

CITY OF BRENHAM, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020



PREPARED BY THE FINANCE DIVISION

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

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Mayor
Milton Y. Tate, Jr.

Council Members
Andrew Ebel, Mayor Pro Tem
Susan Cantey
Keith Herring
Clint Kolby
Adonna Saunders
Albert Wright

City Manager
James Fisher

March 25, 2021

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, 2020. 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 is to provide reasonable assurance that the financial statements of the City of Brenham for the fiscal year ended September 30, 2020 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, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE CITY AND ITS ORGANIZATION

Profile of the Government

The City of Brenham, incorporated in 1858, is located in the central part of the state, between Houston and Austin. The City of Brenham currently occupies a land area of approximately ten square miles and serves a population of approximately 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, Gas, Water, Wastewater, and Electric operations are provided by the City of Brenham. The City is financially accountable for a legally separate entity, the Brenham Community Development Corporation, which is reported as a separate component unit within the City of Brenham's financial statements. Additional information on this entity can be found in the notes to the financial statements.

Annual Budget Process

The City Council annually enacts a budget through passage of an appropriations ordinance prior to the start of each fiscal year. The budget serves as the foundation for the City's financial planning and control. Annual budgets are prepared for all governmental funds including the General Fund, Debt Service Fund and special revenue funds. Annual budgets are also prepared for each enterprise fund including the Electric, Gas, Water, Wastewater and Drainage Funds. Lastly, annual budgets are prepared for Internal Service Funds and the Brenham Community Development Corporation. The appropriated budget is prepared by fund and department. While department heads may make transfers of appropriations within a department up to \$2,500, transfers over that amount require the approval of the City Manager 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.

2020 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 did not experience a sustained prolonged negative impact from the COVID-19 pandemic. In March 2020, we began making plans to reduce FY20 operating costs for General Government services to ensure our continued financial health. The General Fund experienced some decline in sales tax revenue, but the financial impact for the Hotel Occupancy Tax Fund was significant. The financial impact for our tourism and lodging partners was immediate, and to mitigate this negative impact, the City temporarily modified the hotel occupancy tax collection and reporting payment schedule to allow lodging properties an additional 90 days to remit hotel occupancy taxes.

Local Economy (continued)

The City also established a public/private community-wide COVID-19 Economic Response Fund raising almost \$120,000 for small business grants. The Electric Utility also provided utility grants to our local hoteliers, two non-profit veterans organizations and several small businesses. #INTHISTOGETHER was our message of hope, resiliency, and partnership.

Although the City of Brenham is fortunate to have a diversified revenue base, the pandemic created some challenges for our community which are discussed below.

- Sales Tax Revenue – sales tax, which is the largest revenue source for funding general government operations and maintenance, experienced a 95.6% collection rate compared to budget which was remarkable given the economic downturn from COVID-19.
- Growth in Taxable Property Valuations – the City's certified taxable property valuations for the 2020 tax year rose by 4.10% from \$1.450 billion last year to \$1.510 billion. This growth included over \$14 million in new property and improvements.
- Unemployment for the County – unemployment rate for Washington County in September 2020 was 6.0% compared to 3.1% one year ago and was favorable to the State's average unemployment rate of 8.2%.
- Significant Decline in Hotel Occupancy Tax Revenues – after a decade of growth, we saw a significant decline in FY20. Hotel occupancy tax collections totaled \$509,519 or 75% of budget which was higher than our expected collection level of 50%. Anticipating this trend to continue, the FY21 budget was set at 50% of the FY20 budget.

Business, Industrial and Residential Economic Development

The City is fortunate to have major industries with headquarters or divisions located within the City's boundaries including an ice cream manufacturer, a steel lighting standards manufacturer, a national brand mattress manufacturer, and a globally distributed salad dressing manufacturer. Also located within the City are a nationally known retail super center and two nationally known home improvement retail stores. Other significant employers include the regional home office of a state-wide insurance provider, a state-wide food distributor 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 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. Through the City's ownership, overhead is shared, allowing a lower rate structure to insure cost recovery.

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

- Acceptance of public infrastructure improvements in two residential developments
 - Heritage Oaks Subdivision Section 1, an approximately 32 lot residential subdivision, for streets and storm sewer improvements totaling \$642,356 and water and wastewater lines improvements totaling \$188,244.
 - Vintage Farms Phase II, a 54-lot residential subdivision, for streets and storm sewer improvements totaling \$518,631 and water and wastewater lines improvements totaling \$124,500.
- Designation of Planned Development Districts (PDD) for the development of single-family homes
 - Liberty Village PDD on approximately 76.9 acres
 - Lakes at Vintage Farms PDD on approximately 52.428 acres

Business, Industrial and Residential Growth and Development (continued)

- Blinn College Campus Expansion
 - Construction of a new STEI Building (science, technology, engineering, and innovation) slated for opening in August 2021; building permit \$27.7 million.
 - Through a public-private partnership model, a new residence hall is being constructed. The project calls for two separate buildings, one designated to accommodate 320 beds and the other 184 beds, scheduled for opening in Fall 2022; building permit \$18.3 million.
- Strong Growth in Residential Building Permits – In 2020, we issued 94 permits totaling \$12.4 million and 2 permits for multi-family totaling \$13.7 million. This compares favorably to 2019 with 55 permits for \$6.8 million.
- Robust Commercial Building Permits – The City issued 71 commercial building permits for \$61.6 million compared to 79 commercial building permits totaling \$29.5 million in 2019. In addition to Blinn College, notable projects include Blue Bell Creameries Milk Bay for \$3 million, Edward Jones at \$1.3 million, Zippy J's Convenience Store \$1.3 million, First Baptist Church \$1.7 million, and Diamond Shamrock Convenience Store \$1.75 million. Site work also began on the new Baker-Katz retail development for \$5 million.
- Annexations – the City approved a voluntary annexation of approximately 52.428 acres for the continued development of the Vintage Farms Subdivision, and also annexed approximately 44.8 acres in the Southwest Industrial Park, Section IV.
- The City continues to invest in public works and utility infrastructure improvements. In January 2020, the City authorized the issuance of \$5.465 million in bonds to include a new regional lift station to support the Baker-Katz retail development project, street rebuild/reconstruction projects, drainage projects, and water system improvements.

In accordance with Section 311.03 of the Texas Tax Code, the City Council created a Tax Increment Reinvestment Zone (TIRZ) in FY19 which was amended in FY20 to include an additional 199 acres. The amended TIRZ contains approximately 2,400 acres of land in areas in which the City would like to encourage new investment and attract development. During the 30-year term, new development that occurs within the TIRZ is anticipated to generate approximately \$64.4 million in total new property tax revenue with the City of Brenham's portion being \$32.2 million. The tax increment base of the property is \$282,665,910 which was determined by the appraisal district in which the TIRZ is located. For each year of the term, the City will deposit in the TIRZ Fund an amount equal to 50% of the City's real property taxes levied and collected that constitute the City's tax increment for that year. For FY20, the City deposited \$45,131 into the TIRZ Fund.

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. Recognizing the economic impact of COVID-19, this agreement was amended to allow additional time for construction. The date for the first certificate of occupancy was extended to May 2022. Under this agreement, the City agreed to rebate sales tax generated from this development to BK Stringer. Sales tax grant payments shall be paid annually until the cumulative payments equal \$6 million or a total of 12 years, whichever occurs first. However, this agreement was amended for architectural enhancements which entitles BK Stringer to additional grant payments up to a maximum of \$1 million.

The City of Brenham also collects a three-eighth cent sales tax allocated for economic development and recreation. The Brenham Community Development Corporation (BCDC) oversees this portion of sales tax and allocated over \$1 million for improvements to our existing park facilities and aquatic center. The most notable were at Henderson Park where over \$700,000 of improvements were done including a Splashpad and major upgrades to the baseball complex. The BCDC also approved funding for construction of two regional detention ponds, one in the Brenham Business Center and one in the Southwest Industrial Park, Section III, providing for new development opportunities.

Business, Industrial and Residential Growth and Development (continued)

Although funding for economic development is allocated by BCDC, the program is managed by the City of Brenham. An Interlocal Agreement between the City and Washington County was approved in FY20 and lays the foundation for future economic development partnerships between these two entities. The Brenham/Washington County Economic Development Organization won the 2020 International Economic Development Council Gold Award for their new website and received the 2019 Economic Excellence Recognition from the Texas Economic Development Council.

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. A Historic Preservation Ordinance Committee was formed to develop an ordinance to protect historic properties in the City, particularly the downtown area, and local landmarks.

FINANCIAL INFORMATION

Long-term Financial Planning

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

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

The policy states that the City will maintain a minimum unrestricted fund balance in its General Fund at an amount equal to three months (90 days) of operating expenditures and also maintain an additional reserve amount equivalent to five (5) days for unanticipated renovations and repairs (R&R). At the end of FY20, the unassigned fund balance was \$5.7 million (125 days) compared to \$4.7 million (117 days) coverage in FY19. The growth in unassigned fund balance is attributable to two factors: personnel savings in general government due to furloughs during the COVID-19 pandemic and recognition of Federal Coronavirus Relief Funds under the CARES Act to reimburse our City for eligible expenditures [For purposes of this calculation, we used total expenditures less other financing sources/(uses)].

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

Major Initiatives

Establishment of Municipal Drainage Utility System

Under Texas Local Government Code, a City can establish a Municipal Drainage Utility System, and provide for the establishment and calculation of municipal drainage utility charges and credits and provide penalties and remedies for nonpayment. In January 2020, the City approved an Ordinance establishing the Drainage Utility Fund and the drainage utility rate tariff. This new fund is shown in the Proprietary Funds statements. With a designated revenues source, the City can address drainage and storm water issues throughout the established service area.

Outsourcing Solid Waste Collection, Disposal and Recycling Services

In March 2020, the City approved an agreement for municipal solid waste collection, disposal, and recycling services between the City and BVR Waste and Recycling, a local company. The company provides City residents automated cart service for curbside garbage and recycling. BVR also handles commercial sanitation and operates the Transfer Station. To provide uninterrupted and single (combined) utility bills, the Sanitation Fund continues to handle all billing for residential and commercial customers.

COVID-19 Response and Recovery

Our financial strategy going into the pandemic was “hope for the best, plan for the worst, but keep the budget balanced”. Near the beginning, we were projecting a \$1 million revenue shortfall for the General Fund, notably sales tax due to business and restaurant closures and cancelled events. Our response was to identify \$1 million in expenditure savings, particularly personnel. We implemented a hiring freeze, furloughed over 90 part-time staff, and all full-time employees were furloughed 1 week. Months into COVID-19, we were encouraged by sales tax revenues remaining stable. Changes in spending patterns (less retail leakage, more internet spending, home improvement spending and stimulus check spending) contributed to this improved revenue condition. We also realized additional savings from reduced costs from limited hours of City services. Through diligent planning and resource management, the City was able to navigate through this event.

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, 2019. This is the twelfth 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

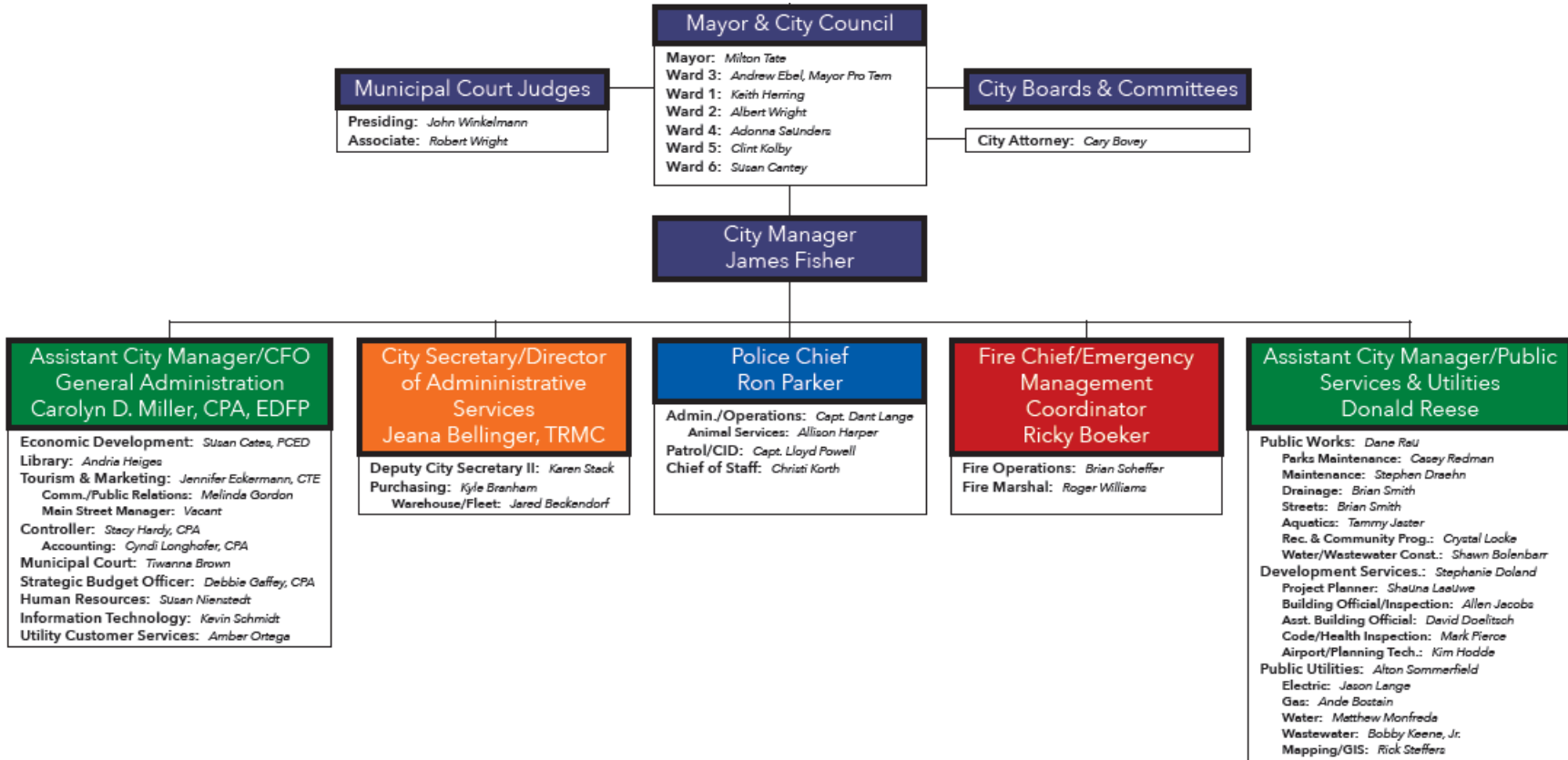
September 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF BRENHAM – ORGANIZATIONAL CHART

As of September 30, 2020



**CITY OF BRENHAM
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2020**

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
Donald Reese, Public Utilities

CONTROLLER

Stacy Hardy, CPA

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CERTIFIED PUBLIC ACCOUNTANTS/BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2020, 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, 2020, 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 18, 2021 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 18, 2021



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CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2020

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, 2020. 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 \$102,209 (net position). Of this amount, \$8,778 (*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 \$2,327.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$10,869 an increase of \$2,397 in comparison with the prior year. Approximately \$5,715 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, fund balance for the general fund was \$6,143 or 29% of total general fund expenditures.
- The City of Brenham's total bonded debt increased by \$1,861 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 drainage, water, wastewater, sanitation, gas and electric distribution operations.

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

CITY OF BRENHAM, TEXAS
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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 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund which are major funds. Individual fund balance sheets and statements of revenues, expenditures, and changes in fund balance for the other 10 governmental funds are presented in the supplementary information section. The governmental FFS can be found on pages 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 drainage, water, wastewater, sanitation, gas, and electric distribution operations. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City of Brenham's various functions. The City of Brenham uses internal service funds to account for its worker's compensation, central fleet and vehicle and equipment replacements. At the government-wide level, the financial statements of the worker's compensation and vehicle and equipment replacement internal service funds are included in the governmental activities in the government-wide financial statements, while the fleet management internal service fund is presented in the business-type column.

Proprietary funds provide the same type of information as the GWFS, only in more detail. The proprietary FFS provide separate information for the drainage, water, wastewater, sanitation, gas, and electric distribution operations, which are considered major funds of the City of Brenham. The internal service funds are reported in a separate column in the proprietary fund financial statements. The proprietary FFS can be found on pages 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 41-81 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 92-120 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 141-162 of this report.

CITY OF BRENHAM, TEXAS
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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 \$102,209 (net position) at the close of the fiscal year, compared to assets exceeding liabilities by \$99,882 (net position) at the end of the prior fiscal year. The City's total net position increased by \$2,327 during the period.

City of Brenham, Texas						
Net Position						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 13,162	\$ 10,389	\$ 24,033	\$ 22,878	\$ 37,195	\$ 33,267
Capital assets	63,471	61,128	58,429	56,882	121,900	118,010
Total assets	<u>76,633</u>	<u>71,517</u>	<u>82,462</u>	<u>79,760</u>	<u>159,095</u>	<u>151,277</u>
Deferred Outflows of Resources						
Deferred amount from refundings	64	97	401	511	465	608
Deferred outflows - TMRS Pension	823	2,288	313	881	1,136	3,169
Deferred outflows - TESRS Pension	101	54	-	-	101	54
Deferred outflows - Post Employment Benefits	190	166	80	70	270	236
Total Deferred Outflows of Resources	<u>1,178</u>	<u>2,605</u>	<u>794</u>	<u>1,462</u>	<u>1,972</u>	<u>4,067</u>
Liabilities						
Long-term debt outstanding	27,826	27,876	16,160	17,210	43,986	45,086
Other liabilities	4,032	3,558	5,762	5,923	9,794	9,481
Total liabilities	<u>31,858</u>	<u>31,434</u>	<u>21,922</u>	<u>23,133</u>	<u>53,780</u>	<u>54,567</u>
Deferred Inflows of Resources						
Deferred inflows - TMRS Pension	1,376	554	523	215	1,899	769
Deferred inflows - TESRS Pension	-	16	-	-	-	16
Deferred inflows - Post Employment Benefits	64	77	28	34	92	111
Deferred inflows - Over Recovered Fuel Costs	-	-	3,086	-	3,086	-
Total Deferred Inflows of Resources	<u>1,440</u>	<u>647</u>	<u>3,637</u>	<u>249</u>	<u>5,077</u>	<u>896</u>
Net Position						
Net invested in capital assets	47,082	44,953	45,537	44,304	92,619	89,257
Restricted	812	730	-	-	812	730
Unrestricted (deficit)	(3,381)	(3,641)	12,159	13,536	8,778	9,895
Total net position	<u>\$ 44,513</u>	<u>\$ 42,042</u>	<u>\$ 57,696</u>	<u>\$ 57,840</u>	<u>\$ 102,209</u>	<u>\$ 99,882</u>

By far the largest portion of the City of Brenham's net position, \$92,619 or 90.62%, 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 \$812, less than 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$8,778 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			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,550	\$ 1,676	\$ 33,506	\$ 36,572	\$ 35,056	\$ 38,248
Operating grants and contributions	2,561	707	115	11	2,676	718
Capital grants and contributions	2,132	973	1,032	1,326	3,164	2,299
General revenues:						
Property taxes	7,527	6,901	-	-	7,527	6,901
Sales taxes	5,266	5,217	-	-	5,266	5,217
Franchise taxes	2,556	2,757	-	-	2,556	2,757
Hotel Occupancy taxes	629	897	-	-	629	897
Alcoholic Beverage taxes	56	67	-	-	56	67
Other	1,526	1,452	600	577	2,126	2,029
Total revenues	23,802	20,647	35,253	38,485	59,055	59,132
Expenses:						
General government	6,722	7,766	-	-	6,722	7,766
Public safety	7,623	7,559	-	-	7,623	7,559
Highway/streets	3,881	2,990	-	-	3,881	2,990
Interest on Long Term Debt	634	569	-	-	634	569
Culture and recreation	4,936	5,521	-	-	4,936	5,521
Health and welfare	706	762	-	-	706	762
Water	-	-	3,640	3,495	3,640	3,495
Wastewater	-	-	3,073	2,984	3,073	2,984
Electric	-	-	18,233	19,478	18,233	19,478
Gas	-	-	1,779	2,599	1,779	2,599
Sanitation	-	-	2,807	3,139	2,807	3,139
Drainage	-	-	175	-	175	-
Total Expenses	24,502	25,166	29,707	31,694	54,209	56,860
Increase (decrease) in net position before transfers	(700)	(4,520)	5,546	6,791	4,846	2,272
Transfers	3,172	3,493	(3,172)	(3,493)	-	-
Increase (decrease) in net position	2,472	(1,027)	2,374	3,298	4,846	2,272
Net position - beginning as previously reported	42,041	43,052	57,840	54,623	99,881	97,675
Restatement of net position	-	16	(2,518)	(81)	(2,518)	(65)
Net position - beginning	42,041	43,068	55,322	54,542	97,363	97,610
Net position - ending	\$ 44,513	\$ 42,041	\$ 57,696	\$ 57,840	\$ 102,209	\$ 99,882

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GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Governmental activities. Governmental activities increased the City of Brenham's net position by \$2,472 compared to a decrease of \$1,027 in the prior fiscal year. A restatement of FY19 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 \$23,802 from \$20,647 or \$3,155 during the year, which can be attributed primarily to operating and capital grants. Specific categories are discussed below.

Program Revenues

- The decrease in *Charges for Services* is directly related to facility closures and cancelled events due to the COVID-19 pandemic.
- The significant increase in *Operating Grants and Contributions* is from \$1,016 in NRCS disaster recovery for several drainage and stream restoration projects, and \$866 from the CARES Act Coronavirus Relief Funds for eligible coronavirus related expenses.
- The significant increase in *Capital Grants and Contributions* is due to acceptance of infrastructure improvements in Heritage Oaks and Vintage Farms subdivisions, and NRCS funding for drainage infrastructure.

General Revenues

- The increase in *Property Taxes* is attributable to property valuation growth of over 10%.
- *Sales Taxes* increased slightly over the prior year even with the pandemic.
- *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 over 7% which is directly attributable to decreased revenues in the Electric and Gas Funds from lower consumption. During the COVID-19 pandemic, business hours were modified or reduced, elective surgeries and health care visits were minimized, and Blinn College and BISD transitioned to remote learning for most of the spring and summer semesters.
- *Hotel Occupancy Taxes*, which are derived from a 7% hotel occupancy tax, decreased dramatically due to the impact of the pandemic on the travel and tourism industry.

