5,717,813</u>	<u>-</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	1,215,174	2,121,432	3,336,606	26,722
Other Liabilities	167	4,303	4,470	131,697
Accrued Interest	88,089	65,759	153,848	398,772
Consumer Deposits	-	1,448,750	1,448,750	-
Noncurrent Liabilities, due within one year				
Compensated Absences, Current	271,280	111,274	382,554	3,078
Bonds Payable, Current	1,636,595	-	1,636,595	-
Lease Payable, Current	132,362	135,069	267,431	-
Revenue Bonds Payable, Current	-	2,003,406	2,003,406	-
Notes Payable, Current	214,599	33,300	247,899	154,721
Noncurrent Liabilities, due in more than one year				
Compensated Absences, Long Term	203,416	97,939	301,355	170
Post Employment Benefits	1,196,683	509,541	1,706,224	-
Net Pension Liability - TMRS	10,897,889	4,193,409	15,091,298	-
Net Pension Liability - TESRS	269,765	-	269,765	-
Long Term Debt, Net	15,307,545	12,408,722	27,716,267	1,029,747
Total liabilities	<u>31,433,564</u>	<u>23,132,904</u>	<u>54,566,468</u>	<u>1,744,907</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - TMRS Pension	1,738,321	681,626	2,419,947	-
Deferred Inflows - TESRS Pension	15,686	-	15,686	-
Deferred Inflows - Post Employment Benefits	77,145	33,786	110,931	-
Total deferred inflows	<u>1,831,152</u>	<u>715,412</u>	<u>2,546,564</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	44,953,152	44,304,303	89,257,455	1,959,911
Restricted for Debt Service	729,943	-	729,943	-
Restricted for Economic Development	-	-	-	(287,651)
Restricted for Recreation	-	-	-	1,655,237
Unrestricted (deficit)	(3,641,359)	13,535,951	9,894,592	-
Total net position	<u>\$ 42,041,736</u>	<u>\$ 57,840,254</u>	<u>\$ 99,881,990</u>	<u>\$ 3,327,497</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, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General Government	\$ 7,765,657	\$ 857,613	\$ 11,578	\$ -	\$ (6,896,466)	\$ -	\$ (6,896,466)	\$ -
Public Safety	7,558,849	17,889	427,367	-	(7,113,593)	-	(7,113,593)	-
Highways and Streets	2,990,206	149,874	145,907	932,230	(1,762,195)	-	(1,762,195)	-
Health and Welfare	761,752	75,330	17,825	-	(668,597)	-	(668,597)	-
Culture and Recreation	5,520,585	575,343	103,951	40,974	(4,800,317)	-	(4,800,317)	-
Interest on Long Term Debt	568,728	-	-	-	(568,728)	-	(568,728)	-
Total governmental activities	<u>25,165,777</u>	<u>1,676,049</u>	<u>706,628</u>	<u>973,204</u>	<u>(21,809,896)</u>	<u>-</u>	<u>(21,809,896)</u>	<u>-</u>
Business-type activities:								
Electric	19,477,950	21,812,017	11,144	-	-	2,345,211	2,345,211	-
Gas	2,599,346	3,244,775	-	-	-	645,429	645,429	-
Sanitation	3,138,697	3,535,206	-	-	-	396,509	396,509	-
Wastewater	2,983,713	3,870,552	-	669,886	-	1,556,725	1,556,725	-
Water	3,494,615	4,108,963	-	655,938	-	1,270,286	1,270,286	-
Total business-type activities	<u>31,694,321</u>	<u>36,571,513</u>	<u>11,144</u>	<u>1,325,824</u>	<u>-</u>	<u>6,214,160</u>	<u>6,214,160</u>	<u>-</u>
Total primary government	<u>\$ 56,860,098</u>	<u>\$ 38,247,562</u>	<u>\$ 717,772</u>	<u>\$ 2,299,028</u>	<u>\$ (21,809,896)</u>	<u>\$ 6,214,160</u>	<u>\$ (15,595,736)</u>	<u>\$ -</u>
Component unit:								
Brenham Community Devel Corp	\$ 314,230	\$ -	\$ -	\$ -				\$ (314,230)
Total component unit	<u>\$ 314,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>\$ (314,230)</u>
General Revenues:								
Property Taxes					6,901,297	-	6,901,297	-
Sales Taxes					5,217,475	-	5,217,475	1,739,159
Franchise Taxes					2,757,215	-	2,757,215	-
Hotel Occupancy Taxes					897,391	-	897,391	-
Alcoholic Beverage Taxes					66,945	-	66,945	-
Investment Income not Restricted					304,465	352,437	656,902	27,709
Miscellaneous					193,171	139,315	332,486	1,158
Gain on Sale of Capital Assets					44,307	85,999	130,306	-
Payments to/from Component Unit					908,329	-	908,329	(908,329)
Transfers					3,492,789	(3,492,789)	-	-
Total general revenues, payments to/from component unit and transfers					<u>20,783,384</u>	<u>(2,915,038)</u>	<u>17,868,346</u>	<u>859,697</u>
Change in net position					<u>(1,026,512)</u>	<u>3,299,122</u>	<u>2,272,610</u>	<u>545,467</u>
Net position - beginning as previously reported					<u>43,052,177</u>	<u>54,622,500</u>	<u>97,674,677</u>	<u>2,798,101</u>
Restatement of net position					<u>16,071</u>	<u>(81,368)</u>	<u>(65,297)</u>	<u>(16,071)</u>
Net position - beginning					<u>43,068,248</u>	<u>54,541,132</u>	<u>97,609,380</u>	<u>2,782,030</u>
Net position - ending					<u>\$ 42,041,736</u>	<u>\$ 57,840,254</u>	<u>\$ 99,881,990</u>	<u>\$ 3,327,497</u>

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

**City of Brenham
Balance Sheet
Governmental Funds
September 30, 2019**

	<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	\$ 4,734,147	\$ -	\$ -	\$ 614,813	\$ 5,348,960
Investments	3,000,000	-	-	-	3,000,000
Interest Receivable	37,876	-	-	-	37,876
Receivables (Net)					
Property Taxes	184,580	109,973	-	-	294,553
Sales Tax	852,321	-	-	-	852,321
Occupancy Tax	-	-	-	82,256	82,256
Accounts	403,038	-	-	-	403,038
Due from Other Governments	229,906	2,199	-	-	232,105
Inventory at Cost	190,104	-	-	-	190,104
Other Current Assets	1,000	-	-	3,863	4,863
Restricted Cash	-	617,771	-	2,240,189	2,857,960
Total Assets	<u>\$ 9,632,972</u>	<u>\$ 729,943</u>	<u>\$ -</u>	<u>\$ 2,941,121</u>	<u>\$ 13,304,036</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable & Other Current Liabilities	\$ 1,054,151	\$ -	\$ -	\$ 161,018	\$ 1,215,169
Interfund Payables	3,025,049	-	-	-	3,025,049
Other Liabilities	167	-	-	-	167
Total Liabilities	<u>4,079,367</u>	<u>-</u>	<u>-</u>	<u>161,018</u>	<u>4,240,385</u>
Deferred Inflows of Resources:					
Unavailable Revenues	482,021	109,973	-	-	591,994
Total Deferred Inflows of Resources	<u>482,021</u>	<u>109,973</u>	<u>-</u>	<u>-</u>	<u>591,994</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,561,388</u>	<u>109,973</u>	<u>-</u>	<u>161,018</u>	<u>4,832,379</u>
Fund Balances:					
Nonspendable	191,104	-	-	-	191,104
Restricted	214,444	619,970	-	2,373,045	3,207,459
Committed	-	-	-	397,317	397,317
Assigned	-	-	-	9,741	9,741
Unassigned	4,666,036	-	-	-	4,666,036
Total Fund Balances	<u>5,071,584</u>	<u>619,970</u>	<u>-</u>	<u>2,780,103</u>	<u>8,471,657</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,632,972</u>	<u>\$ 729,943</u>	<u>\$ -</u>	<u>\$ 2,941,121</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, 2019

Total fund balances - total governmental funds \$ 8,471,657

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. 61,128,457

Gross capital assets	116,123,824
Accumulated depreciation	(54,995,367)
	61,128,457

Certain deferred inflows and outflows of resources are not reported in the governmental funds: 1,958,017

Deferred charges on debt refundings	(96,915)
Deferred outflows - TMRS Pension	(3,472,179)
Deferred outflows - TESRS Pension	(54,231)
Deferred outflows - Post Employment Benefits	(165,844)
Deferred inflows - TMRS Pension	1,738,321
Deferred inflows - TESRS Pension	15,686
Deferred inflows - Post Employment Benefits	77,145
	(1,958,017)

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (30,218,223)

Bonds payable	15,775,658
Add: Issuance premium	385,208
Accrued interest payable	88,089
Capital lease payable	693,656
Note payable	436,579
Compensated absences	474,696
Post retirement benefits	1,196,683
Net pension liability - TMRS	10,897,889
Net pension liability - TESRS	269,765
	30,218,223

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. 109,835

Other long term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds. 591,993

Net position of governmental activities \$ 42,041,736

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, 2019

	<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>
Revenues					
Taxes	\$ 12,303,086	\$ 2,620,616	\$ -	\$ 897,391	\$ 15,821,093
Licenses and Permits	151,393	-	-	-	151,393
Intergovernmental	611,581	-	-	14,925	626,506
Charges for Services	801,365	-	-	51,916	853,281
Fines and Forfeitures	624,913	-	-	-	624,913
Investment Income	153,981	26,408	56,224	57,396	294,009
Payment from Component Unit	45,009	-	-	863,319	908,328
Contributions and Donations	104,336	-	-	55,150	159,486
Miscellaneous	254,512	-	-	42,347	296,859
Total revenues	<u>15,050,176</u>	<u>2,647,024</u>	<u>56,224</u>	<u>1,982,444</u>	<u>19,735,868</u>
Expenditures					
Current:					
Culture and Recreation	4,158,712	-	-	312,660	4,471,372
General Government	6,303,880	-	546,990	28,156	6,879,026
Health and Welfare	629,581	-	-	-	629,581
Highways and Streets	1,410,937	-	-	7,900	1,418,837
Public Safety	6,333,674	-	-	1,995	6,335,669
Debt service:					
Interest & Fiscal Charges	-	641,998	-	-	641,998
Principal Retirement	-	3,991,054	-	-	3,991,054
Issuance Costs	-	-	-	50,498	50,498
Capital Outlay	939,829	-	-	2,149,522	3,089,351
Total expenditures	<u>19,776,613</u>	<u>4,633,052</u>	<u>546,990</u>	<u>2,550,731</u>	<u>27,507,386</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,726,437)</u>	<u>(1,986,028)</u>	<u>(490,766)</u>	<u>(568,287)</u>	<u>(7,771,518)</u>
Other Financing Sources (Uses)					
Transfers In	5,255,216	2,302,782	-	55,292	7,613,290
Transfers Out	(55,292)	-	(2,299,282)	(1,765,927)	(4,120,501)
Issuance of Note Payable	-	-	-	576,623	576,623
Issuance of Debt	-	-	-	1,515,000	1,515,000
Premium on Debt Issued	-	-	-	35,498	35,498
Insurance Proceeds	12,734	-	-	-	12,734
Total other financing sources and (uses)	<u>5,212,658</u>	<u>2,302,782</u>	<u>(2,299,282)</u>	<u>416,486</u>	<u>5,632,644</u>
Net change in Fund Balances	486,221	316,754	(2,790,048)	(151,801)	(2,138,874)
Fund balances - beginning	<u>4,585,363</u>	<u>303,216</u>	<u>2,790,048</u>	<u>2,931,904</u>	<u>10,610,531</u>
Fund balances - ending	<u>\$ 5,071,584</u>	<u>\$ 619,970</u>	<u>\$ -</u>	<u>\$ 2,780,103</u>	<u>\$ 8,471,657</u>

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

City of Brenham
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2019

Net change in fund balances - total governmental funds \$ (2,138,874)

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. 42,386

Capital outlay	3,089,351
Depreciation expense	(3,639,680)
Donation of capital assets	870,846
Proceeds from sale	(63,243)
Loss on disposal	(259,195)
Gain on disposal	44,307
	42,386

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 44,375

Bond and note payable proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Bond and note payable principal payments are expenditures in the governmental funds, but they reduce long term liabilities in the statement of net position. 1,939,357

Debt issued:	
2019 Certificates of Obligation	(1,515,000)
Note Payable	(576,623)
Bond premium on new debt	(35,498)
Repayments:	
To bond, certificate, and note holders	3,991,053
Amortization of bond premiums, discounts, & charges	75,425
	1,939,357

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. (948,194)

Compensated absences	(133,254)
Accrued interest payable	(2,154)
Post retirement benefits	(79,782)
Pension Costs - TMRS, Net	(653,717)
Pension Costs - TESRS, Net	(79,287)
	(948,194)

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. 34,438

Change in net position of governmental activities \$ (1,026,512)

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, 2019**

	Budgeted Amounts		Actual	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Taxes	\$ 12,270,841	\$ 12,270,841	\$ 12,303,086	\$ -	\$ 12,303,086	\$ 32,245
Licenses and Permits	152,241	152,241	151,393	-	151,393	(848)
Intergovernmental	337,176	337,176	611,581	(211,687)	399,894	62,718
Charges for Services	573,308	573,308	801,365	(156,954)	644,411	71,103
Fines and Forfeitures	779,963	779,963	624,913	-	624,913	(155,050)
Investment Income	81,000	81,000	153,981	-	153,981	72,981
Payment from Component Unit	166,500	166,500	45,009	-	45,009	(121,491)
Contributions and Donations	-	-	104,336	(104,336)	-	-
Miscellaneous	217,266	217,266	254,512	-	254,512	37,246
Total revenues	<u>14,578,295</u>	<u>14,578,295</u>	<u>15,050,176</u>	<u>(472,977)</u>	<u>14,577,199</u>	<u>(1,096)</u>
Expenditures						
Current:						
Culture and Recreation	3,449,104	3,485,440	4,158,712	(746,625)	3,412,087	73,353
General Government	6,198,186	6,129,850	6,303,880	(63,181)	6,240,699	(110,849)
Health and Welfare	588,089	588,089	629,581	(19,679)	609,902	(21,813)
Highways and Streets	1,281,645	1,281,645	1,410,937	(248,543)	1,162,394	119,251
Public Safety	6,434,073	6,434,073	6,333,674	(42,124)	6,291,550	142,523
	<u>17,951,097</u>	<u>17,919,097</u>	<u>18,836,784</u>	<u>(1,120,152)</u>	<u>17,716,632</u>	<u>202,465</u>
Capital Outlay	202,700	234,700	939,829	(697,907)	241,922	(7,222)
Total Expenditures	<u>18,153,797</u>	<u>18,153,797</u>	<u>19,776,613</u>	<u>(1,818,059)</u>	<u>17,958,554</u>	<u>195,243</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,575,502)</u>	<u>(3,575,502)</u>	<u>(4,726,437)</u>	<u>1,345,082</u>	<u>(3,381,355)</u>	<u>194,147</u>
Other Financing Sources (Uses)						
Transfers In	3,578,079	3,597,218	5,255,216	(1,675,878)	3,579,338	(17,880)
Transfers Out	(57,577)	(482,577)	(55,292)	(425,000)	(480,292)	2,285
Insurance Proceeds	55,000	55,000	12,734	-	12,734	(42,266)
Total other financing sources and (uses)	<u>3,575,502</u>	<u>3,169,641</u>	<u>5,212,658</u>	<u>(2,100,878)</u>	<u>3,111,780</u>	<u>(57,861)</u>
Net change in fund balance	-	(405,861)	486,221	(755,796)	(269,575)	136,286
Fund balance - beginning	<u>4,699,744</u>	<u>4,699,744</u>	<u>4,585,363</u>	<u>114,381</u>	<u>4,699,744</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,699,744</u>	<u>\$ 4,293,883</u>	<u>\$ 5,071,584</u>	<u>\$ (641,415)</u>	<u>\$ 4,430,169</u>	<u>\$ 136,286</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, 2019

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Internal Service Funds
Assets							
Current assets:							
Cash and Equivalents	\$ 907,373	\$ 1,158,677	\$ 183,970	\$ 1,474,882	\$ 1,112,927	\$ 4,837,829	\$ 79,738
Investments	2,000,000	-	249,313	-	-	2,249,313	-
Interest Receivable, Current	93,898	-	406	-	-	94,304	-
Receivables - Accounts, Net	2,934,208	221,902	748,363	492,834	301,838	4,699,145	-
Receivables - Interfund	3,025,049	-	-	-	-	3,025,049	-
Due from Other Governments	13,335	-	389,740	370,579	3,140	776,794	-
Inventory at Cost	681,650	118,519	354,936	49,466	-	1,204,571	1,739
Prepaid Water Agreement	-	-	365,296	-	-	365,296	-
Other Current Assets	-	-	-	-	10,275	10,275	100
Notes Receivable, Net	154,721	-	-	-	-	154,721	-
Restricted Cash	2,076,612	-	735,573	108,782	-	2,920,967	198,530
Restricted Investments	1,000,000	-	-	-	-	1,000,000	-
Total current assets	<u>12,886,846</u>	<u>1,499,098</u>	<u>3,027,597</u>	<u>2,496,543</u>	<u>1,428,180</u>	<u>21,677,985</u>	<u>280,107</u>
Noncurrent assets:							
Interest Receivable, Noncurrent	339,721	-	-	-	-	339,721	-
Capital Assets, Net	13,982,366	1,943,435	20,751,701	18,196,881	1,499,131	56,373,514	508,413
Notes Receivable, Long Term	1,029,747	-	-	-	-	1,029,747	-
Total noncurrent assets	<u>15,351,834</u>	<u>1,943,435</u>	<u>20,751,701</u>	<u>18,196,881</u>	<u>1,499,131</u>	<u>57,403,261</u>	<u>508,413</u>
Total assets	<u>28,238,680</u>	<u>3,442,533</u>	<u>23,779,298</u>	<u>20,693,424</u>	<u>2,927,311</u>	<u>79,081,246</u>	<u>788,520</u>
Deferred Outflows of Resources							
Deferred Amount from Refundings	-	-	303,822	207,428	-	511,250	-
Deferred Outflows - TMRS Pension	650,779	122,754	220,688	152,552	200,390	1,347,163	-
Deferred Outflows - OPEB	31,638	7,223	11,213	8,424	11,733	70,231	-
Total deferred outflows	<u>682,417</u>	<u>129,977</u>	<u>535,723</u>	<u>368,404</u>	<u>212,123</u>	<u>1,928,644</u>	<u>-</u>
Liabilities							
Current liabilities:							
Accounts Payable & Other Current Liabilities	\$ 759,583	\$ 80,205	\$ 308,370	\$ 818,722	\$ 153,087	\$ 2,119,967	\$ 1,462
Other Liabilities	-	900	2,353	1,050	-	4,303	-
Accrued Interest	8,146	-	33,824	16,326	5,652	63,948	1,811
Compensated Absences, Current	64,123	13,066	14,528	6,801	12,756	111,274	-
Lease Payable, Current	-	-	-	84,722	23,201	107,923	27,146
Revenue Bonds Payable, Current	72,194	-	658,438	1,272,774	-	2,003,406	-
Note Payable, Current	-	-	33,300	-	-	33,300	-
Consumer Deposits	1,448,750	-	-	-	-	1,448,750	-
Total current liabilities	<u>2,352,796</u>	<u>94,171</u>	<u>1,050,813</u>	<u>2,200,395</u>	<u>194,696</u>	<u>5,892,871</u>	<u>30,419</u>
Noncurrent liabilities:							
Compensated Absences	42,283	12,713	23,832	5,852	13,259	97,939	-
Post Employment Benefits	239,355	50,323	84,802	55,462	79,599	509,541	-
Net Pension Liability - TMRS	1,994,265	375,889	691,003	540,477	591,775	4,193,409	-
Long Term Debt, Net	1,839,707	-	7,243,836	2,789,268	420,795	12,293,606	115,116
Total noncurrent liabilities	<u>4,115,610</u>	<u>438,925</u>	<u>8,043,473</u>	<u>3,391,059</u>	<u>1,105,428</u>	<u>17,094,495</u>	<u>115,116</u>
Total liabilities	<u>6,468,406</u>	<u>533,096</u>	<u>9,094,286</u>	<u>5,591,454</u>	<u>1,300,124</u>	<u>22,987,366</u>	<u>145,535</u>
Deferred Inflows of Resources							
Deferred Inflows - TMRS Pension	330,411	61,599	111,287	76,747	101,582	681,626	-
Deferred Inflows - OPEB	15,230	3,379	5,564	4,207	5,406	33,786	-
Total deferred inflows	<u>345,641</u>	<u>64,978</u>	<u>116,851</u>	<u>80,954</u>	<u>106,988</u>	<u>715,412</u>	<u>-</u>
Net Position							
Net Investment in Capital Assets	13,105,623	1,943,435	13,539,101	14,294,858	1,055,136	43,938,153	366,150
Unrestricted	9,001,427	1,031,001	1,564,783	1,094,562	677,186	13,368,959	276,835
Total net position	<u>\$ 22,107,050</u>	<u>\$ 2,974,436</u>	<u>\$ 15,103,884</u>	<u>\$ 15,389,420</u>	<u>\$ 1,732,322</u>	<u>\$ 57,307,112</u>	<u>\$ 642,985</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.

Net Position of business-type activities

533,142
\$ 57,840,254

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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, 2019

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Internal Service Funds
Operating revenues:							
Charges for Services	\$ 21,812,017	\$ 3,244,775	\$ 4,108,963	\$ 3,870,552	\$ 3,535,206	\$ 36,571,513	\$ 340,290
Total Operating Revenues	21,812,017	3,244,775	4,108,963	3,870,552	3,535,206	36,571,513	340,290
Operating expenses:							
Cost of Sales and Services	14,358,387	1,695,006	322,225	-	-	16,375,618	-
Salaries	2,029,078	415,040	730,288	544,922	724,760	4,444,088	-
Supplies	205,423	56,065	510,224	170,334	264,529	1,206,575	5,504
Maintenance	40,187	10,965	145,168	167,569	132,942	496,831	8,450
Contractual Services	457,068	42,717	328,405	682,768	1,710,870	3,221,828	158,150
Depreciation	707,036	135,539	967,335	921,066	215,013	2,945,989	63,121
Gross Revenue Tax	1,488,870	226,156	278,626	260,748	63,140	2,317,540	-
Miscellaneous	146,580	21,231	26,105	40,499	27,008	261,423	6,859
Total operating expenses	19,432,629	2,602,719	3,308,376	2,787,906	3,138,262	31,269,892	242,084
Operating Income (loss)	2,379,388	642,056	800,587	1,082,646	396,944	5,301,621	98,206
Nonoperating revenues (expenses):							
Intergovernmental	11,144	-	-	370,579	-	381,723	-
Investment Income	230,456	24,639	38,378	42,530	14,482	350,485	3,541
Interest Expense & Fiscal Charges	(66,179)	-	(203,800)	(204,850)	(11,325)	(486,154)	(3,629)
Gain on Sale of Capital Assets	5,100	3,752	6,523	37,025	33,599	85,999	-
Miscellaneous, Net	21,745	460	-	102,201	14,909	139,315	-
Total non operating revenue (expenses)	202,266	28,851	(158,899)	347,485	51,665	471,368	(88)
Income (loss) before contributions and transfers	2,581,654	670,907	641,688	1,430,131	448,609	5,772,989	98,118
Capital Contributions	-	-	655,938	299,307	-	955,245	-
Transfers In	602,931	-	-	-	93,316	696,247	-
Transfers Out	(2,012,712)	(598,448)	(650,072)	(484,514)	(443,290)	(4,189,036)	-
Total Transfers In/(Out)	(1,409,781)	(598,448)	(650,072)	(484,514)	(349,974)	(3,492,789)	-
Change in net position	1,171,873	72,459	647,554	1,244,924	98,635	3,235,445	98,118
Total net position - beginning as previously reported	20,935,177	2,901,977	14,537,698	14,144,496	1,633,687		544,867
Restatement of net position	-	-	(81,368)	-	-		-
Total net position - beginning as restated	20,935,177	2,901,977	14,456,330	14,144,496	1,633,687		544,867
Total net position - ending	\$ 22,107,050	\$ 2,974,436	\$ 15,103,884	\$ 15,389,420	\$ 1,732,322		\$ 642,985

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	63,677
	<u>\$ 3,299,122</u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	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	\$ 21,802,264	\$ 3,267,066	\$ 3,956,695	\$ 3,882,472	\$ 3,526,627	\$ 36,435,124	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	340,290
Gross revenue tax paid to General Fund	(1,488,870)	(226,156)	(278,626)	(260,748)	(63,140)	(2,317,540)	-
Payments to suppliers	(16,646,678)	(1,849,776)	(1,302,182)	(220,225)	(2,140,535)	(22,159,396)	(178,700)
Payments to employees	(1,876,190)	(384,241)	(680,693)	(510,354)	(685,474)	(4,136,952)	-
Net cash provided (used) by operating activities	<u>1,790,526</u>	<u>806,893</u>	<u>1,695,194</u>	<u>2,891,145</u>	<u>637,478</u>	<u>7,821,236</u>	<u>161,590</u>
Cash Flows from Non Capital Financing Activities							
Transfers in	602,931	-	-	-	93,316	696,247	-
Transfers out	(2,012,712)	(598,448)	(650,072)	(484,514)	(443,290)	(4,189,036)	-
Interest paid on consumer deposits	(12,535)	-	-	-	-	(12,535)	-
Net cash provided (used) by noncapital financing activities	<u>(1,422,316)</u>	<u>(598,448)</u>	<u>(650,072)</u>	<u>(484,514)</u>	<u>(349,974)</u>	<u>(3,505,324)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities							
Acquisition and construction of capital assets	(1,308,762)	(198,228)	(2,184,703)	(859,898)	(102,500)	(4,654,091)	(178,538)
Proceeds from Issuance of Bonds	-	-	1,500,000	-	-	1,500,000	-
Principal paid on bonds and capital leases	(72,194)	-	(681,165)	(1,281,638)	(82,777)	(2,117,774)	(26,523)
Insurance proceeds	1,151	-	-	100,851	34,115	136,117	-
Proceeds from sales of capital assets	5,100	3,752	6,525	37,025	50,449	102,851	-
Interest and fees paid on bonds and capital leases	(67,329)	-	(240,433)	(149,792)	(12,379)	(469,933)	(3,967)
Net cash provided (used) by capital and related financing activities	<u>(1,442,034)</u>	<u>(194,476)</u>	<u>(1,599,776)</u>	<u>(2,153,452)</u>	<u>(113,092)</u>	<u>(5,502,830)</u>	<u>(209,028)</u>
Cash Flows from Investing Activities							
Proceeds from sale and maturities of investments	-	-	250,687	-	-	250,687	-
Principal received on notes receivable	154,274	-	-	-	-	154,274	-
Investment income received	216,256	24,639	38,857	42,531	14,484	336,767	3,541
Net cash provided (used) by investing activities	<u>370,530</u>	<u>24,639</u>	<u>289,544</u>	<u>42,531</u>	<u>14,484</u>	<u>741,728</u>	<u>3,541</u>
Net increase (decrease) in cash and cash equivalents	(703,294)	38,608	(265,110)	295,710	188,896	(445,190)	(43,897)
Cash and cash equivalents, beginning of year	<u>3,687,279</u>	<u>1,120,069</u>	<u>1,184,653</u>	<u>1,287,954</u>	<u>924,031</u>	<u>8,203,986</u>	<u>322,165</u>
Cash and cash equivalents, end of year	<u>\$ 2,983,985</u>	<u>\$ 1,158,677</u>	<u>\$ 919,543</u>	<u>\$ 1,583,664</u>	<u>\$ 1,112,927</u>	<u>\$ 7,758,796</u>	<u>\$ 278,268</u>
Reconciliation of cash and cash equivalents to statement of net position							
Cash and equivalents	\$ 907,373	\$ 1,158,677	\$ 183,970	\$ 1,474,882	\$ 1,112,927	\$ 4,837,829	\$ 79,738
Restricted cash and equivalents	2,076,612	-	735,573	108,782	-	2,920,967	198,530
Cash and cash equivalents, end of year	<u>\$ 2,983,985</u>	<u>\$ 1,158,677</u>	<u>\$ 919,543</u>	<u>\$ 1,583,664</u>	<u>\$ 1,112,927</u>	<u>\$ 7,758,796</u>	<u>\$ 278,268</u>

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

Operating income (loss)	\$ 2,379,388	\$ 642,056	\$ 800,587	\$ 1,082,646	\$ 396,944	\$ 5,301,621	\$ 98,206
Adjustments to reconcile net cash provided (used) by operating activities							
Depreciation	707,036	135,539	967,335	921,066	215,013	2,945,989	63,121
Provision for uncollectible accounts	13,887	702	1,893	6,891	1,355	24,728	-
Other income (expense)	31,739	457	413,740	37,350	5,162	488,448	-
Changes in assets and liabilities affecting cash provided by operations:							
(Increase) decrease in accounts receivable	(123,184)	21,129	(180,661)	(32,321)	(25,821)	(340,858)	-
(Increase) decrease in inventory	(2,964)	6,120	(18,675)	1,618	-	(13,901)	(889)
(Increase) decrease in interfund receivables	(939,904)	-	-	816,311	-	(123,593)	-
(Increase) decrease in intergovernmental receivables	4,060	-	(387,240)	-	10,725	(372,455)	-
(Increase) decrease in other assets	-	-	(70,771)	-	18,465	(52,306)	-
Increase (decrease) in accounts payable and other current liabilities	(493,165)	(29,909)	149,391	53,016	(23,651)	(344,318)	1,152
Increase (decrease) in other liabilities	-	-	(30,000)	(30,000)	-	(60,000)	-
Increase (decrease) in salaries & benefits payable	992	1,053	(517)	(1,605)	(2,762)	(2,839)	-
Increase (decrease) in compensated absences	10,976	3,214	2,996	1,838	(761)	18,263	-
Increase (decrease) in postemployment benefits	15,126	3,471	5,331	4,000	5,654	33,582	-
Increase (decrease) in pension benefits	122,794	23,061	41,785	30,335	37,155	255,130	-
Increase (decrease) in consumer deposits	63,745	-	-	-	-	63,745	-
Net cash provided (used) by operating activities	<u>\$ 1,790,526</u>	<u>\$ 806,893</u>	<u>\$ 1,695,194</u>	<u>\$ 2,891,145</u>	<u>\$ 637,478</u>	<u>\$ 7,821,236</u>	<u>\$ 161,590</u>

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

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City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

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.

2. Blended component unit

In 2016, the City of Brenham Community Projects Fund, Inc. a non-profit organization was formed. The Corporation is a 501(c)(3) organization that supports the City of Brenham in implementing and conducting its charitable and educational projects designed to expand areas of service to citizens and visitors. For financial reporting purposes, the City of Brenham Community Projects Fund will be reported as a blended component unit in the governmental funds. For the current fiscal year there were no financial transactions to report.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate BCDC *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds.
- The *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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Additionally, the government reports the following fund types:

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

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

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

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

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 certificates of deposit, 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."

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

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

3. Inventories and prepaid items

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

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

4. Restricted assets

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

5. Capital assets

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

6. Compensated absences

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

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

8. Fund equity

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

9. Asset Retirement Obligations

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

The City operates a waste transfer station for which it has demonstrated financial assurance of \$72,483 by meeting the financial assurance test. Estimated closure cost is \$25,000.

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

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, 2019, 6 retirees/covered spouses meet those eligibility requirements and have elected to receive this benefit. The retiree/covered spouse pay the entire premium for group health coverage and claims are paid through the City's third-party provider.

Employees who terminate employment because of a disability may qualify for life insurance and long-term disability benefits until reaching age 65 or the end of the disability eligibility, whichever comes first. Premiums for those qualifying are waived and there is no further cost to the City or the former employee. Currently, one person qualifies for the long-term disability benefit.

11. Pensions

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

The departmental budget is the basic unit of measurement for the City's budget. Two Assistant City Managers report to the City Manager. These include Assistant City Manager-Chief Financial Officer/General Administration and Assistant City Manager-Public Services/Utilities. In addition to the Assistant City Managers, four director positions oversee the individual departmental budgets within their area of responsibility. These positions include the Director of Public Works, 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. In accordance with GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, eight other governmental funds are contained with the General Fund for financial reporting purposes. The revenue and expense of these funds are shown in the adjustments to budget basis column.

2. Budgeted funds

Annual appropriated budgets are adopted for all governmental fund types.

For the year ended September 30, 2019, 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, 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, Capital Leases Fund, 2017 Capital Projects Fund, Streets and Drainage Improvements Fund and Parks Capital Improvements Fund. Internal Service funds with budgets adopted include the Workers' Compensation Fund and the Central Fleet Fund. All annual budget appropriations lapse at the end of the fiscal year.

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

3. Legal level of control

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

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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

5. Encumbrances

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

B. Compliance with Finance Related Legal and Contractual Provisions

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

C. Deficit Fund Balances or Net Position Balances

No fund had a deficit fund balance at year end.

D. Excess of Expenditures Over Appropriations

For fiscal year end September 30, 2019, all expenditures of the General Fund were within appropriations at the legal level of budgetary control.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2019, the City had an investment in a State Money Pool (TexPool) which had a balance of \$3,257,738 which was included in cash and cash equivalents and restricted cash at September 30, 2019. "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 \$1.00007 per share. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment is limited to 13 months. TexPool was rated AAAM by Standard & Poor's. Authorized investments for TexPool funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

The City also had an investment in TexSTAR, another public funds investment pool, which had a balance of \$9,833,757 and was included in cash and cash equivalents and restricted cash at September 30, 2019. "TexSTAR" is a local government investment pool created and jointly managed by Hilltop Securities, Inc. and JP Morgan Investment Management, Inc. with the purpose of investing funds on behalf of Texas political subdivisions. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was \$0.99996 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 60 days or less and was rated AAAM by Standard and Poor's. Authorized investments for TexSTAR funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

At year end, the government's carrying amount of deposits (including certificates of deposit) for the primary government and BCDC component unit was \$11,037,406 and the bank balances totaled \$11,686,819. Of the bank and certificates of deposit balances, \$250,000 was covered by federal depository insurance and \$11,436,819 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

B. Receivables - Account

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

Governmental Funds

	General Fund
Accounts	\$ 281,924
Assessments	131,114
	413,038
Less Allowance for Uncollectibles	(10,000)
Accounts Receivable, Net	\$ 403,038

Proprietary Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total
Accounts	\$ 2,976,208	\$ 223,902	\$ 755,363	\$ 502,834	\$ 304,838	#####
Less Allowance for Uncollectibles	(42,000)	(2,000)	(7,000)	(10,000)	(3,000)	(64,000)
Accounts Receivable, Net	\$ 2,934,208	\$ 221,902	\$ 748,363	\$ 492,834	\$ 301,838	#####

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Components</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable (General Fund)	\$ 184,580	\$ -	\$ 184,580
Delinquent property taxes receivable (Debt Service Fund)	109,973	-	109,973
Franchise fees receivable	169,638	-	169,638
Lien assessments and pending seizures	126,303	-	126,303
Charges for Services not yet earned	-	1,500	1,500
Total deferred/unearned revenue for governmental funds	<u>\$ 590,494</u>	<u>\$ 1,500</u>	<u>\$ 591,994</u>
Balances not expected to be collected within one year	\$ 126,303	\$ -	\$ 126,303

C. Receivables – Property Taxes

The following information relates to property taxes receivable for the year ended September 30, 2019:

Original Certified Tax Roll	\$ 1,325,037,321
Approved Rate (Per \$100 Valuation)	0.5170
Original Levy	6,850,443
Supplements	(26,281)
Adjusted Levy	<u>\$ 6,824,162</u>
Collections on Current Tax Roll	6,725,371
Total Collections	6,816,497
Property Taxes Receivable	\$ 294,553

D. Notes Receivable

Notes receivable at September 30, 2019 consisted of the following:

Business-type Activities - Electric Fund

Note receivable from component unit Brenham Community Development Corporation, principal amount \$1,000,000; Interest payable at 4.750% with the first payment due September 30, 2017; maturing September 2029, unsecured	\$ 739,468
Note receivable from component unit Brenham Community Development Corporation, principal amount \$500,000; Interest payable at 3.250%; maturing September 2026, unsecured	<u>445,000</u>
	\$ 1,184,468
Less Current Portion	<u>(154,721)</u>
	<u>\$ 1,029,747</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

<u>Governmental Activities</u>	Beginning Balance	Increases	Reclass/CIP to Complete	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 4,463,031	\$ -	\$ -	\$ -	\$ 4,463,031
Land Improvements	160,718	-	-	-	160,718
Intangibles-Easements	10,593	-	-	-	10,593
Construction in Progress	727,954	606,683	(257,351)	(19,344)	1,057,942
Total Not Being Depreciated	<u>\$ 5,362,296</u>	<u>606,683</u>	<u>(257,351)</u>	<u>(19,344)</u>	<u>5,692,284</u>
Capital Assets, Being Depreciated:					
Buildings	30,032,983	331,111	221,690	(112,500)	30,473,284
Improvements Other Than Buildings	14,245,742	448,431	35,661	(89,872)	14,639,962
Furniture, Fixtures and Equipment	2,244,562	-	-	-	2,244,562
Machinery	600,909	123,155	-	-	724,064
Vehicles	8,649,290	483,220	-	(348,917)	8,783,593
Radios	645,621	573,123	-	(516,428)	702,316
Intangibles-Software	223,368	-	-	-	223,368
Infrastructure	51,911,903	1,394,473	-	(665,985)	52,640,391
Total Being Depreciated	108,554,378	3,353,513	257,351	(1,733,702)	110,431,540
Less Impairment	-	-	-	-	-
Less Accumulated Depreciation for:					
Buildings	(9,771,673)	(894,356)	-	72,500	(10,593,529)
Improvements Other Than Bldgs.	(8,817,729)	(654,220)	-	74,921	(9,397,028)
Furniture, Fixtures and Equipment	(1,656,197)	(106,063)	-	-	(1,762,260)
Machinery	(344,275)	(65,853)	-	-	(410,128)
Vehicles	(4,726,769)	(610,925)	-	321,790	(5,015,904)
Radios	(520,156)	(89,901)	-	451,822	(158,235)
Intangibles-Software	(108,523)	(16,760)	-	-	(125,283)
Infrastructure	(26,885,280)	(1,201,602)	-	553,882	(27,533,000)
Total Accumulated Depreciation	(52,830,602)	(3,639,680)	-	1,474,915	(54,995,367)
Total Being Depreciated, Net	55,723,776	(286,167)	257,351	(258,787)	55,436,173
Capital Assets, Net	<u>\$ 61,086,072</u>	<u>\$ 320,516</u>	<u>\$ -</u>	<u>\$ (278,131)</u>	<u>\$ 61,128,457</u>
<u>Business-type Activities</u>	Beginning Balance	Additions	Reclass/CIP to Complete	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 562,003	\$ -	\$ -	\$ -	\$ 562,003
Intangibles-Easements	33,811	-	-	-	33,811
Construction in Progress	1,475,631	3,756,702	(447,690)	(14,505)	4,770,138
Total Not Being Depreciated	2,071,445	3,756,702	(447,690)	(14,505)	5,365,952
Capital Assets, Being Depreciated:					
Buildings	864,476	-	-	-	864,476
Improvements Other Than Buildings	33,696,424	-	-	(197,830)	33,498,594
Furniture, Fixtures and Equipment	2,154,919	127,277	40,465	-	2,322,661
Vehicles	6,050,267	386,791	-	(723,876)	5,713,182
Intangibles-Software	152,583	6,118	61,225	-	219,926
Infrastructure	62,619,837	1,757,629	346,000	-	64,723,466
Total Being Depreciated	105,538,506	2,277,815	447,690	(921,706)	107,342,305
Less Accumulated Depreciation for:					
Buildings	(458,352)	(30,138)	-	-	(488,490)
Improvements Other Than Bldgs.	(15,462,987)	(791,720)	-	116,462	(16,138,245)
Furniture, Fixtures and Equipment	(1,319,324)	(162,539)	-	-	(1,481,863)
Vehicles	(3,383,702)	(430,278)	-	697,166	(3,116,814)
Intangibles-Software	(98,998)	(22,447)	-	-	(121,445)
Infrastructure	(32,907,485)	(1,571,988)	-	-	(34,479,473)
Total Accumulated Depreciation	(53,630,848)	(3,009,110)	-	813,628	(55,826,330)
Total Being Depreciated, Net	51,907,658	(731,295)	447,690	(108,078)	51,515,975
Capital Assets, Net	<u>\$ 53,979,103</u>	<u>\$ 3,025,407</u>	<u>\$ -</u>	<u>\$ (122,583)</u>	<u>\$ 56,881,927</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

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	\$ 907,141
General Government	455,242
Health and Welfare	108,722
Highways and Streets	1,409,368
Public Safety	759,207
Total Governmental Activities	<u>\$ 3,639,680</u>
<u>Business-type Activities</u>	
Electric	\$ 707,036
Gas	135,539
Water	967,335
Sewer	921,066
Sanitation	215,013
Total Business-type Activities	<u>\$ 2,945,989</u>
<u>Internal Service Funds</u>	
Central Fleet	\$ 63,121
Total Internal Service Funds	<u>\$ 63,121</u>

As of September 30, 2019, capital assets of the component unit consist of land (not being depreciated) with a balance of \$2,865,876, land improvements (not being depreciated) with a balance of \$143,721 and other improvements (being depreciated) with a balance of \$12,983. The Construction in Progress has a balance of \$121,800 for engineering for detention pond and 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 current contract evergreens each year and will expire in 2036. Also, a contract with a supplier to provide natural gas at a rate based on inside FERC Gas Market report index plus \$0.525 per MMBTU. This contract expires October 31, 2019 and continues thereafter on a year to year basis, until terminated with a 60-day written notice. For the year ending September 30, 2019 \$1,695,006 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, 2019 was \$322,225.

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, 2019 was \$14,358,387.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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. Repayments from TxDOT were based on traffic levels. As of September 30, 2012, the \$15 million had been advanced to TxDOT. In years 2013 through 2017, the City has received repayments from TXDOT totaling \$15,000,000. As of September 30, 2018, the total local contribution has been repaid.

Also, on June 17, 2008, an interlocal agreement with the County to share costs related to the US 290 Pass Thru Financing project was approved. Under this agreement, the City 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 2015, this debt was partially refunded with the issuance of \$3.9 Million 2015 General Obligation Refunding Bonds. As of September 30, 2019, all debt related to this project has been repaid and the Hwy 290 Fund closed out. Per the terms of the interlocal agreement all residual funds were divided evenly between the city and the county at project completion.

In March 2016, the City entered into an agreement with a contractor for small commercial waste collection services beginning in May 2016 and expiring in May 2021 with up to five one-year renewal terms. For the year ending September 30, 2019 the City paid \$988,791 under this contract.

The City has an interlocal agreement with the County to share costs related to the County's purchase of a public safety computer software system. Under the terms of this agreement, the City will reimburse the County a total of \$208,790 for the City's share of the software acquisition costs in 5 annual installments. As of September 30, 2019, two annual installments of \$41,758 have been paid.

The City has the following active construction projects as of September 30, 2019:

	Contract Amount	Spent-to-Date	Remaining Commitment
Parks and Recreation	\$ 816,637	\$ 217,310	\$ 599,327
Electric	1,006,911	318,515	688,396
Airport	50,000	1,265	48,735
Streets & Drainage	2,196,435	905,057	1,291,378
Water and Wastewater	4,792,648	3,568,318	1,224,330
BCDC	60,348	54,474	5,874
	<u>\$ 8,922,979</u>	<u>\$ 5,064,939</u>	<u>\$ 3,858,040</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

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, 2019 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund	General Fund	\$ 3,025,049
		\$ 3,025,049

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, 2019:

Transfers From:	Transfers To:					Net Transfers From
	Governmental Activities			Business Type Activities		
	General	Debt Service	Other Gov'tl	Electric	Sanitation	
Governmental Activities						
Major Funds						
General Fund	\$ -	\$ -	\$ 55,292	\$ -	\$ -	\$ 55,292
Hwy 290 Pass Through	-	2,299,282	-	-	-	2,299,282
Other Gov'tl Funds	1,762,427	3,500	-	-	-	1,765,927
Business-type Activities						
Major Funds						
Electric	2,012,712	-	-	-	-	2,012,712
Gas	417,147	-	-	181,301	-	598,448
Water	430,645	-	-	219,427	-	650,072
Wastewater	272,427	-	-	118,771	93,316	484,514
Sanitation	359,858	-	-	83,432	-	443,290
Total Transfers To	\$ 5,255,216	\$ 2,302,782	\$ 55,292	\$ 602,931	\$ 93,316	\$ 8,309,537

Payments from the Brenham Community Development Corporation (BCDC) component unit consist of \$863,319 to the Parks Capital Improvement Fund for capital improvements to seven different city parks. BCDC also provided \$45,009 to the General Fund for various aquatic and recreation projects. The following schedule shows payments to and from the component unit for the year ended September 30, 2019:

Payments From:	Payments To:		
	General	Other Governmental	Total Pymts From
Component Unit			
Brenham Community Development Corp	\$ 45,009	\$ 863,319	\$ 908,328

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt

During the fiscal year, the City issued \$3.025 million of new certificates of obligation of which \$1.515 million was recognized in the governmental funds, and \$1.51 million was recognized in the enterprise funds. This debt was issued for the purpose of street and drainage infrastructure improvements and water utility system improvements. Also, the City financed the purchase of replacement public safety radios through a \$576,623 promissory note with its depository bank.

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2019:

	Balance 9/30/2018	Additions	FY19 Retirements	Balance 9/30/2019	Due Within One Year	Long Term
Governmental Activities						
Long Term Debt						
2006 COB - Gen	\$ 4,975,000	\$ -	\$ (520,000)	\$ 4,455,000	\$ 540,000	\$ 3,915,000
2010 GOB Ref - Gen	335,378	-	-	335,378	335,378	-
2011 GOB Ref - Gen	989,810	-	(185,880)	803,930	192,076	611,854
2012 COB -Gen	1,410,000	-	(80,000)	1,330,000	85,000	1,245,000
2014 COB-Gen	3,440,000	-	(110,000)	3,330,000	175,000	3,155,000
2014 GOB Ref-Gen	1,033,624	-	(446,712)	586,912	111,335	475,577
2015 GOB Ref-Hwy 290-General	1,750,000	-	(1,750,000)	-	-	-
2016 COB-Gen	1,042,245	-	(42,807)	999,438	42,806	956,632
2017 COB-Gen	2,570,000	-	(95,000)	2,475,000	100,000	2,375,000
2019 COB-Gen	-	1,515,000	(55,000)	1,460,000	55,000	1,405,000
	<u>17,546,057</u>	<u>1,515,000</u>	<u>(3,285,399)</u>	<u>15,775,658</u>	<u>1,636,595</u>	<u>14,139,063</u>
Unamort Bond Premium	427,788	35,498	(78,078)	385,208	NA	385,208
Ref Deferred Charges - '10 Ref GOB	(7,928)	-	4,134	(3,794)	NA	(3,794)
Ref Deferred Charges - '11 Ref GOB	(93,842)	-	19,251	(74,591)	NA	(74,591)
Ref Deferred Charges - '14 Ref GOB	(28,200)	-	9,670	(18,530)	NA	(18,530)
Ref Deferred Charges - '15 Ref GOB	30,402	-	(30,402)	-	NA	-
	<u>17,874,277</u>	<u>1,550,498</u>	<u>(3,360,824)</u>	<u>16,063,951</u>	<u>1,636,595</u>	<u>14,427,356</u>
Bank of Brenham Library Furniture Note Payable	321,428	-	(321,428)	-	-	-
Bank of Brenham Virtual Server Note Payable	86,167	-	(27,856)	58,311	28,709	29,602
Bank of Brenham Public Safety Radios Note Payable	-	576,623	(198,355)	378,268	185,890	192,378
	<u>407,595</u>	<u>576,623</u>	<u>(547,639)</u>	<u>436,579</u>	<u>214,599</u>	<u>221,980</u>
Subtotal-Long Term Debt	<u>18,281,872</u>	<u>2,127,121</u>	<u>(3,908,463)</u>	<u>16,500,530</u>	<u>1,851,194</u>	<u>14,649,336</u>
Other Long-Term Liabilities						
Chase Asphalt Zipper Lease	28,692	-	(28,692)	-	-	-
Chase Vehicle & Equipment Lease	822,979	-	(129,323)	693,656	132,362	561,294
Compensated Absences ⁽¹⁾	341,442	542,559	(409,305)	474,696	271,280	203,416
Subtotal-Other Long-Term Liabilities	<u>1,193,113</u>	<u>542,559</u>	<u>(567,320)</u>	<u>1,168,352</u>	<u>403,642</u>	<u>764,710</u>
Total Governmental	<u>\$ 19,474,985</u>	<u>\$ 2,669,680</u>	<u>\$ (4,475,783)</u>	<u>\$ 17,668,882</u>	<u>\$ 2,254,836</u>	<u>\$ 15,414,046</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, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance <u>9/30/2018</u>	<u>Additions</u>	FY19 <u>Retirements</u>	Balance <u>9/30/2019</u>	Due Within <u>One Year</u>	<u>Long Term</u>
Business Type Activities						
Long Term Debt						
2010 GOB Ref - Water	\$ 265,349	\$ -	\$ -	\$ 265,349	\$ 265,349	\$ -
2010 GOB Ref - Wastewater	619,272	-	-	619,272	619,272	-
2011 GOB Ref - Wastewater	2,205,186	-	(414,120)	1,791,066	427,925	1,363,141
2014 GOB Ref - Water	817,800	-	(353,438)	464,362	88,088	376,274
2014 GOB Ref - Wastewater	1,908,576	-	(824,850)	1,083,726	205,578	878,148
2016 COB- Electric	1,757,756	-	(72,194)	1,685,562	72,194	1,613,368
2016 GOB Ref-Water	4,645,000	-	(215,000)	4,430,000	225,000	4,205,000
2017 COB-Water	625,000	-	(25,000)	600,000	25,000	575,000
2017 COB-Wastewater	510,000	-	(20,000)	490,000	20,000	470,000
2019 COB-Water	-	1,510,000	(55,000)	1,455,000	55,000	1,400,000
	<u>13,353,939</u>	<u>1,510,000</u>	<u>(1,979,602)</u>	<u>12,884,337</u>	<u>2,003,406</u>	<u>10,880,931</u>
Unamort Bond Premium-Electric	239,753	-	(13,413)	226,340	NA	226,340
Unamort Bond Premium-Water	613,490	35,381	(66,281)	582,590	NA	582,590
Unamort Bond Premium-Wastewater	51,856	-	(10,740)	41,116	NA	41,116
10 Ref Deferred Chrg-Water	(6,269)	-	3,271	(2,998)	NA	(2,998)
10 Ref Deferred Chrg-Waterwater	(14,632)	-	7,634	(6,998)	NA	(6,998)
11 Ref Deferred Chrg-Water	60,626	-	(60,626)	-	NA	-
11 Ref Deferred Chrg-Waterwater	(209,096)	-	42,885	(166,211)	NA	(166,211)
14 Ref Deferred Chrg-Water	(22,313)	-	7,651	(14,662)	NA	(14,662)
14 Ref Deferred Chrg-Wastewater	(52,077)	-	17,855	(34,222)	NA	(34,222)
16 Ref Deferred Chrg-Water	(318,404)	-	32,243	(286,161)	NA	(286,161)
	<u>13,696,873</u>	<u>1,545,381</u>	<u>(2,019,123)</u>	<u>13,223,131</u>	<u>2,003,406</u>	<u>11,219,725</u>
Bank of Brenham Spreader Truck Note-Water	171,000	-	(32,728)	138,272	33,300	104,972
Subtotal-Long Term Debt	<u>13,867,873</u>	<u>1,545,381</u>	<u>(2,051,851)</u>	<u>13,361,403</u>	<u>2,036,706</u>	<u>11,324,697</u>
Other Long-Term Liabilities						
Chase Vehicle & Equipment Lease-Fleet	168,786	-	(26,523)	142,263	27,146	115,117
Chase Vehicle & Equipment Lease-Wastewater	144,253	-	(22,668)	121,585	84,722	36,863
Chase Vehicle & Equipment Lease-Sanitation	526,772	-	(82,777)	443,995	23,201	420,794
Compensated Absences	190,952	222,457	(204,196)	209,213	111,274	97,939
Subtotal-Other Long-Term Liabilities	<u>1,030,763</u>	<u>222,457</u>	<u>(336,164)</u>	<u>917,056</u>	<u>246,343</u>	<u>670,713</u>
Total Proprietary	<u>\$ 14,898,636</u>	<u>\$ 1,767,838</u>	<u>\$ (2,388,015)</u>	<u>\$ 14,278,459</u>	<u>\$ 2,283,049</u>	<u>\$ 11,995,410</u>
Component Unit Governmental Activities						
Note Payable-BCDC to City Elec Fund-FY10	838,742	-	(99,274)	739,468	94,721	644,747
Note Payable-BCDC to City Elec Fund-FY17	500,000	-	(55,000)	445,000	60,000	385,000
Total Governmental - BCDC	<u>\$ 1,338,742</u>	<u>\$ -</u>	<u>\$ (154,274)</u>	<u>\$ 1,184,468</u>	<u>\$ 154,721</u>	<u>\$ 1,029,747</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