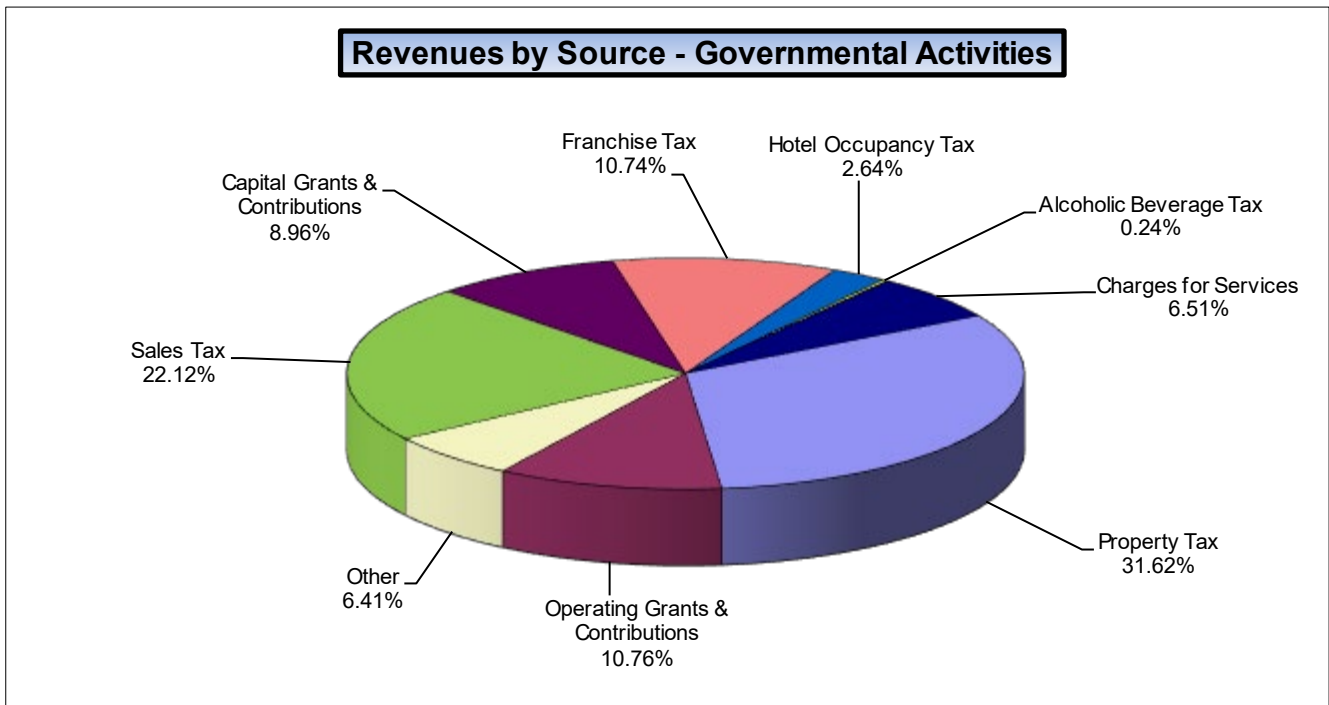
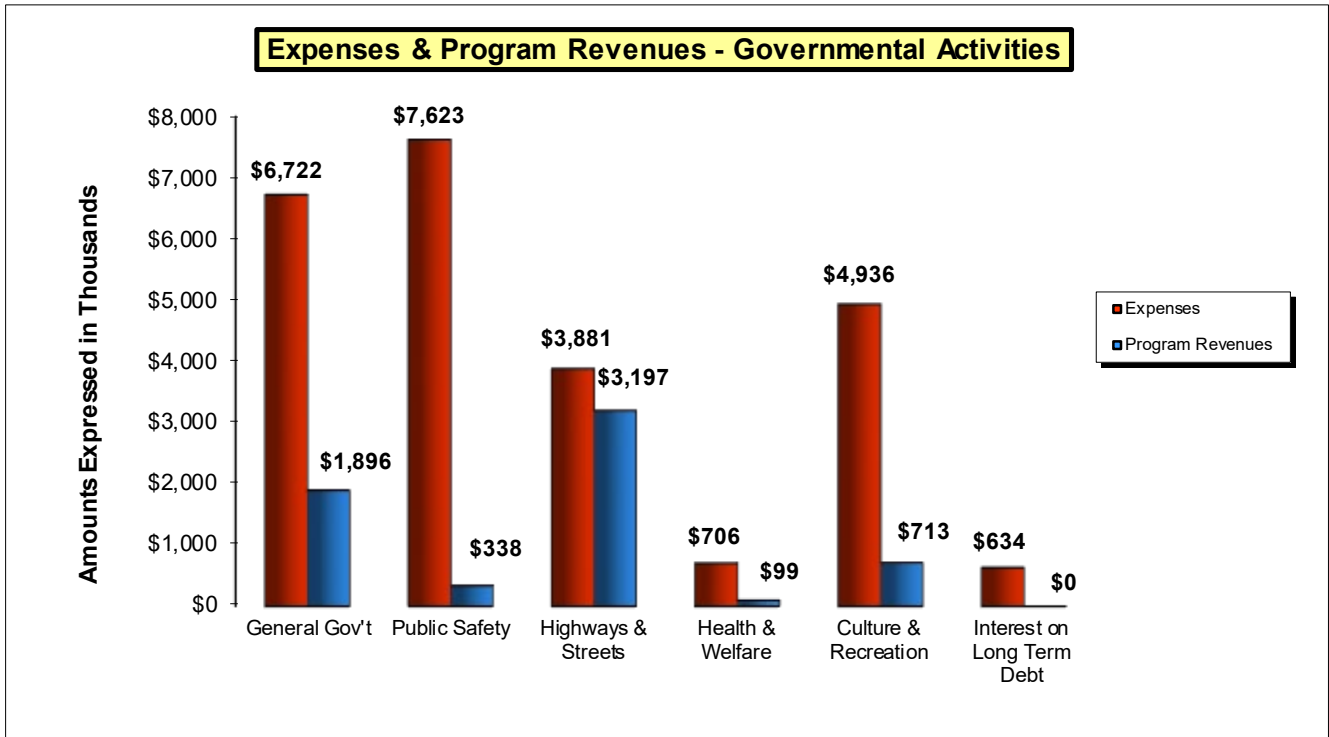
Expenses decreased to \$24,502 from \$25,166 during the year. This decrease is attributable to several factors.

- *General Government* expenses decreased by \$1,044 due to several items: \$547 of the decrease was due to the close-out of the Hwy 290 Fund and payment to Washington County for 50% of residual proceeds in FY19; the remaining \$497 decrease is due to lower audits/consultants compared to FY19 when the TIRZ was created and the Comprehensive Plan was completed; other items are reduced attorney fees, no election expense, reduced seminars and travel, fewer boards and committee in-person meetings, lower TMRS pension expense under GASB 68 reporting requirements, reduced building maintenance and repairs, and lower accident/damage claim expense.
- *Highway/Streets* expenses were higher due to drainage and street improvements funded through operating grants.
- *Culture and Recreation* expenses were significantly lower due primarily to the furlough of part-time staff and closure of the facility during the pandemic.

Transfers decreased during the year by \$321 which is directly proportional to the overall decrease in actual expenses in the governmental indirect departments (Administration, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
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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 \$2,374 compared to an increase of \$3,298 in the prior fiscal year. However, a restatement of beginning net position due to over recovered fuel costs (shown as a deferred inflow) reduced the ending net position by \$2,518. Key elements are noted below.

Revenues decreased to \$35,253 from \$38,485 during the year. This decrease is attributable to several factors.

- The charges for services in the Electric Fund decreased \$2,112. Actual kWh consumption at 272.2 million was lower than FY19 kWh consumption of 273.9 million.
- Gas Fund revenues experienced a \$889 decrease. Mild winter weather lowered natural gas heating consumption. Actual mcf consumption at 407,255 was lower than FY19 mcf consumption of 463,286.
- The charges for services in the Water Fund increased \$180 during the year. Customers consumed 773.3 million gallons compared to 738.8 million in the prior fiscal year; proceeds from a water resell agreement with Dow Chemical increased revenue by \$61.
- Charges for services in the Wastewater Fund were lower by \$195. The total plant effluent/discharge waste processed was 672 million gallons compared to 725 million gallons in FY19.
- The Sanitation Fund charges for services were lower by \$600. The revenue loss is from the Transfer and Collection Stations and the Recycling Center which were outsourced to BVR Waste and Recycling during the year.
- Drainage Fund began operating in January 2020. Charges for services of \$551 were higher than the budgeted amount of \$495.

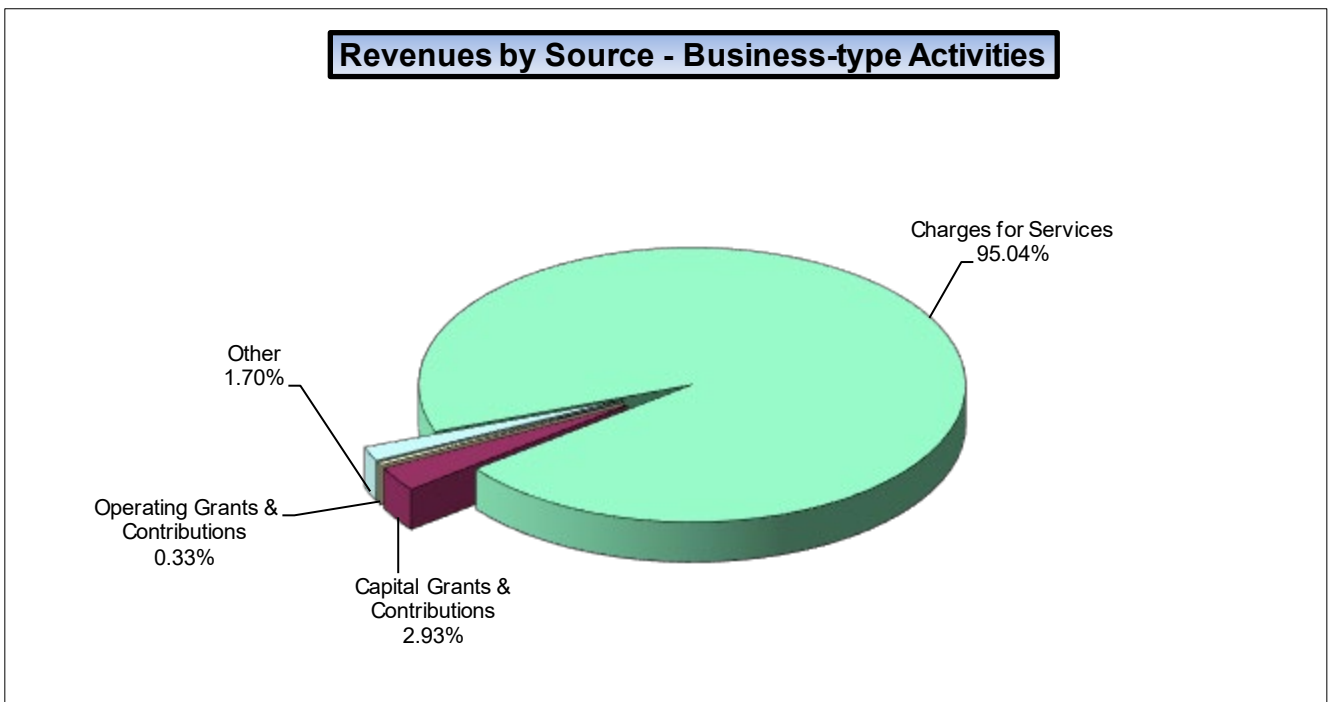
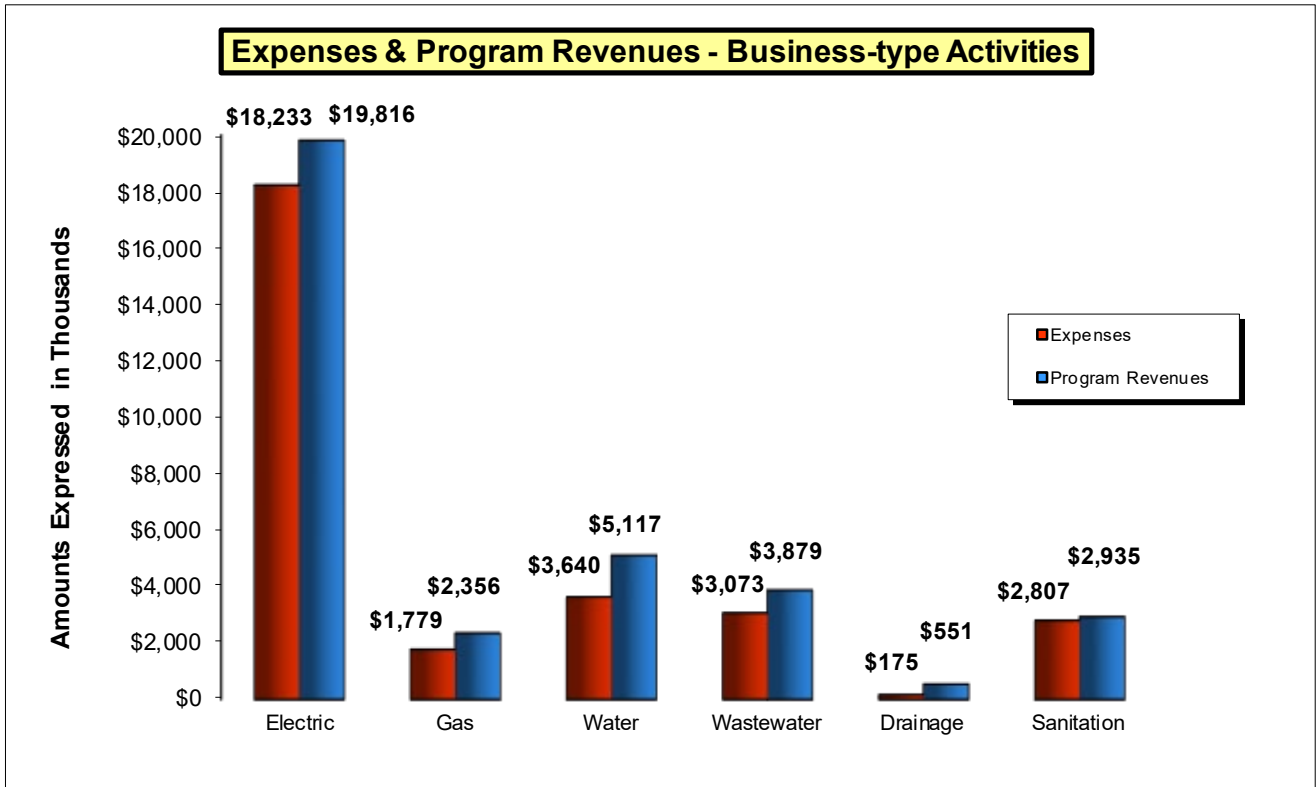
Expenses decreased to \$29,707 from \$31,694 or 6.3% during the year with specific changes noted below.

- Electric Fund expenses decreased \$1,245 due to lower costs for wholesale power combined with lower kWh consumption by customers.
- Gas Fund expenses decreased by \$820 due to lower purchase costs per mcf combined with lower consumption by customers.
- The Water Fund operating expenses increased by \$145 due to an additional 774-acre feet of water purchased from Brazos River Authority combined with higher salaries in FY20.
- Wastewater Fund expenses increased by \$89 due mainly to increased plant maintenance.
- With the outsourcing of residential garbage pick-up and recycling, the Sanitation Fund expenses decreased by \$332 overall mainly from 5 months of salaries compared to 12 months last year.
- Drainage Fund was created in FY20 and had \$175 in expenses.

Transfers out decreased by \$321 during the year which is directly proportional to the overall decrease in actual expenses in the governmental indirect departments (Administration, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)



CITY OF BRENHAM, TEXAS
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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 \$10,869 an increase of \$2,397 in comparison with the prior year. The General Fund highlights are discussed in the following section.

In Other Governmental Funds, the combined fund balance of \$4,030 increased by \$1,250. This increase is mainly attributable to the issuance of 2020 Certificates of Obligation for street and drainage projects.

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 \$7,194; those of the Gas Fund were \$648; the Water Fund \$1,624; the Wastewater Fund \$620; Sanitation Fund \$1,218; and the Drainage Fund \$388. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brenham's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Adjustments to Budget Basis column: adjustments for intergovernmental revenue of \$2,526, highways and streets expenditures of \$1,231 and capital outlay of \$1,573 are related to activity in the FEMA Disaster Fund. Adjustments of \$155 in charges for services and \$752 in culture and recreation are related to activity in the Tourism and Marketing Fund, and contributions adjustments are from downtown events and library donations. And lastly, adjustments in general government and health and welfare are related to activity in the Donations Fund.

Revenues Budgeted Amounts and Actual – the original and final revenue budget was \$15,373 and actual revenue was \$14,831.

Variance with Final Budget – the unfavorable budget to actual variance of \$542 is due to the following factors:

- Taxes were lower by \$429 due primarily from the impact of COVID-19 on sales tax due to business and restaurant closures.
- Charges for services were also lower by \$181 due to facility closures and cancelled events.
- Fines and Forfeitures revenues were lower by \$76 from a decline in court fees and fines.
- In contrast, Licenses and Permits revenue was up by \$151 from robust residential and commercial development.

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

Expenditures Budgeted Amounts and Actual – the original expenditure budget was \$18,347 compared to the final amended budget of \$18,344.

Variance with Final Budget – the General Fund's actual expenditures were favorable to budget by \$1,221 due primarily from our response to reduce expenditures to mitigate the impact of the COVID-19 pandemic.

Other Financing Sources Budgeted Amounts and Actual

Transfers-In – the original and final budget for transfers-in was \$3,384. Actual transfers-in were lower than budget because of an overall decrease in the indirect departments' expenses included in the shared service allocations.

Transfers-Out – the original budget for transfers-out was \$375 and the final amended budget was \$414 an increase of \$39. The original budget did not include a \$40 transfer to the COVID-19 Economic Response Fund.

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, 2020 totals \$121,901 (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 \$3,891.

City of Brenham, Texas Capital Assets (Amounts in Thousands) (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Improvements	\$ 4,624	\$ 4,624	\$ 571	\$ 562	\$ 5,195	\$ 5,186
Buildings	19,026	19,879	351	376	19,377	20,255
Improvements other than buildings	5,869	5,243	19,042	17,361	24,911	22,604
Furniture, fixtures, and equipment	1,089	1,027	199	841	1,288	1,868
Machinery	243	314	-	-	243	314
Vehicles	3,635	3,768	2,378	2,596	6,013	6,364
Intangibles	100	109	116	133	216	242
Infrastructure	28,104	25,106	31,894	30,243	59,998	55,349
Construction in progress	782	1,058	3,878	4,770	4,660	5,828
Total	\$ 63,472	\$ 61,128	\$ 58,429	\$ 56,882	\$ 121,901	\$ 118,010

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 \$2,344 with major changes in the following categories: replacement of HVAC units/controllers offset by current year depreciation expense accounted for the decrease in Buildings; the Splashpad, Henderson Park improvements and other park amenities were added to Improvements Other Than Buildings, which were offset by current year depreciation resulted in an increase of \$626; Infrastructure increased due to drainage improvements, street reconstruction and acceptance of developer improvements in Vintage Farms and Heritage Oaks subdivisions; and Construction in Progress decreased due to project completion of residential drainage improvements and park improvements completed in FY20.
- Business-type capital assets showed an overall increase of \$1,547 with major changes in the following categories: Improvements Other Than Buildings increased due to completion of Hogg Branch erosion project at the Wastewater Treatment Plant and Water Plant protective coatings rehab project; surplus Furniture, Fixtures and Equipment in the Sanitation Fund were sold when the City outsourced solid waste collection, disposal and recycling services; Infrastructure projects included new utility lines, meters, transformers, and developer improvements in the utility funds operations; and Construction in Progress decreased due to capitalization of AC water main replacement project, completion of Wastewater and Water Plant projects which were offset by new Baker Katz retail project infrastructure costs.

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 \$31,148. Of this amount, \$17,805 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 \$13,343 is self-supported debt that is to be repaid from system revenues.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 1,088	\$ 1,726	\$ 6,822	\$ 8,653	\$ 7,910	\$ 10,379
Certificates of Obligation	16,261	14,049	6,058	4,231	22,319	18,280
Unamortized Credits/Charges	456	289	463	339	919	628
Total	\$ 17,805	\$ 16,064	\$ 13,343	\$ 13,223	\$ 31,148	\$ 29,287

The City of Brenham's total bonded debt increased by \$1,861 or 6.35% during the current fiscal, with an increase of \$1,741 in governmental activities and an increase of \$120 in business-type activities. The City issued \$5.465 million of Certificates of Obligation (COs) for renovation and improvements to the City's water and wastewater utility systems and facilities, and construction of street and drainage improvements.

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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 \$.5140 for the year ended September 30, 2020 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 55-61 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic backdrop for Brenham's FY20-21 Budget was uncertain, and a cautious approach was taken to preserve the City's financial vitality until the economic picture becomes clearer.

- Revenues are expected to resume a normal growth pattern once the COVID-19 pandemic is over. However, the City does not anticipate a full recovery until sometime mid-to-late 2021. The FY21 Budget includes an attrition factor of \$361 recognizing a portion of expenditure savings from normal personnel turnover and vacancies which occur each fiscal year.
- The FY21 revenue forecast for sale tax reverses the pre-pandemic growth trend, keeping sales tax revenue flat with FY19 levels. Revenue from local sales tax on residential electric and gas customers was budgeted at \$124.
- The unemployment rate for Washington County in September 2020 was 6.0%, which was higher than the rate of 3.1% one year ago but is favorable compared to the State's average unemployment rate of 8.2%. Due to higher-than-normal unemployment rates, the job market and labor pool are favorable for finding qualified candidates.

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 2021 fiscal year.

With the growth in certified taxable property values for FY21, the City lowered the interest and sinking (I&S) portion of the tax rate. Components are shown below:

- Overall tax rate reduced from \$0.5140 from \$0.5040
- M&O tax rate unchanged at \$0.3200
- I&S tax rate lowered from \$0.1940 to \$0.1840

The City's FY21 Budget is balanced as required by law but embodies a strategic "pause" in the Drive to 2025 strategies initiated in the FY19-20 Budget. This budget preserves the financial stability while navigation through the challenges of the COVID-19 pandemic.