The annual debt service requirement to maturity for all bonded outstanding debt as of September 30, 2019 follows:

FISCAL YEAR ENDING 9/30	PRIMARY GOVERNMENT					
	GENERAL OBLIGATION		CERTIFICATES OF OBLIGATION		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020	\$ 2,470,000	\$ 334,821	\$ 1,170,000	\$ 651,169	\$ 3,640,000	\$ 985,990
2021	2,595,000	252,207	1,210,000	607,987	3,805,000	860,194
2022	1,155,000	190,100	1,280,000	563,015	2,435,000	753,115
2023	1,199,999	155,450	1,325,000	514,995	2,524,999	670,445
2024	540,000	113,400	1,375,000	407,694	1,915,000	521,094
2025-2029	2,419,996	227,400	5,410,000	1,573,961	7,829,996	1,801,361
2030-2034	-	-	4,460,000	799,146	4,460,000	799,146
2035-2039	-	-	2,050,000	172,695	2,050,000	172,695
	<u>\$ 10,379,995</u>	<u>\$ 1,273,378</u>	<u>\$ 18,280,000</u>	<u>\$ 5,290,662</u>	<u>\$ 28,659,995</u>	<u>\$ 6,564,040</u>

The annual debt service requirement to maturity for all notes payable outstanding debt as of September 30, 2019 follows:

FISCAL YEAR ENDING 9/30	NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2020	\$ 247,899
2021	256,106	10,595
2022	34,986	1,771
2023	35,860	897
2024	-	-
	<u>\$ 574,851</u>	<u>\$ 31,760</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding at September 30, 2019 for the primary government is comprised of the following:

\$9,000,000; 2006 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$155,000 to \$740,000 through August 15, 2026; interest rate 3.940%-4.7886%	\$	4,455,000
\$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%		1,220,000
\$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%		2,595,000
\$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%		1,330,000
\$4,075,000; 2014 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$90,000 to \$285,000 through August 15, 2034; interest rate 2.0-3.5%		3,330,000
\$5,490,000; 2014 General Obligation Refunding Bonds due in annual installments of \$65,000 to \$1,730,000 through August 15, 2021; interest rate 2.09%		2,135,000
\$3,035,000; 2016 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$110,000 to \$210,000 through August 15, 2036; interest rate 2.0-4.0%		2,685,000
\$4,695,000; 2016 General Obligation Refunding Bonds due in annual installments of \$50,000 to \$645,000 through August 15, 2028; interest rate 2.0-4.0%		4,430,000
\$3,840,000; 2017 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$135,000 to \$255,000 through August 15, 2037; interest rate 3.0-4.0%		3,565,000
\$3,025,000; 2019 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$110,000 to \$190,000 through August 15, 2039; interest rate 3.0-3.25%		2,915,000
\$1,918,082 lease payable dated March 13, 2017 due in annual payments of \$300,367 including interest, through March 2024; collateralized by financed vehicles & equipment. (FY17 Vehicles & Equipment)		1,401,500
\$171,000 note payable dated December 22, 2017 due in annual installments of \$36,757 including interest, through December 1, 2022; collateralized by financed vehicle. (Water Dept. Spreader Truck)		138,272
\$86,167 note payable dated March 26, 2018 due in annual installments of \$30,510 including interest, through March 26, 2021; collateralized by financed equipment. (Virtual Server)		58,312
\$576,623 note payable dated January 22, 2019 due in annual installments of \$199,129 including interest, through February 5, 2021; collateralized by financed equipment. (Public Safety Radios)		378,268
Compensated Absences for accrued vacation		683,909
		<u>\$31,320,261</u>
Unamortized Bond Premium		1,235,254
Unamortized Bond Discount		-
Deferred Charges on Bonds		(608,174)
		<u>\$31,947,341</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2019 and annual debt service payments to maturity for the outstanding debt follows:

\$1,000,000 note payable to primary government dated August 6, 2010, interest payable at 4.75%, unsecured, annual payments 2017 through 2029	\$ 739,468
\$500,000 note payable to primary government dated May 5, 2017, interest payable at 3.25%, unsecured, annual payments 2017 through 2026	<u>445,000</u>
	<u><u>\$ 1,184,468</u></u>

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2020	\$ 154,721
2021	150,377	74,101
2022	146,233	76,295
2023	147,278	78,299
2024	143,505	79,960
2024-2028	442,354	375,038
	\$ 1,184,468	\$ 755,399

I. Capital Leases

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

The assets acquired through the capital lease are as follows:

<u>Asset Class</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Vehicles/Large Equipment	\$ 948,672	\$ 968,749
Less: Accumulated Depreciation	(229,716)	(204,636)
Total Net Asset	\$ 718,956	\$ 764,113

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

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, 2019 were as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2020	\$ 148,663	\$ 151,704
2021	148,663	151,704
2022	148,663	151,704
2023	148,663	151,704
2024	148,663	151,704
<hr/>		
Total Minimum Lease Payments	\$ 743,315	\$ 758,520
Less: Amount Representing Interest	(49,659)	(50,677)
Present Value of Minimum Payments	<u>\$ 693,656</u>	<u>\$ 707,843</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 "rebatable arbitrage". Arbitrage rebate payments must be made to the federal government every five years and within 60 days of final maturity. A rebatable arbitrage liability is recognized in all funds and in the government-wide and proprietary fund financial statements when incurred and measurable.

At September 30, 2019 the primary government had no liability for rebatable arbitrage.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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	\$ 1,214,322	\$ 2,315,046
Customer Deposits	-	1,605,921
Debt Service	617,771	-
Hotel/Motel Tax	211,364	-
PD Criminal Law Enforcement	46,509	-
Streets/Drainage Improvements	767,994	-
Worker's compensation	198,530	-
	\$ 3,056,490	\$ 3,920,967

L. Classification of Net Position

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

M. Classification of Fund Balance:

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

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

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

The following schedule presents details of fund balance components at September 30, 2019:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ 190,104	\$ -	\$ -	\$ 190,104
Prepaid Assets	1,000	-	-	1,000
Restricted for:				
Debt Service	-	619,970	-	619,970
Grantor and Contributor Purposes	39,282	-	-	39,282
Public Safety	-	-	46,509	46,509
Culture & Recreation	-	-	9,428	9,428
Transportation and Aviation Projects	-	-	1,853,033	1,853,033
Court Technology and Security	-	-	55,542	55,542
Tourism Promotion	175,162	-	408,533	583,695
Committed to:				
Park Capital Improvements	-	-	348,531	348,531
Transportation and Aviation Projects	-	-	48,786	48,786
Assigned to:				
Culture and Recreation	-	-	9,741	9,741
Unassigned:	4,666,036	-	-	4,666,036
Total Fund Balances:	<u>\$ 5,071,584</u>	<u>\$ 619,970</u>	<u>\$ 2,780,103</u>	<u>\$ 8,471,657</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION

A. Risk Management

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

The City maintains an established risk management program for workers' compensation. Interfund premiums are based upon the insured funds' payroll and workers' compensation code rates and recorded as quasi-external interfund transactions in the Proprietary Fund statements. Net position of the workers' compensation risk management internal service fund as of September 30, 2019 was \$198,630.

B. Contingent Liabilities

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Audits for some of these federal programs for the year ended September 30, 2019 and for several prior years have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The City has not accrued revenue for potential disallowed expenditures related to certain disaster recovery grants. The amount, if any, of expenditures for other grants which may be disallowed by the grantor agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

C. Expenses and Recoveries Related to Storm Damages

In May 2016, the City experienced a historic flooding event and as a result damages were sustained to City property and infrastructure. Because of the excessive amount of rainfall and the extensive damage to property and infrastructure in the entire county, the City was approved for federal assistance through the Federal Emergency Management Agency (FEMA) and the National Resources Conservation Service (NRCS). The table below details the expenditures incurred by fiscal year for repairs and reconstruction work along with insurance recoveries and federal grant reimbursements. Additional repairs and reconstruction work will continue in FY20. In addition to claims that have already been collected, additional claims are still being submitted to FEMA and NRCS for review; however, all reimbursement amounts cannot be determined at this time.

	Governmental Funds	Proprietary Funds
Expenditures:		
FY16	\$ 429,740	\$ 97,995
FY17	505,246	280,176
FY18	1,401,227	140,622
FY19	273,367	1,503,845
Total Expenditures	2,609,579	2,022,638
Less Insurance Recoveries:		
FY16	\$ 175,401	\$ 62,085
FY17	84,261	13,452
FY18	53,341	0
Total Insurance Recoveries	313,003	75,537
Less Federal Grant Reimbursements:		
FY17	\$ 155,430	\$ 70,876
FY18	296,048	32,076
FY19	168,274	381,723
Total Federal Grant Reimbursements	619,753	484,674
Total Expenditures Less Insurance Recoveries and Federal Grant Reimbursements:	\$ 1,676,824	\$ 1,462,879

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

D. Deferred Compensation Plans

The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. Participation in either plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The City's involvement in administering the plan is limited to remitting the amounts collected from employees to the plan administrator. The government is not considered to be holding the assets of the plan and the assets are not available to support the City's own programs, therefore the deferred compensation plans are not presented in this report.

E. Retirement

The aggregate amount for all pension plans as of September 30, 2019 are as follows:

	TMRS	TESRS	Total
<i>Net Pension Liability</i>	\$ 15,091,298	\$ 269,765	\$ 15,361,063
<i>Deferred Outflows of Resources</i>	\$ (4,819,342)	\$ (54,231)	\$ (4,873,573)
<i>Deferred Inflows of Resources</i>	\$ 2,419,947	\$ 15,686	\$ 2,435,633
<i>Current Year Pension Expense</i>	\$ 2,150,536	\$ 132,436	\$ 2,282,972

1. Texas Municipal Retirement System

Plan Description

The City of Brenham participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.org.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefits in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments which cannot exceed 75% of the member's deposits and interest.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

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

	<i>Plan Year 2018</i>	<i>Plan Year 2019</i>
<i>Employee Deposit Rate</i>	5%	5%
<i>Matching Ratio (City to Employee)</i>	2 to 1	2 to 1
<i>Years Required for Vesting</i>	5	5
<i>Service Retirement Eligibility (Expressed as Age/Years of Service)</i>	60/5, 0/20	60/5, 0/20
<i>Updated Service Credit</i>	100%, Transfers	100%, Transfers
<i>Annuity Increase (To Retirees)</i>	70% of CPI	70% of CPI

Employees covered by benefit terms.

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

	2018
<u>Membership</u>	
Inactive employees or beneficiaries currently receiving benefits	137
Inactive employees entitled to but not yet receiving benefits	136
Active employees	206
Total	479

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees of the City of Brenham were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Brenham were 10.12% and 10.01% in 2018 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were \$1,123,595 and were equal to the required contribution.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rate multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males' rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment of younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate of ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$ 54,556,700	\$ 43,234,916	\$ 11,321,784
Changes for the year:			
Service Cost	1,288,102	-	1,288,102
Interest	3,647,237	-	3,647,237
Change of benefit terms	-	-	-
Difference between expected and actual experience	(827,317)	-	(827,317)
Changes of assumptions	-	-	-
Contributions - employer	-	1,110,351	(1,110,351)
Contributions - employee	-	548,595	(548,595)
Net investment income	-	(1,294,101)	1,294,101
Benefit payments, including refunds of employee contributions	(2,335,218)	(2,335,218)	-
Administrative expense	-	(25,030)	25,030
Other changes	-	(1,307)	1,307
Net changes	1,772,804	(1,996,710)	3,769,514
Balance at 12/31/2018	\$ 56,329,504	\$ 41,238,206	\$ 15,091,298

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$23,065,159	\$15,091,298	\$8,561,841

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRs financial report. That report may be obtained on the internet at www.tmr.org.

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

For the year ended September 30, 2019, the City of Brenham recognized pension expense of \$2,150,536, and the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 102,419	\$ 769,283
Differences in assumption changes	6,872	-
Differences between projected and actual investment earnings	3,891,362	1,650,664
Contributions subsequent to the measurement date	818,689	-
Total	\$ 4,819,342	\$ 2,419,947

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$818,689 will be recognized as a reduction of the net pension liability for the year ending September 30, 2020.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

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

Measurement Year	Pension Expense
2019	\$ (552,506)
2020	(132,923)
2021	(117,601)
2022	(777,676)
2023	-
Thereafter	-
Total	\$ (1,580,706)

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2018, there were 238 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2018, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,533
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,927
Active Participants (Vested and Non-vested)	3,927

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

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

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

Funding Policy

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

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

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 30, 2017.

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2018, total contributions (dues, prior service, and interest on prior service financing) of \$59,690 were paid by the City. The State appropriated \$1,329,219 for the fiscal year ending August 31, 2018 to the plan as a whole.

Net Pension Liability

The System's net pension liability was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2018.

Total pension liability	\$ 137,514,345
Plan fiduciary net position	115,863,894
System's net pension liability	\$ 21,650,451
Plan fiduciary net position as a percentage of the total pension liability	84.30%

Actuarial Assumptions

The total pension liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2018
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Actuarial Assumptions:	
Investment Rate of Return*	7.75%
Projected Salary Increase	N/A
*Includes Inflation At	3.00%
Cost of Living Adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.00%). In addition, the final 7.75% assumption reflected a reduction of 0.26% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

City of Brenham, Texas
Notes to Basic Financial Statements
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IV. OTHER INFORMATION (Continued)

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large Cap Domestic	32.00%	5.81%
Small Cap Domestic	15.00%	5.92%
Developed International	15.00%	6.21%
Emerging Markets	5.00%	7.18%
Master Limited Partnership	5.00%	7.61%
Real Estate	5.00%	4.46%
Fixed Income	23.00%	1.61%
Cash	0.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$536,105	\$269,765	\$90,126

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

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

At August 31, 2019, the City reported a liability of \$269,765 for its proportionate share of the plan's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$ 269,765
State's proportionate share that is associated with the City*	<u>74,871</u>
Total	<u>\$ 344,636</u>

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

The net pension liability was measured as of August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward the net pension liability nor did they provide the necessary information for the participants to roll forward themselves. While the City acknowledges that the measurement date does not fall within this 12-month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2018. The City used the assumption that any differences in the net pension liability measured as of August 31, 2018 versus September 30, 2018 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 1.246%.

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

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

For the year ended September 30, 2019 the City recognized pension expense of \$132,436. The City recognized on-behalf revenues of \$22,995 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

At August 31, 2018, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	\$ -	\$ 14,909
Differences due to changes in actuarial assumptions	1,008	-
Differences in expected and actual experience	73	777
Contributions paid to TESRS subsequent to the measurement data	53,150	-
Total	\$ 54,231	\$ 15,686

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$53,150 will be recognized as a reduction of the net liability for the year ending September 30, 2019.

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

Measurement Year	Pension Expense
2019	17,382
2020	(9,671)
2021	(14,233)
2022	(8,082)
Total	<u>\$ (14,604)</u>

F. Restatements

The net position of the City's governmental activities, business-type activities, Water Fund, and component unit as previously reported, as of September 30, 2018, have been restated to give effect to the following:

1. Capital Assets, Not Being Depreciated

The beginning balance of capital assets reported in the government-wide financial statements has been restated as a result of a correction of a previously reported value.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

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

	Governmental Activities	Component Unit
Net position as previously reported	\$ 43,052,177	\$ 2,798,101
Increase/(Decrease) due to correction of capital assets	16,071	(16,071)
Net Position as restated	\$ 43,068,248	\$ 2,782,030

2. Capital Assets, Net and Nonoperating revenues

The beginning net position is being restated as a result of a capital asset disposal which was not recorded in the prior fiscal year. As a result, both capital assets and nonoperating revenues were overstated for fiscal year 2018.

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

	Water Fund
Net position as previously reported	\$ 14,537,698
Miscellaneous, Net	(81,368)
Net Position as restated	\$ 14,456,330

A table depicting this change to the government-wide financial statements follows:

	Business-type Activities
Net position as previously reported	\$ 54,622,500
Decrease due to correction of loss on capital asset disposal	(81,368)
Net Position as restated	\$ 54,541,132

G. Other Post-Employment Benefits

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

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

Employees covered by benefit terms. At October 1, 2018, the effective date of the most recent OPEB valuation, the following employees were covered by the benefit terms:

Inactive employees or spouses currently receiving benefit payments	7
Inactive employees entitled to but not yet receiving benefit payments	0
Active plan members	175
	182

Total OPEB Liability. The City's total OPEB liability of \$1,706,224 was measured as of September 30, 2019 and was determined by an actuarial valuation as of October 1, 2018.

Actuarial Assumptions. The total OPEB in the October 1, 2018 actuarial valuation was determined using the following actuarial assumptions as of the September 30, 2019 measurement date:

Discount rate	2.66%
Actuarial cost method	Entry Age Normal
Inflation	2.50%
Salary increases including inflation	3.00%
Healthcare cost trend rate	Initial rate of 3.50% increasing to 5.50% after 14 years then declining to an ultimate rate of 3.90% after 65 years

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

Mortality rates were based on the Pub GH-2010 projected forward with MP-2019.

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2018	\$ 1,384,941
Changes for the year:	
Service Cost	72,565
Interest on total OPEB liability	60,179
Effect of plan changes	-
Effect of economic/demographic gains or losses	(47,313)
Effect of assumptions, changes or inputs	271,845
Benefit payments	(35,993)
Net changes	321,283
Balance at 9/30/2019	\$ 1,706,224

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.66%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66%) or 1 percentage point higher (3.66%) than the current rate.

	1% Decrease in Discount Rate (1.66%)	Discount Rate (2.66%)	1% Increase in Discount Rate (3.66%)
Total OPEB Liability	\$1,921,770	\$1,706,224	\$1,517,203

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$1,460,195	\$1,706,224	\$2,008,173

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$113,361. At September 30, 2019, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 41,088
Changes of assumptions	236,076	69,843
Total	\$ 236,076	\$ 110,931

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

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

Year ended September 30:		
2020	\$	16,610
2021		16,610
2023		16,610
2023		16,610
2024		16,610
Thereafter		42,095
Total	\$	125,145

H. Tax Increment Reinvestment Zones

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

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

As of September 30, 2019, the City has created one Tax Increment Financing Zone:

Tax Increment Reinvestment Zone #1: In December 2018, the City approved an ordinance creating a TIRZ known as “Tax Increment Reinvestment Zone Number One, City of Brenham, Texas” (“Zone One”). Zone One encompasses approximately 2,201 acres of land generally located along U.S. Highway 290, South Market Street, and West Main Street corridors within the city limits. The effects of Zone One will not be realized until FY 2020.

I. Tax Abatements

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

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

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

For fiscal year 2019, the City abated property taxes of \$133,322, or 1.95%, of the \$6,824,162 total levy.

J. Economic Development Agreement

Chapter 380 Agreement – The City entered into a Chapter 380 Economic Development Agreement with a developer. Upon the construction of a commercial and retail shopping center, the City agrees to pay a percentage of 1 cent sales taxes collected from within the development property to the developer. The percentage share for years 1 through 5 is 90% and may be reduced to 80% and then 70% over the term of the agreement. Payments will continue annually until either the maximum reimbursement amount is paid or December 31, 2033, even if the maximum reimbursement amount has not been paid. The maximum reimbursement amount is \$6,000,000. As of September 30, 2019, there were no expenses recorded related to this agreement.

K. Subsequent Events

On October 3, 2019, the City Council awarded a bid in the amount of \$1,075,217 to Angel Brothers Enterprises, LTD for the Burleson Street culvert replacement project. Funding was approved through the Hazardous Mitigation Grant Program to cover 75% of the construction costs.

On October 17, 2019, the City Council awarded the following contracts:

- \$321,885 to Barclays Premier Utility Services, LLC related to Industrial Boulevard Storm Damage Repairs.
- \$382,916 to Lonnie Lischka Company, LP related to Brenham Community Development Corporation's Regional Detention Pond Improvements in the Brenham Business Center.
- \$269,245 to South Texas Central Texas Excavation related to Brenham Community Development Corporation's regional detention pond improvements in the Southwest Industrial Park, Section III.

On October 17, 2019, the City Council approved a resolution expressing official intent to reimburse \$625,000 of costs related to street rebuild and reconstruction projects. The funds will be derived from the issuance of Certificates of Obligation in fiscal year 2020.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

On November 7, 2019, the City Council approved a resolution expressing official intent to reimburse up to \$5,050,000 related to streets and drainage projects and renovation and improvements to the City's Water and Wastewater utility systems. The funds will be derived from the issuance of Certificates of Obligation in fiscal year 2020.

On December 5, 2019, the City Council approved an ordinance establishing a Municipal Drainage Utility System. On December 19, 2019, the City Council approved an ordinance establishing the rate tariff schedules for this new Drainage Utility System.

On December 5, 2019, the City Council approved a financing proposal for vehicle and equipment replacements with Brenham National Bank in the amount of \$772,000. Note terms are for three, five and seven years each with an annual percentage rate of 2.30%.

On December 19, 2019, the City Council awarded the following contracts related to storm damage and drainage improvements:

- \$153,735 to Solid Bridge Construction related to the Jackson Street storm damage repairs.
- \$371,459 to Solid Bridge Construction related to Hohlt Park Stream Restoration.

On January 16, 2020, the City Council authorized the issuance and sale of \$5,465,000 Combination Tax and Revenue Certificates of Obligation, Series 2020. The proceeds are to be used for the following purposes:

- Streets and Drainage Projects
- Water System Improvements
- Wastewater System Improvements

On January 16, 2020, the City Council awarded a bid in the amount of \$250,408 to Vortex related to the design, equipment, and installation of a splashpad at Henderson Park.

On January 16, 2020, the City Council approved a resolution authorizing an advance funding agreement between the City of Brenham and the Texas Department of Transportation (TxDOT) in the amount of \$633,582 related to road improvements at the intersection of Chappell Hill Street and U.S. Highway 290 Feeder.

On February 6, 2020, the City Council approved a payoff to JPMorgan Chase Bank for the Diamond Z tub grinder in the amount of \$466,879.

On February 20, 2020, the City Council awarded a bid in the amount of \$953,202 to 5-T Utilities, Inc. related to the Baker Katz Development sanitary sewer (wastewater) improvements.

On February 20, 2020, the City Council awarded a bid in the amount of \$4,999,992 to Lindsey Construction, Inc. related to the raw water intake repair at Lake Somerville.

On March 5, 2020, the City Council approved a contract with Brannon Industrial Group for the provision of municipal solid waste collection, transfer, removal, disposal and recycling services.

On March 5, 2020, the City Council approved the purchase of a Schwarze Street Sweeper through HGACBuy in the amount of \$234,611. At the same meeting, Council approved an equipment financing proposal for the Schwarze Street Sweeper with the Bank of Brenham.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2019

IV. OTHER INFORMATION (Continued)

L. New Pronouncements

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

- Statement No. 84, "Fiduciary Activities." The requirements for this statement are effective for FY20.
- Statement No. 87, "Leases." The requirements of this statement are effective for FY21.
- Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The requirements of this statement are effective for FY20.
- Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61." The requirements of this statement are effective for FY19.

City of Brenham, Texas
Required Supplementary Information
September 30, 2019

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

	2018	2019
Total OPEB Liability		
Service Cost	\$ 81,913	\$ 72,565
Interest on total OPEB liability	53,194	60,179
Effect of economic/demographic gains or losses	-	(47,313)
Effect of assumptions, changes or inputs	(95,711)	271,845
Benefit payments	(67,223)	(35,993)
Net Change in Total OPEB Liability	(27,827)	321,283
Total OPEB Liability - Beginning	1,412,768	1,384,941
Total OPEB Liability - Ending	\$ 1,384,941	\$ 1,706,224
Covered employee payroll	10,974,567	11,151,153
Total OPEB liability as a percentage of covered-employee payroll	12.62%	15.30%

Notes to Schedule:

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

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City of Brenham, Texas
Required Supplementary Information
September 30, 2019

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

Measurement Year	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost	\$ 1,137,682	\$ 1,217,054	\$ 1,221,386	\$ 1,304,264	\$ 1,288,102
Interest (on the Total Pension Liability)	3,168,390	3,311,366	3,339,042	3,472,820	3,647,237
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(488,131)	(335,369)	(353,462)	189,213	(827,317)
Change of assumptions	-	65,360	-	-	-
Benefit payments, including refunds of employee contributions	(1,552,848)	(2,077,364)	(2,119,688)	(2,413,309)	(2,335,218)
Net Change in Total Pension Liability	2,265,093	2,181,047	2,087,278	2,552,988	1,772,804
Total Pension Liability - Beginning	45,470,294	47,735,387	49,916,434	52,003,712	54,556,700
Total Pension Liability - Ending (a)	<u>\$47,735,387</u>	<u>\$49,916,434</u>	<u>\$52,003,712</u>	<u>\$54,556,700</u>	<u>\$56,329,504</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129	\$ 1,110,351
Contributions - Employee	519,774	529,614	520,181	551,014	548,595
Net Investment Income	2,076,198	56,134	2,512,798	5,362,117	(1,294,101)
Benefit payments, including refunds of employee contributions	(1,552,848)	(2,077,364)	(2,119,688)	(2,413,309)	(2,335,218)
Administrative Expense	(21,680)	(34,193)	(28,385)	(27,801)	(25,030)
Other	(1,782)	(1,688)	(1,529)	(1,409)	(1,308)
Net Change in Plan Fiduciary Net Position	1,745,220	(854,842)	1,516,404	4,528,741	(1,996,710)
Plan Fiduciary Net Position - Beginning	36,299,393	38,044,613	37,189,771	38,706,175	43,234,916
Plan Fiduciary Net Position - Ending (b)	<u>\$38,044,613</u>	<u>\$37,189,771</u>	<u>\$38,706,175</u>	<u>\$43,234,916</u>	<u>\$41,238,206</u>
Net Pension Liability - Ending (a) - (b)	\$ 9,690,774	\$12,726,663	\$13,297,537	\$11,321,784	\$15,091,298
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.70%	74.50%	74.43%	79.25%	73.21%
Covered Payroll	\$10,395,487	\$10,592,288	\$10,403,627	\$11,006,445	\$10,971,905
Net Position Liability as a Percentage of Covered Employee Payroll	93.22%	120.15%	127.82%	102.87%	137.54%

Notes to Schedule:
N/A

**City of Brenham, Texas
Required Supplementary Information
September 30, 2019**

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

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 833,706	\$ 904,116	\$ 698,787	\$ 694,276	\$ 726,981	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129	\$ 1,110,351
Contributions in relation to the actuarially determined contribution	\$ 833,706	\$ 904,116	\$ 698,787	\$ 694,276	\$ 726,981	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129	\$ 1,110,351
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 9,171,150	\$ 9,567,491	\$ 9,856,804	\$ 9,933,343	\$ 10,158,757	\$ 10,278,949	\$ 10,290,949	\$ 10,879,880	\$ 10,974,567	\$ 11,151,153
Contributions as a percentage of covered employee payroll	9.09%	9.45%	7.09%	6.99%	7.16%	7.06%	6.54%	5.82%	9.64%	9.96%

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method Entry Age Normal
 Amortization Method Level Percentage of Payroll, Closed
 Remaining Amortization Period 25 Years
 Asset Valuation Method 10 Year smoothed market; 15% soft corridor
 Inflation 2.50%
 Salary Increases 3.50 to 10.50%, including inflation
 Investment Rate of Return 6.75%
 Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
 Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with male rate multiplied by 109% and female rate multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes
 1.) Adopted 100% repeating USC with transfer.
 2.) Granted 70% ad hoc COLA.

City of Brenham, Texas
Required Supplementary Information
September 30, 2019

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

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

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

Notes to Schedule:

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

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

City of Brenham, Texas
Required Supplementary Information
September 30, 2019

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

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 54,320	\$ 53,340	\$ 55,440	\$ 53,060	\$ 59,690	\$ 53,150
Contributions in relation to the contractually required contribution	<u>54,320</u>	<u>53,340</u>	<u>55,440</u>	<u>53,060</u>	<u>59,690</u>	<u>53,150</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of Active Members *	32	32	32	32	35	31
Contributions per Active Member	\$ 1,698	\$ 1,667	\$ 1,733	\$ 1,658	\$ 1,705	\$ 1,715

Notes to Schedule of Contributions:

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

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 the airport runway improvements and repair project.

Capital Leases Fund

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

2017 Capital Projects Fund

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

Parks Capital Improvements Fund

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

Streets and Drainage Improvements Fund

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

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CITY OF BRENHAM, TEXAS

Internal Service Funds

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

Workers' Compensation Fund

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

Central Fleet Fund

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

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, 2019**

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Assets			
Cash and Equivalents	\$ 194,488	\$ 420,325	\$ 614,813
Receivables (Net)			
Occupancy Tax	82,256	-	82,256
Other Current Assets	-	3,863	3,863
Restricted Cash	257,873	1,982,316	2,240,189
Total Assets	\$ 534,617	\$ 2,406,504	\$ 2,941,121
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current	\$ 24,033	\$ 136,985	\$ 161,018
Total Liabilities	24,033	136,985	161,018
Fund Balances:			
Restricted	510,584	1,862,461	2,373,045
Committed	-	397,317	397,317
Assigned	-	9,741	9,741
Total Fund Balances	510,584	2,269,519	2,780,103
Total Liabilities and Fund Balances	\$ 534,617	\$ 2,406,504	\$ 2,941,121

City of Brenham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended September 30, 2019

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 897,391	\$ -	\$ 897,391
Intergovernmental	-	14,925	14,925
Charges for Services	51,916	-	51,916
Investment Income	7,430	49,966	57,396
Payment from Component Unit	-	863,319	863,319
Contributions and Donations	-	55,150	55,150
Program Revenue/Restitution	21,347	-	21,347
Miscellaneous	-	21,000	21,000
Total revenues	<u>978,084</u>	<u>1,004,360</u>	<u>1,982,444</u>
Expenditures			
Current:			
Culture and Recreation	117,417	195,243	312,660
General Government	28,156	-	28,156
Highways and Streets	-	7,900	7,900
Public Safety	1,995	-	1,995
Capital Outlay	-	2,149,522	2,149,522
Debt Service:			
Issuance Costs	-	50,498	50,498
Total expenditures	<u>147,568</u>	<u>2,403,163</u>	<u>2,550,731</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>830,516</u>	<u>(1,398,803)</u>	<u>(568,287)</u>
Other Financing Sources (Uses)			
Transfers In	-	55,292	55,292
Transfers Out	(646,749)	(1,119,178)	(1,765,927)
Loan Proceeds	-	576,623	576,623
Issuance of Debt	-	1,515,000	1,515,000
Premium on Debt Issued	-	35,498	35,498
Total other financing sources and (uses)	<u>(646,749)</u>	<u>1,063,235</u>	<u>416,486</u>
Net change in Fund Balances	<u>183,767</u>	<u>(335,568)</u>	<u>(151,801)</u>
Fund balances - beginning	<u>326,817</u>	<u>2,605,087</u>	<u>2,931,904</u>
Fund balances - ending	<u>\$ 510,584</u>	<u>\$ 2,269,519</u>	<u>\$ 2,780,103</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
September 30, 2019

	Hotel/Motel Tax Fund- Washington County	Hotel/Motel Tax Fund	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Total Special Revenue Funds
Assets					
Cash and Equivalents	\$ 52,065	\$ 85,698	\$ -	\$ 56,725	\$ 194,488
Receivables (Net)					
Occupancy Tax	-	82,256	-	-	82,256
Restricted Cash	-	211,364	46,509	-	257,873
Total Assets	\$ 52,065	\$ 379,318	\$ 46,509	\$ 56,725	\$ 534,617
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current	\$ 22,850	\$ -	\$ -	\$ 1,183	\$ 24,033
Total Liabilities	\$ 22,850	\$ -	\$ -	\$ 1,183	\$ 24,033
Fund Balances:					
Restricted	29,215	379,318	46,509	55,542	510,584
Total Fund Balances	29,215	379,318	46,509	55,542	510,584
Total Liabilities and Fund Balances	\$ 22,850	\$ 379,318	\$ 46,509	\$ 56,725	\$ 534,617

City of Brenham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds - Special Revenue Funds
For the Year Ended September 30, 2019

	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	\$ 777,391	\$ 120,000	\$ -	\$ -	\$ 897,391
Charges for Services	-	-	-	51,916	51,916
Investment Income	5,490	920	468	552	7,430
Program Revenue/Restitution	-	-	21,347	-	21,347
Total revenues	<u>782,881</u>	<u>120,920</u>	<u>21,815</u>	<u>52,468</u>	<u>978,084</u>
Expenditures					
Current:					
Culture and Recreation	16,750	100,667	-	-	117,417
General Government	-	-	-	28,156	28,156
Public Safety	-	-	1,995	-	1,995
Total expenditures	<u>16,750</u>	<u>100,667</u>	<u>1,995</u>	<u>28,156</u>	<u>147,568</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>766,131</u>	<u>20,253</u>	<u>19,820</u>	<u>24,312</u>	<u>830,516</u>
Other Financing Sources (Uses)					
Transfers Out	(628,000)	-	-	(18,749)	(646,749)
Total other financing sources and (uses)	<u>(628,000)</u>	<u>-</u>	<u>-</u>	<u>(18,749)</u>	<u>(646,749)</u>
Net change in Fund Balances	138,131	20,253	19,820	5,563	183,767
Fund balances - beginning	<u>241,187</u>	<u>8,962</u>	<u>26,689</u>	<u>49,979</u>	<u>326,817</u>
Fund balances - ending	<u>\$ 379,318</u>	<u>\$ 29,215</u>	<u>\$ 46,509</u>	<u>\$ 55,542</u>	<u>\$ 510,584</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Nonmajor Capital Projects Funds
September 30, 2019

	Airport Capital Impr. Fund	Capital Leases Fund	2017 Capital Projects Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	Total Nonmajor Capital Projects Funds
Assets						
Cash and Cash Equivalents	\$ 44,923	\$ -	\$ -	\$ 371,705	\$ 3,697	\$ 420,325
Interfund Receivable	-	-	-	8,935	-	8,935
Other Current Assets	3,863	-	-	-	-	3,863
Restricted Cash	-	-	1,214,322	-	767,994	1,982,316
Total Assets	\$ 48,786	\$ -	\$ 1,214,322	\$ 380,640	\$ 771,691	\$ 2,415,439
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable & Other Current Liabilities	\$ -	\$ -	\$ 120,348	\$ 12,940	\$ 3,697	\$ 136,985
Interfund Payables	-	-	8,935	-	-	8,935
Total Liabilities	-	-	129,283	12,940	3,697	145,920
Fund Balances:						
Restricted	-	-	1,085,039	9,428	767,994	1,862,461
Committed	48,786	-	-	348,531	-	397,317
Assigned	-	-	-	9,741	-	9,741
Total Fund Balances	48,786	-	1,085,039	367,700	767,994	2,269,519
Total Liabilities and Fund Balances	\$ 48,786	\$ -	\$ 1,214,322	\$ 380,640	\$ 771,691	\$ 2,415,439

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, 2019

	Airport Capital Impr. Fund	Capital Leases Fund	2017 Capital Projects Fund	Parks Capital Improvements Fund	Streets & Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues						
Intergovernmental	\$ 11,385	\$ -	\$ -	\$ 3,540	\$ -	\$ 14,925
Investment Income	51	-	33,921	-	15,994	49,966
Payment from Component Unit	-	-	-	863,319	-	863,319
Contributions and Donations	-	-	-	5,150	50,000	55,150
Miscellaneous	-	-	-	21,000	-	21,000
Total revenues	<u>11,436</u>	<u>-</u>	<u>33,921</u>	<u>893,009</u>	<u>65,994</u>	<u>1,004,360</u>
Expenditures						
Current:						
Highways and Streets	-	-	7,900	-	-	7,900
Culture and Recreation	-	-	-	195,243	-	195,243
Capital Outlay	12,650	573,123	411,056	789,040	363,653	2,149,522
Debt Service:						
Issuance Costs	-	-	-	-	50,498	50,498
Total expenditures	<u>12,650</u>	<u>573,123</u>	<u>418,956</u>	<u>984,283</u>	<u>414,151</u>	<u>2,403,163</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,214)</u>	<u>(573,123)</u>	<u>(385,035)</u>	<u>(91,274)</u>	<u>(348,157)</u>	<u>(1,398,803)</u>
Other Financing Sources (Uses)						
Transfers In	43,008	-	-	12,284	-	55,292
Transfers Out	-	(3,500)	-	-	(1,115,678)	(1,119,178)
Loan Proceeds	-	576,623	-	-	-	576,623
Issuance of Debt	-	-	-	-	1,515,000	1,515,000
Premium on Debt Issued	-	-	-	-	35,498	35,498
Total other financing sources and (uses)	<u>43,008</u>	<u>573,123</u>	<u>-</u>	<u>12,284</u>	<u>434,820</u>	<u>1,063,235</u>
Net change in Fund Balances	41,794	-	(385,035)	(78,990)	86,663	(335,568)
Fund balances - beginning	6,992	-	1,470,074	446,690	681,331	2,605,087
Fund balances - ending	<u>\$ 48,786</u>	<u>\$ -</u>	<u>\$ 1,085,039</u>	<u>\$ 367,700</u>	<u>\$ 767,994</u>	<u>\$ 2,269,519</u>

City of Brenham
Internal Service Funds
Combining Statement of Net Position
September 30, 2019

	Workers' Compensation Fund	Central Fleet Fund	Total
Assets			
Current assets:			
Cash and Cash Equivalents	\$ -	\$ 79,738	\$ 79,738
Inventory at Cost	-	1,739	1,739
Other Current Assets	100	-	100
Restricted Cash	198,530	-	198,530
Total current assets	198,630	81,477	280,107
Noncurrent assets:			
Capital Assets, Net	-	508,413	508,413
Total noncurrent assets	-	508,413	508,413
Total Assets	\$ 198,630	\$ 589,890	\$ 788,520
Liabilities and Fund Balances			
Current liabilities:			
Accounts Payable & Other Current Liabilities	\$ -	\$ 1,462	\$ 1,462
Accrued Interest	-	1,811	1,811
Lease Payable, Current	-	27,146	27,146
Total current liabilities	-	30,419	30,419
Noncurrent liabilities:			
Long Term Debt, Net	-	115,116	115,116
Total noncurrent liabilities	-	115,116	115,116
Total Liabilities	-	145,535	145,535
Net Position			
Net Investment in Capital Assets	-	366,150	366,150
Unrestricted	198,630	78,205	276,835
Total Net Position	\$ 198,630	\$ 444,355	\$ 642,985

City of Brenham, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year ended September 30, 2019

	Workers' Compensation Fund	Central Fleet Fund	Total
Operating revenues:			
Charges for Services	\$ 196,872	\$ 143,418	\$ 340,290
Total operating revenues	<u>196,872</u>	<u>143,418</u>	<u>340,290</u>
Operating expenses:			
Supplies	-	5,504	5,504
Maintenance	-	8,450	8,450
Contractual Services	157,735	415	158,150
Depreciation	-	63,121	63,121
Miscellaneous	-	6,859	6,859
Total operating expenses	<u>157,735</u>	<u>84,349</u>	<u>242,084</u>
Operating Income (loss)	<u>39,137</u>	<u>59,069</u>	<u>98,206</u>
Nonoperating revenues (expenses):			
Investment Income	2,164	1,377	3,541
Interest Expense & Fiscal Charges	-	(3,629)	(3,629)
Total non-operating revenue (expenses):	<u>2,164</u>	<u>(2,252)</u>	<u>(88)</u>
Change in net position	41,301	56,817	98,118
Total net position - beginning	157,329	387,538	544,867
Total net position - ending	<u>\$ 198,630</u>	<u>\$ 444,355</u>	<u>\$ 642,985</u>

City of Brenham, Texas
Internal Service Funds
Combining Statement of Cash Flows
For the Year ended September 30, 2019

	Workers' Compensation Fund	Central Fleet Fund	Total
Cash Flows from Operating Activities			
Receipts from/(payments for) interfund services provided	\$ 196,872	\$ 143,418	\$ 340,290
Payments to suppliers	(157,735)	(20,965)	(178,700)
Net cash provided (used) by operating activities	<u>39,137</u>	<u>122,453</u>	<u>161,590</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	-	(178,538)	(178,538)
Principal paid on bonds and capital leases	-	(26,523)	(26,523)
Interest and fees paid on capital leases	-	(3,967)	(3,967)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(209,028)</u>	<u>(209,028)</u>
Cash Flows from Investing Activities			
Investment income received	2,164	1,377	3,541
Net cash provided (used) by investing activities	<u>2,164</u>	<u>1,377</u>	<u>3,541</u>
Net increase (decrease) in cash and cash equivalents	41,301	(85,198)	(43,897)
Cash and cash equivalents, beginning of the year	<u>157,229</u>	<u>164,936</u>	<u>322,165</u>
Cash and cash equivalents, end of the year	<u>\$ 198,530</u>	<u>\$ 79,738</u>	<u>\$ 278,268</u>
Reconciliation of cash and cash equivalents to statement of net position			
Cash and equivalents	\$ -	\$ 79,738	\$ 79,738
Restricted cash and equivalents	198,530	-	198,530
Cash and cash equivalents, end of year	<u>\$ 198,530</u>	<u>\$ 79,738</u>	<u>\$ 278,268</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 39,137	\$ 59,069	\$ 98,206
Adjustments to reconcile net cash provided (used) by operating activities			
Depreciation	-	63,121	63,121
Changes in assets and liabilities affecting cash provided by operations:			
(Increase) decrease in inventory	-	(889)	(889)
Increase (decrease) in accounts payable and other current liabilities	-	1,152	1,152
Net cash provided (used) by operating activities	<u>\$ 39,137</u>	<u>\$ 122,453</u>	<u>\$ 161,590</u>

City of Brenham
Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,634,218	\$ 2,634,218	\$ 2,620,616	\$ (13,602)
Investment Income	5,000	5,000	26,408	21,408
Payments from Other Governments	35,000	35,000	-	(35,000)
Total revenues	<u>2,674,218</u>	<u>2,674,218</u>	<u>2,647,024</u>	<u>(27,194)</u>
Expenditures				
Debt Service:				
Interest and Fiscal Charges	668,247	647,056	641,998	5,058
Principal Retirement	3,773,325	3,991,055	3,991,054	1
Total Expenditures	<u>4,441,572</u>	<u>4,638,111</u>	<u>4,633,052</u>	<u>5,059</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,767,354)</u>	<u>(1,963,893)</u>	<u>(1,986,028)</u>	<u>(22,135)</u>
Other Financing Sources (Uses)				
Transfer In	1,750,000	2,302,782	2,302,782	-
Total other financing sources and (uses)	<u>1,750,000</u>	<u>2,302,782</u>	<u>2,302,782</u>	<u>-</u>
Net change in fund balance	(17,354)	338,889	316,754	(22,135)
Fund balance - beginning	<u>303,216</u>	<u>303,216</u>	<u>303,216</u>	<u>-</u>
Fund balance - ending	<u>\$ 285,862</u>	<u>\$ 642,105</u>	<u>\$ 619,970</u>	<u>\$ (22,135)</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, 2019

	<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	\$ 645,000	\$ 645,000	\$ 777,391	\$ 132,391
Investment Income	1,000	1,000	5,490	4,490
Total revenues	<u>646,000</u>	<u>646,000</u>	<u>782,881</u>	<u>136,881</u>
Expenditures				
Current:				
Culture and Recreation	-	16,750	16,750	-
Total Expenditures	<u>-</u>	<u>16,750</u>	<u>16,750</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>646,000</u>	<u>629,250</u>	<u>766,131</u>	<u>136,881</u>
Other Financing Sources (Uses)				
Transfers Out	(646,000)	(636,000)	(628,000)	8,000
Total other financing sources and (uses)	<u>(646,000)</u>	<u>(636,000)</u>	<u>(628,000)</u>	<u>8,000</u>
Net change in fund balance	-	(6,750)	138,131	144,881
Fund balance - beginning	241,187	241,187	241,187	-
Fund balance - ending	<u>\$ 241,187</u>	<u>\$ 234,437</u>	<u>\$ 379,318</u>	<u>\$ 144,881</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, 2019

	<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	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Investment Income	-	-	920	920
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>120,920</u>	<u>920</u>
Expenditures				
Current:				
Culture and Recreation	120,000	120,000	100,667	19,333
Total Expenditures	<u>120,000</u>	<u>120,000</u>	<u>100,667</u>	<u>19,333</u>
Net change in fund balance	-	-	20,253	20,253
Fund balance - beginning	8,962	8,962	8,962	-
Fund balance - ending	<u>\$ 8,962</u>	<u>\$ 8,962</u>	<u>\$ 29,215</u>	<u>\$ 20,253</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 100	\$ 100	\$ 468	\$ 368
Program Income/Restitution	10,000	10,000	21,347	11,347
Total revenues	<u>10,100</u>	<u>10,100</u>	<u>21,815</u>	<u>11,715</u>
Expenditures				
Current:				
Public Safety	15,000	15,000	1,995	13,005
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>1,995</u>	<u>13,005</u>
Net change in fund balance	(4,900)	(4,900)	19,820	24,720
Fund balance - beginning	26,689	26,689	26,689	-
Fund balance - ending	<u>\$ 21,789</u>	<u>\$ 21,789</u>	<u>\$ 46,509</u>	<u>\$ 24,720</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 53,600	\$ 53,600	\$ 51,916	\$ (1,684)
Investment Income	1,000	1,000	552	(448)
Total revenues	<u>54,600</u>	<u>54,600</u>	<u>52,468</u>	<u>(2,132)</u>
Expenditures				
Current:				
General Government	33,383	33,383	28,156	5,227
Total Expenditures	<u>33,383</u>	<u>33,383</u>	<u>28,156</u>	<u>5,227</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,217</u>	<u>21,217</u>	<u>24,312</u>	<u>3,095</u>
Other Financing Sources (Uses)				
Transfers Out	(20,000)	(20,000)	(18,749)	1,251
Total other financing sources and (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(18,749)</u>	<u>1,251</u>
Net change in fund balance	1,217	1,217	5,563	4,346
Fund balance - beginning	49,979	49,979	49,979	-
Fund balance - ending	<u>\$ 51,196</u>	<u>\$ 51,196</u>	<u>\$ 55,542</u>	<u>\$ 4,346</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 581,580	\$ 581,580	\$ 11,385	\$ (570,195)
Investment Income	50	50	51	1
Total revenues	<u>581,630</u>	<u>581,630</u>	<u>11,436</u>	<u>(570,194)</u>
Expenditures				
Current:				
Capital Outlay	421,200	421,200	12,650	408,550
Highways and Streets	225,000	225,000	-	225,000
Total Expenditures	<u>646,200</u>	<u>646,200</u>	<u>12,650</u>	<u>633,550</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,570)</u>	<u>(64,570)</u>	<u>(1,214)</u>	<u>63,356</u>
Other Financing Sources (Uses)				
Transfers In	57,577	57,577	43,008	(14,569)
Total other financing sources and (uses)	<u>57,577</u>	<u>57,577</u>	<u>43,008</u>	<u>(14,569)</u>
Net change in fund balance	(6,993)	(6,993)	41,794	48,787
Fund balance - beginning	6,992	6,992	6,992	-
Fund balance - ending	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 48,786</u>	<u>\$ 48,787</u>