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Equivalents	\$ 5,327,493	\$ 6,569,634	\$ 11,897,127	\$ 790,524
Investments	3,000,000	2,249,313	5,249,313	500,000
Receivables - Property Tax (net)	314,735	-	314,735	-
Receivables - Sales Tax	906,054	-	906,054	302,018
Receivables - Occupancy Taxes	41,007	-	41,007	-
Receivables - Account (net)	357,997	4,482,279	4,840,276	-
Receivables - Interest	32,242	89,476	121,718	348
Internal Balances	(3,424,896)	3,424,896	-	-
Due from Other Governments	1,653,181	513,625	2,166,806	-
Inventory at Cost	142,880	1,162,346	1,305,226	-
Notes Receivable, Current	-	150,377	150,377	-
Prepaid Water Agreement	-	360,201	360,201	-
Other Current Assets	41,427	89	41,516	-
Restricted Cash	4,770,061	2,819,208	7,589,269	-
Restricted Investments	-	1,000,000	1,000,000	-
Notes Receivable, Long Term	-	879,370	879,370	-
Accrued Interest, Noncurrent	-	332,154	332,154	-
Capital Assets, Not Being Depreciated	5,416,138	4,482,659	9,898,797	3,679,917
Other Capital Assets, Net	58,055,227	53,946,348	112,001,575	12,107
Total assets	<u>76,633,546</u>	<u>82,461,975</u>	<u>159,095,521</u>	<u>5,284,914</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount from Refundings	64,205	400,620	464,825	-
Deferred Outflows - TMRS Pension	823,177	313,548	1,136,725	-
Deferred Outflows - TESRS Pension	100,911	-	100,911	-
Deferred Outflows - Post Employment Benefits	190,072	79,701	269,773	-
Total deferred outflows	<u>1,178,365</u>	<u>793,869</u>	<u>1,972,234</u>	<u>-</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	1,326,074	1,873,075	3,199,149	63,431
Other Liabilities	-	4,303	4,303	-
Accrued Interest	93,085	59,937	153,022	395,306
Consumer Deposits	-	1,420,624	1,420,624	-
Noncurrent Liabilities, due within one year				
Compensated Absences, Current	247,443	105,883	353,326	4,753
Bonds Payable, Current	1,821,968	-	1,821,968	-
Lease Payable, Current	135,473	51,531	187,004	-
Revenue Bonds Payable, Current	-	2,168,032	2,168,032	-
Notes Payable, Current	408,088	79,021	487,109	150,377
Noncurrent Liabilities, due in more than one year				
Compensated Absences, Long Term	342,785	123,987	466,772	2,187
Post Employment Benefits	1,303,435	563,197	1,866,632	-
Net Pension Liability - TMRS	8,980,741	3,473,864	12,454,605	-
Net Pension Liability - TESRS	336,178	-	336,178	-
Long Term Debt, Net	16,862,844	11,999,067	28,861,911	879,370
Total liabilities	<u>31,858,114</u>	<u>21,922,521</u>	<u>53,780,635</u>	<u>1,495,424</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - TMRS Pension	1,376,163	522,979	1,899,142	-
Deferred Inflows - TESRS Pension	406	-	406	-
Deferred Inflows - Post Employment Benefits	63,831	27,940	91,771	-
Deferred Inflows - Over Recovered Fuel Costs	-	3,086,280	3,086,280	-
Total deferred inflows	<u>1,440,400</u>	<u>3,637,199</u>	<u>5,077,599</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	47,082,159	45,537,192	92,619,351	2,662,277
Restricted for Debt Service	812,295	-	812,295	-
Restricted for Economic Development	-	-	-	(254,120)
Restricted for Recreation	-	-	-	1,381,333
Unrestricted (deficit)	(3,381,057)	12,158,932	8,777,875	-
Total net position	<u>\$ 44,513,397</u>	<u>\$ 57,696,124</u>	<u>\$ 102,209,521</u>	<u>\$ 3,789,490</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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General Government	\$ 6,722,744	\$ 952,487	\$ 943,645	\$ -	\$ (4,826,612)	\$ -	\$ (4,826,612)	\$ -
Public Safety	7,622,996	13,695	324,708	-	(7,284,593)	-	(7,284,593)	-
Highways and Streets	3,881,151	152,200	1,031,299	2,013,526	(684,126)	-	(684,126)	-
Health and Welfare	706,370	56,285	42,724	-	(607,361)	-	(607,361)	-
Culture and Recreation	4,935,236	375,458	218,289	118,999	(4,222,490)	-	(4,222,490)	-
Interest on Long Term Debt	633,766	-	-	-	(633,766)	-	(633,766)	-
Total governmental activities	<u>24,502,263</u>	<u>1,550,125</u>	<u>2,560,665</u>	<u>2,132,525</u>	<u>(18,258,948)</u>	<u>-</u>	<u>(18,258,948)</u>	<u>-</u>
Business-type activities:								
Electric	18,232,514	19,700,527	115,148	-	-	1,583,161	1,583,161	-
Gas	1,779,296	2,355,643	-	-	-	576,347	576,347	-
Sanitation	2,806,673	2,935,022	-	-	-	128,349	128,349	-
Wastewater	3,073,476	3,674,970	-	204,380	-	805,874	805,874	-
Water	3,640,513	4,288,668	-	827,993	-	1,476,148	1,476,148	-
Drainage	174,693	550,936	-	-	-	376,243	376,243	-
Total business-type activities	<u>29,707,165</u>	<u>33,505,766</u>	<u>115,148</u>	<u>1,032,373</u>	<u>-</u>	<u>4,946,122</u>	<u>4,946,122</u>	<u>-</u>
Total primary government	<u>\$ 54,209,428</u>	<u>\$ 35,055,891</u>	<u>\$ 2,675,813</u>	<u>\$ 3,164,898</u>	<u>\$ (18,258,948)</u>	<u>\$ 4,946,122</u>	<u>\$ (13,312,826)</u>	<u>\$ -</u>
Component unit:								
Brenham Community Devel Corp	\$ 409,418	\$ -	\$ -	\$ 131,697	-	-	-	\$ (277,721)
Total component unit	<u>\$ 409,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (277,721)</u>
General Revenues:								
Property Taxes	-	-	-	-	7,527,261	-	7,527,261	-
Sales Taxes	-	-	-	-	5,266,207	-	5,266,207	1,755,402
Franchise Taxes	-	-	-	-	2,556,418	-	2,556,418	-
Hotel Occupancy Taxes	-	-	-	-	629,519	-	629,519	-
Alcoholic Beverage Taxes	-	-	-	-	55,708	-	55,708	-
Investment Income not Restricted	-	-	-	-	145,949	232,653	378,602	17,926
Miscellaneous	-	-	-	-	231,665	19,311	250,976	3,861
Gain on Sale of Capital Assets	-	-	-	-	108,803	347,281	456,084	-
Payments to/from Component Unit	-	-	-	-	1,037,475	-	1,037,475	(1,037,475)
Transfers	-	-	-	-	3,171,604	(3,171,604)	-	-
Total general revenues, payments to/from component unit and transfers	-	-	-	-	<u>20,730,609</u>	<u>(2,572,359)</u>	<u>18,158,250</u>	<u>739,714</u>
Change in net position	-	-	-	-	<u>2,471,661</u>	<u>2,373,763</u>	<u>4,845,424</u>	<u>461,993</u>
Net position - beginning as previously reported	-	-	-	-	<u>42,041,736</u>	<u>57,840,254</u>	<u>99,881,990</u>	<u>3,327,497</u>
Restatement of net position	-	-	-	-	<u>-</u>	<u>(2,517,893)</u>	<u>(2,517,893)</u>	<u>-</u>
Net position - beginning	-	-	-	-	<u>42,041,736</u>	<u>55,322,361</u>	<u>97,364,097</u>	<u>3,327,497</u>
Net position - ending	-	-	-	-	<u>\$ 44,513,397</u>	<u>\$ 57,696,124</u>	<u>\$ 102,209,521</u>	<u>\$ 3,789,490</u>

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

**City of Brenham
Balance Sheet
Governmental Funds
September 30, 2020**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Equivalents	\$ 4,757,379	\$ -	\$ 138,235	\$ 4,895,614
Investments	3,000,000	-	-	3,000,000
Interest Receivable	32,242	-	-	32,242
Receivables (Net)				
Property Taxes	197,585	117,150	-	314,735
Sales Tax	906,054	-	-	906,054
Occupancy Tax	-	-	41,007	41,007
Accounts	357,191	-	806	357,997
Due from Other Governments	1,651,554	1,065	562	1,653,181
Inventory at Cost	142,880	-	-	142,880
Other Current Assets	1,000	-	40,377	41,377
Restricted Cash	-	694,080	3,843,329	4,537,409
Total Assets	\$ 11,045,885	\$ 812,295	\$ 4,064,316	\$ 15,922,496
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts Payable & Other Current Liabilities	\$ 1,292,078	\$ -	\$ 33,998	\$ 1,326,076
Interfund Payables	3,115,684	-	-	3,115,684
Total Liabilities	4,407,762	-	33,998	4,441,760
Deferred Inflows of Resources:				
Unavailable Revenues	494,964	117,150	-	612,114
Total Deferred Inflows of Resources	494,964	117,150	-	612,114
Total Liabilities and Deferred Inflows of Resources	4,902,726	117,150	33,998	5,053,874
Fund Balances:				
Nonspendable	143,880	-	-	143,880
Restricted	283,710	695,145	3,888,243	4,867,098
Committed	-	-	137,362	137,362
Assigned	-	-	4,713	4,713
Unassigned	5,715,569	-	-	5,715,569
Total Fund Balances	6,143,159	695,145	4,030,318	10,868,622
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 11,045,885	\$ 812,295	\$ 4,064,316	

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, 2020

Total fund balances - total governmental funds \$ 10,868,622

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. 62,684,511

Gross capital assets	120,115,797
Accumulated depreciation	(57,431,286)
	62,684,511

Certain deferred inflows and outflows of resources are not reported in the governmental funds: (262,035)

Deferred charges on debt refundings	(64,205)
Deferred outflows - TMRS Pension	(823,177)
Deferred outflows - TESRS Pension	(100,911)
Deferred outflows - Post Employment Benefits	(190,072)
Deferred inflows - TMRS Pension	1,376,163
Deferred inflows - TESRS Pension	406
Deferred inflows - Post Employment Benefits	63,831
	262,035

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (29,948,692)

Bonds payable	17,349,063
Add: Issuance premium	520,533
Accrued interest payable	85,235
Capital lease payable	561,294
Note payable	221,985
Compensated absences	590,228
Post retirement benefits	1,303,435
Net pension liability - TMRS	8,980,741
Net pension liability - TESRS	336,178
	29,948,692

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. 558,877

Other long term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds. 612,114

Net position of governmental activities \$ 44,513,397

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, 2020

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 12,507,907	\$ 2,832,374	\$ 674,650	\$ 16,014,931
Licenses and Permits	298,706	-	-	298,706
Intergovernmental	2,906,959	-	261,152	3,168,111
Charges for Services	578,499	-	41,504	620,003
Fines and Forfeitures	583,573	-	-	583,573
Investment Income	97,253	17,370	29,255	143,878
Payment from Component Unit	171,050	-	866,425	1,037,475
Contributions and Donations	218,988	-	125,639	344,627
Miscellaneous	368,100	-	23,586	391,686
Total revenues	17,731,035	2,849,744	2,022,211	22,602,990
Expenditures				
Current:				
Culture and Recreation	3,748,913	-	234,036	3,982,949
General Government	5,804,368	-	128,613	5,932,981
Health and Welfare	581,356	-	-	581,356
Highways and Streets	2,364,275	-	47,351	2,411,626
Public Safety	6,741,053	-	9,710	6,750,763
Debt service:				
Interest & Fiscal Charges	-	636,018	-	636,018
Principal Retirement	-	2,138,551	-	2,138,551
Issuance Costs	-	-	82,433	82,433
Capital Outlay	1,621,212	-	2,505,364	4,126,576
Total expenditures	20,861,177	2,774,569	3,007,507	26,643,253
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,130,142)	75,175	(985,296)	(4,040,263)
Other Financing Sources (Uses)				
Transfers In	4,529,134	-	120,608	4,649,742
Transfers Out	(363,511)	-	(1,417,530)	(1,781,041)
Issuance of Debt	-	-	3,365,000	3,365,000
Premium on Debt Issued	-	-	167,433	167,433
Insurance Proceeds	36,094	-	-	36,094
Total other financing sources and (uses)	4,201,717	-	2,235,511	6,437,228
Net change in Fund Balances	1,071,575	75,175	1,250,215	2,396,965
Fund balances - beginning	5,071,584	619,970	2,780,103	8,471,657
Fund balances - ending	\$ 6,143,159	\$ 695,145	\$ 4,030,318	\$ 10,868,622

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, 2020

Net change in fund balances - total governmental funds \$ 2,396,965

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. 1,556,056

Capital outlay	4,126,576
Depreciation expense	(3,639,894)
Donation of capital assets	1,160,987
Proceeds from sale	(151,216)
Loss on disposal	(49,200)
Gain on disposal	108,803
	1,556,056

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 42,584

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. (1,394,484)

Debt issued:	
2020 Certificates of Obligation	(3,365,000)
Bond premium on new debt	(167,433)
Repayments:	
To bond, certificate, and note holders	2,138,551
Amortization of bond premiums, discounts, & charges	(602)
	(1,394,484)

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. (578,504)

Compensated absences	(115,532)
Accrued interest payable	2,854
Post retirement benefits	(69,211)
Pension Costs - TMRS, Net	(369,697)
Pension Costs - TESRS, Net	(26,918)
	(578,504)

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. 449,044

Change in net position of governmental activities \$ 2,471,661

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, 2020**

	Budgeted Amounts		Actual	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Taxes	\$ 12,936,484	\$ 12,936,484	\$ 12,507,907	\$ -	\$ 12,507,907	\$ (428,577)
Licenses and Permits	147,328	147,328	298,706	-	298,706	151,378
Intergovernmental	374,426	374,426	2,906,959	(2,526,395)	380,564	6,138
Charges for Services	604,851	604,851	577,991	(154,477)	423,514	(181,337)
Fines and Forfeitures	659,846	659,846	583,573	-	583,573	(76,273)
Investment Income	135,000	135,000	97,253	-	97,253	(37,747)
Payment from Component Unit	186,500	186,500	171,050	-	171,050	(15,450)
Contributions and Donations	-	-	218,988	(218,988)	-	-
Miscellaneous	328,206	328,206	368,608	(508)	368,100	39,894
Total revenues	<u>15,372,641</u>	<u>15,372,641</u>	<u>17,731,035</u>	<u>(2,900,368)</u>	<u>14,830,667</u>	<u>(541,974)</u>
Expenditures						
Current:						
Culture and Recreation	3,518,926	3,518,926	3,748,913	(752,545)	2,996,368	522,558
General Government	5,969,790	5,967,719	5,804,368	(71,578)	5,732,790	234,929
Health and Welfare	615,228	615,228	581,356	(43,247)	538,109	77,119
Highways and Streets	1,086,052	1,086,052	2,364,275	(1,231,347)	1,132,928	(46,876)
Public Safety	7,157,432	7,155,903	6,741,053	(18,605)	6,722,448	433,455
	<u>18,347,428</u>	<u>18,343,828</u>	<u>19,239,965</u>	<u>(2,117,322)</u>	<u>17,122,643</u>	<u>1,221,185</u>
Capital Outlay	45,000	48,600	1,621,212	(1,572,654)	48,558	42
Total Expenditures	<u>18,392,428</u>	<u>18,392,428</u>	<u>20,861,177</u>	<u>(3,689,976)</u>	<u>17,171,201</u>	<u>1,221,227</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,019,787)</u>	<u>(3,019,787)</u>	<u>(3,130,142)</u>	<u>789,608</u>	<u>(2,340,534)</u>	<u>679,253</u>
Other Financing Sources (Uses)						
Transfers In	3,384,271	3,384,271	4,529,134	(1,322,811)	3,206,323	(177,948)
Transfers Out	(374,484)	(414,484)	(363,511)	-	(363,511)	50,973
Payment to Component Unit	(1,000,000)	-	-	-	-	-
Issuance of Debt	1,000,000	-	-	-	-	-
Insurance Proceeds	10,000	10,000	36,094	-	36,094	26,094
Total other financing sources and (uses)	<u>3,019,787</u>	<u>2,979,787</u>	<u>4,201,717</u>	<u>(1,322,811)</u>	<u>2,878,906</u>	<u>(100,881)</u>
Net change in fund balance	<u>-</u>	<u>(40,000)</u>	<u>1,071,575</u>	<u>(533,203)</u>	<u>538,372</u>	<u>578,372</u>
Fund balance - beginning	<u>4,430,169</u>	<u>4,430,169</u>	<u>5,071,584</u>	<u>(641,415)</u>	<u>4,430,169</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,430,169</u>	<u>\$ 4,390,169</u>	<u>\$ 6,143,159</u>	<u>\$ (1,174,618)</u>	<u>\$ 4,968,541</u>	<u>\$ 578,372</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, 2020**

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total Proprietary	Internal Service Funds
Assets								
Current assets:								
Cash and Equivalents	\$ 1,863,533	\$ 1,194,349	\$ 459,772	\$ 825,666	\$ 1,735,965	\$ 333,749	\$ 6,413,034	\$ 588,479
Investments	2,000,000	-	249,313	-	-	-	2,249,313	-
Interest Receivable, Current	89,274	-	202	-	-	-	89,476	-
Receivables - Accounts, Net	2,850,956	208,843	622,371	468,573	253,457	78,079	4,482,279	-
Receivables - Interfund	3,382,692	-	-	-	-	-	3,382,692	-
Due from Other Governments	127,908	-	385,717	-	-	-	513,625	-
Inventory at Cost	589,132	128,979	394,707	47,666	-	-	1,160,484	1,862
Prepaid Water Agreement	-	-	360,201	-	-	-	360,201	-
Other Current Assets	-	-	-	-	89	-	89	50
Notes Receivable, Net	150,377	-	-	-	-	-	150,377	-
Restricted Cash	1,348,202	-	455,161	1,015,845	-	-	2,819,208	232,653
Restricted Investments	1,000,000	-	-	-	-	-	1,000,000	-
Total current assets	13,402,074	1,532,171	2,927,444	2,357,750	1,989,511	411,828	22,620,778	823,044
Noncurrent assets:								
Interest Receivable, Noncurrent	332,154	-	-	-	-	-	332,154	-
Capital Assets, Net	14,907,421	2,113,574	21,644,983	18,810,253	294,973	222,880	57,994,084	1,221,777
Notes Receivable, Long Term	879,370	-	-	-	-	-	879,370	-
Total noncurrent assets	16,118,945	2,113,574	21,644,983	18,810,253	294,973	222,880	59,205,608	1,221,777
Total assets	29,521,019	3,645,745	24,572,427	21,168,003	2,284,484	634,708	81,826,386	2,044,821
Deferred Outflows of Resources								
Deferred Amount from Refundings	-	-	260,930	139,690	-	-	400,620	-
Deferred Outflows - TMRS Pension	151,320	28,924	52,989	36,547	43,285	483	313,548	-
Deferred Outflows - OPEB	35,706	8,418	13,056	9,933	12,294	294	79,701	-
Total deferred outflows	187,026	37,342	326,975	186,170	55,579	777	793,869	-
Liabilities								
Current liabilities:								
Accounts Payable & Other Current Liabilities	\$ 1,071,752	\$ 117,581	\$ 108,836	\$ 394,517	\$ 176,920	\$ 3,196	\$ 1,872,802	\$ 271
Other Liabilities	-	900	2,353	1,050	-	-	4,303	-
Accrued Interest	7,875	-	32,826	15,178	-	2,592	58,471	9,316
Interfund Payable	-	-	-	267,008	-	-	267,008	-
Compensated Absences, Current	58,240	11,011	23,760	10,177	-	2,695	105,883	-
Lease Payable, Current	-	-	-	23,746	-	-	23,746	27,785
Revenue Bonds Payable, Current	75,332	-	711,275	1,381,425	-	-	2,168,032	-
Note Payable, Current	-	-	34,126	-	-	44,895	79,021	186,103
Consumer Deposits	1,420,624	-	-	-	-	-	1,420,624	-
Total current liabilities	2,633,823	129,492	913,176	2,093,101	176,920	53,378	5,999,890	223,475
Noncurrent liabilities:								
Compensated Absences	62,432	15,921	30,875	13,957	-	802	123,987	-
Post Employment Benefits	259,817	55,609	92,981	61,893	85,000	7,897	563,197	-
Net Pension Liability - TMRS	1,643,854	308,798	568,014	455,653	491,959	5,586	3,473,864	-
Long Term Debt, Net	1,750,962	-	7,169,727	2,801,330	-	189,716	11,911,735	476,727
Total noncurrent liabilities	3,717,065	380,328	7,861,597	3,332,833	576,959	204,001	16,072,783	476,727
Total liabilities	6,350,888	509,820	8,774,773	5,425,934	753,879	257,379	22,072,673	700,202
Deferred Inflows of Resources								
Deferred Inflows - TMRS Pension	252,533	48,222	89,805	62,686	68,446	1,287	522,979	-
Deferred Inflows - OPEB	12,595	2,796	4,599	3,477	4,473	-	27,940	-
Deferred Inflows - Over Recovered Fuel Costs	2,725,950	360,330	-	-	-	-	3,086,280	-
Total deferred inflows	2,991,078	411,348	94,404	66,163	72,919	1,287	3,637,199	-
Net Position								
Net Investment in Capital Assets	13,172,432	2,113,574	14,406,242	15,241,895	294,973	(11,731)	45,217,385	551,929
Unrestricted	7,193,647	648,345	1,623,983	620,181	1,218,292	388,550	11,692,998	792,690
Total net position	\$ 20,366,079	\$ 2,761,919	\$ 16,030,225	\$ 15,862,076	\$ 1,513,265	\$ 376,819	\$ 56,910,383	\$ 1,344,619

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

785,741
\$ 57,696,124

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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, 2020

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total Proprietary	Internal Service Funds
Operating revenues:								
Charges for Services	\$ 19,700,527	\$ 2,355,643	\$ 4,288,668	\$ 3,674,970	\$ 2,935,022	\$ 550,936	\$ 33,505,766	\$ 511,615
Total Operating Revenues	19,700,527	2,355,643	4,288,668	3,674,970	2,935,022	550,936	33,505,766	511,615
Operating expenses:								
Cost of Sales and Services	13,208,976	968,379	398,042	-	-	-	14,575,397	-
Salaries	1,961,019	398,065	782,399	561,289	461,438	54,493	4,218,703	-
Supplies	194,750	61,152	465,617	171,186	121,618	10,017	1,024,340	38
Maintenance	12,781	2,238	169,144	258,682	88,776	95,626	627,247	4,437
Contractual Services	388,178	30,587	289,706	614,593	1,924,366	402	3,247,832	150,080
Depreciation	755,388	138,724	971,113	963,652	141,921	11,731	2,982,529	144,473
Gross Revenue Tax	1,371,424	172,279	287,149	243,765	36,246	-	2,110,863	-
Miscellaneous	296,562	12,240	29,196	40,985	22,874	-	401,857	6,958
Total operating expenses	18,189,078	1,783,664	3,392,366	2,854,152	2,797,239	172,269	29,188,768	305,986
Operating Income (loss)	1,511,449	571,979	896,302	820,818	137,783	378,667	4,316,998	205,629
Nonoperating revenues (expenses):								
Intergovernmental	115,148	-	703,551	-	-	-	818,699	-
Investment Income	177,218	11,327	16,308	14,652	11,221	744	231,470	3,254
Interest Expense & Fiscal Charges	(63,457)	-	(259,226)	(227,305)	(17,233)	(2,592)	(569,813)	(13,906)
Gain on Sale of Capital Assets	22,450	12,233	19,688	12,333	280,577	-	347,281	-
Miscellaneous, Net	34,577	3,959	5,411	(6,223)	(18,413)	-	19,311	3,754
Total non operating revenue (expenses)	285,936	27,519	485,732	(206,543)	256,152	(1,848)	846,948	(6,898)
Income (loss) before contributions and transfers	1,797,385	599,498	1,382,034	614,275	393,935	376,819	5,163,946	198,731
Capital Contributions	-	-	124,442	204,380	-	-	328,822	-
Transfers In	626,453	-	-	-	-	-	626,453	502,903
Transfers Out	(1,885,287)	(573,644)	(580,135)	(345,999)	(612,992)	-	(3,998,057)	-
Total Transfers In/(Out)	(1,258,834)	(573,644)	(580,135)	(345,999)	(612,992)	-	(3,371,604)	502,903
Change in net position	538,551	25,854	926,341	472,656	(219,057)	376,819	2,121,164	701,634
Total net position - beginning	22,107,050	2,974,436	15,103,884	15,389,420	1,732,322	-	-	642,985
Restatement of net position	(2,279,522)	(238,371)	-	-	-	-	-	-
Total net position - beginning as restated	19,827,528	2,736,065	15,103,884	15,389,420	1,732,322	-	-	642,985
Total net position - ending	\$ 20,366,079	\$ 2,761,919	\$ 16,030,225	\$ 15,862,076	\$ 1,513,265	\$ 376,819		\$ 1,344,619

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

	252,599
Change in net position of business-type activities	<u>\$ 2,373,763</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, 2020

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total Proprietary	Gov. Activities Internal Service
Cash Flows from Operating Activities								
Receipts from customers and users	\$ 19,786,627	\$ 2,372,662	\$ 5,130,929	\$ 4,068,749	\$ 3,067,068	\$ 472,857	\$ 34,898,892	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	-	515,373
Gross revenue tax paid to General Fund	(1,371,424)	(172,279)	(287,149)	(243,765)	(36,246)	-	(2,110,863)	-
Payments to suppliers	(13,636,152)	(931,078)	(1,595,191)	(1,252,610)	(2,095,463)	(105,453)	(19,615,947)	(162,779)
Payments to employees	(1,833,446)	(374,686)	(728,250)	(516,730)	(487,543)	(34,399)	(3,975,054)	-
Net cash provided (used) by operating activities	2,945,605	894,619	2,520,339	2,055,644	447,816	333,005	9,197,028	352,594
Cash Flows from Non Capital Financing Activities								
Transfers in	626,453	-	-	-	-	-	626,453	502,903
Transfers out	(1,885,287)	(573,644)	(580,135)	(345,999)	(612,992)	-	(3,998,057)	-
Interest paid on consumer deposits	(11,979)	-	-	-	-	-	(11,979)	-
Net cash provided (used) by noncapital financing activities	(1,270,813)	(573,644)	(580,135)	(345,999)	(612,992)	-	(3,383,583)	502,903
Cash Flows from Capital and Related Financing Activities								
Acquisition and construction of capital assets	(1,680,443)	(308,864)	(1,743,237)	(1,379,854)	-	(234,611)	(5,347,009)	(857,838)
Proceeds from Issuance of Bonds	-	-	750,000	1,400,000	-	-	2,150,000	-
Proceeds from Promissory Note	-	-	-	-	-	234,611	234,611	772,000
Principal paid on bonds, capital leases and notes payable	(72,194)	-	(726,733)	(1,360,975)	(443,995)	-	(2,603,897)	(223,648)
Insurance proceeds	4,175	-	-	2,049	-	-	6,224	-
Proceeds from sales of capital assets	22,450	12,233	19,688	12,333	1,243,875	-	1,310,579	-
Interest and fees paid on bonds, capital leases and notes payable	(65,163)	-	(261,044)	(140,003)	(22,885)	-	(489,095)	(6,401)
Net cash provided (used) by capital and related financing activities	(1,791,175)	(296,631)	(1,961,326)	(1,466,450)	776,995	-	(4,738,587)	(315,887)
Cash Flows from Investing Activities								
Principal received on notes receivable	154,721	-	-	-	-	-	154,721	-
Investment income received	189,412	11,328	16,512	14,652	11,219	744	243,867	3,254
Net cash provided (used) by investing activities	344,133	11,328	16,512	14,652	11,219	744	398,588	3,254
Net increase (decrease) in cash and cash equivalents	227,750	35,672	(4,610)	257,847	623,038	333,749	1,473,446	542,864
Cash and cash equivalents, beginning of year	2,983,985	1,158,677	919,543	1,583,664	1,112,927	-	7,758,796	278,268
Cash and cash equivalents, end of year	\$ 3,211,735	\$ 1,194,349	\$ 914,933	\$ 1,841,511	\$ 1,735,965	\$ 333,749	\$ 9,232,242	\$ 821,132
Reconciliation of cash and cash equivalents to statement of net position								
Cash and equivalents	\$ 1,863,533	\$ 1,194,349	\$ 459,772	\$ 825,666	\$ 1,735,965	\$ 333,749	\$ 6,413,034	\$ 588,479
Restricted cash and equivalents	1,348,202	-	455,161	1,015,845	-	-	2,819,208	232,653
Cash and cash equivalents, end of year	\$ 3,211,735	\$ 1,194,349	\$ 914,933	\$ 1,841,511	\$ 1,735,965	\$ 333,749	\$ 9,232,242	\$ 821,132

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

Operating income (loss)	\$ 1,511,449	\$ 571,979	\$ 896,302	\$ 820,818	\$ 137,783	\$ 378,667	\$ 4,316,998	\$ 205,629
Adjustments to reconcile net cash provided (used) by operating activities								
Depreciation	755,388	138,724	971,113	963,652	141,921	11,731	2,982,529	144,473
Provision for uncollectible accounts	32,291	2,432	5,912	3,514	3,774	2,154	50,077	-
Other income (expense)	145,547	3,960	712,246	(1,061)	80,525	-	941,217	3,757
Changes in assets and liabilities affecting cash provided by operations:								
(Increase) decrease in accounts receivable	50,961	10,627	120,080	20,747	44,607	(80,233)	166,789	-
(Increase) decrease in inventory	92,518	(10,460)	(39,772)	1,801	-	-	44,087	(123)
(Increase) decrease in interfund receivables	(357,643)	-	-	-	-	-	(357,643)	-
(Increase) decrease in intergovernmental receivables	(114,573)	-	4,023	370,579	3,140	-	263,169	-
Increase (decrease) in interfund payables	-	-	-	267,008	-	-	267,008	-
(Increase) decrease in other assets	-	-	5,096	-	10,186	-	15,282	50
Increase (decrease) in accounts payable and other current liabilities	283,792	32,019	(208,810)	(435,973)	51,985	592	(276,395)	(1,192)
Increase (decrease) in over-recovered fuel costs	446,428	121,959	-	-	-	-	568,387	-
Increase (decrease) in salaries & benefits payable	28,377	5,357	9,276	11,767	(28,152)	2,604	29,229	-
Increase (decrease) in compensated absences	14,266	1,152	16,275	11,480	(26,015)	3,497	20,655	-
Increase (decrease) in postemployment benefits	13,759	3,508	5,371	4,192	3,908	7,603	38,341	-
Increase (decrease) in pension benefits	71,171	13,362	23,227	17,120	24,154	6,390	155,424	-
Increase (decrease) in consumer deposits	(28,126)	-	-	-	-	-	(28,126)	-
Net cash provided (used) by operating activities	<u>\$ 2,945,605</u>	<u>\$ 894,619</u>	<u>\$ 2,520,339</u>	<u>\$ 2,055,644</u>	<u>\$ 447,816</u>	<u>\$ 333,005</u>	<u>\$ 9,197,028</u>	<u>\$ 352,594</u>

Noncash investing, capital and financing activities

Contribution of capital assets	-	-	121,158	200,691	-	-	321,849	-
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City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Reporting Entity

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

1. Discretely presented component unit

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

2. Blended component unit

In 2016, the City of Brenham Community Projects Fund, Inc. 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 is reported as a blended component unit in the governmental funds.

B. Government-Wide and Fund Financial Statements

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

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

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

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

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Additionally, the government reports the following fund types:

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

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

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

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

D. Assets, Liabilities, and Net Position

1. Deposits and investments

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

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

Investments 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, 2020

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, 2020

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, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

9. Over-Recovered Fuel Costs

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

10. Asset Retirement Obligations

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

The City operates a waste transfer station for which it has demonstrated financial assurance of \$73,788 by meeting the financial assurance test. Estimated closure cost is \$25,000.

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

11. Post-employment benefits

The City provides the availability of post-retirement health care for certain retirees. Retirees whose sum of age and years of service was equal to or greater than 75 at the time of retirement may purchase group health until they and their covered spouses reach Medicare eligibility. As of September 30, 2020, 9 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.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The departmental budget is the basic unit of measurement for the City's budget. 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, 2020, annual appropriated budgets were adopted by passage of a budget ordinance for the General Fund, Electric Fund, Gas Fund, Water Fund, Wastewater Fund, Sanitation Fund, Drainage Fund and Debt Service Fund. Non major governmental funds for which budgets were adopted include the Hotel/Motel Tax, Washington County Hotel/Motel Tax, PD Criminal Law Enforcement Fund, Courts Technology/Security, Brenham Community Projects Fund, Airport Capital Improvements Fund, TIRZ #1 Fund, 2017 Capital Projects Fund, Streets and Drainage Improvements Fund and Parks Capital Improvements Fund. Internal Service funds with budgets adopted include the Workers' Compensation Fund, Vehicle Equipment Replacement Fund and the Central Fleet Fund. All annual budget appropriations lapse at the end of the fiscal year.

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

3. Legal level of control

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

4. Budget amendments

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

5. Encumbrances

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

B. Compliance with Finance Related Legal and Contractual Provisions

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

C. Deficit Fund Balances or Net Position Balances

No fund had a deficit fund balance at year end.

D. Excess of Expenditures Over Appropriations

For fiscal year end September 30, 2020, 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, 2020, the City had an investment in a State Money Pool (TexPool) which had a balance of \$3,636,530 which was included in cash and cash equivalents and restricted cash at September 30, 2020. "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 \$1.00032 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 \$11,353,291 and was included in cash and cash equivalents and restricted cash at September 30, 2020. "TexSTAR" is a local government investment pool created and jointly managed by Hilltop Securities, Inc. and JP Morgan Investment Management, Inc. with the purpose of investing funds on behalf of Texas political subdivisions. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was \$1.00026 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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

average maturity of 60 days or less and was rated AAAM by Standard and Poor's. Authorized investments for TexSTAR funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

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

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

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

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

At year end, the government's carrying amount of deposits (including certificates of deposit) for the primary government and BCDC component unit was \$12,029,113 and the bank balances totaled \$12,485,311. Of the bank and certificates of deposit balances, \$250,000 was covered by federal depository insurance and \$12,235,311 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	Other Governmental Funds
Accounts	\$ 232,539	\$ 806
Assessments	127,652	-
	<u>360,191</u>	<u>806</u>
Less Allowance for Uncollectibles	(3,000)	-
Accounts Receivable, Net	<u>\$ 357,191</u>	<u>\$ 806</u>

Proprietary Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total
Accounts	\$ 2,905,956	\$ 211,843	\$ 631,371	\$ 478,573	\$ 258,457	\$ 80,079	\$4,566,279
Less Allowance for Uncollectibles	(55,000)	(3,000)	(9,000)	(10,000)	(5,000)	(2,000)	(84,000)
Accounts Receivable, Net	<u>\$ 2,850,956</u>	<u>\$ 208,843</u>	<u>\$ 622,371</u>	<u>\$ 468,573</u>	<u>\$ 253,457</u>	<u>\$ 78,079</u>	<u>\$4,482,279</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

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)	\$ 197,585	\$ -	\$ 197,585
Delinquent property taxes receivable (Debt Service Fund)	117,150	-	117,150
Franchise fees receivable	172,039	-	172,039
Grant receipts receivable	-	2,500	2,500
Lien assessments and pending seizures	122,840	-	122,840
Charges for Services not yet earned	-	-	-
Total deferred/unearned revenue for governmental funds	<u>\$ 609,614</u>	<u>\$ 2,500</u>	<u>\$ 612,114</u>
 Balances not expected to be collected within one year	 \$ 122,840	 \$ -	 \$ 122,840

C. Receivables – Property Taxes

The following information relates to property taxes receivable for the year ended September 30, 2020:

Original Certified Tax Roll	\$ 1,454,529,915
Approved Rate (Per \$100 Valuation)	0.5140
Original Levy	7,476,284
Supplements	(15,713)
Adjusted Levy	<u>\$ 7,460,571</u>
 Collections on Current Tax Roll	 7,358,882
Total Collections	7,440,789
Property Taxes Receivable	\$ 314,735

D. Notes Receivable

Notes receivable at September 30, 2020 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	\$ 644,747
Note receivable from component unit Brenham Community Development Corporation, principal amount \$500,000; Interest payable at 3.250%; maturing September 2026, unsecured	<u>385,000</u>
	\$ 1,029,747
Less Current Portion	<u>(150,377)</u>
	<u>\$ 879,370</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2020 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	1,057,942	575,715	(851,861)	-	781,796
Total Not Being Depreciated	<u>\$ 5,692,284</u>	<u>575,715</u>	<u>(851,861)</u>	<u>-</u>	<u>5,416,138</u>
Capital Assets, Being Depreciated:					
Buildings	30,473,284	46,168	-	-	30,519,452
Improvements Other Than Buildings	14,639,962	1,069,559	210,447	(36,900)	15,883,068
Furniture, Fixtures and Equipment	2,244,562	232,988	-	(8,298)	2,469,252
Machinery	724,064	-	-	(15,452)	708,612
Vehicles	8,783,593	589,530	-	(762,701)	8,610,422
Radios	702,316	-	-	-	702,316
Intangibles-Software	223,368	-	-	-	223,368
Infrastructure	52,640,391	3,631,441	641,414	(472,239)	56,441,007
Total Being Depreciated	110,431,540	5,569,686	851,861	(1,295,590)	115,557,497
Less Accumulated Depreciation for:					
Buildings	(10,593,529)	(899,616)	-	-	(11,493,145)
Improvements Other Than Bldgs.	(9,397,028)	(639,242)	-	22,601	(10,013,669)
Furniture, Fixtures and Equipment	(1,762,260)	(100,013)	-	8,298	(1,853,975)
Machinery	(410,128)	(71,438)	-	15,452	(466,114)
Vehicles	(5,015,904)	(675,762)	-	716,327	(4,975,339)
Radios	(158,235)	(70,242)	-	-	(228,477)
Intangibles-Software	(125,283)	(9,191)	-	-	(134,474)
Infrastructure	(27,533,000)	(1,245,375)	-	441,298	(28,337,077)
Total Accumulated Depreciation	(54,995,367)	(3,710,879)	-	1,203,976	(57,502,270)
Total Being Depreciated, Net	<u>55,436,173</u>	<u>1,858,807</u>	<u>851,861</u>	<u>(91,614)</u>	<u>58,055,227</u>
Capital Assets, Net	<u>\$61,128,457</u>	<u>\$ 2,434,522</u>	<u>\$ -</u>	<u>\$ (91,614)</u>	<u>\$ 63,471,365</u>
Business-type Activities					
	Beginning Balance	Additions	Reclass/CIP to Complete	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 562,003	\$ 9,105	\$ -	\$ -	\$ 571,108
Intangibles-Easements	33,811	-	-	-	33,811
Construction in Progress	4,770,138	2,628,438	(3,517,315)	(3,521)	3,877,740
Total Not Being Depreciated	<u>5,365,952</u>	<u>2,637,543</u>	<u>(3,517,315)</u>	<u>(3,521)</u>	<u>4,482,659</u>
Capital Assets, Being Depreciated:					
Buildings	864,476	-	-	-	864,476
Improvements Other Than Buildings	33,498,594	485,934	2,012,072	-	35,996,600
Furniture, Fixtures and Equipment	2,322,661	73,400	-	(690,497)	1,705,564
Vehicles	5,713,182	700,356	-	(1,675,813)	4,737,725
Intangibles-Software	219,926	-	-	-	219,926
Infrastructure	64,723,466	1,771,624	1,505,243	-	68,000,333
Total Being Depreciated	107,342,305	3,031,314	3,517,315	(2,366,310)	111,524,624
Less Accumulated Depreciation for:					
Buildings	(488,490)	(24,697)	-	-	(513,187)
Improvements Other Than Bldgs.	(16,138,245)	(816,399)	-	-	(16,954,644)
Furniture, Fixtures and Equipment	(1,481,863)	(91,837)	-	67,490	(1,506,210)
Vehicles	(3,116,814)	(479,903)	-	1,236,581	(2,360,136)
Intangibles-Software	(121,445)	(16,770)	-	-	(138,215)
Infrastructure	(34,479,473)	(1,626,411)	-	-	(36,105,884)
Total Accumulated Depreciation	(55,826,330)	(3,056,017)	-	1,304,071	(57,578,276)
Total Being Depreciated, Net	<u>51,515,975</u>	<u>(24,703)</u>	<u>3,517,315</u>	<u>(1,062,239)</u>	<u>53,946,348</u>
Capital Assets, Net	<u>\$56,881,927</u>	<u>\$ 2,612,840</u>	<u>\$ -</u>	<u>\$ (1,065,760)</u>	<u>\$ 58,429,007</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

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	\$ 895,846
General Government	446,577
Health and Welfare	114,875
Highways and Streets	1,433,272
Public Safety	749,324
Total Governmental Activities	<u>\$ 3,639,894</u>
<u>Business-type Activities</u>	
Electric	\$ 755,388
Gas	138,724
Water	971,113
Sewer	963,652
Sanitation	141,921
Drainage	11,731
Total Business-type Activities	<u>\$ 2,982,529</u>
<u>Internal Service Funds</u>	
Central Fleet	\$ 73,489
Vehicle Equipment Replacement (VERF)	70,984
Total Internal Service Funds	<u>\$ 144,473</u>

As of September 30, 2020, capital assets of the component unit consist of land (not being depreciated) with a balance of \$2,767,455, land improvements (not being depreciated) with a balance of \$886,527 and other improvements (being depreciated) with a balance of \$12,107. The Construction in Progress has a balance of \$25,935 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, 2020 and continues thereafter on a year to year basis, until terminated with a 60-day written notice. For the year ending September 30, 2020 \$968,379 was paid under these contracts.

A contract with a supplier to provide 4,200 acre-feet of raw water for the City's current and future water supply. The contract will expire in 2047. In FY20, a second contract with the same supplier was approved to provide an additional 774 acre-feet in order to sustain long-term future growth. This contract will expire in 2045. The amount expensed under these contracts for the year ending September 30, 2020 was \$398,042.

A contract with a third party to purchase the City's excess water (774 acre-feet mentioned above) on a year-to-year basis. For the fiscal year ending September 30, 2020 \$61,146 was received under this contract.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

A contract with a supplier to provide electric power and energy, expiring June 25, 2041, renewable for successive twenty-five-year periods. Contract rates are established by the supplier's wholesale power rate tariff. The amount paid under this contract for the year ending September 30, 2020 was \$13,208,976.

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, 2020, three annual installments of \$41,758 have been paid.

In March 2020, the City entered into an agreement with a contractor for solid waste services including residential collection, commercial collection, recycling services, and collection station operations for City of Brenham residents and businesses. Under the terms of this agreement, services shall be for a 5-year period, beginning March 5, 2020 and ending March 5, 2025 with up to five one-year renewal terms. For the year ending September 30, 2020, the City paid \$909,424 under this contract.

The City has the following active construction projects as of September 30, 2020:

	Contract Amount	Spent-to-Date	Remaining Commitment
Electric	\$ 1,006,911	\$ 739,406	\$ 267,505
Airport	70,659	30,282	40,377
Streets & Drainage	2,039,069	546,414	1,492,655
Gas, Water & Wastewater	7,051,895	1,623,626	5,428,269
Total	<u>\$ 10,168,534</u>	<u>\$ 2,939,728</u>	<u>\$ 7,228,806</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

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, 2020 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund	General Fund	\$ 3,115,684
	Wastewater Fund	<u>267,008</u>
		\$ 3,382,692

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

The following schedule shows transfers and payments within the reporting entity as of September 30, 2020:

Transfers From:	Transfers To:				Net Transfers From
	<u>Governmental Activities</u>		<u>Business Type Activities</u>	<u>Internal Service Funds</u>	
	<u>General</u>	<u>Other Gov'l</u>	<u>Electric</u>		
Governmental Activities					
Major Funds					
General Fund	\$ -	\$ 60,608	\$ -	\$ 302,903	\$ 363,511
Other Gov'l Funds	1,367,530	-	-	-	1,367,530
Internal Service	-	50,000	-	-	50,000
Business-type Activities					
Major Funds					
Electric	1,875,287	10,000	-	-	1,885,287
Gas	382,099	-	191,545	-	573,644
Water	353,537	-	226,598	-	580,135
Wastewater	223,345	-	122,654	-	345,999
Sanitation	327,336	-	85,656	200,000	612,992
Total Transfers To	<u>\$ 4,529,134</u>	<u>\$ 120,608</u>	<u>\$ 626,453</u>	<u>\$ 502,903</u>	<u>\$ 5,779,098</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

Payments from the Brenham Community Development Corporation (BCDC) component unit consist of \$866,425 to the Parks Capital Improvement Fund for capital improvements to four different city parks and the aquatic center. BCDC also provided \$171,050 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, 2020:

Payments From:	Payments To:		
Component Unit	General	Other Governmental	Total Pymts From
Brenham Community Development Corp	\$ 171,050	\$ 866,425	\$ 1,037,475

H. Long-Term Debt

During the fiscal year, the City issued \$5.465 million of new certificates of obligation of which \$3.365 million was recognized in the governmental funds, and \$2.1 million was recognized in the enterprise funds. This debt was issued for the purpose of street and drainage infrastructure improvements and water and wastewater utility system improvements. Also, the City financed the purchase of a street sweeper through a \$234,611 promissory note with its depository bank, and replacement vehicles and equipment through 3 promissory notes with a local bank totaling \$772,000.