City of Brenham
Capital Leases Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital Outlay	\$ -	\$ 573,123	\$ 573,123	\$ -
Total Expenditures	<u>-</u>	<u>573,123</u>	<u>573,123</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(573,123)</u>	<u>(573,123)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers Out	-	(3,500)	(3,500)	-
Loan Proceeds	-	576,623	576,623	-
Total other financing sources and (uses)	<u>-</u>	<u>573,123</u>	<u>573,123</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
2017 Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 10,000	\$ 10,000	\$ 33,921	\$ 23,921
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>33,921</u>	<u>23,921</u>
Expenditures				
Current:				
Highways and Streets	-	-	7,900	(7,900)
Capital Outlay	547,255	547,255	411,056	136,199
Total Expenditures	<u>547,255</u>	<u>547,255</u>	<u>418,956</u>	<u>128,299</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(537,255)</u>	<u>(537,255)</u>	<u>(385,035)</u>	<u>152,220</u>
Net change in fund balance	(537,255)	(537,255)	(385,035)	152,220
Fund balance - beginning	1,470,074	1,470,074	1,470,074	-
Fund balance - ending	<u>\$ 932,819</u>	<u>\$ 932,819</u>	<u>\$ 1,085,039</u>	<u>\$ 152,220</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 3,540	\$ 3,540
Contributions and Donations	5,000	5,000	5,150	150
Payment from Component Unit	847,000	847,000	863,319	16,319
Miscellaneous	14,000	14,000	21,000	7,000
Total revenues	<u>866,000</u>	<u>866,000</u>	<u>893,009</u>	<u>27,009</u>
Expenditures				
Current:				
Culture and Recreation	200,500	200,500	195,243	5,257
Capital Outlay	674,000	789,040	789,040	-
Total Expenditures	<u>874,500</u>	<u>989,540</u>	<u>984,283</u>	<u>5,257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,500)</u>	<u>(123,540)</u>	<u>(91,274)</u>	<u>32,266</u>
Other Financing Sources (Uses)				
Transfers In	-	-	12,284	12,284
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>12,284</u>	<u>12,284</u>
Net change in fund balance	(8,500)	(123,540)	(78,990)	44,550
Fund balance - beginning	446,690	446,690	446,690	-
Fund balance - ending	<u>\$ 438,190</u>	<u>\$ 323,150</u>	<u>\$ 367,700</u>	<u>\$ 44,550</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 2,500	\$ 2,500	\$ 15,994	\$ 13,494
Contributions and Donations	-	-	50,000	50,000
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>65,994</u>	<u>63,494</u>
Expenditures				
Capital Outlay	673,803	363,653	363,653	-
Debt Service:				
Issuance Costs	-	50,498	50,498	-
Total Expenditures	<u>673,803</u>	<u>414,151</u>	<u>414,151</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(671,303)</u>	<u>(411,651)</u>	<u>(348,157)</u>	<u>63,494</u>
Other Financing Sources (Uses)				
Transfers Out	-	(1,115,678)	(1,115,678)	-
Issuance of Debt	-	1,515,000	1,515,000	-
Premium on Debt Issued	-	35,498	35,498	-
Total other financing sources and (uses)	<u>-</u>	<u>434,820</u>	<u>434,820</u>	<u>-</u>
Net change in fund balance	(671,303)	23,169	86,663	63,494
Fund balance - beginning	681,331	681,331	681,331	-
Fund balance - ending	<u>\$ 10,028</u>	<u>\$ 704,500</u>	<u>\$ 767,994</u>	<u>\$ 63,494</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 20,000	\$ 20,000	\$ 56,224	\$ 36,224
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>56,224</u>	<u>36,224</u>
Expenditures				
Current:				
General Government	-	546,991	546,990	1
Total Expenditures	<u>-</u>	<u>546,991</u>	<u>546,990</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,000</u>	<u>(526,991)</u>	<u>(490,766)</u>	<u>36,225</u>
Other Financing Sources (Uses)				
Transfers Out	(1,750,000)	(2,299,282)	(2,299,282)	-
Total other financing sources and (uses)	<u>(1,750,000)</u>	<u>(2,299,282)</u>	<u>(2,299,282)</u>	<u>-</u>
Net change in fund balance	(1,730,000)	(2,826,273)	(2,790,048)	36,225
Fund balance - beginning	2,790,048	2,790,048	2,790,048	-
Fund balance - ending	<u>\$ 1,060,048</u>	<u>\$ (36,225)</u>	<u>\$ -</u>	<u>\$ 36,225</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,705,701	\$ 1,705,701	\$ 1,739,158	\$ 33,457
Investment Income	14,000	14,000	27,709	13,709
Miscellaneous	959	959	1,158	199
Total revenues	<u>1,720,660</u>	<u>1,720,660</u>	<u>1,768,025</u>	<u>47,365</u>
Expenditures				
Current:				
Economic Development	396,895	396,895	235,566	161,329
Debt Service:				
Interest and Fiscal Charges	68,941	68,941	68,941	-
Principal Retirement	154,274	154,274	154,274	-
Capital Outlay	297,000	297,000	18,531	278,469
Total Expenditures	<u>917,110</u>	<u>917,110</u>	<u>477,312</u>	<u>439,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>803,550</u>	<u>803,550</u>	<u>1,290,713</u>	<u>487,163</u>
Other Financing Sources (Uses)				
Payment to Primary Government	(1,038,500)	(1,038,500)	(908,329)	130,171
Total other financing sources and (uses)	<u>(1,038,500)</u>	<u>(1,038,500)</u>	<u>(908,329)</u>	<u>130,171</u>
Net change in fund balance	(234,950)	(234,950)	382,384	617,334
Fund balance - beginning	1,387,223	1,387,223	1,387,223	-
Fund balance - ending	<u>\$ 1,152,273</u>	<u>\$ 1,152,273</u>	<u>\$ 1,769,607</u>	<u>\$ 617,334</u>

Net change in fund balance - component unit \$ 382,384

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

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

Capital Outlay	18,531
Depreciation Expense	(875)

Bond principal payments are expenditures in the component unit, but they reduce long term liabilities in the statement of net position. 154,274

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

Compensated absences	(3,248)
Accrued interest payable	(5,599)

Change in net position of component unit \$ 545,467

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$ 95,500	\$ 95,500	\$ 103,022	\$ 7,522
Total revenues	<u>95,500</u>	<u>95,500</u>	<u>103,022</u>	<u>7,522</u>
Expenditures				
Current:				
Culture and Recreation	5,500	6,859	8,789	(1,930)
General Government	7,500	51,626	49,126	2,500
Health and Welfare	2,000	5,736	19,679	(13,943)
Public Safety	16,000	16,000	2,360	13,640
Capital Outlay	-	53,650	53,650	-
Total Expenditures	<u>31,000</u>	<u>133,871</u>	<u>133,604</u>	<u>267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>64,500</u>	<u>(38,371)</u>	<u>(30,582)</u>	<u>7,789</u>
Net change in fund balance	64,500	(38,371)	(30,582)	7,789
Fund balance - beginning	258,819	258,819	258,819	-
Fund balance - ending	<u>\$ 323,319</u>	<u>\$ 220,448</u>	<u>\$ 228,237</u>	<u>\$ 7,789</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
General Government	\$ 14,014	\$ 14,014	\$ 14,055	\$ (41)
Capital Outlay	222,000	647,000	619,433	27,567
Total Expenditures	<u>236,014</u>	<u>661,014</u>	<u>633,488</u>	<u>27,526</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(236,014)</u>	<u>(661,014)</u>	<u>(633,488)</u>	<u>27,526</u>
Other Financing Sources (Uses)				
Transfers In	25,000	450,000	425,000	(25,000)
Total other financing sources and (uses)	<u>25,000</u>	<u>450,000</u>	<u>425,000</u>	<u>(25,000)</u>
Net change in fund balance	(211,014)	(211,014)	(208,488)	2,526
Fund balance - beginning	318,214	318,214	318,214	-
Fund balance - ending	<u>\$ 107,200</u>	<u>\$ 107,200</u>	<u>\$ 109,726</u>	<u>\$ 2,526</u>

City of Brenham
Fire Department Grants Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 1,800	\$ 2,825	\$ 2,825	\$ -
Total revenues	<u>1,800</u>	<u>2,825</u>	<u>2,825</u>	<u>-</u>
Expenditures				
Current:				
Public Safety	1,800	2,825	2,825	-
Total Expenditures	<u>1,800</u>	<u>2,825</u>	<u>2,825</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
Police Department Grants Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 15,000	\$ 15,000	\$ 8,496	\$ (6,504)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>8,496</u>	<u>(6,504)</u>
Expenditures				
Current:				
Public Safety	15,000	15,000	8,496	6,504
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>8,496</u>	<u>6,504</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
Public Safety Training Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 3,600	\$ 3,600	\$ 6,919	\$ 3,319
Total revenues	<u>3,600</u>	<u>3,600</u>	<u>6,919</u>	<u>3,319</u>
Expenditures				
Current:				
Public Safety	3,600	3,600	3,270	330
Total Expenditures	<u>3,600</u>	<u>3,600</u>	<u>3,270</u>	<u>330</u>
Net change in fund balance	-	-	3,649	3,649
Fund balance - beginning	1,860	1,860	1,860	-
Fund balance - ending	<u>\$ 1,860</u>	<u>\$ 1,860</u>	<u>\$ 5,509</u>	<u>\$ 3,649</u>

City of Brenham
Police Department Equipment Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 2,600	\$ 25,173	\$ 25,173	-
Total revenues	<u>2,600</u>	<u>25,173</u>	<u>25,173</u>	<u>-</u>
Expenditures				
Current:				
Public Safety	2,600	25,173	25,173	-
Total Expenditures	<u>2,600</u>	<u>25,173</u>	<u>25,173</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
FEMA Disaster Relief Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 2,341,381	\$ 2,341,381	\$ 168,274	\$ (2,173,107)
Total revenues	<u>2,341,381</u>	<u>2,341,381</u>	<u>168,274</u>	<u>(2,173,107)</u>
Expenditures				
Current:				
Highways and Streets	1,294,158	1,294,158	248,543	1,045,615
Capital Outlay	1,629,488	1,629,488	24,824	1,604,664
Total Expenditures	<u>2,923,646</u>	<u>2,923,646</u>	<u>273,367</u>	<u>2,650,279</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(582,265)</u>	<u>(582,265)</u>	<u>(105,093)</u>	<u>477,172</u>
Other Financing Sources (Uses)				
Transfers In	-	1,115,678	1,115,678	-
Issuance of Debt	1,500,000	-	-	-
Total other financing sources and (uses)	<u>1,500,000</u>	<u>1,115,678</u>	<u>1,115,678</u>	<u>-</u>
Net change in fund balance	917,735	533,413	1,010,585	477,172
Fund balance - beginning	(875,445)	(875,445)	(875,445)	-
Fund balance - ending	<u>\$ 42,290</u>	<u>(\$ 342,032)</u>	<u>\$ 135,140</u>	<u>\$ 477,172</u>

City of Brenham
Tourism and Marketing Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 41,200	\$ 156,593	\$ 156,954	\$ 361
Contributions and Donations	-	1,313	1,314	1
Total revenues	<u>41,200</u>	<u>157,906</u>	<u>158,268</u>	<u>362</u>
Expenditures				
Current:				
Culture and Recreation	611,400	730,386	737,836	(7,450)
Total Expenditures	<u>611,400</u>	<u>730,386</u>	<u>737,836</u>	<u>(7,450)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(570,200)</u>	<u>(572,480)</u>	<u>(579,568)</u>	<u>(7,088)</u>
Other Financing Sources (Uses)				
Transfers In	570,200	560,200	560,200	-
Total other financing sources and (uses)	<u>570,200</u>	<u>560,200</u>	<u>560,200</u>	<u>-</u>
Net change in fund balance	-	(12,280)	(19,368)	(7,088)
Fund balance - beginning	182,171	182,171	182,171	-
Fund balance - ending	<u>\$ 182,171</u>	<u>\$ 169,891</u>	<u>\$ 162,803</u>	<u>\$ (7,088)</u>

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

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

GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture and Recreation	Interest on Long-term Debt	Electric	Gas	Water	Wastewater	Sanitation
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	3,342,073	2,846,895	2,737,307
2014	5,458,639	7,104,713	2,572,715	316,672	3,751,931	880,199	25,911,242	3,087,321	3,753,663	2,841,457	2,768,399
2015	5,909,039	6,705,267	2,811,875	314,352	4,120,261	837,928	22,485,206	2,217,022	3,268,023	2,785,435	2,754,244
2016	6,137,527	7,185,482	2,567,833	347,948	4,108,823	503,446	19,464,587	1,664,249	3,731,863	2,791,804	2,884,041
2017	6,432,612	7,331,321	2,625,793	596,689	4,650,211	454,218	20,829,632	2,529,600	3,646,400	2,865,017	2,950,325
2018	6,774,036	7,054,783	2,886,978	694,730	4,800,540	590,735	21,193,819	2,498,580	3,427,583	3,077,447	3,058,877
2019	7,765,657	7,558,849	2,990,206	761,752	5,520,585	568,728	19,477,950	2,599,346	3,494,615	2,983,713	3,138,697

GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Investment Earnings	Miscellaneous	Gain/(Loss) on Sale of Capital Assets	Payments from Component Unit	Total	
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	
2014	42,776,901	824,209	4,302,762	14,429,859	78,882	184,324	75,275	828,247	63,500,459	
2015	38,676,166	553,618	3,619,389	13,913,702	87,400	188,576	754,387	910,301	58,703,539	
2016	35,472,030	596,344	2,765,709	13,750,412	231,795	469,763	355,955	1,063,682	54,705,690	
2017	38,001,247	687,647	108,482	14,488,852	347,866	417,268	116,775	1,082,711	55,250,848	
2018	39,357,500	801,355	326,480	15,226,979	514,759	383,143	251,038	1,159,417	58,020,671	
2019	38,247,562	717,772	2,299,028	15,840,323	656,902	332,486	130,306	908,329	59,132,708	

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

CITY OF BRENHAM

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture & Recreation	Debt Service	Capital Outlay	Totals
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
2014	5,067,284	6,382,845	1,379,361	305,008	3,081,793	4,111,871	1,520,404	21,848,566
2015	5,275,753	5,794,265	1,435,659	292,948	3,195,581	5,537,827	6,109,584	27,641,617
2016	5,408,904	5,991,944	1,129,539	314,999	3,344,965	5,462,668	7,477,666	29,130,685
2017	5,702,493	6,216,890	1,157,773	404,891	3,713,527	5,598,030	3,311,645	26,105,249
2018	6,159,358	6,235,546	1,396,102	579,681	3,889,284	5,210,118	3,473,619	26,943,708
2019	6,879,026	6,335,669	1,418,837	629,581	4,471,372	4,683,550	3,089,351	27,507,386

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 RECEIVABLE
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	Beginning Balance	Additions Net of Adjustments	Total Collections	Ending Balance
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
2014	201,115	6,089,364	(6,068,876)	221,603
2015	221,603	5,420,886	(5,412,091)	230,399
2016	230,399	5,616,009	(5,614,517)	231,891
2017	231,891	6,073,868	(6,040,017)	265,741
2018	265,741	6,596,611	(6,587,031)	275,321
2019	275,321	6,822,379	(6,803,148)	294,553

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
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
2014	14,409,371	76,379	4,260,002	517,114	573,355	3,222,540	23,058,761
2015	13,904,906	121,076	5,046,207	563,123	723,181	1,629,170	21,987,663
2016	13,748,920	146,329	3,910,222	612,693	833,046	2,701,074	21,952,284
2017	14,455,002	157,128	2,561,978	650,916	713,986	1,614,629	20,153,639
2018	15,217,399	132,133	643,733	635,985	657,615	1,936,159	19,223,024
2019	15,821,093	151,393	626,506	853,281	624,913	1,658,682	19,735,868

(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
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
2014	3,090,133	926,007	4,016,140	21,848,566	18.38
2015	4,563,551	974,276	5,537,827	27,641,617	20.03
2016	4,715,090	747,578	5,462,668	29,130,685	18.75
2017	4,900,881	669,942	5,570,823	26,105,249	21.34
2018	4,466,057	668,735	5,134,792	26,943,708	19.06
2019	3,991,054	641,998	4,633,052	27,507,386	16.84

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
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
2014	1,080,568,292	205	9,983,223	152	13,902,008	8	174,666	1	100	366	24,059,997
2015	1,102,575,469	167	8,048,088	148	24,216,328	7	40,375	3	91,800	325	32,396,591
2016	1,188,742,237	209	9,599,245	135	36,627,837	18	437,153	5	88,850	367	46,753,085
2017	1,198,049,873	262	36,587,495	132	10,744,562	10	44,803	4	20,000	408	47,396,860
2018	1,268,819,218	164	15,348,696	107	20,232,486	7	97,025	0	0	278	35,678,207
2019	1,328,029,691	194	10,486,451	95	31,885,836	13	400,200	2	32,000	304	42,804,487

REVENUES BY SOURCE - BUSINESS TYPE ACTIVITIES
Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	ELECTRIC	GAS	WATER	WASTEWATER	SANITATION	TOTAL REVENUES
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
2014	27,021,804	3,905,007	3,974,875	3,586,878	3,121,490	41,610,054
2015	24,042,704	2,824,075	3,759,869	3,413,850	3,226,180	37,266,678
2016	20,938,896	2,203,446	3,890,641	3,483,098	3,363,751	33,879,832
2017	22,112,796	2,757,889	4,360,072	3,788,837	3,451,489	36,471,083
2018	23,018,340	3,189,500	4,259,708	3,966,833	3,483,031	37,917,412
2019	21,812,017	3,244,775	4,108,963	3,870,552	3,535,206	36,571,513

ELECTRIC CUSTOMERS, CONSUMPTION AND SALES
Last Ten Fiscal Years

CITY OF BRENHAM

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Number of customers										
Residential	5,861	5,767	5,758	5,716	5,664	5,646	5,642	5,450	5,357	5,337
Commercial	1,027	1,031	1,039	1,026	1,009	1,010	1,000	1,132	1,178	1,154
Large commercial	306	304	293	295	296	292	301	309	317	308
Industrial	23	23	22	22	22	21	21	21	21	23
Street lights	1,298	1,296	1,289	1,279	1,275	1,272	1,263	1,257	1,248	1,238
Security lights	2,376	2,376	198	191	183	179	178	176	165	175
Total	10,891	10,797	8,599	8,529	8,449	8,420	8,405	8,345	8,286	8,236
Consumption (in KWH)										
Residential	78,140,210	78,547,380	75,567,271	74,495,748	77,311,527	78,361,082	75,322,524	75,853,482	80,534,797	76,664,387
Commercial	15,776,232	15,982,507	16,079,296	15,988,851	16,148,162	16,475,538	15,150,052	15,607,437	16,835,349	16,364,454
Large commercial	62,724,425	64,828,401	63,090,388	62,037,997	62,339,574	63,647,041	64,393,979	65,687,242	68,446,624	65,006,673
Industrial	115,732,736	117,799,652	114,554,616	107,445,320	112,386,240	128,179,180	124,709,000	122,894,960	122,217,940	111,567,780
Street lights	1,494,696	1,492,872	1,484,904	1,473,096	1,469,064	1,465,225	1,454,952	1,447,560	1,437,576	1,426,728
Security lights	331,680	327,936	325,440	316,320	306,048	299,040	298,608	295,488	296,472	289,440
Total	274,199,979	278,978,748	271,101,915	261,757,332	269,960,615	288,427,106	281,329,115	281,786,169	289,768,758	271,319,462
Sales (1)										
Residential	\$ 7,082,377	\$ 7,452,005	\$ 7,127,420	\$ 6,840,388	\$ 7,884,485	\$ 8,325,945	\$ 7,783,426	\$ 7,636,392	\$ 8,477,097	\$ 7,861,811
Commercial	1,467,999	1,554,350	1,549,655	1,500,066	1,676,277	1,778,764	1,600,573	1,628,597	1,829,938	1,727,624
Large commercial	4,738,489	5,168,256	4,967,627	4,753,980	5,414,602	5,788,208	5,632,488	5,623,885	6,195,255	5,662,262
Industrial	7,611,890	8,244,852	7,912,478	7,198,818	8,687,582	10,410,691	9,518,295	9,139,115	9,683,819	8,461,265
Street lights	83,777	89,682	87,779	84,296	98,223	104,046	98,050	95,163	101,171	95,651
Security lights	46,608	46,085	45,731	44,409	43,006	42,021	41,920	41,522	41,660	40,639
Total	\$21,031,140	\$22,555,230	\$21,690,690	\$20,421,957	\$23,804,175	\$26,449,675	\$24,674,752	\$24,164,675	\$26,328,940	\$23,849,252
Annual average consumption per customer (in KWH)										
Residential	13,332	13,620	13,124	13,033	13,650	13,879	13,350	13,918	15,034	14,365
Commercial	15,361	15,502	15,476	15,584	16,004	16,312	15,150	13,782	14,291	14,181
Large commercial	204,982	213,251	215,326	210,298	210,607	217,969	213,933	212,408	215,920	211,061
Industrial	5,031,858	5,121,724	5,207,028	4,883,878	5,108,465	6,103,770	5,938,524	5,783,292	5,819,902	4,850,773
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Security lights	140	138	1,644	1,656	1,672	1,671	1,678	1,684	1,797	1,654
Monthly average bill per customer										
Residential	\$ 101	\$ 108	\$ 103	\$ 100	\$ 116	\$ 123	\$ 115	\$ 117	\$ 132	\$ 123
Commercial	119	126	124	122	138	147	133	120	129	125
Large commercial	1,290	1,417	1,413	1,343	1,524	1,652	1,559	1,515	1,629	1,532
Industrial	27,579	29,873	29,972	27,268	32,908	41,312	37,771	35,840	38,428	30,657
Street lights	5	6	6	5	6	7	6	6	7	6
Security lights	2	2	19	19	20	20	20	20	21	19
Average price per KWH purchased	\$ 0.0494	\$ 0.0557	\$ 0.0561	\$ 0.0535	\$ 0.0611	\$ 0.0718	\$ 0.0632	\$ 0.0613	\$ 0.0656	\$ 0.0637
Average price per KWH sold	\$ 0.0767	\$ 0.0808	\$ 0.0800	\$ 0.0780	\$ 0.0882	\$ 0.0917	\$ 0.0877	\$ 0.0858	\$ 0.0909	\$ 0.0879
% line loss	5.93%	3.07%	4.84%	5.73%	5.29%	4.74%	5.12%	5.71%	5.83%	5.83%