During the fiscal year, the City obtained a \$5 million construction loan to be recognized in the Water enterprise fund. The loan was issued for the purpose of financing repairs to the water intake structure in the case that FEMA grant reimbursements were not received in a timely manner. This unsecured loan has an interest rate of 2.6% and matures July 2021. Once drawdowns begin, interest is due on a monthly basis. At maturity, all outstanding principal and accrued unpaid interest is due. As of September 30, 2020, no drawdowns of the construction loan have occurred.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2020:

	Balance 9/30/2019	Additions	FY20 Retirements	Balance 9/30/2020	Due Within One Year	Long Term
Governmental Activities						
Long Term Debt						
2006 COB - Gen	\$ 4,455,000	\$ -	\$ (540,000)	\$ 3,915,000	\$ 570,000	\$ 3,345,000
2010 GOB Ref - Gen	335,378	-	(335,378)	-	-	-
2011 GOB Ref - Gen	803,930	-	(192,076)	611,854	196,723	415,131
2012 COB -Gen	1,330,000	-	(85,000)	1,245,000	85,000	1,160,000
2014 COB-Gen	3,330,000	-	(175,000)	3,155,000	175,000	2,980,000
2014 GOB Ref-Gen	586,912	-	(111,335)	475,577	475,577	-
2016 COB-Gen	999,438	-	(42,806)	956,632	44,668	911,964
2017 COB-Gen	2,475,000	-	(100,000)	2,375,000	105,000	2,270,000
2019 COB-Gen	1,460,000	-	(55,000)	1,405,000	55,000	1,350,000
2020 COB-Gen	-	3,365,000	(155,000)	3,210,000	115,000	3,095,000
	<u>15,775,658</u>	<u>3,365,000</u>	<u>(1,791,595)</u>	<u>17,349,063</u>	<u>1,821,968</u>	<u>15,527,095</u>
Unamort Bond Premium	385,208	167,433	(32,108)	520,533	NA	520,533
Ref Deferred Charges - '10 Ref GOB	(3,794)	-	3,794	-	NA	-
Ref Deferred Charges - '11 Ref GOB	(74,591)	-	19,251	(55,340)	NA	(55,340)
Ref Deferred Charges - '14 Ref GOB	(18,530)	-	9,665	(8,865)	NA	(8,865)
	<u>16,063,951</u>	<u>3,532,433</u>	<u>(1,790,993)</u>	<u>17,805,391</u>	<u>1,821,968</u>	<u>15,983,423</u>
Bank of Brenham Virtual Server Note Payable	58,311	-	(28,704)	29,607	29,607	-
Bank of Brenham Public Safety Radios Note Payable	378,268	-	(185,890)	192,378	192,378	-
Brenham National Bank 3 Year Note Payable - VERF	-	365,000	(123,534)	241,466	119,334	122,132
Brenham National Bank 5 Year Note Payable - VERF	-	213,500	(44,025)	169,475	40,907	128,568
Brenham National Bank 7 Year Note Payable - VERF	-	193,500	(28,944)	164,556	25,862	138,694
	<u>436,579</u>	<u>772,000</u>	<u>(411,097)</u>	<u>797,482</u>	<u>408,088</u>	<u>389,394</u>
Subtotal-Long Term Debt	<u>16,500,530</u>	<u>4,304,433</u>	<u>(2,202,090)</u>	<u>18,602,873</u>	<u>2,230,056</u>	<u>16,372,817</u>
Other Long-Term Liabilities						
Chase Vehicle & Equipment Lease	693,656	-	(132,362)	561,294	135,473	425,821
Compensated Absences ⁽¹⁾	474,696	494,886	(379,354)	590,228	247,443	342,785
Subtotal-Other Long-Term Liabilities	<u>1,168,352</u>	<u>494,886</u>	<u>(511,716)</u>	<u>1,151,522</u>	<u>382,916</u>	<u>768,606</u>
Total Governmental	<u>\$ 17,668,882</u>	<u>\$ 4,799,319</u>	<u>\$ (2,713,806)</u>	<u>\$ 19,754,395</u>	<u>\$ 2,612,972</u>	<u>\$ 17,141,423</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, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance 9/30/2019	Additions	FY20 Retirements	Balance 9/30/2020	Due Within One Year	Long Term
Business Type Activities						
Long Term Debt						
2010 GOB Ref - Water	\$ 265,349	\$ -	\$ (265,349)	\$ -	\$ -	\$ -
2010 GOB Ref - Wastewater	619,272	-	(619,272)	-	-	-
2011 GOB Ref - Wastewater	1,791,066	-	(427,924)	1,363,142	438,278	924,864
2014 GOB Ref - Water	464,362	-	(88,088)	376,274	376,274	-
2014 GOB Ref - Wastewater	1,083,726	-	(205,578)	878,148	878,148	-
2016 COB- Electric	1,685,562	-	(72,194)	1,613,368	75,332	1,538,036
2016 GOB Ref-Water	4,430,000	-	(225,000)	4,205,000	230,000	3,975,000
2017 COB-Water	600,000	-	(25,000)	575,000	25,000	550,000
2017 COB-Wastewater	490,000	-	(20,000)	470,000	20,000	450,000
2019 COB-Water	1,455,000	-	(55,000)	1,400,000	55,000	1,345,000
2020 COB-Water	-	735,000	(35,000)	700,000	25,000	675,000
2020 COB-Wastewater	-	1,365,000	(65,000)	1,300,000	45,000	1,255,000
	<u>12,884,337</u>	<u>2,100,000</u>	<u>(2,103,405)</u>	<u>12,880,932</u>	<u>2,168,032</u>	<u>10,712,900</u>
Unamort Bond Premium-Electric	226,340	-	(13,413)	212,927	NA	212,927
Unamort Bond Premium-Water	582,590	36,572	(65,285)	553,877	NA	553,877
Unamort Bond Premium-Wastewater	41,116	67,919	(12,208)	96,827	NA	96,827
10 Ref Deferred Chrg-Water	(2,998)	-	2,998	-	NA	-
10 Ref Deferred Chrg-Waterwater	(6,998)	-	6,998	-	NA	-
11 Ref Deferred Chrg-Waterwater	(166,211)	-	42,885	(123,326)	NA	(123,326)
14 Ref Deferred Chrg-Water	(14,662)	-	7,651	(7,011)	NA	(7,011)
14 Ref Deferred Chrg-Wastewater	(34,222)	-	17,855	(16,367)	NA	(16,367)
16 Ref Deferred Chrg-Water	(286,161)	-	32,243	(253,918)	NA	(253,918)
	<u>13,223,131</u>	<u>2,204,491</u>	<u>(2,083,681)</u>	<u>13,343,941</u>	<u>2,168,032</u>	<u>11,175,909</u>
Bank of Brenham Spreader Truck Note-Water	138,272	-	(33,296)	104,976	34,126	70,850
Bank of Brenham Street Sweeper Note-Drainage	-	234,611	-	234,611	44,895	189,716
Subtotal-Long Term Debt	<u>13,361,403</u>	<u>2,439,102</u>	<u>(2,116,977)</u>	<u>13,683,528</u>	<u>2,247,053</u>	<u>11,436,475</u>
Other Long-Term Liabilities						
Chase Vehicle & Equipment Lease-Fleet	142,263	-	(27,146)	115,117	27,785	87,332
Chase Vehicle & Equipment Lease-Wastewater	121,585	-	(23,201)	98,384	23,746	74,638
Chase Vehicle & Equipment Lease-Sanitation	443,995	-	(443,995)	-	-	-
Compensated Absences	209,213	215,089	(194,432)	229,870	105,883	123,987
Subtotal-Other Long-Term Liabilities	<u>917,056</u>	<u>215,089</u>	<u>(688,774)</u>	<u>443,371</u>	<u>157,414</u>	<u>285,957</u>
Total Proprietary	<u>\$ 14,278,459</u>	<u>\$ 2,654,191</u>	<u>\$ (2,805,751)</u>	<u>\$ 14,126,899</u>	<u>\$ 2,404,467</u>	<u>\$ 11,722,432</u>
Component Unit Governmental Activities						
Note Payable-BCDC to City Elec Fund-FY 10	739,468	-	(94,721)	644,747	90,377	554,370
Note Payable-BCDC to City Elec Fund-FY 17	445,000	-	(60,000)	385,000	60,000	325,000
Total Governmental - BCDC	<u>\$ 1,184,468</u>	<u>\$ -</u>	<u>\$ (154,721)</u>	<u>\$ 1,029,747</u>	<u>\$ 150,377</u>	<u>\$ 879,370</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

The annual debt service requirement to maturity for all bonded outstanding debt as of September 30, 2020 follows:

FISCAL YEAR ENDING 9/30	PRIMARY GOVERNMENT					
	GENERAL OBLIGATION		CERTIFICATES OF OBLIGATION		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2021	\$ 2,595,000	\$ 252,207	\$ 1,395,000	\$ 751,687	\$ 3,990,000	\$ 1,003,894
2022	1,155,000	190,100	1,475,000	697,465	2,630,000	887,565
2023	1,199,999	155,450	1,525,000	641,645	2,724,999	797,095
2024	540,000	113,400	1,590,000	581,588	2,130,000	694,988
2025	565,000	91,800	1,665,000	518,769	2,230,000	610,569
2026-2030	1,854,996	135,600	6,090,000	1,776,712	7,944,996	1,912,312
2031-2035	-	-	5,595,000	886,775	5,595,000	886,775
2036-2040	-	-	2,985,000	195,354	2,985,000	195,354
	<u>\$ 7,909,995</u>	<u>\$ 938,557</u>	<u>\$22,320,000</u>	<u>\$ 6,049,995</u>	<u>\$ 30,229,995</u>	<u>\$ 6,988,552</u>

The annual debt service requirement to maturity for all notes payable outstanding debt as of September 30, 2020 follows:

FISCAL YEAR ENDING 9/30	NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2021	\$ 487,109
2022	271,353	15,044
2023	152,702	8,715
2024	119,505	5,156
2025	77,365	2,425
2026-2030	29,035	677
	<u>\$ 1,137,069</u>	<u>\$ 60,954</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding at September 30, 2020 for the primary government is comprised of the following:

\$9,000,000; 2006 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$155,000 to \$740,000 through August 15, 2026; interest rate 3.940%-4.7886%	\$ 3,915,000
\$7,730,000; 2011 General Obligation Refunding Bonds due in annual installments of \$105,000 to \$1,035,000 through August 15, 2023; interest rate 1.0-3.125%	1,975,000
\$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%	1,245,000
\$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%	3,155,000
\$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%	1,730,000
\$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%	2,570,000
\$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%	4,205,000
\$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%	3,420,000
\$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%	2,805,000
\$5,465,000; 2020 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$185,000 to \$325,000 through August 15, 2040; interest rate 2.0-5.0%	5,210,000
\$1,918,082 lease payable dated March 13, 2017 due in annual payments of \$205,211 to \$300,367 including interest, through March 2024; collateralized by financed vehicles & equipment. (FY17 Vehicles & Equipment)	774,795
\$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)	104,976
\$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)	29,607
\$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)	192,378
\$365,000 note payable dated December 23, 2019 due in annual installments of \$124,980 including interest, through February 23, 2022; collateralized by financed vehicles & equipment. (3 Year VERT)	241,466
\$213,500 note payable dated December 23, 2019 due in annual installments of \$44,870 including interest, through February 23, 2024; collateralized by financed vehicles & equipment. (5 Year VERT)	169,475
\$193,500 note payable dated December 23, 2019 due in annual installments of \$29,710 including interest, through February 23, 2026; collateralized by financed vehicles & equipment. (7 Year VERT)	164,556
\$234,611 note payable dated April 7, 2020 due in annual installments of \$50,080 including interest, through April 7, 2025; collateralized by financed equipment. (Street Sweeper)	234,611
Compensated Absences for accrued vacation	<u>820,098</u>
	\$32,961,962
Unamortized Bond Premium	1,384,164
Unamortized Bond Discount	-
Deferred Charges on Bonds	<u>(464,832)</u>
	<u>\$33,881,294</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2020 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	\$ 644,747
\$500,000 note payable to primary government dated May 5, 2017, interest payable at 3.25%, unsecured, annual payments 2017 through 2026	<u>385,000</u>
	<u>\$ 1,029,747</u>

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2021	\$ 150,377
2022	146,233	76,295
2023	147,278	78,299
2024	143,505	79,960
2025	139,904	81,449
2026-2028	302,450	293,589
\$ 1,029,747	\$ 683,693	

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:

Asset Class	Governmental Activities	Business-Type Activities
Vehicles/Large Equipment	\$ 948,672	\$ 361,100
Less: Accumulated Depreciation	<u>(325,210)</u>	<u>(119,216)</u>
Total Net Asset	<u>\$ 623,462</u>	<u>\$ 241,884</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

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, 2020 were as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
2021	\$ 148,663	\$ 56,547
2022	148,663	56,547
2023	148,663	56,547
2024	148,663	56,547
Total Minimum Lease Payments	\$ 594,652	\$ 226,188
Less: Amount Representing Interest	<u>(33,358)</u>	<u>(12,687)</u>
Present Value of Minimum Payments	<u>\$ 561,294</u>	<u>\$ 213,501</u>

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

At September 30, 2020 the primary government had no liability for rebatale arbitrage.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

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	\$ 667,381	\$ 2,228,801
Customer Deposits	-	1,590,407
Debt Service	694,080	-
Hotel/Motel Tax	213,290	-
PD Criminal Law Enforcement	45,162	-
Streets/Drainage Improvements	2,872,040	-
Tax Increment Reinvestment Zone #1	45,278	-
Community Projects (Covid Relief Fund)	177	-
Worker's compensation	232,653	-
	<u>\$ 4,770,061</u>	<u>\$ 3,819,208</u>

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, 2020

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, 2020:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventory	\$ 142,880	\$ -	\$ -	\$ 142,880
Prepaid Assets	1,000	-	-	1,000
Restricted for:				
Debt Service	-	695,145	-	695,145
Grantor and Contributor Purposes	25,957	-	983	26,940
Public Safety	-	-	45,724	45,724
Economic Development	-	-	45,278	45,278
Transportation and Aviation Projects	-	-	3,436,731	3,436,731
Court Technology and Security	-	-	61,660	61,660
Tourism Promotion	257,753	-	297,868	555,621
Committed to:				
Park Capital Improvements	-	-	96,897	96,897
Transportation and Aviation Projects	-	-	40,465	40,465
Assigned to:				
Culture and Recreation	-	-	4,712	4,712
Unassigned:				
	5,715,569	-	-	5,715,569
Total Fund Balances:	<u>\$ 6,143,159</u>	<u>\$ 695,145</u>	<u>\$ 4,030,318</u>	<u>\$ 10,868,622</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

IV. OTHER INFORMATION

A. Risk Management

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

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, 2020 was \$232,703.

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, 2020 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, 2020

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 FY21. 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	278,754	
FY18	1,401,227	138,523	
FY19	273,367	1,503,845	
FY20	2,804,001	1,090,014	
Total Expenditures	5,413,580	3,109,131	
 Less Insurance Recoveries:			
FY16	\$ 175,401	\$ 62,085	
FY17	84,261	13,452	
FY18	53,341	-	
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	
FY20	1,645,582	697,318	
Total Federal Grant Reimbursements	2,265,335	1,181,992	
 Total Expenditures Less Insurance Recoveries and Federal Grant Reimbursements:			
	\$ 2,835,243	\$ 1,851,601	

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

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, 2020 are as follows:

	TMRS	TESRS	Total
<i>Net Pension Liability</i>	\$ 12,454,605	\$ 336,178	\$ 12,790,783
<i>Deferred Outflows of Resources</i>	\$ (1,136,725)	\$ (100,911)	\$ (1,237,636)
<i>Deferred Inflows of Resources</i>	\$ 1,899,142	\$ 406	\$ 1,899,548
<i>Current Year Pension Expense</i>	\$ 1,127,806	\$ 84,537	\$ 1,212,343

1. Texas Municipal Retirement System

Plan Description

The City of Brenham participates as one of 888 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.tmars.com.

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

Benefits Provided

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

At retirement, the 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, 2020

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 2019</i>	<i>Plan Year 2020</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:

	2019
<u>Membership</u>	
Inactive employees or beneficiaries currently receiving benefits	143
Inactive employees entitled to but not yet receiving benefits	146
Active employees	202
Total	491

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 10.01% and 9.94% in 2019 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$1,155,192 and were equal to the required contribution.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

IV. OTHER INFORMATION (Continued)

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

IV. OTHER INFORMATION (Continued)

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

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 12/31/2018	\$ 56,329,504	\$ 41,238,206	\$ 15,091,298
Changes for the year:			
Service Cost	1,306,775	-	1,306,775
Interest	3,764,714	-	3,764,714
Change of benefit terms	-	-	-
Difference between expected and actual experience	81,072	-	81,072
Changes of assumptions	243,804	-	243,804
Contributions - employer	-	1,134,499	(1,134,499)
Contributions - employee	-	566,685	(566,685)
Net investment income	-	6,368,980	(6,368,980)
Benefit payments, including refunds of employee contributions	(2,418,698)	(2,418,698)	-
Administrative expense	-	(36,024)	36,024
Other changes	-	(1,082)	1,082
Net changes	2,977,667	5,614,360	(2,636,693)
Balance at 12/31/2019	\$ 59,307,171	\$ 46,852,566	\$ 12,454,605

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

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	\$20,887,686	\$12,454,605	\$5,545,746

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the City of Brenham recognized pension expense of \$1,127,806, 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	\$ 121,241	\$ 458,019
Differences in assumption changes	187,105	-
Differences between projected and actual investment earnings	-	1,441,123
Contributions subsequent to the measurement date	828,379	-
Total	\$ 1,136,725	\$ 1,899,142

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$828,379 will be recognized as a reduction of the net pension liability for the year ending September 30, 2021.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

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:

Year	Expense
2020	\$ 508,604
2021	523,926
2022	(136,150)
2023	694,416
2024	-
Thereafter	-
Total	\$ 1,590,796

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, 2019, there were 237 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, 2019, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,649
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,842
Active Participants (Vested and Non-vested)	3,702

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, 2020

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. Based on the August 31, 2018 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

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, 2019, total contributions (dues, prior service, and interest on prior service financing) of \$53,150 were paid by the City. The State appropriated \$1,329,224 for the fiscal year ending August 31, 2019 to the plan as a whole.

Net Pension Liability

The System's net pension liability was measured as of August 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019.

Total pension liability	\$ 143,501,039
Plan fiduciary net position	115,155,476
System's net pension liability	\$ 28,345,563
Plan fiduciary net position as a percentage of the total pension liability	80.20%

Actuarial Assumptions

The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2019
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
September 30, 2020

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	\$597,505	\$336,178	\$161,251

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

IV. OTHER INFORMATION (Continued)

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

At August 31, 2020, the City reported a liability of \$336,178 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	\$ 336,178
State's proportionate share that is associated with the City*	<u>99,720</u>
Total	<u>\$ 435,898</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, 2019 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, 2019. The City used the assumption that any differences in the net pension liability measured as of August 31, 2019 versus September 30, 2019 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, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective net pension liability was 1.186%.

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, 2020 the City recognized pension expense of \$84,537. The City recognized on-behalf revenues of \$22,464 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, 2020

IV. OTHER INFORMATION (Continued)

At August 31, 2019, 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	\$ 43,292	\$ -
Differences due to changes in actuarial assumptions	-	-
Differences in expected and actual experience	-	406
Contributions paid to TESRS subsequent to the measurement data	57,619	-
Total	\$ 100,911	\$ 406

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$57,619 will be recognized as a reduction of the net liability for the year ending September 30, 2020.

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
2020	\$ 9,127
2021	4,786
2022	10,640
2023	18,333
Total	<u>\$ 42,886</u>

F. Restatements

The net position of the City's business-type activities, Electric Fund, and Gas Fund as previously reported, as of September 30, 2019, have been restated to give effect to the following:

Deferred Inflow of Resources

The beginning net position is being restated as a result of deferred inflows for over-recovered fuel costs which were not recorded in the prior fiscal year. A table depicting these changes to the fund level financial statements follows:

	<u>Electric Fund</u>	<u>Gas Fund</u>
Net position as previously reported	\$ 22,107,050	\$ 2,974,436
Deferred Inflows, Over Recovered Fuel Costs	<u>(2,279,522)</u>	<u>(238,371)</u>
Net Position as restated	<u>\$ 19,827,528</u>	<u>\$ 2,736,065</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

IV. OTHER INFORMATION (Continued)

The beginning balance of deferred inflows reported in the government-wide financial statements has been restated as a result of a correction of a previously reported value. A table depicting these changes to the government-wide financial statements follows:

	Business-Type Activities
Net position as previously reported	\$ 57,840,254
Increase/(Decrease) due to correction of deferred inflows	(2,517,893)
Net Position as restated	\$ 55,322,361

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. The single-employer defined benefit plan provides medical and prescription benefit coverage.

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

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 \$1,866,632 was measured as of September 30, 2020 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, 2020 measurement date:

Discount rate	2.21%
Actuarial cost method	Entry Age Normal
Inflation	2.20%
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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

IV. OTHER INFORMATION (Continued)

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-2020.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2019	\$ 1,706,224
Changes for the year:	
Service Cost	80,218
Interest on total OPEB liability	46,875
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions, changes or inputs	82,095
Benefit payments	(48,780)
Net changes	160,408
Balance at 9/30/2020	\$ 1,866,632

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 2.21%, 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 (1.21%) or 1 percentage point higher (3.21%) than the current rate.

	1% Decrease in Discount Rate (1.21%)	Discount Rate (2.21%)	1% Increase in Discount Rate (3.21%)
Total OPEB Liability	\$2,089,333	\$1,866,632	\$1,669,371

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	\$1,590,859	\$1,866,632	\$2,205,508

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

IV. OTHER INFORMATION (Continued)

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$107,553. At September 30, 2020, 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	\$ -	\$ 34,863
Changes of assumptions	269,773	56,908
Total	\$ 269,773	\$ 91,771

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

Year ended September 30:		
2021	\$	29,240
2023		29,240
2023		29,240
2024		29,240
2025		37,001
Thereafter		24,041
Total	\$	<u>178,002</u>

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, 2020, the City has created one Tax Increment Financing Zone:

Tax Increment Reinvestment Zone #1: In December 2018, the City approved an ordinance creating a TIRZ known as “Tax Increment Reinvestment Zone Number One, City of Brenham, Texas” (“Zone One”). Zone One encompasses approximately 2,201 acres of land generally located along U.S. Highway 290, South Market Street, and West Main Street corridors within the city limits. In December 2019, the City approved an ordinance amending the boundaries of the zone to include an additional 199 acres bringing total acreage of Zone One to 2,400 acres. As of September 30, 2020, the City has not begun funding projects within Zone One. The City contributes all of its incremental tax revenues to Zone One.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

IV. OTHER INFORMATION (Continued)

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

Fiscal Year	Net Taxable Value	Base Value	Captured Value	TIRZ Incremental Tax Revenue
2020	\$276,611,822	\$259,152,894	\$ 17,458,928	\$ 45,131

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.

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 2020, the City abated property taxes of \$152,520, or 2.04%, of the \$7,460,571 total levy.

J. Economic Development Agreement

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2020

IV. OTHER INFORMATION (Continued)

K. Subsequent Events

On November 5, 2020, the City Council approved the purchase of a wheeled excavator for the Street and Drainage departments from Mustang CAT through a BuyBoard contract in the amount of \$298,200. City Council also approved a financing proposal with Citizens State Bank in the amount of \$298,200 for a seven-year note and an interest rate of 1.48% related to the purchase.

On November 5, 2020, the City Council amended the Chapter 380 Economic Development Agreement between the City and BK Stringer, Limited. The amendment included requirements related to certain building materials and labor contracts. The resolution also included additional reimbursement for Baker Katz, not to exceed \$1,000,000, if certain decorative elements are included in the project. Finally, Baker Katz committed additional funds for the installation of underground electric lines.

On December 17, 2020, the City Council approved the termination of the current interlocal agreement between the City of Brenham and Washington County for economic development services and approved a new interlocal agreement with an effective date of January 1, 2021. The new agreement creates the Brenham/Washington County Economic Development Organization (BWEDO) and established that the County will contribute \$100,000 to the BWEDO annually. The agreement will remain in effect for a period of three years with options for extensions in two-year increments.

On February 4, 2021, the City Council took action on the following:

- Approved an amendment to the professional services agreement with Strand Associates related to Old Chappell Hill Road improvements in the amount of \$67,000 bringing the total contract amount to \$267,000.
- Awarded a bid to Brazos Paving, Inc. in the amount of \$724,045 for improvements to Old Chappell Hill Road.
- Approved a professional services agreement with Jones-Carter in the amount of \$252,500 related to the development of Phase I of Brenham Family Park.
- Awarded a bid to Solid Bridge Construction, LLC in the amount of \$358,930 for the Ralston Creek Lift Station Elevation project.