(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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Number of customers										
Residential	3,946	3,916	3,887	3,865	3,852	3,815	3,808	3,733	3,686	3,653
Small commercial	330	325	322	317	313	315	310	348	363	368
Large commercial	119	119	121	124	124	125	128	129	129	126
Governmental	73	72	71	70	71	70	69	68	65	64
Industrial	2	2	2	1	1	1	1	1	1	1
Total	4,470	4,434	4,403	4,377	4,361	4,326	4,316	4,279	4,244	4,212
Consumption (in mcf)										
Residential	124,373	112,380	71,927	83,976	119,324	137,391	91,677	81,402	100,773	133,709
Small commercial	34,711	30,646	23,211	22,912	27,077	30,292	22,104	20,938	24,741	27,617
Large commercial	148,685	158,230	140,705	139,009	148,644	165,196	153,111	152,527	152,773	153,974
Governmental	38,598	40,037	33,157	38,062	46,253	52,724	48,692	42,938	40,885	46,813
Industrial	116,919	150,289	134,228	61,681	52,852	88,727	87,072	71,218	75,391	81,232
Total	463,286	491,582	403,228	345,640	394,150	474,330	402,656	369,023	394,563	443,345
Sales (1)										
Residential	\$ 1,271,069	\$ 1,133,475	\$ 886,782	\$ 883,250	\$ 1,186,117	\$ 1,496,320	\$ 965,455	\$ 831,794	\$ 1,095,738	\$ 1,430,671
Small commercial	250,561	215,871	173,663	154,151	201,897	264,724	176,043	154,636	215,979	253,361
Large commercial	850,558	866,758	794,476	686,663	878,697	1,179,110	975,201	847,219	1,077,654	1,141,328
Governmental	252,439	240,885	207,630	200,458	284,028	388,039	311,526	242,614	293,843	351,882
Industrial	591,486	721,196	665,030	261,689	287,067	573,525	508,802	355,647	489,495	542,846
Total	\$ 3,216,113	\$ 3,178,185	\$ 2,727,581	\$ 2,186,211	\$ 2,837,806	\$ 3,901,718	\$ 2,937,027	\$ 2,431,910	\$ 3,172,709	\$ 3,720,088
Annual average consumption per customer (in mcf)										
Residential	32	29	19	22	31	36	24	22	27	37
Small commercial	105	94	72	72	87	96	71	60	68	75
Large commercial	1,249	1,330	1,163	1,121	1,199	1,322	1,196	1,182	1,184	1,222
Governmental	529	556	467	544	651	753	706	631	629	731
Industrial	58,460	75,145	67,114	61,681	52,852	88,727	87,072	71,218	75,391	81,232
Monthly average bill per customer										
Residential	\$ 27	\$ 24	\$ 19	\$ 19	\$ 26	\$ 33	\$ 21	\$ 19	\$ 25	\$ 33
Small commercial	63	55	45	41	54	70	47	37	50	57
Large commercial	596	607	547	461	591	786	635	547	696	755
Governmental	288	279	244	239	333	462	376	297	377	458
Industrial	24,645	30,050	27,710	21,807	23,922	47,794	42,400	29,637	40,791	45,237
Average price per mcf purchased										
Average price per mcf purchased	\$ 3.6100	\$ 3.3100	\$ 3.4300	\$ 2.4100	\$ 3.4900	\$ 4.6500	\$ 3.9000	\$ 3.1400	\$ 4.4400	\$ 5.2824
Average price per mcf sold	\$ 6.9400	\$ 6.4700	\$ 6.7600	\$ 6.3300	\$ 7.2000	\$ 8.2300	\$ 7.2900	\$ 6.5900	\$ 8.0400	\$ 8.3910
% line loss (gain)										
% line loss (gain)	1.29%	1.53%	2.07%	1.14%	3.27%	1.36%	0.93%	1.47%	1.47%	2.72%

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

ELECTRIC RATES
Impacting Last Ten Fiscal Years

CITY OF BRENHAM

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL	LARGE INDUSTRIAL
		SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE		
Oct-01-2008	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00
	Electric charge per KWH (1)	\$0.10020	\$0.10020	\$ 0.09930	\$ 0.09930	\$ 0.09150	\$ 0.09150	\$ 0.00993	\$ 0.00700
Oct-01-2013	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00
	Electric charge per KWH (1)	\$0.10020	\$0.10020	\$ 0.09930	\$ 0.09930	\$ 0.09150	\$ 0.09150	\$ 0.01162	\$ 0.00817
Oct-01-2014	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00
	Electric charge per KWH (1)	\$0.10020	\$0.10020	\$ 0.09930	\$ 0.09930	\$ 0.09150	\$ 0.09150	\$ 0.08662	\$ 0.08317

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

GAS RATES
Impacting Last Ten Fiscal Years

CITY OF BRENHAM

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

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

TEN LARGEST ELECTRIC CUSTOMERS
Current Year and Nine Years Ago

CITY OF BRENHAM

2019			2010		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	\$ 2,781,718	13.23%	Blue Bell Creameries	\$ 3,609,740	15.14%
City of Brenham	1,042,994	4.96%	Blinn College	1,148,628	4.82%
Blinn College	1,017,096	4.84%	City of Brenham	1,115,214	4.68%
Valmont/ALS	723,045	3.36%	Valmont/ALS	891,216	3.74%
StanPac USA	707,271	3.29%	Brenham I.S.D.	772,837	3.24%
Brenham I.S.D.	692,152	2.20%	Brenham State Supported Living Center	585,808	2.46%
Brenham State Supported Living Center	462,930	3.44%	Scott & White Hospital - Brenham	487,979	2.05%
Scott & White Hospital - Brenham	365,983	1.74%	Brenham Wholesale Grocery	351,680	1.47%
HEB Grocery Company	273,606	1.30%	Germania Insurance	302,737	1.27%
Brenham Wholesale Grocery	269,592	1.28%	HEB Grocery Company	287,515	1.21%
Total	\$ 8,336,387	39.64%	Total	\$ 9,553,354	40.06%
2019 Total Electric Charges	\$21,031,140		2010 Total Electric Charges	\$23,849,252	

TEN LARGEST GAS CUSTOMERS
Current Year and Nine Years Ago

CITY OF BRENHAM

2019			2010		
NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES	NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES
Blue Bell Creameries	\$ 428,850	13.33%	Blue Bell Creameries	\$ 598,387	16.09%
Valmont/ALS Texas Galvanizing	313,885	9.76%	Blinn College	232,501	6.25%
Longwood Elastomers	152,737	4.75%	Valmont/ALS	179,959	4.84%
Blinn College	140,377	4.36%	Longwood Elastomers	171,732	4.62%
Scott & White Hospital - Brenham	66,351	2.06%	Scott & White Hospital - Brenham	110,670	2.97%
Brenham I.S.D.	65,555	2.04%	Brenham I.S.D.	86,611	2.33%
Brenham State Supported Living Center	54,827	1.70%	Brenham Housing Authority	72,700	1.95%
City of Brenham	42,976	1.34%	City of Brenham	37,501	1.01%
Brenham Housing Authority	32,943	1.02%	Germania Insurance	26,386	0.71%
Germania Insurance	22,658	0.70%	Cal Genesis ENT LLC	21,221	0.57%
Total	\$ 1,321,160	41.08%	Total	\$ 1,537,667	41.33%
2019 Total Gas Charges	\$ 3,216,113		2010 Total Gas Charges	\$ 3,720,088	

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

CITY OF BRENHAM

	FISCAL YEAR		
	2019	2018	(DEC)/INC
<u>Number of customers</u>			
Residential	6,083	6,024	59
Commercial	1,117	1,108	9
Meter on Fire Hydrant	3	3	-
Sprinkler	664	647	17
Total	<u>7,867</u>	<u>7,782</u>	<u>85</u>
<u>Consumption (in gallons)</u>			
Residential	346,056,400	371,608,300	(25,551,900)
Commercial	284,378,000	289,696,300	(5,318,300)
Meter on Fire Hydrant	793,900	845,500	(51,600)
Sprinkler	107,589,300	152,080,200	(44,490,900)
Total	<u>738,817,600</u>	<u>814,230,300</u>	<u>(75,412,700)</u>
<u>Sales (in dollars)</u>			
Residential	\$ 1,968,973	\$ 2,050,641	\$ (81,668)
Commercial	1,262,533	1,253,221	9,312
Meter on Fire Hydrant	5,290	5,738	(448)
Sprinkler	589,226	843,319	(254,093)
Total	<u>\$ 3,826,022</u>	<u>\$ 4,152,919</u>	<u>\$ (326,897)</u>
<u>Annual average consumption per customer</u>			
Residential (in gallons)	56,889	61,688	(4,799)
Commercial	254,591	261,459	(6,868)
Meter on Fire Hydrant	264,633	281,833	(17,200)
Sprinkler	162,032	235,054	(73,022)
<u>Monthly average bill per customer</u>			
Residential	\$ 27	\$ 28	\$ (1)
Commercial	94	94	(0)
Meter on Fire Hydrant	147	159	(12)
Sprinkler	74	109	(35)
Average price per 1,000 gallons purchased	\$ 0.372	\$ 0.342	\$ 0.030
Average price per 1,000 gallons sold	\$ 5.179	\$ 5.100	\$ 0.079
% line loss (gain)	9.89% *	4.54% *	5.35%

*28,902,300 and 33,960,000 gallons, respectively, unbilled metered City water usage.

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

CITY OF BRENHAM

	FISCAL YEAR		
	2019	2018	(DEC)/INC
<u>Number of customers</u>			
Residential	6,022	5,973	49
Commercial	982	975	7
Industrial	5	5	-
Oak Hill Acres Flow Meter	1	1	-
Total	7,010	6,954	56
<u>Sales (in dollars)</u>			
Residential	\$ 1,941,556	\$ 1,968,391	\$ (26,835)
Commercial	1,031,251	1,042,926	(11,675)
Industrial	647,863	795,244	(147,381)
Oak Hill Acres Flow Meter	49,109	44,076	5,033
Total	\$ 3,669,779	\$ 3,850,637	\$ (180,858)
<u>Monthly average bill per customer</u>			
Residential	\$ 27	\$ 27	\$ (0)
Commercial	88	89	(1)
Industrial	10,798	13,254	(2,456)
Oak Hill Acres Flow Meter	4,092	3,673	419

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

CITY OF BRENHAM

	FISCAL YEAR		
	2019	2018	(DEC)/INC
<u>Number of customers</u>			
Residential	5,652	5,595	57
Residential - Rural	3	3	-
Commercial	564	560	4
Total	6,219	6,158	61
<u>Sales (in dollars)</u>			
Residential	\$ 935,395	\$ 930,934	\$ 4,461
Residential - Rural	686	670	16
Commercial	921,150	895,923	25,227
Total	\$ 1,857,231	\$ 1,827,527	\$ 29,704
<u>Monthly average bill per customer</u>			
Residential	\$ 14	\$ 14	\$ (0)
Residential - Rural	19	19	0
Commercial	136	133	3

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

Contents

	<u>Tables</u>
<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

CITY OF BRENHAM

*Last Ten Fiscal Years
(accrual basis of accounting)*

TABLE 1

Description	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012 (1)	2011	2010
Governmental activities:										
Net investment in capital assets	\$ -	\$ 45,335,707	\$ 45,068,187	\$ 45,917,775	\$ 40,206,741	\$ 36,830,206	\$ 35,548,260	\$ 34,415,305	\$ 35,294,268	\$ 35,289,795
Restricted	-	405,592	325,399	313,000	459,504	633,409	256,528	266,119	307,292	537,786
Unrestricted	-	(2,689,122)	(1,745,046)	(1,822,525)	1,676,818	7,320,914	4,953,603	6,310,807	3,952,381	4,502,834
Subtotal governmental activities net position	-	43,052,177	43,648,540	44,408,250	42,343,063	44,784,529	40,758,391	40,992,231	39,553,941	40,330,415
Business-type activities:										
Net investment in capital assets	-	41,839,825	40,363,022	39,541,645	37,750,305	36,724,082	36,081,573	33,977,027	31,846,549	29,364,559
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	12,782,675	12,270,757	11,993,394	12,531,834	15,484,242	15,715,277	15,389,182	15,098,756	13,332,206
Subtotal business-type activities net position	-	54,622,500	52,633,779	51,535,039	50,282,139	52,208,324	51,796,850	49,366,209	46,945,305	42,696,765
Primary government:										
Net investment in capital assets	-	87,175,532	85,431,209	85,459,420	77,957,046	73,554,288	71,629,833	68,392,332	67,140,817	64,654,354
Restricted	-	405,592	325,399	313,000	459,504	633,409	256,528	266,119	307,292	537,786
Unrestricted	-	10,093,553	10,525,711	10,170,869	14,208,652	22,805,156	20,668,880	21,699,989	19,051,138	17,835,040
Total primary government net position (2)	\$ -	\$ 97,674,677	\$ 96,282,319	\$ 95,943,289	\$ 92,625,202	\$ 96,992,853	\$ 92,555,241	\$ 90,358,440	\$ 86,499,247	\$ 83,027,180
Component unit:										
Net investment in capital assets	\$ -	\$ 1,804,052	\$ 1,677,517	\$ 1,101,468	\$ 1,023,730	\$ 964,912	\$ 904,031	\$ 850,007	\$ 838,450	\$ 867,353
Restricted	1,959,911	994,051	958,498	1,556,849	1,489,966	1,393,356	986,165	903,879	1,353,823	551,160
Total component unit net position (2)	\$ 1,959,911	\$ 2,798,103	\$ 2,636,015	\$ 2,658,317	\$ 2,513,696	\$ 2,358,268	\$ 1,890,196	\$ 1,753,886	\$ 2,192,273	\$ 1,418,513

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

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

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

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Program expenses										
Governmental activities:										
General government	\$ 7,765,657	\$ 6,774,036	\$ 6,432,612	\$ 6,137,527	\$ 5,909,039	\$ 5,458,639	\$ 5,453,313	\$ 5,230,134	\$ 5,177,514	\$ 5,755,450
Public safety	7,558,849	7,054,783	7,331,321	7,185,482	6,705,267	7,104,713	6,899,558	6,567,832	6,579,061	6,831,143
Highways and streets	2,990,206	2,886,978	2,625,793	2,567,833	2,811,875	2,572,715	2,611,294	2,599,723	2,628,682	2,679,468
Health and welfare	761,752	694,730	596,689	347,948	314,352	316,672	318,672	285,870	288,699	299,216
Culture and recreation	5,520,585	4,800,540	4,650,211	4,108,823	4,120,261	3,751,931	3,635,589	3,406,693	3,513,628	3,676,194
Debt service	568,728	590,735	454,218	503,446	837,928	880,199	916,548	887,431	938,663	855,569
Total government activities program expenses	25,165,777	22,801,802	22,090,844	20,851,059	20,698,722	20,084,869	19,834,974	18,977,683	19,126,247	20,097,040
Business-type activities:										
Electric	19,477,950	21,193,819	20,829,632	19,464,587	22,485,206	25,911,242	23,009,788	22,895,981	23,962,803	22,259,716
Gas	2,599,346	2,498,580	2,529,600	1,664,249	2,217,022	3,087,321	2,401,303	1,908,278	2,602,842	3,198,740
Sanitation	3,138,697	3,058,877	2,950,325	2,884,041	2,754,244	2,768,399	2,737,307	2,603,144	2,706,750	2,669,678
Wastewater	2,983,713	3,077,447	2,865,017	2,791,804	2,785,435	2,841,457	2,846,895	2,692,136	2,860,922	2,979,406
Water	3,494,615	3,427,583	3,646,400	3,731,863	3,268,023	3,753,663	3,342,073	3,281,611	3,430,862	3,088,039
Total business-type activities program expenses	31,694,321	33,256,306	32,820,974	30,536,544	33,509,930	38,362,082	34,337,366	33,381,150	35,564,179	34,195,579
Total primary government expenses	56,860,098	56,058,108	54,911,818	51,387,603	54,208,652	58,446,951	54,172,340	52,358,833	54,690,426	54,292,619
Program revenues										
Governmental activities:										
Charges for services:										
General government	857,613	861,398	959,452	1,083,616	945,154	714,188	675,909	936,160	934,808	866,090
Public safety	17,889	15,679	15,818	8,712	14,743	8,878	4,959	5,971	6,258	8,548
Highways and streets	149,874	98,105	92,516	81,727	63,084	68,300	56,920	51,616	51,666	51,996
Health and welfare	75,330	57,244	54,062	38,218	34,647	31,492	30,004	29,507	32,452	35,606
Culture and recreation	575,343	407,662	408,316	379,925	351,860	343,989	353,510	340,739	364,696	387,113
Operating grants and contributions	706,628	769,279	616,771	596,344	553,618	817,748	574,798	628,127	626,870	865,607
Capital grants and contributions	973,204	96,560	63,402	2,374,213	3,326,657	4,022,261	25,209	1,495,920	610,145	1,213,423
Total governmental activities program revenues	3,355,881	2,305,927	2,210,337	4,562,755	5,289,763	6,006,856	1,721,309	3,488,040	2,626,895	3,428,383
Business-type activities:										
Charges for services:										
Electric	21,812,017	23,018,340	22,112,796	20,938,896	24,042,704	27,021,804	25,240,842	24,538,200	26,814,028	24,387,117
Gas	3,244,775	3,189,500	2,757,889	2,203,446	2,824,075	3,905,007	2,965,796	2,437,314	3,178,811	3,740,133
Sanitation	3,535,206	3,483,031	3,451,489	3,363,751	3,226,180	3,121,490	3,043,375	3,065,318	3,119,515	2,913,758
Wastewater	3,870,552	3,966,833	3,788,837	3,483,098	3,413,850	3,586,878	3,584,026	3,647,923	3,717,883	3,552,062
Water	4,108,963	4,259,708	4,360,072	3,890,641	3,759,869	3,974,875	4,326,320	4,413,082	5,122,170	3,898,319
Operating grants and contributions	11,144	32,076	70,876	-	-	6,461	-	7,435	16,622	-
Capital grants and contributions	1,325,824	229,920	45,080	391,496	292,732	280,501	325,463	117,427	599,799	229,089
Total business-type activities program revenues	37,908,481	38,179,408	36,587,039	34,271,328	37,559,410	41,897,016	39,485,822	38,226,699	42,568,828	38,720,478
Total primary government program revenues	41,264,362	40,485,335	38,797,376	38,834,083	42,849,173	47,903,872	41,207,131	41,714,739	45,195,723	42,148,861
Net (expense)/revenue										
Governmental activities	(21,809,896)	(20,495,875)	(19,880,507)	(16,288,304)	(15,408,959)	(14,078,013)	(18,113,665)	(15,489,643)	(16,499,352)	(16,668,657)
Business-type activities	6,214,160	4,923,102	3,766,065	3,734,784	4,049,480	3,534,934	5,148,456	4,845,549	7,004,649	4,524,899
Total primary government net expense	(15,595,736)	(15,572,773)	(16,114,442)	(12,553,520)	(11,359,479)	(10,543,079)	(12,965,209)	(10,644,094)	(9,494,703)	(12,143,758)
General revenues and other changes in net position										
Governmental activities:										
Property taxes	6,901,297	6,666,162	6,124,393	5,680,168	5,465,940	6,145,913	5,647,218	5,449,748	4,980,377	5,011,013
Sales taxes	5,217,475	4,850,553	4,829,919	4,653,951	4,753,324	4,391,151	4,404,296	4,107,558	3,774,894	3,678,707
Other taxes	3,721,551	3,710,264	3,534,540	3,416,293	3,694,438	3,892,795	3,657,534	3,485,786	3,699,868	3,344,311
Investment income not restricted	304,465	237,392	141,978	88,759	9,398	3,947	7,125	6,817	18,501	12,790
Miscellaneous	193,171	351,802	317,353	367,506	121,500	128,809	102,935	150,630	143,988	105,935
Gain (loss) on sale of capital assets	44,307	61,166	96,816	296,006	107,318	75,275	67,395	53,693	12,771	7,879
Payments from component Unit	908,329	1,159,417	1,082,711	1,063,682	910,301	828,247	1,099,836	791,218	219,526	850,941
Transfers	3,492,789	3,262,416	2,993,087	2,787,126	4,381,164	3,034,718	2,893,486	2,715,519	2,872,953	2,836,566
Total government activities	20,783,384	20,299,172	19,120,797	18,353,491	19,443,383	18,500,855	17,879,825	16,760,969	15,722,878	15,848,142

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

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Business-type activities:										
Investment income not restricted	352,437	277,367	205,888	143,036	78,002	74,935	84,013	87,517	95,798	50,841
Miscellaneous	139,315	31,341	99,915	102,257	67,076	55,515	91,658	70,555	21,046	44,971
Gain (loss) on sale of capital assets	85,999	189,872	19,959	59,949	647,069	-	-	-	-	-
Payments from component Unit	-	-	-	-	-	-	-	11,956	-	-
Transfers	(3,492,789)	(3,262,416)	(2,993,087)	(2,787,126)	(4,381,164)	(3,034,718)	(2,893,486)	(2,715,519)	(2,872,953)	(2,836,566)
Total business-type activities	(2,915,038)	(2,763,836)	(2,667,325)	(2,481,884)	(3,589,017)	(2,904,268)	(2,717,815)	(2,545,491)	(2,756,109)	(2,740,754)
Total primary government general revenues and other changes in net position	17,868,346	17,535,336	16,453,472	15,871,607	15,854,366	15,596,587	15,162,010	14,215,478	12,966,769	13,107,388
Change in net position										
Governmental activities, as previously reported	(1,026,512)	(196,703)	(759,710)	2,065,187	4,034,424	4,422,842	(233,840)	1,271,326	(776,474)	(820,515)
Restatement in capital assets (1)	-	-	-	-	-	-	-	-	-	110,028
Restatement in post employment benefits (3)	-	-	-	-	-	-	-	166,964	-	-
Governmental activities, restated	(1,026,512)	(196,703)	(759,710)	2,065,187	4,034,424	4,422,842	(233,840)	1,438,290	(776,474)	(710,487)
Business-type activities, as previously reported	3,299,122	2,159,266	1,098,740	1,252,900	460,463	630,666	2,430,641	2,300,058	4,248,540	1,784,145
Restatement in charges for services (2)	-	-	-	-	-	-	-	-	-	556,324
Restatement in post employment benefits (3)	-	-	-	-	-	-	-	120,846	-	-
Business-type activities, restated	3,299,122	2,159,266	1,098,740	1,252,900	460,463	630,666	2,430,641	2,420,904	4,248,540	2,340,469
Total primary government change in net position	\$ 2,272,610	\$ 1,962,563	\$ 339,030	\$ 3,318,087	\$ 4,494,887	\$ 5,053,508	\$ 2,196,801	\$ 3,859,194	\$ 3,472,066	\$ 1,629,983
Component unit										
Program expenses	\$ 314,230	\$ 290,923	\$ 471,813	\$ 353,281	\$ 1,269,991	\$ 245,479	\$ 236,449	\$ 1,107,871	\$ 269,757	\$ 205,065
Program revenues	-	-	-	-	-	-	-	-	-	-
Brenham Community Development Corporation	-	-	-	-	-	-	-	-	-	-
Net expenses	(314,230)	(290,923)	(471,813)	(353,281)	(1,269,991)	(245,479)	(236,449)	(1,107,871)	(269,757)	(205,065)
General revenues and other changes in net position										
Component unit activities:										
Sales taxes	1,739,159	1,616,851	1,609,973	1,551,317	1,584,441	1,463,717	1,468,099	1,369,186	1,258,298	1,226,236
Investment income not restricted	27,709	35,509	20,911	10,267	956	282	1,120	1,434	1,645	2,365
Contribution from Developer	-	-	-	-	735,044	-	-	-	-	-
Miscellaneous	1,158	2,118	-	-	15,279	3,232	3,376	102,038	-	-
Gain (loss) on sale of capital assets	-	-	-	-	-	74,567	-	-	3,100	-
Payments to primary government	(908,329)	(1,159,417)	(1,082,711)	(1,063,682)	(910,301)	(828,247)	(1,099,836)	(803,174)	(219,526)	(850,941)
Total component unit activities	859,697	495,061	548,173	497,902	1,425,419	713,551	372,759	669,484	1,043,517	377,660
Component unit change in position	\$ 545,467	\$ 204,138	\$ 76,360	\$ 144,621	\$ 155,428	\$ 468,072	\$ 136,310	\$ (438,387)	\$ 773,760	\$ 172,595

- (1) As restated for prior year capital assets which were not recorded.
- (2) As restated for prior year correction to charges for services.
- (3) As restated for recalculation of post employment benefits liability.

FUND BALANCES - GOVERNMENTAL FUNDS

CITY OF BRENHAM

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 3

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012 (2)	2011 (1)	2010
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										2,764,850
Nonspendable	214,444	199,862	178,818	187,362	180,105	188,412	212,530	256,443	204,230	-
Restricted	-	261,833	449,993	239,510	10,713	801,061	74,074	103,959	103,052	-
Committed	-	-	2,952	6,952	6,952	10,304	10,304	-	-	-
Assigned	-	-	-	-	169,114	-	-	-	-	-
Unassigned	5,071,584	4,123,668	4,626,478	4,437,291	4,376,760	3,861,506	3,609,690	3,505,058	3,529,369	-
Total general fund	<u>\$ 5,286,028</u>	<u>\$ 4,585,363</u>	<u>\$ 5,258,241</u>	<u>\$ 4,871,115</u>	<u>\$ 4,743,644</u>	<u>\$ 4,861,283</u>	<u>\$ 3,906,598</u>	<u>\$ 3,865,460</u>	<u>\$ 3,836,651</u>	<u>\$ 2,764,850</u>
All other governmental funds:										
Reserved, reported in:										
Debt service fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 481,884
Unreserved reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	1,829,883
Capital projects funds	-	-	-	-	-	-	-	-	-	77,479
Restricted	397,317	5,267,261	5,961,589	7,454,047	9,986,870	12,808,565	5,613,677	1,793,596	5,600,913	-
Committed	9,741	421,060	256,303	48,016	193,699	525,451	12,000	15,689	111,424	-
Assigned	-	336,847	663,661	163,023	1,273,106	8,158	169,134	523,677	394,896	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 407,058</u>	<u>\$ 6,025,168</u>	<u>\$ 6,881,553</u>	<u>\$ 7,665,086</u>	<u>\$ 11,453,675</u>	<u>\$ 13,342,174</u>	<u>\$ 5,794,811</u>	<u>\$ 2,332,962</u>	<u>\$ 6,107,233</u>	<u>\$ 2,389,246</u>

(1) Implementation of GASB 54 beginning in 2011, prior years are not restated.

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

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

CITY OF BRENHAM

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 4

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes	\$ 15,821,093	\$ 15,217,399	\$ 14,455,002	\$ 13,748,920	\$ 13,904,906	\$ 14,409,371	\$ 13,703,177	\$ 13,039,066	\$ 12,445,035	\$ 12,013,599
Licenses and permits	151,393	132,133	157,128	146,329	121,076	76,379	59,826	72,425	64,465	76,999
Intergovernmental	626,506	643,733	2,561,978	3,910,222	5,046,207	4,260,002	3,595,065	545,942	696,256	1,817,216
Charges for services	853,281	635,985	650,916	612,693	563,123	517,114	512,012	509,278	558,484	603,568
Fines and forfeitures	624,913	657,615	713,986	833,046	723,181	573,355	549,460	782,276	766,908	668,762
Investment income	294,009	235,317	140,882	87,852	9,320	3,884	6,948	6,604	18,259	12,428
Payment from component unit	908,328	1,159,417	1,082,711	1,063,682	910,301	828,247	1,099,836	791,218	970,989	850,941
Contributions and donations	159,486	222,858	112,588	1,141,823	505,658	2,248,498	68,724	127,206	111,254	174,272
Miscellaneous	296,859	318,567	278,448	407,717	203,891	141,911	160,959	203,888	115,930	111,418
Total revenues	19,735,868	19,223,024	20,153,639	21,952,284	21,987,663	23,058,761	19,756,007	16,077,903	15,747,580	16,329,203
Expenditures										
Current:										
Culture and recreation	4,471,372	3,889,284	3,713,527	3,344,965	3,195,581	3,081,793	2,965,441	2,778,854	2,860,841	2,985,738
General government	6,879,026	6,159,358	5,702,493	5,403,850	5,275,753	5,067,284	5,038,077	4,849,317	4,814,955	4,987,652
Health and welfare	629,581	579,681	404,891	314,999	292,948	305,008	302,547	280,468	278,258	281,388
Highways and streets	1,418,837	1,396,102	1,157,773	1,129,539	1,435,659	1,379,361	1,444,078	6,061,296	11,426,323	1,535,385
Public safety	6,335,669	6,235,546	6,216,890	5,991,944	5,794,265	6,382,845	6,091,109	5,870,921	5,801,959	5,977,319
Debt service:										
Interest & fiscal charges	641,998	668,735	669,942	747,578	974,276	926,007	964,850	967,466	932,687	818,939
Principal retirement	3,991,054	4,466,057	4,900,881	4,715,090	4,563,551	3,090,133	1,749,643	1,664,835	1,623,452	1,291,944
Issuance costs	50,498	75,326	27,207	-	-	95,731	51,489	15,550	331,409	800
Capital outlay	3,089,351	3,473,619	3,311,645	7,482,720	6,109,584	1,520,404	2,476,074	1,303,258	1,203,378	2,002,664
Total expenditures	27,507,386	26,943,708	26,105,249	29,130,685	27,641,617	21,848,566	21,083,308	23,791,965	29,273,262	19,881,829
Excess (deficiency) of revenues over(under) expenditures	(7,771,518)	(7,720,684)	(5,951,610)	(7,178,401)	(5,653,954)	1,210,195	(1,327,301)	(7,714,062)	(13,525,682)	(3,552,626)
Other financing sources (uses)										
Transfers in	7,613,290	6,454,089	7,112,944	6,206,837	11,129,848	4,704,485	3,201,225	3,060,200	3,091,370	3,849,305
Transfers out	(4,120,501)	(3,191,673)	(3,979,857)	(3,419,711)	(6,470,544)	(1,669,767)	(314,213)	(344,681)	(218,417)	(1,012,739)
Payment to Component Unit	-	-	-	-	-	-	-	-	(751,463)	-
Issuance of debt	1,515,000	2,650,000	1,129,719	450,000	138,000	4,075,000	1,886,423	1,200,000	16,097,674	-
Gain on settlement	-	-	-	-	-	-	-	-	-	-
Premium on debt issued	35,498	145,626	157,735	-	259,994	71,819	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(5,338,791)	(1,490,242)	-	-	(3,004,387)	-
Proceeds from capital lease	-	86,167	949,333	-	-	-	-	-	-	645,621
Issuance of note payable	576,623	-	-	-	-	-	-	-	-	-
Miscellaneous	12,734	47,212	185,329	280,157	19,309	91,357	56,853	53,081	40,074	21,665
Total other financing sources (uses)	5,632,644	6,191,421	5,555,203	3,517,283	3,647,816	7,291,853	4,830,288	3,968,600	18,315,470	3,503,852
Net change in fund balance	\$ (2,138,874)	\$ (1,529,263)	\$ (396,407)	\$ (3,661,118)	\$ (2,006,138)	\$ 8,502,048	\$ 3,502,987	\$ (3,745,462)	\$ 4,789,788	\$ (48,774)
Debt service as a percentage of non-capital expenditures	18.97%	21.88%	24.44%	25.23%	25.72%	19.76%	14.59%	11.70%	9.11%	11.81%

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
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
2014	4,391,151	6,125,425	3,164,298	704,638	23,859	-	14,409,371
2015	4,753,324	5,457,145	2,874,901	770,537	49,000	-	13,904,906
2016	4,653,951	5,678,676	2,622,742	753,205	40,346	-	13,748,920
2017	4,829,919	6,090,543	2,779,897	712,291	42,352	-	14,455,002
2018	4,850,553	6,656,582	2,869,973	791,998	48,293	-	15,217,399
2019	5,217,475	6,882,066	2,757,215	897,391	66,945	-	15,821,093

(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
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
2014	588,967,628	341,750,962	329,190,550	1,259,909,140	179,340,848	1,080,568,292	0.56320
2015	588,614,227	359,317,477	356,131,045	1,304,062,749	201,487,280	1,102,575,469	0.49120
2016	662,228,119	376,628,126	369,673,156	1,408,529,401	219,787,164	1,188,742,237	0.47310
2017	694,511,449	377,327,701	340,215,520	1,412,054,670	214,004,797	1,198,049,873	0.50700
2018	735,299,263	442,903,708	330,475,124	1,508,678,095	239,858,877	1,268,819,218	0.51700
2019	760,587,514	469,517,156	338,632,469	1,568,737,139	240,707,448	1,328,029,691	0.51700

(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)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Sales subject to sales tax</u>										
Retail trade	\$ 229,236,945	\$ 228,154,777	\$ 221,610,161	\$ 213,161,211	\$ 207,491,024	\$ 200,166,319	\$ 192,880,386	\$ 185,845,076	\$ 184,434,383	\$ 185,958,779
Accommodation/food services	47,861,811	44,867,434	43,746,925	44,905,531	42,372,818	39,733,063	38,172,199	36,330,789	36,309,229	35,547,090
Wholesale trade	20,822,117	22,441,562	21,480,857	21,844,310	25,121,744	24,694,123	16,762,409	13,616,793	12,950,217	13,395,632
Manufacturing	15,647,537	13,850,683	12,761,420	16,204,464	20,485,742	20,879,179	18,536,084	15,277,547	14,031,339	15,744,268
Admin/support/waste mgmt/remediation services	13,545,634	13,638,149	13,189,854	13,238,887	12,408,950	11,908,900	10,380,780	6,229,057	5,148,773	5,420,141
Information	9,901,042	9,533,342	9,868,409	10,907,336	9,357,216	5,092,179	4,222,671	3,924,959	3,403,518	3,293,086
Other services	9,198,463	9,119,115	8,463,325	8,047,207	8,631,759	8,411,007	8,397,832	7,852,686	8,254,664	7,646,118
Construction	5,703,405	6,158,362	7,097,652	6,300,143	4,636,339	3,634,513	5,929,461	4,250,898	4,874,143	5,485,705
Real estate/rental/leasing	4,805,310	4,890,139	4,262,226	5,161,358	4,596,074	4,726,546	4,578,407	4,270,107	3,784,914	4,934,661
Educational services	4,089,073	3,297,564	2,863,648	2,545,139	2,231,771	2,199,657	2,164,287	2,157,341	1,886,553	1,759,260
Professional/scientific/technical services	3,945,491	2,869,424	2,545,393	2,973,265	3,164,426	3,012,617	2,269,454	2,112,551	2,002,752	1,864,755
Arts/entertainment/recreation	1,211,534	1,146,636	1,292,977	1,325,235	1,266,465	1,104,462	1,157,707	1,135,531	1,098,302	1,135,902
Finance/insurance	883,559	1,029,819	720,158	941,719	709,837	981,444	2,056,713	1,905,231	2,399,368	2,649,199
Health care/social assistance	207,197	214,355	154,464	123,081	125,376	125,304	134,722	114,402	47,212	37,369
Mining/quarrying/oil/gas extraction	192,366	65,267	1,514,948	5,776,452	3,784,238	9,957,614	6,728,368	2,999,333	3,152,929	4,229,845
Agriculture/forestry/fishing hunting	109,683	95,998	68,521	89,881	75,721	73,717	195,546	171,394	136,705	116,141
Transportation/warehousing	-	47,363	296,728	307,391	304,802	284,374	306,194	246,296	223,081	225,203
All industries (2)	\$ 373,938,187	\$ 367,700,367	\$ 357,986,685	\$ 360,281,691	\$ 354,351,702	\$ 343,937,445	\$ 321,297,875	\$ 295,952,623	\$ 291,297,972	\$ 297,373,449
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 2019 was unavailable. Prior years are subject to change based on numbers from Texas Comptroller website.

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

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

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

CITY OF BRENHAM

TABLE 8

Fiscal Year	PROPERTY TAX RATES (per \$100 of assessed value) (1)							SALES TAX RATES (2)		
	City Direct Rates			Brenham Independent School District	Blinn College	Washington County	Total Overlapping Governments	City of Brenham	Washington County	Total Overlapping Governments
	General Fund	Debt Service	Total							
2010	0.34200	0.16220	0.50420	1.08840	0.05450	0.42600	2.07310	0.01500	0.00500	0.02000
2011	0.34200	0.16220	0.50420	1.11840	0.05590	0.43580	2.11430	0.01500	0.00500	0.02000
2012	0.34200	0.20120	0.54320	1.13500	0.05660	0.44080	2.17560	0.01500	0.00500	0.02000
2013	0.34200	0.20120	0.54320	1.13500	0.05670	0.44260	2.17750	0.01500	0.00500	0.02000
2014	0.35790	0.20530	0.56320	1.13500	0.06000	0.46260	2.22080	0.01500	0.00500	0.02000
2015	0.28900	0.20220	0.49120	1.13500	0.05840	0.52110	2.20570	0.01500	0.00500	0.02000
2016	0.29500	0.17810	0.47310	1.13500	0.06010	0.52110	2.18930	0.01500	0.00500	0.02000
2017	0.31500	0.19200	0.50700	1.13500	0.06010	0.52710	2.22920	0.01500	0.00500	0.02000
2018	0.32000	0.19700	0.51700	1.12500	0.06010	0.51710	2.21920	0.01500	0.00500	0.02000
2019	0.32000	0.19700	0.51700	1.12500	0.06010	0.51710	2.21920	0.01500	0.00500	0.02000

(1) Data is from Washington County Appraisal District.

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

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

CITY OF BRENHAM

TABLE 9

2019			2010		
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	\$ 62,523,769	4.71%	Blue Bell Creameries	\$ 36,847,149	3.75%
Valmont/ALS	21,077,556	1.59%	Valmont/ALS	24,997,950	2.54%
Germania Insurance	13,795,665	0.92%	MIC Group, LLC	17,620,160	1.79%
Sealy Texas Management, Inc.	12,264,770	1.04%	Moore Wallace North America	14,461,910	1.47%
Moore Wallace North America	9,471,580	0.56%	Germania Insurance	11,926,785	1.21%
Lowe's Home Centers, Inc. #2521	9,401,875	0.71%	PI Components Corporation	11,732,220	1.19%
PFL Properties, LP	8,098,695	0.60%	Lowe's Home Centers, Inc. #2521	10,317,980	1.05%
Sabra Texas Holdings, LP	8,000,000	0.71%	Tarlton Supply	9,457,091	0.96%
Wal-Mart Real Estate Business Trust	7,955,220	0.61%	Wal-Mart Real Estate Business Trust	8,266,130	0.84%
MIC Group, LLC	7,435,070	0.60%	Brenham Wholesale Grocery	7,494,020	0.76%
Total	\$ 160,024,200	12.05%	Total	\$ 153,121,395	15.58%

(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
2010	\$ 4,951,542	\$ 4,866,421	98.28%	\$ 79,327	\$ 4,945,748	99.88%
2011	4,918,612	4,840,737	98.42%	72,756	4,913,493	99.90%
2012	5,408,298	5,320,079	98.37%	79,781	5,399,861	99.84%
2013	5,590,770	5,507,178	98.50%	75,274	5,582,452	99.85%
2014	6,092,350	6,001,567	98.51%	69,000	6,070,567	99.64%
2015	5,424,407	5,347,550	98.58%	52,312	5,399,862	99.55%
2016	5,616,100	5,544,254	98.72%	51,215	5,595,469	99.63%
2017	6,075,888	5,987,208	98.54%	52,330	6,039,538	99.40%
2018	6,598,971	6,503,743	98.56%	37,943	6,541,686	99.13%
2019	6,824,162	6,725,371	98.55%	-	6,725,371	98.55%

PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)
Calendar Years 2018 and 2009 (2)

CITY OF BRENHAM

TABLE 11

2018				2009			
Sales Tax Payers By Industry	Sales Subject to Sales Tax	Percentage of All Industries	Number of Reporting Outlets 4th Q	Sales Tax Payers By Industry	Sales Subject to Sales Tax	Percentage of All Industries	Number of Reporting Outlets 4th Q
Retail trade	\$ 229,236,945	61.30%	427	Retail trade	\$ 185,958,779	62.53%	375
Accommodation/food services	47,861,811	12.80%	106	Accommodation/food services	35,547,090	11.95%	86
Wholesale trade	20,822,117	5.57%	51	Manufacturing	15,744,268	5.29%	78
Manufacturing	15,647,537	4.18%	99	Wholesale trade	15,744,268	5.29%	45
Admin/support/waste mgmt/remediation services	13,545,634	3.62%	49	Mining/quarrying/oil/gas extraction	4,229,845	1.42%	5
Information	9,901,042	2.65%	7	Other services	7,646,118	2.57%	116
Other services	9,198,463	2.46%	113	Real estate/rental/leasing	4,934,661	1.66%	17
Construction	5,703,405	1.53%	91	Admin/support/waste mgmt/remediation services	5,420,141	1.82%	59
Real estate/rental/leasing	4,805,310	1.29%	14	Construction	5,485,705	1.84%	80
Educational services	4,089,073	1.09%	15	Professional/scientific/technical services	1,864,755	0.63%	55
Professional/scientific/technical services	3,945,491	1.06%	48	Information	3,293,086	1.11%	10
Arts/entertainment/recreation	1,211,534	0.32%	26	Educational services	1,759,260	0.59%	13
Finance/insurance	883,559	0.24%	11	Finance/insurance	2,649,199	0.89%	14
Health care/social assistance	207,197	0.06%	12	Arts/entertainment/recreation	1,135,902	0.38%	16
Mining/quarrying/oil/gas extraction	192,366	0.05%	4	Transportation/warehousing	225,203	0.08%	6
Agriculture/forestry/fishing hunting	109,683	0.03%	13	Agriculture/forestry/fishing hunting	116,141	0.04%	12
Transportation/warehousing	-	0.00%	3	Health care/social assistance	37,369	0.01%	6
All industries (3)	<u>\$ 373,938,187</u>	<u>100.00%</u>	<u>1,096</u>	All industries (3)	<u>\$ 297,373,449</u>	<u>100.00%</u>	<u>1,005</u>

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

(2) Data was derived from the Texas Comptroller's Quarterly Sales Tax Report for the City of Brenham. Information was selected on a calendar year basis in order to capture those business entities that only file annually. Data for calendar year 2019 unavailable.

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

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

CITY OF BRENHAM

TABLE 12

Fiscal Year	Governmental Activities					Business-Type Activities			Total Primary Government	Percentage of Personal Income (2) Per Capita (2)	
	Certificates of Obligation	General Obligation Refunding	Revenue Bonds	Limited Tax Notes	Capital Leases/Notes Payable	Certificates of Obligation	General Obligation Refunding	Capital Leases/Notes Payable		Personal Income (2)	Per Capita (2)
2010	\$ 11,407,845	\$ 6,906,103	\$ -	\$ -	\$ 866,584	\$ 13,892,156	\$ 8,763,898	\$ 291,763	\$ 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	7.44%	3,382
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	7.04%	3,265
2013	8,705,034	7,632,103	14,932,012	1,322,198	344,237	5,835,000	12,190,566	371,785	51,332,935	6.53%	3,160
2014	12,280,891	6,715,656	13,607,376	1,045,360	249,414	5,770,000	10,740,847	294,212	50,703,757	6.16%	3,103
2015	11,688,697	9,920,792	5,549,929	763,522	262,590	5,565,000	9,525,932	214,838	43,491,300	5.30%	2,606
2016	11,078,284	8,726,402	2,817,634	481,685	584,399	5,350,000	8,274,189	133,619	37,446,211	4.68%	2,235
2017	11,736,175	7,491,466	-	185,000	1,391,825	2,319,976	11,931,755	1,030,835	36,087,032	4.30%	2,138
2018	13,801,628	4,072,649	-	-	1,259,268	3,195,270	10,501,604	1,010,811	33,841,230	3.76%	1,968
2019	14,427,571	1,636,380	-	-	1,130,235	4,550,744	8,672,389	846,115	31,263,434	3.41%	1,808

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

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

RATIO OF NET GENERAL OBLIGATION BONDED DEBT
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 13

Fiscal Year	Certificates of Obligation	General Obligation Refunding	Limited Tax Notes	Gross Bonded Debt	Less Debt Service Funds Available	Net Bonded Debt	Taxable Assessed Value	Ratio of Net Bonded Debt to Assessed Values	Net Bonded Debt Per Capita (1)
2010	\$ 25,300,001	\$ 15,670,001	\$ -	\$ 40,970,002	\$ 481,884	\$ 40,488,118	\$ 982,776,938	4.12%	\$ 2,576
2011	14,482,841	23,438,820	665,873	38,587,534	245,654	38,341,880	975,919,507	3.93%	2,379
2012	13,618,992	21,658,246	1,594,036	36,871,274	199,181	36,672,093	997,362,133	3.68%	2,283
2013	14,540,034	19,822,669	1,322,198	35,684,901	185,850	35,499,051	1,029,480,016	3.45%	2,185
2014	18,050,891	17,456,503	1,045,360	36,552,755	554,803	35,997,952	1,080,568,292	3.33%	2,203
2015	17,253,697	19,446,724	763,522	37,463,943	405,888	37,058,055	1,102,575,469	3.36%	2,221
2016	16,428,284	17,000,591	481,685	33,910,559	227,350	33,683,209	1,188,742,237	2.83%	2,010
2017	14,056,151	19,423,221	185,000	33,664,372	226,949	33,437,423	1,198,049,873	2.79%	1,981
2018	16,996,898	14,574,253	-	31,571,151	303,216	31,267,935	1,268,819,218	2.46%	1,818
2019	18,978,315	10,308,769	-	29,287,084	619,970	28,667,114	1,328,029,691	2.16%	1,657

(1) See Table 17 for population information.

DIRECT AND OVERLAPPING DEBT
Current Year

CITY OF BRENHAM

TABLE 14

NAME OF GOVERNMENTAL UNIT	GROSS DEBT OUTSTANDING	2018 TAX ROLL TAXABLE VALUE	PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)	CITY OF BRENHAM'S SHARE OF DEBT
City of Brenham	\$ 17,194,186	\$ 1,328,029,691	100.00%	\$ 17,194,186
Total direct debt	17,194,186	1,328,029,691		17,194,186
Brenham I. S. D.	28,978,374	2,943,290,446	45.12%	13,075,210
Washington County	2,305,000	2,875,761,875	46.18%	1,064,451
Blinn College	-	3,395,505,902	0.00%	-
Total overlapping debt	31,283,374	9,214,558,223		14,139,661
Total direct and overlapping debt	\$ 48,477,560	\$ 10,542,587,914		\$ 31,333,848

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation 0.30%

Per capita consolidated overlapping tax supported debt (based on population of 17,276) \$1,814

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Taxable assessed valuations	\$ 1,328,029,691	\$ 1,268,819,218	\$ 1,198,049,873	\$ 1,188,742,237	\$ 1,102,575,469	\$ 1,080,568,292	\$ 1,029,480,016	\$ 997,362,133	\$ 975,919,507	\$ 982,776,938
Tax limit per \$100 valuation	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000
O&M tax rate per \$100 valuation	0.32000	0.32000	0.31500	0.29500	0.28900	0.35790	0.34200	0.34200	0.34200	0.34200
Debt limit per \$100 valuation	1.33000	1.33000	1.33500	1.35500	1.36100	1.29210	1.30800	1.30800	1.30800	1.30800
Debt limit	17,662,795	16,875,296	15,993,966	16,107,457	15,006,052	13,962,023	13,465,599	13,045,497	12,765,027	12,854,722
Total net debt applicable to limit	4,633,052	5,134,792	5,570,823	5,462,668	5,537,827	4,016,140	2,714,493	2,632,301	2,611,307	2,107,581
Legal debt margin	<u>\$ 13,029,743</u>	<u>\$ 11,740,504</u>	<u>\$ 10,423,143</u>	<u>\$ 10,644,789</u>	<u>\$ 9,468,225</u>	<u>\$ 9,945,883</u>	<u>\$ 10,751,106</u>	<u>\$ 10,413,196</u>	<u>\$ 10,153,720</u>	<u>\$ 10,747,141</u>
Total net debt applicable to the limit as a percentage of debt limit	26.23%	30.43%	34.83%	33.91%	36.90%	28.76%	20.16%	20.18%	20.46%	16.40%

PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 16

Electric Fund (1)							Water Fund (2)						
Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest (4)						Principal	Interest (4)	
2010	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	2010	\$ 3,898,316	\$ 2,509,163	\$ 1,389,153	\$ 629,780	\$ 492,080	1.24
2011	-	-	-	-	-	N/A	2011	5,122,167	2,969,660	2,152,507	690,634	430,063	1.92
2012	-	-	-	-	-	N/A	2012	4,413,080	2,819,979	1,593,101	600,229	481,901	1.47
2013	-	-	-	-	-	N/A	2013	4,326,320	2,877,823	1,448,497	613,738	472,594	1.33
2014	-	-	-	-	-	N/A	2014	3,974,875	3,146,191	828,684	703,854	399,330	0.75
2015	-	-	-	-	-	N/A	2015	3,759,869	2,945,350	814,519	479,962	335,835	1.00
2016	-	-	-	-	-	N/A	2016	3,890,641	3,321,499	569,142	498,938	316,657	0.70
2017	22,112,796	20,707,959	1,404,837	78,471	59,930	10.15	2017	4,360,072	3,313,948	1,046,124	569,737	213,059	1.34
2018	23,018,340	21,122,153	1,896,187	69,055	69,400	13.70	2018	4,259,708	3,223,697	1,036,011	585,375	228,852	1.27
2019	21,812,017	19,432,629	2,379,388	72,194	67,328	17.05	2019	4,108,963	3,308,376	800,587	648,438	236,404	0.90

Wastewater Fund - Self-Supporting Debt (3)							Total Electric, Water, and Wastewater Funds						
Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest (4)						Principal	Interest (4)	
2010	\$ 3,552,059	\$ 2,406,199	\$ 1,145,860	\$ 667,545	\$ 497,324	0.98	2010	\$ 7,450,375	\$ 4,915,362	\$ 2,535,013	\$ 1,297,325	\$ 989,404	1.11
2011	3,717,881	2,396,120	1,321,761	790,302	375,458	1.13	2011	8,840,048	5,365,780	3,474,268	1,480,936	805,522	1.52
2012	3,647,921	2,353,385	1,294,536	856,283	271,196	1.15	2012	8,061,001	5,173,364	2,887,637	1,456,512	753,097	1.31
2013	3,584,026	2,509,164	1,074,862	888,133	249,074	0.95	2013	7,910,346	5,386,987	2,523,359	1,501,871	721,668	1.13
2014	3,586,878	2,549,655	1,037,223	925,835	214,615	0.91	2014	7,561,753	5,695,846	1,865,907	1,629,689	613,945	0.83
2015	3,413,850	2,470,332	943,518	1,021,313	258,364	0.74	2015	7,173,719	5,415,682	1,758,037	1,501,275	594,199	0.84
2016	3,483,098	2,479,197	1,003,901	1,049,163	228,023	0.79	2016	7,373,739	5,800,696	1,573,043	1,548,101	544,680	0.75
2017	3,788,837	2,576,299	1,212,538	1,077,818	193,625	0.95	2017	30,261,705	26,598,206	3,663,499	1,726,026	466,614	1.67
2018	3,966,833	2,836,332	1,130,501	1,168,238	165,610	0.85	2018	31,244,881	27,182,182	4,062,699	1,822,668	463,862	1.78
2019	3,870,552	2,787,906	1,082,646	1,258,970	146,382	0.77	2019	29,791,532	25,528,911	4,262,621	1,979,602	450,114	1.75

(1) Electric fund-supported debt includes 2016 certificates of obligation.