On March 18, 2021, the City Council met to discuss communication from its natural gas provider regarding gas consumed during Texas Arctic Blast in February and anticipated billings. The City is disputing the estimated pricing and billing. The City's gas contract protects it from situations of price fluctuations, and the City is confident that contract terms will be upheld. To be pro-active and further protect the City, the Council authorized the City Manager to retain legal counsel to take necessary legal actions to protect the financial interest of the City and its gas customers regarding the City's contract with its natural gas provider.

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 FY21.
- Statement No. 87, "Leases." The requirements of this statement are effective for FY22.
- Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The requirements of this statement are effective for FY22.
- Statement No. 90, "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61." The requirements of this statement are effective for FY21.

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City of Brenham, Texas
Required Supplementary Information
September 30, 2020

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

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

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, 2020

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

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

Notes to Schedule:
N/A

**City of Brenham, Texas
Required Supplementary Information
September 30, 2020**

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

Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 904,116	\$ 698,787	\$ 694,276	\$ 726,981	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129	\$ 1,110,351	\$ 1,134,499
Contributions in relation to the actuarially determined contribution	\$ 904,116	\$ 698,787	\$ 694,276	\$ 726,981	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129	\$ 1,110,351	\$ 1,134,499
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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	\$ 11,333,694
Contributions as a percentage of covered payroll	9.45%	7.09%	6.99%	7.16%	7.06%	6.54%	5.82%	9.64%	9.96%	10.01%

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

Other Information:

Notes 1) Granted 70% ad hoc COLA.
 2) Removed statutory max.

City of Brenham, Texas
Required Supplementary Information
September 30, 2020

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

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

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

Notes to Schedule:

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

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

**City of Brenham, Texas
Required Supplementary Information
September 30, 2020**

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

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

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.

Brenham Community Projects Fund, Inc.

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

Capital Projects Funds

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

Airport Capital Improvement Fund

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

2017 Capital Projects Fund

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

Parks Capital Improvements Fund

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

Streets and Drainage Improvements Fund

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

Tax Increment Reinvestment Zone (TIRZ) #1 Fund

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

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CITY OF BRENHAM, TEXAS

Internal Service Funds

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

Workers' Compensation Fund

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

Central Fleet Fund

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

Vehicle Equipment Replacement Fund (VERF)

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

Debt Service Fund

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

City of Brenham
Combining Balance Sheet
Other Governmental Funds
September 30, 2020

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Assets			
Cash and Equivalents	\$ 105,231	\$ 33,004	\$ 138,235
Receivables (Net)			
Occupancy Tax	41,007	-	41,007
Accounts	806	-	806
Due from Other Governments	562	-	562
Other Current Assets	-	40,377	40,377
Restricted Cash	258,629	3,584,700	3,843,329
Total Assets	\$ 406,235	\$ 3,658,081	\$ 4,064,316
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current	\$ -	\$ 33,998	\$ 33,998
Total Liabilities	-	33,998	33,998
Fund Balances:			
Restricted	406,235	3,482,008	3,888,243
Committed	-	137,362	137,362
Assigned	-	4,713	4,713
Total Fund Balances	406,235	3,624,083	4,030,318
Total Liabilities and Fund Balances	\$ 406,235	\$ 3,658,081	\$ 4,064,316

City of Brenham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended September 30, 2020

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 629,519	\$ 45,131	\$ 674,650
Intergovernmental	-	261,152	261,152
Charges for Services	41,504	-	41,504
Investment Income	4,261	24,994	29,255
Payment from Component Unit	-	866,425	866,425
Contributions and Donations	119,420	6,219	125,639
Program Revenue/Restitution	8,586	-	8,586
Miscellaneous	-	15,000	15,000
Total revenues	<u>803,290</u>	<u>1,218,921</u>	<u>2,022,211</u>
Expenditures			
Current:			
Culture and Recreation	102,972	131,064	234,036
General Government	128,613	-	128,613
Highways and Streets	-	47,351	47,351
Public Safety	9,710	-	9,710
Capital Outlay	-	2,505,364	2,505,364
Debt Service:			
Issuance Costs	-	82,433	82,433
Total expenditures	<u>241,295</u>	<u>2,766,212</u>	<u>3,007,507</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>561,995</u>	<u>(1,547,291)</u>	<u>(985,296)</u>
Other Financing Sources (Uses)			
Transfers In	50,000	70,608	120,608
Transfers Out	(716,344)	(701,186)	(1,417,530)
Issuance of Debt	-	3,365,000	3,365,000
Premium on Debt Issued	-	167,433	167,433
Total other financing sources and (uses)	<u>(666,344)</u>	<u>2,901,855</u>	<u>2,235,511</u>
Net change in Fund Balances	<u>(104,349)</u>	<u>1,354,564</u>	<u>1,250,215</u>
Fund balances - beginning	<u>510,584</u>	<u>2,269,519</u>	<u>2,780,103</u>
Fund balances - ending	<u>\$ 406,235</u>	<u>\$ 3,624,083</u>	<u>\$ 4,030,318</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
September 30, 2020

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Brenham Community Projects Fund, Inc.	Total Special Revenue Funds
Assets						
Cash and Equivalents	\$ -	\$ 43,571	\$ -	\$ 61,660	\$ -	\$ 105,231
Receivables (Net)						
Occupancy Tax	41,007	-	-	-	-	41,007
Accounts	-	-	-	-	806	806
Interfund Receivables	-	12,076	-	-	-	12,076
Due from Other Governments	-	-	562	-	-	562
Restricted Cash	213,290	-	45,162	-	177	258,629
Total Assets	<u>\$ 254,297</u>	<u>\$ 55,647</u>	<u>\$ 45,724</u>	<u>\$ 61,660</u>	<u>\$ 983</u>	<u>\$ 418,311</u>
Liabilities and Fund Balances						
Liabilities:						
Interfund Payables	12,076	\$ -	\$ -	\$ -	\$ -	\$ 12,076
Total Liabilities	<u>12,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,076</u>
Fund Balances:						
Restricted	242,221	55,647	45,724	61,660	983	406,235
Total Fund Balances	<u>242,221</u>	<u>55,647</u>	<u>45,724</u>	<u>61,660</u>	<u>983</u>	<u>406,235</u>
Total Liabilities and Fund Balances	<u>\$ 254,297</u>	<u>\$ 55,647</u>	<u>\$ 45,724</u>	<u>\$ 61,660</u>	<u>\$ 983</u>	<u>\$ 418,311</u>

City of Brenham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds - Special Revenue Funds
For the Year Ended September 30, 2020

	Hotel/Motel Tax Fund- Washington County	Hotel/Motel Tax Fund	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Brenham Community Projects Fund, Inc.	Total Special Revenue Funds
Revenues						
Taxes	\$ 509,519	\$ 120,000	\$ -	\$ -	\$ -	\$ 629,519
Charges for Services	-	-	-	41,504	-	41,504
Investment Income	2,686	727	339	492	17	4,261
Contributions and Donations	-	-	-	-	119,420	119,420
Program Revenue/Restitution	-	-	8,586	-	-	8,586
Total revenues	<u>512,205</u>	<u>120,727</u>	<u>8,925</u>	<u>41,996</u>	<u>119,437</u>	<u>803,290</u>
Expenditures						
Current:						
Culture and Recreation	8,677	94,295	-	-	-	102,972
General Government	-	-	-	21,159	107,454	128,613
Public Safety	-	-	9,710	-	-	9,710
Total expenditures	<u>8,677</u>	<u>94,295</u>	<u>9,710</u>	<u>21,159</u>	<u>107,454</u>	<u>241,295</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>503,528</u>	<u>26,432</u>	<u>(785)</u>	<u>20,837</u>	<u>11,983</u>	<u>561,995</u>
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	50,000	50,000
Transfers Out	(640,625)	-	-	(14,719)	(61,000)	(716,344)
Total other financing sources and (uses)	<u>(640,625)</u>	<u>-</u>	<u>-</u>	<u>(14,719)</u>	<u>(11,000)</u>	<u>(666,344)</u>
Net change in Fund Balances	(137,097)	26,432	(785)	6,118	983	(104,349)
Fund balances - beginning	<u>379,318</u>	<u>29,215</u>	<u>46,509</u>	<u>55,542</u>	<u>-</u>	<u>510,584</u>
Fund balances - ending	<u>\$ 242,221</u>	<u>\$ 55,647</u>	<u>\$ 45,724</u>	<u>\$ 61,660</u>	<u>\$ 983</u>	<u>\$ 406,235</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Nonmajor Capital Projects Funds
September 30, 2020

	Airport Capital Impr. Fund	2017 Capital Projects Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	TIRZ Reinvestment Zone #1 Fund	Total Nonmajor Capital Projects Funds
Assets						
Cash and Cash Equivalents	\$ 88	\$ -	\$ 32,916	\$ -	\$ -	\$ 33,004
Interfund Receivable	-	-	68,966	-	-	68,966
Other Current Assets	40,377	-	-	-	-	40,377
Restricted Cash	-	667,381	-	2,872,041	45,278	3,584,700
Total Assets	\$ 40,465	\$ 667,381	\$ 101,882	\$ 2,872,041	\$ 45,278	\$ 3,727,047
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable & Other Current Liabilities	\$ -	\$ 2,981	\$ 272	\$ 30,745	\$ -	\$ 33,998
Interfund Payables	-	1,440	-	67,526	-	68,966
Total Liabilities	-	4,421	272	98,271	-	102,964
Fund Balances:						
Restricted	-	662,960	-	2,773,770	45,278	3,482,008
Committed	40,465	-	96,897	-	-	137,362
Assigned	-	-	4,713	-	-	4,713
Total Fund Balances	40,465	662,960	101,610	2,773,770	45,278	3,624,083
Total Liabilities and Fund Balances	\$ 40,465	\$ 667,381	\$ 101,882	\$ 2,872,041	\$ 45,278	\$ 3,727,047

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, 2020

	Airport Capital Impr. Fund	2017 Capital Projects Fund	Parks Capital Improvements Fund	Streets & Improvements Fund	TIRZ Reinvestment Zone #1 Fund	Total Nonmajor Capital Projects Funds
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 45,131	\$ 45,131
Intergovernmental	261,152	-	-	-	-	261,152
Investment Income	88	9,685	-	15,074	147	24,994
Payment from Component Unit	-	-	866,425	-	-	866,425
Contributions and Donations	-	5,500	719	-	-	6,219
Miscellaneous	-	-	15,000	-	-	15,000
Total revenues	<u>261,240</u>	<u>15,185</u>	<u>882,144</u>	<u>15,074</u>	<u>45,278</u>	<u>1,218,921</u>
Expenditures						
Current:						
Highways and Streets	-	47,351	-	-	-	47,351
Culture and Recreation	-	-	131,064	-	-	131,064
Capital Outlay	290,169	389,913	1,067,170	758,112	-	2,505,364
Debt Service:						
Issuance Costs	-	-	-	82,433	-	82,433
Total expenditures	<u>290,169</u>	<u>437,264</u>	<u>1,198,234</u>	<u>840,545</u>	<u>-</u>	<u>2,766,212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,929)</u>	<u>(422,079)</u>	<u>(316,090)</u>	<u>(825,471)</u>	<u>45,278</u>	<u>(1,547,291)</u>
Other Financing Sources (Uses)						
Transfers In	20,608	-	50,000	-	-	70,608
Transfers Out	-	-	-	(701,186)	-	(701,186)
Issuance of Debt	-	-	-	3,365,000	-	3,365,000
Premium on Debt Issued	-	-	-	167,433	-	167,433
Total other financing sources and (uses)	<u>20,608</u>	<u>-</u>	<u>50,000</u>	<u>2,831,247</u>	<u>-</u>	<u>2,901,855</u>
Net change in Fund Balances	<u>(8,321)</u>	<u>(422,079)</u>	<u>(266,090)</u>	<u>2,005,776</u>	<u>45,278</u>	<u>1,354,564</u>
Fund balances - beginning	<u>48,786</u>	<u>1,085,039</u>	<u>367,700</u>	<u>767,994</u>	<u>-</u>	<u>2,269,519</u>
Fund balances - ending	<u>\$ 40,465</u>	<u>\$ 662,960</u>	<u>\$ 101,610</u>	<u>\$ 2,773,770</u>	<u>\$ 45,278</u>	<u>\$ 3,624,083</u>

City of Brenham
Internal Service Funds
Combining Statement of Net Position
September 30, 2020

	Workers' Compensation Fund	Central Fleet Fund	Vehicle & Equip. Replacement Fund	Total
Assets				
Current assets:				
Cash and Cash Equivalents	\$ -	\$ 156,600	\$ 431,879	\$ 588,479
Inventory at Cost	-	1,862	-	1,862
Other Current Assets	50	-	-	50
Restricted Cash	232,653	-	-	232,653
Total current assets	232,703	158,462	431,879	823,044
Noncurrent assets:				
Capital Assets, Net	-	434,923	786,854	1,221,777
Total noncurrent assets	-	434,923	786,854	1,221,777
Total Assets	\$ 232,703	\$ 593,385	\$ 1,218,733	\$ 2,044,821
Liabilities and Fund Balances				
Current liabilities:				
Accounts Payable & Other Current Liabilities	\$ -	\$ 271	\$ -	\$ 271
Accrued Interest	-	1,466	7,850	9,316
Lease Payable, Current	-	27,785	-	27,785
Note Payable, Current	-	-	186,103	186,103
Total current liabilities	-	29,522	193,953	223,475
Noncurrent liabilities:				
Long Term Debt, Net	-	87,332	389,395	476,727
Total noncurrent liabilities	-	87,332	389,395	476,727
Total Liabilities	-	116,854	583,348	700,202
Net Position				
Net Investment in Capital Assets	-	319,807	232,122	551,929
Unrestricted	232,703	156,724	403,263	792,690
Total Net Position	\$ 232,703	\$ 476,531	\$ 635,385	\$ 1,344,619

City of Brenham, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year ended September 30, 2020

	Workers' Compensation Fund	Central Fleet Fund	Vehicle & Equip. Replacement Fund	Total
Operating revenues:				
Charges for Services	\$ 179,014	\$ 119,388	\$ 213,213	\$ 511,615
Total operating revenues	<u>179,014</u>	<u>119,388</u>	<u>213,213</u>	<u>511,615</u>
Operating expenses:				
Supplies	-	38	-	38
Maintenance	-	4,437	-	4,437
Contractual Services	149,742	338	-	150,080
Depreciation	-	73,489	70,984	144,473
Miscellaneous	-	6,958	-	6,958
Total operating expenses	<u>149,742</u>	<u>85,260</u>	<u>70,984</u>	<u>305,986</u>
Operating Income (loss)	<u>29,272</u>	<u>34,128</u>	<u>142,229</u>	<u>205,629</u>
Nonoperating revenues (expenses):				
Investment Income	1,207	886	1,161	3,254
Interest Expense & Fiscal Charges	-	(2,998)	(10,908)	(13,906)
Miscellaneous, Net	3,594	160	-	3,754
Total non-operating revenue (expenses):	<u>4,801</u>	<u>(1,952)</u>	<u>(9,747)</u>	<u>(6,898)</u>
Income (loss) before contributions and transfers	34,073	32,176	132,482	198,731
Transfers In	-	-	502,903	502,903
Total Transfers In	<u>-</u>	<u>-</u>	<u>502,903</u>	<u>502,903</u>
Change in net position	34,073	32,176	635,385	701,634
Total net position - beginning	198,630	444,355	-	642,985
Total net position - ending	<u>\$ 232,703</u>	<u>\$ 476,531</u>	<u>\$ 635,385</u>	<u>\$ 1,344,619</u>

City of Brenham, Texas
Internal Service Funds
Combining Statement of Cash Flows
For the Year ended September 30, 2020

	Workers' Compensation Fund	Central Fleet Fund	Vehicle & Equip. Replacement Fund	Total
Cash Flows from Operating Activities				
Receipts from/(payments for) interfund services provided	\$ 182,609	\$ 119,551	\$ 213,213	\$ 515,373
Payments to suppliers	(149,693)	(13,086)	-	(162,779)
Net cash provided (used) by operating activities	<u>32,916</u>	<u>106,465</u>	<u>213,213</u>	<u>352,594</u>
Cash Flows from Non Capital Financing Activities				
Transfers in (out)	-	-	502,903	502,903
Net cash provided (used) by non capital financing activities	<u>-</u>	<u>-</u>	<u>502,903</u>	<u>502,903</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	-	-	(857,838)	(857,838)
Proceeds from Promissory Note	-	-	772,000	772,000
Principal paid on bonds and capital leases	-	(27,146)	(196,502)	(223,648)
Interest and fees paid on capital leases	-	(3,343)	(3,058)	(6,401)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(30,489)</u>	<u>(285,398)</u>	<u>(315,887)</u>
Cash Flows from Investing Activities				
Investment income received	1,207	886	1,161	3,254
Net cash provided (used) by investing activities	<u>1,207</u>	<u>886</u>	<u>1,161</u>	<u>3,254</u>
Net increase (decrease) in cash and cash equivalents	34,123	76,862	431,879	542,864
Cash and cash equivalents, beginning of the year	198,530	79,738	-	278,268
Cash and cash equivalents, end of the year	<u>\$ 232,653</u>	<u>\$ 156,600</u>	<u>\$ 431,879</u>	<u>\$ 821,132</u>
Reconciliation of cash and cash equivalents to statement of net position				
Cash and equivalents	\$ -	\$ 156,600	\$ 431,879	\$ 588,479
Restricted cash and equivalents	232,653	-	-	232,653
Cash and cash equivalents, end of year	<u>\$ 232,653</u>	<u>\$ 156,600</u>	<u>\$ 431,879</u>	<u>\$ 821,132</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 29,272	\$ 34,128	\$ 142,229	\$ 205,629
Adjustments to reconcile net cash provided (used) by operating activities				
Depreciation	-	73,489	70,984	144,473
Other income (expense)	3,594	163	-	3,757
Changes in assets and liabilities affecting cash provided by operations:				
(Increase) decrease in inventory	-	(123)	-	(123)
(Increase) decrease in other assets	50	-	-	50
Increase (decrease) in accounts payable and other current liabilities	-	(1,192)	-	(1,192)
Net cash provided (used) by operating activities	<u>\$ 32,916</u>	<u>\$ 106,465</u>	<u>\$ 213,213</u>	<u>\$ 352,594</u>

City of Brenham
Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,828,736	\$ 2,828,736	\$ 2,832,374	\$ 3,638
Investment Income	11,000	11,000	17,370	6,370
Payment from Component Unit	80,000	-	-	-
Total revenues	<u>2,919,736</u>	<u>2,839,736</u>	<u>2,849,744</u>	<u>10,008</u>
Expenditures				
Debt Service:				
Interest and Fiscal Charges	662,430	647,430	636,018	11,412
Principal Retirement	2,257,306	2,192,306	2,138,551	53,755
Total Expenditures	<u>2,919,736</u>	<u>2,839,736</u>	<u>2,774,569</u>	<u>65,167</u>
Net change in fund balance	-	-	75,175	75,175
Fund balance - beginning	<u>619,970</u>	<u>619,970</u>	<u>619,970</u>	-
Fund balance - ending	<u>\$ 619,970</u>	<u>\$ 619,970</u>	<u>\$ 695,145</u>	<u>\$ 75,175</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, 2020

	<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	\$ 675,000	\$ 675,000	\$ 509,519	\$ (165,481)
Investment Income	4,000	4,000	2,686	(1,314)
Total revenues	<u>679,000</u>	<u>679,000</u>	<u>512,205</u>	<u>(166,795)</u>
Expenditures				
Current:				
Culture and Recreation	-	-	8,677	(8,677)
Total Expenditures	<u>-</u>	<u>-</u>	<u>8,677</u>	<u>(8,677)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>679,000</u>	<u>679,000</u>	<u>503,528</u>	<u>(175,472)</u>
Other Financing Sources (Uses)				
Transfers Out	(679,000)	(679,000)	(640,625)	38,375
Total other financing sources and (uses)	<u>(679,000)</u>	<u>(679,000)</u>	<u>(640,625)</u>	<u>38,375</u>
Net change in fund balance	-	-	(137,097)	(137,097)
Fund balance - beginning	379,318	379,318	379,318	-
Fund balance - ending	<u>\$ 379,318</u>	<u>\$ 379,318</u>	<u>\$ 242,221</u>	<u>\$ (137,097)</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, 2020

	<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	\$ 140,470	\$ 140,470	\$ 120,000	\$ (20,470)
Investment Income	-	-	727	727
Total revenues	<u>140,470</u>	<u>140,470</u>	<u>120,727</u>	<u>(19,743)</u>
Expenditures				
Current:				
Culture and Recreation	140,470	140,470	94,295	46,175
Total Expenditures	<u>140,470</u>	<u>140,470</u>	<u>94,295</u>	<u>46,175</u>
Net change in fund balance	-	-	26,432	26,432
Fund balance - beginning	29,215	29,215	29,215	-
Fund balance - ending	<u>\$ 29,215</u>	<u>\$ 29,215</u>	<u>\$ 55,647</u>	<u>\$ 26,432</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 200	\$ 200	\$ 339	\$ 139
Program Income/Restitution	10,000	10,000	8,586	(1,414)
Total revenues	<u>10,200</u>	<u>10,200</u>	<u>8,925</u>	<u>(1,275)</u>
Expenditures				
Current:				
Public Safety	5,000	5,000	9,710	(4,710)
Capital Outlay	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>9,710</u>	<u>20,290</u>
Net change in fund balance	(19,800)	(19,800)	(785)	19,015
Fund balance - beginning	46,509	46,509	46,509	-
Fund balance - ending	<u>\$ 26,709</u>	<u>\$ 26,709</u>	<u>\$ 45,724</u>	<u>\$ 19,015</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, 2020

	<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	\$ 41,504	\$ (12,096)
Investment Income	500	500	492	(8)
Total revenues	<u>54,100</u>	<u>54,100</u>	<u>41,996</u>	<u>(12,104)</u>
Expenditures				
Current:				
General Government	41,098	41,098	21,159	19,939
Total Expenditures	<u>41,098</u>	<u>41,098</u>	<u>21,159</u>	<u>19,939</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,002</u>	<u>13,002</u>	<u>20,837</u>	<u>7,835</u>
Other Financing Sources (Uses)				
Transfers Out	(20,000)	(20,000)	(14,719)	5,281
Total other financing sources and (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(14,719)</u>	<u>5,281</u>
Net change in fund balance	(6,998)	(6,998)	6,118	13,116
Fund balance - beginning	55,542	55,542	55,542	-
Fund balance - ending	<u>\$ 48,544</u>	<u>\$ 48,544</u>	<u>\$ 61,660</u>	<u>\$ 13,116</u>