(2) Water fund-supported debt includes 2001 general obligation refunding bonds, 2001, 2008, 2017, and 2019 certificates of obligation, and 2007, 2009, 2010, 2011, 2014, and 2016 general obligation refunding bonds.

(3) Wastewater fund-supported debt includes 2001, 2002, and 2017 certificates of obligation, and 2007, 2009, 2010, 2011, and 2014 general obligation refunding bonds.

(4) Interest is represented on a cash basis.

TABLE 17

Fiscal Year	Population (1)	Total Personal Income (000's) (2)	Median Household Income (3)	Unemployment Rate (4)
2010	15,716	\$ 668,590	\$ 42,542	5.9
2011	16,119	732,318	45,432	6.0
2012	16,066	744,964	46,369	4.8
2013	16,245	786,485	48,414	4.9
2014	16,341	822,459	50,331	4.0
2015	16,688	820,249	49,152	5.0
2016	16,757	800,834	47,791	5.5
2017	16,879	839,511	49,737	3.8
2018	17,198	898,853	52,265	3.6
2019	17,296	915,980	52,960	3.1

(1) Population data for 2011 to 2018 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 2019 is estimated based on an average annual growth rate. All data is updated annually based on the newest information available.

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

(3) Per capita data for 2010 to 2018 are projections for Washington County provided by the Bureau of Economic Analysis. Year 2019 is an estimate based on a five year compound average annual growth rate. All data is updated annually based on the newest information available.

(4) Unemployment rates are taken from U.S. Bureau of Labor Statistics. Under the new U.S. Bureau of Labor Statistics mandated methodology for producing labor statistics, a city must have a population of at least 25,000 for city-level estimates to be produced; therefore, the unemployment rates shown for 2010 to 2019 are for Washington County.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF BRENHAM

TABLE 18

2019	2010
Employer (1)	Employer
Baylor Scott & White Medical Center	Blinn College
Blinn College	Blue Bell Creameries
Blue Bell	Brenham I.S.D.
Brenham Clinic	Brenham State Supported Living Center
Brenham ISD	City of Brenham
Brenham Nursing & Rehabilitation	Germania Insurance
Brenham State Supported Living Center	Scott & White Hospital
Brenham Wholesale	Sealy Mattress Company
Germania Insurance	Valmont
Walmart Supercenter	Wal-Mart Supercenter

(1) Principal employers as identified in a report issued by Washington County Chamber of Commerce.

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

FULL-TIME EQUIVALENT EMPLOYEES
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 19

<u>Function/program</u>	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Administration	6.07	4.82	4.57	5.07	5.90	6.00	6.00	5.00	6.28	8.08
Development Services	7.20	6.20	5.83	5.50	4.50	4.50	4.10	1.00	1.00	-
Human Resources	2.50	2.50	2.50	2.50	2.43	2.00	2.00	2.80	2.80	-
Main Street	-	1.50	1.25	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Engineering Services	-	1.00	2.00	2.00	-	-	-	-	-	-
Maintenance	8.50	8.50	8.47	8.47	8.47	7.97	7.50	8.00	8.00	8.00
Finance	10.12	9.12	9.00	8.87	9.27	9.27	9.08	8.08	9.39	10.39
Purchasing/Warehouse	3.47	3.47	3.47	3.47	3.47	4.44	3.47	3.47	-	-
Streets	15.00	15.00	15.73	15.25	16.75	16.75	16.46	16.46	16.90	16.90
Parks	16.67	15.67	16.67	16.67	15.42	15.42	17.62	18.62	21.06	21.06
Library	7.23	7.23	6.47	6.47	5.99	5.99	5.99	7.41	8.14	8.14
Marketing & Public Relations	3.73	4.73	3.93	2.93	3.18	1.94	2.19	4.66	4.74	4.74
Aquatic Center	17.43	17.43	16.15	15.40	15.40	15.15	14.90	13.92	15.04	15.04
City Communications	0.25	0.25	0.25	0.25	0.25	-	-	-	-	-
Communications	-	-	-	-	-	17.17	17.17	16.92	17.16	17.16
Police	43.00	40.25	41.00	40.50	41.50	40.50	38.50	38.00	38.00	37.00
Fire	19.25	19.25	19.25	16.25	16.25	16.25	15.25	15.00	15.00	15.00
Animal Services	7.72	5.72	4.72	4.00	4.00	4.00	4.00	4.00	4.00	3.00
Municipal Court	5.25	5.25	5.00	5.35	4.60	4.80	4.80	4.80	4.60	4.60
Public Works	1.38	2.00	2.00	2.13	1.50	1.50	1.90	5.50	6.00	6.00
Information Technology	5.18	5.18	5.18	5.18	5.00	5.00	5.00	6.00	5.00	5.00
Utility Customer Service	6.00	6.00	6.00	6.00	6.00	5.60	7.20	9.00	10.00	10.00
Public Utilities	9.50	10.50	10.50	10.50	12.00	11.00	8.00	7.50	7.00	7.00
Electric	11.00	11.00	11.00	11.00	12.00	12.00	12.00	12.00	13.00	12.00
Gas	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Water Treatment	7.50	7.50	7.50	7.50	7.50	6.50	6.50	6.50	6.50	6.50
Water Construction	4.80	4.20	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.50
Wastewater Construction	3.20	2.80	3.00	4.00	4.00	5.00	5.00	5.00	5.00	5.50
Wastewater Treatment	4.50	4.50	4.50	3.50	4.50	4.50	4.50	4.50	4.50	4.50
Transfer Station	4.25	4.25	4.25	3.25	2.75	2.75	2.75	2.75	2.75	2.75
Collection Station	2.25	2.25	2.25	2.25	3.25	3.25	3.25	2.83	2.83	2.83
Recycling Center	3.22	3.22	3.22	2.75	2.25	2.25	2.25	2.25	2.25	2.25
Residential Collection	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Public Information	-	-	-	-	-	-	-	-	-	2.00
Tourism & Promotion	3.92	0.43	-	-	-	-	-	-	-	-
Total	247.84	239.47	237.41	229.76	231.88	245.25	241.13	245.72	251.69	250.69

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

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 20

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Recreation/Parks										
Number of athletic tournaments (1)	37	31	34	27	28	32	42	45	41	36
Aquatic Center										
Number of Visitors	67,288	56,419	70,861	68,036	60,685	66,434	67,353	65,703	68,997	67,000
Number of Annual Passes	39	108	101	133	89	99	131	132	87	97
Number of Monthly Passes	1,017	988	949	1,053	916	960	910	991	1,156	962
Number of Summer Passes	108	65	82	103	77	78	76	80	84	-
Number of Renew Active Passes	13	-	-	-	-	-	-	-	-	-
Streets										
Road maintenance in linear feet	11,895	11,563	8,712	3,942	5,525	10,794	5,178	8,796	16,430	33,958
Library										
Circulation	94,393	99,796	90,813	60,629	61,689	57,949	62,782	63,737	73,288	75,174
Communications (2)										
Number of Incoming Calls	-	-	-	-	-	633,648	644,070	683,380	759,065	712,766
Number of 9-1-1 Calls	-	-	-	-	-	45,515	38,540	36,332	34,924	30,388
Police										
Traffic Citations	4,244	3,398	2,335	4,633	5,436	4,372	4,425	4,081	5,240	6,230
Traffic Warning Tickets Issued	6,007	4,593	3,037	4,231	5,854	5,694	4,964	4,964	9,740	7,493
Mileage on Police units	409,006	461,708	452,743	442,850	448,691	466,688	419,124	443,909	401,630	422,313
Fire (3)										
Fire Responses	795	732	666	598	661	568	547	547	570	429
Rescues	56	53	51	52	83	58	36	36	18	17
Animal Control/Shelter/Adoption (4)										
Number of Incoming Animals	1,284	1,421	1,568	1,177	1,240	1,419	1,645	1,906	1,611	1,760
Animals Adopted	659	615	501	334	279	284	256	263	336	343
Municipal Court										
Traffic dispositions	2,713	3,127	3,246	4,378	3,978	2,517	2,880	5,186	4,270	5,703
Other dispositions	1,913	1,794	1,844	1,934	1,680	1,959	2,132	4,302	2,458	1,527
Public Works										
Building Inspection Visits	2,397	2,254	2,682	2,011	1,878	2,315	1,901	1,621	1,835	1,956
Electric										
kWh delivered	274,199,979	278,978,748	271,101,915	261,757,332	269,960,615	288,427,106	281,329,115	281,786,169	289,768,758	271,319,462
Customers served	10,891	10,797	8,599	8,529	8,449	8,420	8,405	8,345	8,286	8,235
Gas										
mcf delivered	463,286	491,582	403,228	345,640	394,150	474,330	402,656	369,023	394,563	443,345
Customers served	4,470	4,434	4,403	4,377	4,361	4,326	4,316	4,279	4,244	4,212
Water										
Gallons delivered	738,817,600	814,230,300	833,558,700	738,120,100	716,115,400	763,545,100	847,002,400	872,381,300	996,362,800	752,748,100
Customers served	7,867	7,782	7,693	7,589	7,503	7,398	7,345	7,271	7,164	7,077
Wastewater										
Effluent plant gallons processed	725,179,000	697,623,600	694,743,800	749,670,200	732,231,000	687,835,000	672,065,000	704,378,000	657,568,000	727,301,000
Commercial/Industrial gallons processed	324,386,000	315,690,776	307,907,691	287,287,700	294,107,600	328,694,600	326,351,900	340,551,800	351,747,400	327,125,800
Customers served	7,010	6,954	6,861	6,782	6,705	6,633	6,614	6,536	6,434	6,373
Sanitation										
Customers served	6,219	6,158	6,055	6,008	5,946	5,873	5,858	5,812	5,728	5,610

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

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

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

(3) Operating indicators for the Fire Department are based on fiscal year. Data for 2007 to 2015 are based on calendar year. Figures for 2008 are year-to-date, December 12, 2008.

(4) Operating indicators for the Animal Control/Shelter/Adoption are based on fiscal year. Data for 2009 to 2015 are based on calendar year.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 21

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Recreation/Parks										
Park acreage	191	191	191	191	191	191	191	191	191	150
Parks	8	8	8	8	8	8	8	8	8	7
Amphitheatres	1	1	1	1	1	1	1	1	1	-
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Baseball fields	7	7	7	7	7	7	8	8	8	8
Softball fields	9	9	9	9	9	9	9	9	9	9
Pickleball courts	6	6	4	4	-	-	-	-	-	-
Tennis courts	6	6	6	6	8	8	8	8	8	8
Soccer/Multi-Use fields	11	11	11	11	11	11	11	11	11	11
Skate parks	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Airports	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	51	47	45	45	45	45	44	43	43	43
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	6	6	6	6	6	6	6	6	5	5
Animal control/shelter/adoption										
Shelters	1	1	1	1	1	1	1	1	1	1
Electric										
Miles of electric mains	122	122	122	121	120	119	118	118	118	118
Gas										
Miles of gas mains	130	130	128	126	124	122	121	118	118	116
Water										
Miles of water mains	167	167	167	165	155	154	153	153	153	149
Wastewater										
Miles of wastewater mains	148	148	145	144	143	141	141	138	138	137
Sanitation										
Collection stations	1	1	1	1	1	1	1	1	1	1
Transfer stations	1	1	1	1	1	1	1	1	1	1
Recycling stations	1	1	1	1	1	1	1	1	1	1

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2019, 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 16, 2020.

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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Brenham, Texas
March 16, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Brenham, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Brenham, Texas' major federal programs for the year ended September 30, 2019. The City of Brenham, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on CFDA 97.036 Disaster Grants- Public Assistance

As described in the accompanying schedule of findings and questioned costs, the City of Brenham, Texas did not comply with requirements regarding CFDA 97.036 Disaster Grants- Public Assistance as described in finding number 2019-001 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for the City of Brenham, Texas to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 97.036 Disaster Grants- Public Assistance

In our opinion, except for the noncompliance as described in the Basis for Qualified Opinion paragraph, the City of Brenham, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 97.036 Disaster Grants- Public Assistance for the year ended September 30, 2019.

Other Matters

The City of Brenham, Texas' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Brenham, Texas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-002, that we consider to be a material weakness.

The City of Brenham, Texas' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Brenham, Texas
March 16, 2020

Sudie Schwane

CITY OF BRENHAM, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2019

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Brenham, Texas were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Brenham, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One material weakness in internal control over major federal award programs disclosed during the audit is reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for the major federal award programs for the City expresses a qualified opinion on CFDA 97.036 Disaster Grants- Public Assistance.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The program tested as a major program was the
 - U.S. Department of Homeland Security/Texas Department of Public Safety CFDA 97.036.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City did not qualify as a low-risk auditee.

FINDINGS- FINANCIAL STATEMENT AUDIT

None

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

Noncompliance

DEPARTMENT OF HOMELAND SECURITY
DISASTER GRANTS – PUBLIC ASSISTANCE CFDA NO. 97.036

2019-001 Allowable Costs/Cost Principles

Condition: The City contracted with professional engineers for projects funded by federal awards without following competitive proposal procedures. In addition, a contract with one engineering firm included a cost-plus fee structure.

Criteria: Grant agreements require the City to follow local, state and/or federal procurement laws, regulation, and procedures.

Cause: Following Texas state law regarding procurement of professional services, the City contracted with professional engineers with which it had prior experience to perform initial storm damage assessments and continued to utilize their services once projects were approved for funding by federal awards.

Effect: The cost of professional engineering services may be disallowed.

Questioned Costs:

Engineering costs (Gunda Corporation) - grant number PA-06-TX-4269-PW-0087 - submitted for reimbursement and denied	\$	49,849
Engineering costs (Gunda Coropration) - grant number PA-06-TX-4272-PW-00585 - not yet submitted for reimbursement		42,713
Engineering costs (Strand Associates) - grant number PA-06-TX-4272-PW-00863 - \$165,220 submitted but not yet reimbursed and \$10,516 not yet submitted for reimbursement		175,736
Engineering costs (Strand Associates) - grant number PA-06-TX-4272-PW-00862 - submitted but not yet reimbursed		31,205
Engineering costs (Strand Associates) - grant number PA-06-TX-4272-PW-00739 - submitted but not yet reimbursed		<u>24,299</u>
	\$	<u>323,802</u>

Recommendation: The City should establish procurement policies and procedures to include federal contract provisions. The City should also amend its engineering contracts to remove the cost-plus fee structure.

Views of Responsible Officials and Planned Corrective Actions: The City has established procurement policies and procedures to include federal contract provisions and has amended its engineering contracts to remove the cost-plus fee structure. It is the intent of the City, as advised by FEMA representatives, to submit these expenditures for reimbursement at project closeout noting an allowable exception based on Texas state law.

Material Weaknesses

DEPARTMENT OF HOMELAND SECURITY
DISASTER GRANTS – PUBLIC ASSISTANCE CFDA NO. 97.036

2019-002 Federal Award Policies and Procedures

Condition: The City does not have written policies, procedures, and standards of conduct for federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) Subparts D-Post Federal Award Requirements and E-Cost Principles.

Criteria: The Uniform Guidance requires the City to have written policies, procedures and standards of conduct for federal awards.

Cause: The City was unaware of a requirement to have written policies and procedures with respect to federal awards.

Effect: The requirements of Subparts D-Post Federal Award Requirements and E-Cost Principles may not be followed.

Recommendation: The City should establish written policies, procedures, and standards of conduct for federal awards in accordance with the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: The City has established procurement policies and procedures to include federal contract provisions and will establish and adopt written policies for federal awards.

CITY OF BRENHAM, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/18	FEDERAL/ STATE FUNDS RECEIVED	FY 19 FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/19
Federal								
<u>U.S. DEPARTMENT OF JUSTICE</u>								
Bulletproof Vest Partnership 2017 Grant	16.607		\$ 2,172	\$ -	\$ (2,172)	\$ 2,172	\$ -	\$ -
Bulletproof Vest Partnership 2018 Grant	16.607		2,992	-	(1,017)	1,017	-	-
Bulletproof Vest Partnership 2019 Grant	16.607		2,449	-	-	-	-	-
			<u>\$ 7,613</u>	<u>\$ -</u>	<u>\$ (3,189)</u>	<u>\$ 3,189</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>								
Texas Department of Transportation								
Selective Traffic Enforcement Program-2018 Comprehensive	20.600		\$ 33,471	\$ 2,628	\$ (2,628)	\$ -	\$ -	\$ -
Selective Traffic Enforcement Program-2019 Comprehensive	20.600		21,264	-	(6,920)	8,496	-	1,576
Selective Traffic Enforcement Program-2020 Comprehensive	20.600		15,035	-	-	-	-	-
			<u>\$ 69,770</u>	<u>\$ 2,628</u>	<u>\$ (9,548)</u>	<u>\$ 8,496</u>	<u>\$ -</u>	<u>\$ 1,576</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>								
Texas Department of Agriculture								
Texas Community Development Block Grant Program	14.228	Contract #7216059	\$ 275,000	\$ 2,500	\$ (2,500)	\$ -	\$ -	\$ -
			<u>\$ 275,000</u>	<u>\$ 2,500</u>	<u>\$ (2,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>								
Natural Resources Conservation Service								
Emergency Watershed Protection Program	10.923	NR197442XXXXC037	157,133	-	-	-	-	-
Emergency Watershed Protection Program	10.923	NR197442XXXXC039	326,820	-	-	-	-	-
Emergency Watershed Protection Program	10.923	NR197442XXXXC006	589,923	-	-	-	-	-
			<u>\$ 1,073,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>								
Texas Department of Public Safety								
<u>Disaster Grants-Public Assistance</u>								
Disaster Grants-Public Assistance - DR 4332 - Hurricane Harvey	97.036	PA-06-TX-4332-PW-04967	\$ 13,465	\$ -	\$ (13,465)	\$ 13,465	\$ -	\$ -
Disaster Grants-Public Assistance - DR 4332 - Hurricane Harvey	97.036	PA-06-TX-4332-PW-05052	11,144	-	(11,144)	11,144	-	-
Disaster Grants-Public Assistance - DR 4332 - Hurricane Harvey	97.036	PA-06-TX-4332-PW-04967	748	-	(748)	748	-	-
Disaster Grants-Public Assistance - DR 4332 - Hurricane Harvey	97.036	PA-06-TX-4332-PW-04967	748	-	(748)	748	-	-
Disaster Grants-Public Assistance - DR 4332 - Hurricane Harvey	97.036	PA-06-TX-4332-PW-05333	48,457	-	(48,457)	48,457	-	-
Disaster Grants-Public Assistance - DR 4269 - Severe Storms and Flooding	97.036	PA-06-TX-4269-PW-00878	116,049	-	-	-	75,479	B 75,479
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00691	70,470	-	-	-	-	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00862	34,815	-	-	25,019	-	25,019
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00863	370,579	-	-	1,067,384	(696,805)	C 370,579
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00739	125,785	-	-	-	4,359	D 4,359
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00864	12,739	-	-	-	-	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00585	883,575	-	-	51,869	(51,869)	E -
			<u>\$ 1,688,573</u>	<u>\$ -</u>	<u>\$ (74,561)</u>	<u>\$ 1,218,833</u>	<u>\$ (668,836)</u>	<u>\$ 475,436</u>
<u>Hazard Mitigation Grants</u>								
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-025	670,745	-	-	49,146	(49,146)	A -
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-027	378,122	-	-	16,711	(16,711)	A -
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-023	282,926	-	-	13,081	(13,081)	A -
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-056	263,984	-	-	8,631	(8,631)	F -
			<u>\$ 1,595,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,569</u>	<u>\$ (87,569)</u>	<u>\$ -</u>
Total Federal			<u>\$ 4,710,611</u>	<u>\$ 5,128</u>	<u>\$ (89,798)</u>	<u>\$ 1,318,087</u>	<u>\$ (756,405)</u>	<u>\$ 477,012</u>
Nonfederal - State of Texas								
Texas Department of Transportation								
Routine Airport Maintenance Program (RAMP)		M1817 BREN	\$ 50,000	\$ 31,503	\$ (47,999)	\$ 16,497	\$ -	\$ -
Routine Airport Maintenance Program (RAMP)		M1917 BREN	50,000	-	-	28,913	-	28,913
Routine Airport Maintenance Program (RAMP)		M2017 BREN	50,000	-	-	-	-	-
			<u>\$ 150,000</u>	<u>\$ 31,503</u>	<u>\$ (47,999)</u>	<u>\$ 45,409</u>	<u>\$ -</u>	<u>\$ 28,913</u>
Texas Office of the Governor - Criminal Justice Division								
Rifle-Resistant Body Armor Program		Contract #3503501	\$ 21,984	\$ -	\$ (21,984)	\$ 21,984	\$ -	\$ -
			<u>\$ 21,984</u>	<u>\$ -</u>	<u>\$ (21,984)</u>	<u>\$ 21,984</u>	<u>\$ -</u>	<u>\$ -</u>
Texas Commission on the Arts								
Arts Respond Performance Support Grant			\$ 250	\$ -	\$ (250)	\$ 250	\$ -	\$ -
			<u>\$ 250</u>	<u>\$ -</u>	<u>\$ (250)</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>
Total Nonfederal - State of Texas			<u>\$ 172,234</u>	<u>\$ 31,503</u>	<u>\$ (70,233)</u>	<u>\$ 67,643</u>	<u>\$ -</u>	<u>\$ 28,913</u>
TOTAL FEDERAL AND STATE CASH AWARDS			<u>\$ 4,882,845</u>	<u>\$ 36,631</u>	<u>\$ (160,031)</u>	<u>\$ 1,385,730</u>	<u>\$ (756,405)</u>	<u>\$ 505,924</u>

CITY OF BRENHAM, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/18	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/19
U.S. DEPARTMENT OF TRANSPORTATION - FAA								
Texas Department of Transportation (1)								
Federally Assisted Airport Development Grant-Reconstruct Runway	20.106	1917BRENM	\$ 500,000	\$ -	\$ (11,385)	\$ 11,385	\$ -	\$ -
TOTAL NON-CASH FEDERAL AND STATE AWARDS			\$ 500,000	\$ -	\$ (11,385)	\$ 11,385	\$ -	\$ -

(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, 2019

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.

Notes A-E: Net Other Transactions

A - The City is unsure whether grant specific procurement procedures relating to certain professional services were precisely followed, therefore these expenditures may or may not be reimbursed. It is the intent of the City, as advised by FEMA, to submit these expenditures for reimbursement at project closeout noting an allowable exception based on Texas state law. Revenue will be accrued upon approval by FEMA.

B - Expenditures incurred in prior years but not accrued as of September 30, 2018. Submission for reimbursement for these expenditures was delayed due to need to resolve contractor payouts with surety company. Reimbursement submitted in FY19 with funds received in FY20.

C - Includes \$140,605 of expenditures incurred in prior years but not accrued as of September 30, 2018 less \$837,410 of expenditures incurred in FY19 that exceed the approved grant amount as of September 30, 2019. Grant is expected to be amended to include these expenditures. Revenue will be accrued upon approval by FEMA.

D - Expenditures incurred in prior years but not accrued as of September 30, 2018. Reimbursement for these expenditures was requested in FY19 during project close out.

E - Includes \$83,636 of expenditures incurred in prior years but not accrued as of September 30, 2018. These expenditures, along with \$51,869 of current year expenditures relate to certain professional services which may or may not be reimbursed. Therefore, these reimbursements have not been recorded as accrued revenue. See note A.

F - Includes \$14,214 of expenditures incurred in prior years but not accrued as of September 30, 2018. These expenditures, along with \$8,631 of current year expenditures relate to certain professional services which may or may not be reimbursed. Therefore, these reimbursements have not been recorded as accrued revenue. See note A.

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