City of Brenham
Brenham Community Projects Fund, Inc.
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$ -	\$ 119,000	\$ 119,420	\$ 420
Investment Income	-	20	17	(3)
Total revenues	<u>-</u>	<u>119,020</u>	<u>119,437</u>	<u>417</u>
Expenditures				
Current:				
General Government	-	119,020	107,454	11,566
Total Expenditures	<u>-</u>	<u>119,020</u>	<u>107,454</u>	<u>11,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>11,983</u>	<u>11,983</u>
Other Financing Sources (Uses)				
Transfers In	-	50,000	50,000	-
Transfers Out	-	(50,000)	(61,000)	(11,000)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>(11,000)</u>	<u>(11,000)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>983</u>	<u>983</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 983</u>	<u>\$ 983</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 652,500	\$ 624,546	\$ 261,152	\$ (363,394)
Investment Income	-	-	88	88
Total revenues	<u>652,500</u>	<u>624,546</u>	<u>261,240</u>	<u>(363,306)</u>
Expenditures				
Current:				
Capital Outlay	500,000	693,940	290,169	403,771
Highways and Streets	225,000	-	-	-
Total Expenditures	<u>725,000</u>	<u>693,940</u>	<u>290,169</u>	<u>403,771</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(72,500)</u>	<u>(69,394)</u>	<u>(28,929)</u>	<u>40,465</u>
Other Financing Sources (Uses)				
Transfers In	22,500	22,500	20,608	(1,892)
Total other financing sources and (uses)	<u>22,500</u>	<u>22,500</u>	<u>20,608</u>	<u>(1,892)</u>
Net change in fund balance	(50,000)	(46,894)	(8,321)	38,573
Fund balance - beginning	48,786	48,786	48,786	-
Fund balance - ending	<u>\$ (1,214)</u>	<u>\$ 1,892</u>	<u>\$ 40,465</u>	<u>\$ 38,573</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, 2020

	<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	\$ 9,685	\$ (315)
Contributions and Donations	-	-	5,500	5,500
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>15,185</u>	<u>5,185</u>
Expenditures				
Current:				
Highways and Streets	369,748	369,748	47,351	322,397
Capital Outlay	630,630	630,630	389,913	240,717
Total Expenditures	<u>1,000,378</u>	<u>1,000,378</u>	<u>437,264</u>	<u>563,114</u>
Net change in fund balance	(990,378)	(990,378)	(422,079)	568,299
Fund balance - beginning	1,085,039	1,085,039	1,085,039	-
Fund balance - ending	<u>\$ 94,661</u>	<u>\$ 94,661</u>	<u>\$ 662,960</u>	<u>\$ 568,299</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$ 5,000	\$ 5,000	\$ 719	\$ (4,281)
Payment from Component Unit	961,550	961,550	866,425	(95,125)
Miscellaneous	18,000	18,000	15,000	(3,000)
Total revenues	<u>984,550</u>	<u>984,550</u>	<u>882,144</u>	<u>(102,406)</u>
Expenditures				
Current:				
Culture and Recreation	105,550	105,550	131,064	(25,514)
Capital Outlay	<u>1,179,750</u>	<u>1,229,750</u>	<u>1,067,170</u>	<u>162,580</u>
Total Expenditures	<u>1,285,300</u>	<u>1,335,300</u>	<u>1,198,234</u>	<u>137,066</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(300,750)</u>	<u>(350,750)</u>	<u>(316,090)</u>	<u>34,660</u>
Other Financing Sources (Uses)				
Transfers In	-	50,000	50,000	-
Total other financing sources and (uses)	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	(300,750)	(300,750)	(266,090)	34,660
Fund balance - beginning	367,700	367,700	367,700	-
Fund balance - ending	<u>\$ 66,950</u>	<u>\$ 66,950</u>	<u>\$ 101,610</u>	<u>\$ 34,660</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 8,000	\$ 8,000	\$ 15,074	\$ 7,074
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>15,074</u>	<u>7,074</u>
Expenditures				
Capital Outlay	4,171,185	860,000	758,112	101,888
Debt Service:				
Issuance Costs	-	82,433	82,433	-
Total Expenditures	<u>4,171,185</u>	<u>942,433</u>	<u>840,545</u>	<u>101,888</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,163,185)</u>	<u>(934,433)</u>	<u>(825,471)</u>	<u>108,962</u>
Other Financing Sources (Uses)				
Transfers Out	(61,001)	(700,971)	(701,186)	(215)
Issuance of Debt	3,450,000	3,450,000	3,365,000	(85,000)
Premium on Debt Issued	-	-	167,433	167,433
Total other financing sources and (uses)	<u>3,388,999</u>	<u>2,749,029</u>	<u>2,831,247</u>	<u>82,218</u>
Net change in fund balance	(774,186)	1,814,596	2,005,776	191,180
Fund balance - beginning	767,994	767,994	767,994	-
Fund balance - ending	<u>\$ (6,192)</u>	<u>\$ 2,582,590</u>	<u>\$ 2,773,770</u>	<u>\$ 191,180</u>

City of Brenham
Tax Increment Reinvestment Zone (TIRZ) #1 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 43,316	\$ 43,316	\$ 45,131	\$ 1,815
Investment Income	-	-	147	147
Total revenues	<u>43,316</u>	<u>43,316</u>	<u>45,278</u>	<u>1,962</u>
Net change in fund balance	43,316	43,316	45,278	1,962
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ 43,316</u>	<u>\$ 43,316</u>	<u>\$ 45,278</u>	<u>\$ 1,962</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 1,836,438	\$ 1,836,438	\$ 1,755,402	\$ (81,036)
Investment Income	18,000	18,000	17,926	(74)
Contribution from Developer	-	131,697	131,697	-
Miscellaneous	1,158	1,158	3,861	2,703
Total revenues	<u>1,855,596</u>	<u>1,987,293</u>	<u>1,908,886</u>	<u>(78,407)</u>
Expenditures				
Current:				
Economic Development	398,118	398,118	238,190	159,928
Debt Service:				
Interest and Fiscal Charges	71,707	71,707	71,706	1
Principal Retirement	154,721	154,721	154,721	-
Capital Outlay	1,297,000	962,485	646,942	315,543
Total Expenditures	<u>1,921,546</u>	<u>1,587,031</u>	<u>1,111,559</u>	<u>475,472</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>(65,950)</u>	<u>400,262</u>	<u>797,327</u>	<u>397,065</u>
Other Financing Sources (Uses)				
Payment to Primary Government	(1,228,050)	(1,148,050)	(1,037,475)	110,575
Payment from Primary Government	1,000,000	-	-	-
Total other financing sources and (uses)	<u>(228,050)</u>	<u>(1,148,050)</u>	<u>(1,037,475)</u>	<u>110,575</u>
Net change in fund balance	(294,000)	(747,788)	(240,148)	507,640
Fund balance - beginning	1,769,607	1,769,607	1,769,607	-
Fund balance - ending	<u>\$ 1,475,607</u>	<u>\$ 1,021,819</u>	<u>\$ 1,529,459</u>	<u>\$ 507,640</u>

Net change in fund balance - component unit \$ (240,148)

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	646,942
Depreciation expense	(875)
Contribution of land for economic incentive	(98,421)

Bond principal payments are expenditures in the component unit, but they reduce long term liabilities in the statement of net position.	154,721
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Some expenses reported in the statement of activities do not require the use of current
financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(3,692)
Accrued interest payable	3,466

Change in net position of component unit \$ 461,993

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$ 75,500	\$ 191,965	\$ 217,140	\$ 25,175
Total revenues	<u>75,500</u>	<u>191,965</u>	<u>217,140</u>	<u>25,175</u>
Expenditures				
Current:				
Culture and Recreation	3,000	41,200	45,453	(4,253)
General Government	35,000	63,000	66,203	(3,203)
Health and Welfare	5,000	39,103	43,246	(4,143)
Public Safety	2,000	8,000	6,267	1,733
Capital Outlay	40,000	10,000	-	10,000
Total Expenditures	<u>85,000</u>	<u>161,303</u>	<u>161,169</u>	<u>134</u>
Net change in fund balance	(9,500)	30,662	55,971	25,309
Fund balance - beginning	228,237	228,237	228,237	-
Fund balance - ending	<u>\$ 218,737</u>	<u>\$ 258,899</u>	<u>\$ 284,208</u>	<u>\$ 25,309</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
General Government	\$ 94,579	\$ 94,579	\$ 5,375	\$ 89,204
Total Expenditures	<u>94,579</u>	<u>94,579</u>	<u>5,375</u>	<u>89,204</u>
Net change in fund balance	(94,579)	(94,579)	(5,375)	89,204
Fund balance - beginning	109,726	109,726	109,726	-
Fund balance - ending	<u>\$ 15,147</u>	<u>\$ 15,147</u>	<u>\$ 104,351</u>	<u>\$ 89,204</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, 2020

	<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	\$ 1,800	\$ 250	\$ (1,550)
Total revenues	<u>1,800</u>	<u>1,800</u>	<u>250</u>	<u>(1,550)</u>
Expenditures				
Current:				
Public Safety	1,800	1,800	250	1,550
Total Expenditures	<u>1,800</u>	<u>1,800</u>	<u>250</u>	<u>1,550</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
Police Department Grants Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 11,996	\$ 11,996	\$ 8,651	\$ (3,345)
Total revenues	<u>11,996</u>	<u>11,996</u>	<u>8,651</u>	<u>(3,345)</u>
Expenditures				
Current:				
Public Safety	11,996	11,996	8,651	3,345
Total Expenditures	<u>11,996</u>	<u>11,996</u>	<u>8,651</u>	<u>3,345</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
Public Safety Training Fund *(included as part of the General Fund)*
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2020

	<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	\$ 3,425	\$ (175)
Total revenues	<u>3,600</u>	<u>3,600</u>	<u>3,425</u>	<u>(175)</u>
Expenditures				
Current:				
Public Safety	2,900	2,900	1,150	1,750
Total Expenditures	<u>2,900</u>	<u>2,900</u>	<u>1,150</u>	<u>1,750</u>
Net change in fund balance	700	700	2,275	1,575
Fund balance - beginning	5,509	5,509	5,509	-
Fund balance - ending	<u>\$ 6,209</u>	<u>\$ 6,209</u>	<u>\$ 7,784</u>	<u>\$ 1,575</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 2,822	\$ 2,822	\$ 2,287	\$ (535)
Total revenues	<u>2,822</u>	<u>2,822</u>	<u>2,287</u>	<u>(535)</u>
Expenditures				
Current:				
Public Safety	2,822	2,822	2,287	535
Total Expenditures	<u>2,822</u>	<u>2,822</u>	<u>2,287</u>	<u>535</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 2,129,360	\$ 1,787,811	\$ 2,511,782	\$ 723,971
Total revenues	<u>2,129,360</u>	<u>1,787,811</u>	<u>2,511,782</u>	<u>723,971</u>
Expenditures				
Current:				
Highways and Streets	1,335,217	1,239,704	1,231,347	8,357
Capital Outlay	962,039	1,671,981	1,572,654	99,327
Total Expenditures	<u>2,297,256</u>	<u>2,911,685</u>	<u>2,804,001</u>	<u>107,684</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(167,896)</u>	<u>(1,123,874)</u>	<u>(292,219)</u>	<u>831,655</u>
Other Financing Sources (Uses)				
Transfers In	61,001	700,971	701,186	215
Total other financing sources and (uses)	<u>61,001</u>	<u>700,971</u>	<u>701,186</u>	<u>215</u>
Net change in fund balance	(106,895)	(422,903)	408,967	831,870
Fund balance - beginning	135,140	135,140	135,140	-
Fund balance - ending	<u>\$ 28,245</u>	<u>(\$ 287,763)</u>	<u>\$ 544,107</u>	<u>\$ 831,870</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 174,300	\$ 174,300	\$ 154,985	\$ (19,315)
Contributions and Donations	-	-	1,848	1,848
Total revenues	<u>174,300</u>	<u>174,300</u>	<u>156,833</u>	<u>(17,467)</u>
Expenditures				
Current:				
Culture and Recreation	<u>785,300</u>	<u>785,300</u>	<u>707,093</u>	<u>78,207</u>
Total Expenditures	<u>785,300</u>	<u>785,300</u>	<u>707,093</u>	<u>78,207</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(611,000)</u>	<u>(611,000)</u>	<u>(550,260)</u>	<u>60,740</u>
Other Financing Sources (Uses)				
Transfers In	<u>611,000</u>	<u>611,000</u>	<u>621,625</u>	<u>10,625</u>
Total other financing sources and (uses)	<u>611,000</u>	<u>611,000</u>	<u>621,625</u>	<u>10,625</u>
Net change in fund balance	-	-	71,365	71,365
Fund balance - beginning	<u>162,803</u>	<u>162,803</u>	<u>162,803</u>	<u>-</u>
Fund balance - ending	<u>\$ 162,803</u>	<u>\$ 162,803</u>	<u>\$ 234,168</u>	<u>\$ 71,365</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	Drainage
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	-
2020	6,722,744	7,622,996	3,881,151	706,370	4,935,236	633,766	18,232,514	1,779,296	3,640,513	3,073,476	2,806,673	174,693

GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Investment Earnings	Miscellaneous	Gain/(Loss) on Sale of Capital Assets	Payments from Component Unit		
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	
2020	35,055,891	2,675,813	3,164,898	16,035,113	378,602	250,976	456,084	1,037,475	59,054,852	

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
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
2020	5,932,981	6,750,763	2,411,626	581,356	3,982,949	2,857,002	4,126,576	26,643,253

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
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
2020	294,553	7,459,029	(7,438,847)	314,735

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
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
2020	16,014,931	298,706	3,168,111	620,003	583,573	1,917,666	22,602,990

(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
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
2020	2,138,551	636,018	2,774,569	26,643,253	10.41

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
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
2020	1,454,529,915	180	24,811,212	78	53,595,324	8	389,731	2	36,500	268	78,832,767

REVENUES BY SOURCE - BUSINESS TYPE ACTIVITIES
Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	ELECTRIC	GAS	WATER	WASTEWATER	SANITATION	DRAINAGE	TOTAL REVENUES
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
2020	19,700,527	2,355,643	4,288,668	3,674,970	2,935,022	550,936	33,505,766

ELECTRIC CUSTOMERS, CONSUMPTION AND SALES
Last Ten Fiscal Years

CITY OF BRENHAM

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Number of customers										
Residential	5,873	5,861	5,767	5,758	5,716	5,664	5,646	5,642	5,450	5,357
Commercial	1,028	1,027	1,031	1,039	1,026	1,009	1,010	1,000	1,132	1,178
Large commercial	302	306	304	293	295	296	292	301	309	317
Industrial	23	23	23	22	22	22	21	21	21	21
Street lights	1,298	1,298	1,296	1,289	1,279	1,275	1,272	1,263	1,257	1,248
Security lights	2,420	2,376	2,376	198	191	183	179	178	176	165
Total	10,944	10,891	10,797	8,599	8,529	8,449	8,420	8,405	8,345	8,286
Consumption (in KWH)										
Residential	79,085,894	78,140,210	78,547,380	75,567,271	74,495,748	77,311,527	78,361,082	75,322,524	75,853,482	80,534,797
Commercial	15,157,093	15,776,232	15,982,507	16,079,296	15,988,851	16,148,162	16,475,538	15,150,052	15,607,437	16,835,349
Large commercial	58,890,643	62,724,425	64,828,401	63,090,388	62,037,997	62,339,574	63,647,041	64,393,979	65,687,242	68,446,624
Industrial	117,620,748	115,732,736	117,799,652	114,554,616	107,445,320	112,386,240	128,179,180	124,709,000	122,894,960	122,217,940
Street lights	1,494,888	1,494,696	1,492,872	1,484,904	1,473,096	1,469,064	1,465,225	1,454,952	1,447,560	1,437,576
Security lights	336,672	331,680	327,936	325,440	316,320	306,048	299,040	298,608	295,488	296,472
Total	272,585,938	274,199,979	278,978,748	271,101,915	261,757,332	269,960,615	288,427,106	281,329,115	281,786,169	289,768,758
Sales (1)										
Residential	\$ 6,929,000	\$ 7,082,377	\$ 7,452,005	\$ 7,127,420	\$ 6,840,388	\$ 7,884,485	\$ 8,325,945	\$ 7,783,426	\$ 7,636,392	\$ 8,477,097
Commercial	1,375,910	1,467,999	1,554,350	1,549,655	1,500,066	1,676,277	1,778,764	1,600,573	1,628,597	1,829,938
Large commercial	4,226,128	4,738,489	5,168,256	4,967,627	4,753,980	5,414,602	5,788,208	5,632,488	5,623,885	6,195,255
Industrial	7,158,041	7,611,890	8,244,852	7,912,478	7,198,818	8,687,582	10,410,691	9,518,295	9,139,115	9,683,819
Street lights	75,105	83,777	89,682	87,779	84,296	98,223	104,046	98,050	95,163	101,171
Security lights	48,376	46,608	46,085	45,731	44,409	43,006	42,021	41,920	41,522	41,660
Total	\$ 19,812,560	\$ 21,031,140	\$ 22,555,230	\$ 21,690,690	\$ 20,421,957	\$ 23,804,175	\$ 26,449,675	\$ 24,674,752	\$ 24,164,675	\$ 26,328,940
Annual average consumption per customer (in KWH)										
Residential	13,466	13,332	13,620	13,124	13,033	13,650	13,879	13,350	13,918	15,034
Commercial	14,744	15,361	15,502	15,476	15,584	16,004	16,312	15,150	13,782	14,291
Large commercial	195,002	204,982	213,251	215,326	210,298	210,607	217,969	213,933	212,408	215,920
Industrial	5,113,946	5,031,858	5,121,724	5,207,028	4,883,878	5,108,465	6,103,770	5,938,524	5,783,292	5,819,902
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Security lights	139	140	138	1,644	1,656	1,672	1,671	1,678	1,684	1,797
Monthly average bill per customer										
Residential	\$ 98	\$ 101	\$ 108	\$ 103	\$ 100	\$ 116	\$ 123	\$ 115	\$ 117	\$ 132
Commercial	112	119	126	124	122	138	147	133	120	129
Large commercial	1,166	1,290	1,417	1,413	1,343	1,524	1,652	1,559	1,515	1,629
Industrial	25,935	27,579	29,873	29,972	27,268	32,908	41,312	37,771	35,840	38,428
Street lights	5	5	6	6	5	6	7	6	6	7
Security lights	2	2	2	19	19	20	20	20	20	21
Average price per KWH purchased	\$ 0.0465	\$ 0.0494	\$ 0.0557	\$ 0.0561	\$ 0.0535	\$ 0.0611	\$ 0.0718	\$ 0.0632	\$ 0.0613	\$ 0.0656
Average price per KWH sold	\$ 0.0727	\$ 0.0767	\$ 0.0808	\$ 0.0800	\$ 0.0780	\$ 0.0882	\$ 0.0917	\$ 0.0877	\$ 0.0858	\$ 0.0909
% line loss	4.06%	5.93%	3.07%	4.84%	5.73%	5.29%	4.74%	5.12%	5.71%	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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Number of customers										
Residential	3,990	3,946	3,916	3,887	3,865	3,852	3,815	3,808	3,733	3,686
Small commercial	332	330	325	322	317	313	315	310	348	363
Large commercial	116	119	119	121	124	124	125	128	129	129
Governmental	73	73	72	71	70	71	70	69	68	65
Industrial	1	2	2	2	1	1	1	1	1	1
Total	4,512	4,470	4,434	4,403	4,377	4,361	4,326	4,316	4,279	4,244
Consumption (in mcf)										
Residential	106,208	124,373	112,380	71,927	83,976	119,324	137,391	91,677	81,402	100,773
Small commercial	30,110	34,711	30,646	23,211	22,912	27,077	30,292	22,104	20,938	24,741
Large commercial	145,410	148,685	158,230	140,705	139,009	148,644	165,196	153,111	152,527	152,773
Governmental	35,551	38,598	40,037	33,157	38,062	46,253	52,724	48,692	42,938	40,885
Industrial	89,976	116,919	150,289	134,228	61,681	52,852	88,727	87,072	71,218	75,391
Total	407,255	463,286	491,582	403,228	345,640	394,150	474,330	402,656	369,023	394,563
Sales (1)										
Residential	\$ 1,020,087	\$ 1,271,069	\$ 1,133,475	\$ 886,782	\$ 883,250	\$ 1,186,117	\$ 1,496,320	\$ 965,455	\$ 831,794	\$ 1,095,738
Small commercial	190,141	250,561	215,871	173,663	154,151	201,897	264,724	176,043	154,636	215,979
Large commercial	692,330	850,558	866,758	794,476	686,663	878,697	1,179,110	975,201	847,219	1,077,654
Governmental	195,110	252,439	240,885	207,630	200,458	284,028	388,039	311,526	242,614	293,843
Industrial	360,769	591,486	721,196	665,030	261,689	287,067	573,525	508,802	355,647	489,495
Total	\$ 2,458,437	\$ 3,216,113	\$ 3,178,185	\$ 2,727,581	\$ 2,186,211	\$ 2,837,806	\$ 3,901,718	\$ 2,937,027	\$ 2,431,910	\$ 3,172,709
Annual average consumption per customer (in mcf)										
Residential	27	32	29	19	22	31	36	24	22	27
Small commercial	91	105	94	72	72	87	96	71	60	68
Large commercial	1,254	1,249	1,330	1,163	1,121	1,199	1,322	1,196	1,182	1,184
Governmental	487	529	556	467	544	651	753	706	631	629
Industrial	89,976	58,460	75,145	67,114	61,681	52,852	88,727	87,072	71,218	75,391
Monthly average bill per customer										
Residential	\$ 21	\$ 27	\$ 24	\$ 19	\$ 19	\$ 26	\$ 33	\$ 21	\$ 19	\$ 25
Small commercial	48	63	55	45	41	54	70	47	37	50
Large commercial	497	596	607	547	461	591	786	635	547	696
Governmental	223	288	279	244	239	333	462	376	297	377
Industrial	30,064	24,645	30,050	27,710	21,807	23,922	47,794	42,400	29,637	40,791
Average price per mcf purchased										
Average price per mcf purchased	\$ 2.3400	\$ 3.6100	\$ 3.3100	\$ 3.4300	\$ 2.4100	\$ 3.4900	\$ 4.6500	\$ 3.9000	\$ 3.1400	\$ 4.4400
Average price per mcf sold	\$ 6.0400	\$ 6.9400	\$ 6.4700	\$ 6.7600	\$ 6.3300	\$ 7.2000	\$ 8.2300	\$ 7.2900	\$ 6.5900	\$ 8.0400
% line loss (gain)										
% line loss (gain)	1.39%	1.29%	1.53%	2.07%	1.14%	3.27%	1.36%	0.93%	1.47%	1.47%

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

ELECTRIC RATES
Impacting Last Ten Fiscal Years

CITY OF BRENHAM

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

(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

2020			2011		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	\$ 2,695,136	13.60%	Blue Bell Creameries	\$ 3,888,134	14.77%
City of Brenham	946,496	4.78%	Blinn College	1,190,424	4.52%
Blinn College	841,774	4.25%	City of Brenham	1,144,201	4.35%
StanPac USA	764,698	3.11%	Valmont/ALS	1,098,388	4.17%
Valmont/ALS	616,748	2.97%	Brenham I.S.D.	816,702	3.10%
Brenham I.S.D.	589,070	2.15%	StanPac USA	655,101	2.49%
Brenham State Supported Living Center	426,737	3.86%	Brenham State Supported Living Center	615,203	2.34%
Scott & White Hospital - Brenham	354,186	1.79%	Scott & White Hospital - Brenham	515,082	1.96%
Brenham Wholesale Grocery	251,425	1.27%	Brenham Wholesale Grocery	363,584	1.38%
HEB Grocery Company	250,879	1.27%	Germania Insurance	347,019	1.32%
Total	\$ 7,737,149	39.05%	Total	\$ 10,633,838	40.39%
2020 Total Electric Charges	\$ 19,812,560		2011 Total Electric Charges	\$ 26,328,940	

TEN LARGEST GAS CUSTOMERS
Current Year and Nine Years Ago

CITY OF BRENHAM

2020			2011		
NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES	NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES
Blue Bell Creameries	\$ 374,273	15.22%	Blue Bell Creameries	\$ 537,822	16.95%
Valmont/ALS	137,158	5.58%	Valmont/ALS	215,191	6.78%
Longwood Elastomers	119,117	4.85%	Blinn College	205,608	6.48%
Blinn College	96,434	3.92%	Longwood Elastomers	181,008	5.71%
Brenham I.S.D.	64,120	2.61%	Scott & White Hospital - Brenham	111,364	3.51%
Scott & White Hospital - Brenham	60,588	2.46%	Brenham I.S.D.	64,883	2.05%
Brenham State Supported Living Center	43,090	1.75%	Brenham Housing Authority	42,573	1.34%
City of Brenham	32,639	1.33%	City of Brenham	27,939	0.88%
Brenham Housing Authority	20,993	0.85%	Germania Insurance	19,690	0.62%
Germania Insurance	17,222	0.70%	Trinity Care Center	17,305	0.55%
Total	\$ 965,633	39.28%	Total	\$ 1,423,383	44.86%
2020 Total Gas Charges	\$ 2,458,437		2011 Total Gas Charges	\$ 3,172,709	

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

CITY OF BRENHAM

	FISCAL YEAR		
	2020	2019	(DEC)/INC
<u>Number of customers</u>			
Residential	6,142	6,083	59
Commercial	1,113	1,117	(4)
Meter on Fire Hydrant	5	3	2
Sprinkler	674	664	10
Total	<u>7,934</u>	<u>7,867</u>	<u>67</u>
<u>Consumption (in gallons)</u>			
Residential	372,575,400	346,056,400	26,519,000
Commercial	262,344,700	284,378,000	(22,033,300)
Meter on Fire Hydrant	3,294,400	793,900	2,500,500
Sprinkler	135,087,400	107,589,300	27,498,100
Total	<u>773,301,900</u>	<u>738,817,600</u>	<u>34,484,300</u>
<u>Sales (in dollars)</u>			
Residential	\$ 2,153,686	\$ 1,968,973	\$ 184,713
Commercial	1,238,179	1,262,533	(24,354)
Meter on Fire Hydrant	25,174	5,290	19,884
Sprinkler	761,654	589,226	172,428
Total	<u>\$ 4,178,693</u>	<u>\$ 3,826,022</u>	<u>\$ 352,671</u>
<u>Annual average consumption per customer</u>			
Residential (in gallons)	60,660	56,889	3,771
Commercial	235,710	254,591	(18,881)
Meter on Fire Hydrant	658,880	264,633	394,247
Sprinkler	200,426	162,032	38,394
<u>Monthly average bill per customer</u>			
Residential	\$ 29	\$ 27	\$ 2
Commercial	93	94	(1)
Meter on Fire Hydrant	420	147	273
Sprinkler	94	74	20
Average price per 1,000 gallons purchased	\$ 0.434	\$ 0.372	\$ 0.062
Average price per 1,000 gallons sold	\$ 5.404	\$ 5.179	\$ 0.225
% line loss (gain)	8.85% *	9.89% *	-1.04%

*40,054,200 and 28,902,300 gallons, respectively, unbilled metered City water usage.

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

CITY OF BRENHAM

	FISCAL YEAR		
	2020	2019	(DEC)/INC
<u>Number of customers</u>			
Residential	6,032	6,022	10
Commercial	940	982	(42)
Industrial	5	5	-
Oak Hill Acres Flow Meter	1	1	-
Total	6,978	7,010	(32)
<u>Sales (in dollars)</u>			
Residential	\$ 1,919,417	\$ 1,941,556	\$ (22,139)
Commercial	956,447	1,031,251	(74,804)
Industrial	588,484	647,863	(59,379)
Oak Hill Acres Flow Meter	44,120	49,109	(4,989)
Total	\$ 3,508,468	\$ 3,669,779	\$ (161,311)
<u>Monthly average bill per customer</u>			
Residential	\$ 27	\$ 27	\$ (0)
Commercial	85	88	(3)
Industrial	9,808	10,798	(990)
Oak Hill Acres Flow Meter	3,677	4,092	(416)

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

CITY OF BRENHAM

	FISCAL YEAR		
	2020	2019	(DEC)/INC
<u>Number of customers</u>			
Residential	4,106	5,652	(1,546)
Residential - Rural	2	3	(1)
Commercial	568	564	4
Total	4,676	6,219	(1,543)
<u>Sales (in dollars)</u>			
Residential	\$ 971,222	\$ 935,395	\$ 35,827
Residential - Rural	494	686	(192)
Commercial	942,035	921,150	20,885
Total	\$ 1,913,751	\$ 1,857,231	\$ 56,520
<u>Monthly average bill per customer</u>			
Residential	\$ 20	\$ 14	\$ 6
Residential - Rural	21	19	2
Commercial	138	136	2

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

Contents

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

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

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

CITY OF BRENHAM

TABLE 1

Description	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012 (1)	2011
Governmental activities:										
Net investment in capital assets	\$ 47,082,159	\$ 44,953,152	\$ 45,335,707	\$ 45,068,187	\$ 45,917,775	\$ 40,206,741	\$ 36,830,206	\$ 35,548,260	\$ 34,415,305	\$ 35,294,268
Restricted	812,295	729,943	405,592	325,399	313,000	459,504	633,409	256,528	266,119	307,292
Unrestricted	(3,381,057)	(3,641,359)	(2,689,122)	(1,745,046)	(1,822,525)	1,676,818	7,320,914	4,953,603	6,310,807	3,952,381
Subtotal governmental activities net position	44,513,397	42,041,736	43,052,177	43,648,540	44,408,250	42,343,063	44,784,529	40,758,391	40,992,231	39,553,941
Business-type activities:										
Net investment in capital assets	45,537,192	44,304,303	41,839,825	40,363,022	39,541,645	37,750,305	36,724,082	36,081,573	33,977,027	31,846,549
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	12,158,932	13,535,951	12,782,675	12,270,757	11,993,394	12,531,834	15,484,242	15,715,277	15,389,182	15,098,756
Subtotal business-type activities net position	57,696,124	57,840,254	54,622,500	52,633,779	51,535,039	50,282,139	52,208,324	51,796,850	49,366,209	46,945,305
Primary government:										
Net investment in capital assets	92,619,351	89,257,455	87,175,532	85,431,209	85,459,420	77,957,046	73,554,288	71,629,833	68,392,332	67,140,817
Restricted	812,295	729,943	405,592	325,399	313,000	459,504	633,409	256,528	266,119	307,292
Unrestricted	8,777,875	9,894,592	10,093,553	10,525,711	10,170,869	14,208,652	22,805,156	20,668,880	21,699,989	19,051,138
Total primary government net position (2)	\$ 102,209,521	\$ 99,881,990	\$ 97,674,677	\$ 96,282,319	\$ 95,943,289	\$ 92,625,202	\$ 96,992,853	\$ 92,555,241	\$ 90,358,440	\$ 86,499,247
Component unit:										
Net investment in capital assets	\$ 2,662,277	\$ 1,959,911	\$ 1,804,052	\$ 1,677,517	\$ 1,101,468	\$ 1,023,730	\$ 964,912	\$ 904,031	\$ 850,007	\$ 838,450
Restricted	1,127,213	1,367,586	994,051	958,498	1,556,849	1,489,966	1,393,356	986,165	903,879	1,353,823
Total component unit net position (2)	\$ 3,789,490	\$ 3,327,497	\$ 2,798,103	\$ 2,636,015	\$ 2,658,317	\$ 2,513,696	\$ 2,358,268	\$ 1,890,196	\$ 1,753,886	\$ 2,192,273

(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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Program expenses										
Governmental activities:										
General government	\$ 6,722,744	\$ 7,765,657	\$ 6,774,036	\$ 6,432,612	\$ 6,137,527	\$ 5,909,039	\$ 5,458,639	\$ 5,453,313	\$ 5,230,134	\$ 5,177,514
Public safety	7,622,996	7,558,849	7,054,783	7,331,321	7,185,482	6,705,267	7,104,713	6,899,558	6,567,832	6,579,061
Highways and streets	3,881,151	2,990,206	2,886,978	2,625,793	2,567,833	2,811,875	2,572,715	2,611,294	2,599,723	2,628,682
Health and welfare	706,370	761,752	694,730	596,689	347,948	314,352	316,672	318,672	285,870	288,699
Culture and recreation	4,935,236	5,520,585	4,800,540	4,650,211	4,108,823	4,120,261	3,751,931	3,635,589	3,406,693	3,513,628
Debt service	633,766	568,728	590,735	454,218	503,446	837,928	880,199	916,548	887,431	938,663
Total government activities program expenses	24,502,263	25,165,777	22,801,802	22,090,844	20,851,059	20,698,722	20,084,869	19,834,974	18,977,683	19,126,247
Business-type activities:										
Electric	18,232,514	19,477,950	21,193,819	20,829,632	19,464,587	22,485,206	25,911,242	23,009,788	22,895,981	23,962,803
Gas	1,779,296	2,599,346	2,498,580	2,529,600	1,664,249	2,217,022	3,087,321	2,401,303	1,908,278	2,602,842
Sanitation	2,806,673	3,138,697	3,058,877	2,950,325	2,884,041	2,754,244	2,768,399	2,737,307	2,603,144	2,706,750
Wastewater	3,073,476	2,983,713	3,077,447	2,865,017	2,791,804	2,785,435	2,841,457	2,846,895	2,692,136	2,860,922
Water	3,640,513	3,494,615	3,427,583	3,646,400	3,731,863	3,268,023	3,753,663	3,342,073	3,281,611	3,430,862
Drainage	174,693	-	-	-	-	-	-	-	-	-
Total business-type activities program expenses	29,707,165	31,694,321	33,256,306	32,820,974	30,536,544	33,509,930	38,362,082	34,337,366	33,381,150	35,564,179
Total primary government expenses	54,209,428	56,860,098	56,058,108	54,911,818	51,387,603	54,208,652	58,446,951	54,172,340	52,358,833	54,690,426
Program revenues										
Governmental activities:										
Charges for services:										
General government	952,487	857,613	861,398	959,452	1,083,616	945,154	714,188	675,909	936,160	934,808
Public safety	13,695	17,889	15,679	15,818	8,712	14,743	8,878	4,959	5,971	6,258
Highways and streets	152,200	149,874	98,105	92,516	81,727	63,084	68,300	56,920	51,616	51,666
Health and welfare	56,285	75,330	57,244	54,062	38,218	34,647	31,492	30,004	29,507	32,452
Culture and recreation	375,458	575,343	407,662	408,316	379,925	351,860	343,989	353,510	340,739	364,696
Operating grants and contributions	2,560,665	706,628	769,279	616,771	596,344	553,618	817,748	574,798	628,127	626,870
Capital grants and contributions	2,132,525	973,204	96,560	63,402	2,374,213	3,326,657	4,022,261	25,209	1,495,920	610,145
Total governmental activities program revenues	6,243,315	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
Business-type activities:										
Charges for services:										
Electric	19,700,527	21,812,017	23,018,340	22,112,796	20,938,896	24,042,704	27,021,804	25,240,842	24,538,200	26,814,028
Gas	2,355,643	3,244,775	3,189,500	2,757,889	2,203,446	2,824,075	3,905,007	2,965,796	2,437,314	3,178,811
Sanitation	2,935,022	3,535,206	3,483,031	3,451,489	3,363,751	3,226,180	3,121,490	3,043,375	3,065,318	3,119,515
Wastewater	3,674,970	3,870,552	3,966,833	3,788,837	3,483,098	3,413,850	3,586,878	3,584,026	3,647,923	3,717,883
Water	4,288,668	4,108,963	4,259,708	4,360,072	3,890,641	3,759,869	3,974,875	4,326,320	4,413,082	5,122,170
Drainage	550,936	-	-	-	-	-	-	-	-	-
Operating grants and contributions	115,148	11,144	32,076	70,876	-	-	6,461	-	7,435	16,622
Capital grants and contributions	1,032,373	1,325,824	229,920	45,080	391,496	292,732	280,501	325,463	117,427	599,799
Total business-type activities program revenues	34,653,287	37,908,481	38,179,408	36,587,039	34,271,328	37,559,410	41,897,016	39,485,822	38,226,699	42,568,828
Total primary government program revenues	40,896,602	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
Net (expense)/revenue										
Governmental activities	(18,258,948)	(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)
Business-type activities	4,946,122	6,214,160	4,923,102	3,766,065	3,734,784	4,049,480	3,534,934	5,148,456	4,845,549	7,004,649
Total primary government net expense	(13,312,826)	(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)

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

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General revenues and other changes in net position										
Governmental activities:										
Property taxes	7,527,261	6,901,297	6,666,162	6,124,393	5,680,168	5,465,940	6,145,913	5,647,218	5,449,748	4,980,377
Sales taxes	5,266,207	5,217,475	4,850,553	4,829,919	4,653,951	4,753,324	4,391,151	4,404,296	4,107,558	3,774,894
Other taxes	3,241,645	3,721,551	3,710,264	3,534,540	3,416,293	3,694,438	3,892,795	3,657,534	3,485,786	3,699,868
Investment income not restricted	145,949	304,465	237,392	141,978	88,759	9,398	3,947	7,125	6,817	18,501
Miscellaneous	231,665	193,171	351,802	317,353	367,506	121,500	128,809	102,935	150,630	143,988
Gain (loss) on sale of capital assets	108,803	44,307	61,166	96,816	296,006	107,318	75,275	67,395	53,693	12,771
Payments from component Unit	1,037,475	908,329	1,159,417	1,082,711	1,063,682	910,301	828,247	1,099,836	791,218	219,526
Transfers	3,171,604	3,492,789	3,262,416	2,993,087	2,787,126	4,381,164	3,034,718	2,893,486	2,715,519	2,872,953
Total government activities	20,730,609	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
Business-type activities:										
Investment income not restricted	232,653	352,437	277,367	205,888	143,036	78,002	74,935	84,013	87,517	95,798
Miscellaneous	19,311	139,315	31,341	99,915	102,257	67,076	55,515	91,658	70,555	21,046
Gain (loss) on sale of capital assets	347,281	85,999	189,872	19,959	59,949	647,069	-	-	-	-
Payments from component Unit	-	-	-	-	-	-	-	-	11,956	-
Transfers	(3,171,604)	(3,492,789)	(3,262,416)	(2,993,087)	(2,787,126)	(4,381,164)	(3,034,718)	(2,893,486)	(2,715,519)	(2,872,953)
Total business-type activities	(2,572,359)	(2,915,038)	(2,763,836)	(2,667,325)	(2,481,884)	(3,589,017)	(2,904,268)	(2,717,815)	(2,545,491)	(2,756,109)
Total primary government general revenues and other changes in net position	18,158,250	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
Change in net position										
Governmental activities, as previously reported	2,471,661	(1,026,512)	(196,703)	(759,710)	2,065,187	4,034,424	4,422,842	(233,840)	1,271,326	(776,474)
Restatement in capital assets (1)	-	-	-	-	-	-	-	-	-	-
Restatement in post employment benefits (3)	-	-	-	-	-	-	-	-	166,964	-
Governmental activities, restated	2,471,661	(1,026,512)	(196,703)	(759,710)	2,065,187	4,034,424	4,422,842	(233,840)	1,438,290	(776,474)
Business-type activities, as previously reported	2,373,763	3,299,122	2,159,266	1,098,740	1,252,900	460,463	630,666	2,430,641	2,300,058	4,248,540
Restatement in charges for services (2)	-	-	-	-	-	-	-	-	-	-
Restatement in post employment benefits (3)	-	-	-	-	-	-	-	-	120,846	-
Business-type activities, restated	2,373,763	3,299,122	2,159,266	1,098,740	1,252,900	460,463	630,666	2,430,641	2,420,904	4,248,540
Total primary government change in net position	\$ 4,845,424	\$ 2,272,610	\$ 1,962,563	\$ 339,030	\$ 3,318,087	\$ 4,494,887	\$ 5,053,508	\$ 2,196,801	\$ 3,859,194	\$ 3,472,066
Component unit										
Program expenses	\$ 409,418	\$ 314,230	\$ 290,923	\$ 471,813	\$ 353,281	\$ 1,269,991	\$ 245,479	\$ 236,449	\$ 1,107,871	\$ 269,757
Program revenues										
Capital Grants and Contributions	131,697	-	-	-	-	735,044	-	-	-	-
Net expenses	(277,721)	(314,230)	(290,923)	(471,813)	(353,281)	(534,947)	(245,479)	(236,449)	(1,107,871)	(269,757)
General revenues and other changes in net position										
Component unit activities:										
Sales taxes	1,755,402	1,739,159	1,616,851	1,609,973	1,551,317	1,584,441	1,463,717	1,468,099	1,369,186	1,258,298
Investment income not restricted	17,926	27,709	35,509	20,911	10,267	956	282	1,120	1,434	1,645
Miscellaneous	3,861	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	(1,037,475)	(908,329)	(1,159,417)	(1,082,711)	(1,063,682)	(910,301)	(828,247)	(1,099,836)	(803,174)	(219,526)
Total component unit activities	739,714	859,697	495,061	548,173	497,902	690,375	713,551	372,759	669,484	1,043,517
Component unit change in position	\$ 461,993	\$ 545,467	\$ 204,138	\$ 76,360	\$ 144,621	\$ 155,428	\$ 468,072	\$ 136,310	\$ (438,387)	\$ 773,760

(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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012 (2)	2011 (1)
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Nonspendable	143,880	191,104	199,862	178,818	187,362	180,105	188,412	212,530	256,443	204,230
Restricted	283,710	214,444	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	5,715,569	4,666,036	4,123,668	4,626,478	4,437,291	4,376,760	3,861,506	3,609,690	3,505,058	3,529,369
Total general fund	<u>\$ 6,143,159</u>	<u>\$ 5,071,584</u>	<u>\$ 4,585,363</u>	<u>\$ 5,258,241</u>	<u>\$ 4,871,115</u>	<u>\$ 4,743,644</u>	<u>\$ 4,861,283</u>	<u>\$ 3,906,598</u>	<u>\$ 3,865,460</u>	<u>\$ 3,836,651</u>
All other governmental funds:										
Reserved, reported in:										
Debt service fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Restricted	4,583,388	2,993,015	5,267,261	5,961,589	7,454,047	9,986,870	12,808,565	5,613,677	1,793,596	5,600,913
Committed	137,362	397,317	421,060	256,303	48,016	193,699	525,451	12,000	15,689	111,424
Assigned	4,713	9,741	336,847	663,661	163,023	1,273,106	8,158	169,134	523,677	394,896
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 4,725,463</u>	<u>\$ 3,400,073</u>	<u>\$ 6,025,168</u>	<u>\$ 6,881,553</u>	<u>\$ 7,665,086</u>	<u>\$ 11,453,675</u>	<u>\$ 13,342,174</u>	<u>\$ 5,794,811</u>	<u>\$ 2,332,962</u>	<u>\$ 6,107,233</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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 16,014,931	\$ 15,821,093	\$ 15,217,399	\$ 14,455,002	\$ 13,748,920	\$ 13,904,906	\$ 14,409,371	\$ 13,703,177	\$ 13,039,066	\$ 12,445,035
Licenses and permits	298,706	151,393	132,133	157,128	146,329	121,076	76,379	59,826	72,425	64,465
Intergovernmental	3,168,111	626,506	643,733	2,561,978	3,910,222	5,046,207	4,260,002	3,595,065	545,942	696,256
Charges for services	620,003	853,281	635,985	650,916	612,693	563,123	517,114	512,012	509,278	558,484
Fines and forfeitures	583,573	624,913	657,615	713,986	833,046	723,181	573,355	549,460	782,276	766,908
Investment income	143,878	294,009	235,317	140,882	87,852	9,320	3,884	6,948	6,604	18,259
Payment from component unit	1,037,475	908,328	1,159,417	1,082,711	1,063,682	910,301	828,247	1,099,836	791,218	970,989
Contributions and donations	344,627	159,486	222,858	112,588	1,141,823	505,658	2,248,498	68,724	127,206	111,254
Miscellaneous	391,686	296,859	318,567	278,448	407,717	203,891	141,911	160,959	203,888	115,930
Total revenues	22,602,990	19,735,868	19,223,024	20,153,639	21,952,284	21,987,663	23,058,761	19,756,007	16,077,903	15,747,580
Expenditures										
Current:										
Culture and recreation	3,982,949	4,471,372	3,889,284	3,713,527	3,344,965	3,195,581	3,081,793	2,965,441	2,778,854	2,860,841
General government	5,932,981	6,879,026	6,159,358	5,702,493	5,403,850	5,275,753	5,067,284	5,038,077	4,849,317	4,814,955
Health and welfare	581,356	629,581	579,681	404,891	314,999	292,948	305,008	302,547	280,468	278,258
Highways and streets	2,411,626	1,418,837	1,396,102	1,157,773	1,129,539	1,435,659	1,379,361	1,444,078	6,061,296	11,426,323
Public safety	6,750,763	6,335,669	6,235,546	6,216,890	5,991,944	5,794,265	6,382,845	6,091,109	5,870,921	5,801,959
Debt service:										
Interest & fiscal charges	636,018	641,998	668,735	669,942	747,578	974,276	926,007	964,850	967,466	932,687
Principal retirement	2,138,551	3,991,054	4,466,057	4,900,881	4,715,090	4,563,551	3,090,133	1,749,643	1,664,835	1,623,452
Issuance costs	82,433	50,498	75,326	27,207	-	-	95,731	51,489	15,550	331,409
Capital outlay	4,126,576	3,089,351	3,473,619	3,311,645	7,482,720	6,109,584	1,520,404	2,476,074	1,303,258	1,203,378
Total expenditures	26,643,253	27,507,386	26,943,708	26,105,249	29,130,685	27,641,617	21,848,566	21,083,308	23,791,965	29,273,262
Excess (deficiency) of revenues over(under) expenditures	(4,040,263)	(7,771,518)	(7,720,684)	(5,951,610)	(7,178,401)	(5,653,954)	1,210,195	(1,327,301)	(7,714,062)	(13,525,682)
Other financing sources (uses)										
Transfers in	4,649,742	7,613,290	6,454,089	7,112,944	6,206,837	11,129,848	4,704,485	3,201,225	3,060,200	3,091,370
Transfers out	(1,781,041)	(4,120,501)	(3,191,673)	(3,979,857)	(3,419,711)	(6,470,544)	(1,669,767)	(314,213)	(344,681)	(218,417)
Payment to Component Unit	-	-	-	-	-	-	-	-	-	(751,463)
Issuance of debt	3,365,000	1,515,000	2,650,000	1,129,719	450,000	138,000	4,075,000	1,886,423	1,200,000	16,097,674
Gain on settlement	-	-	-	-	-	-	-	-	-	-
Premium on debt issued	167,433	35,498	145,626	157,735	-	259,994	71,819	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(5,338,791)	(1,490,242)	-	-	(3,004,387)
Proceeds from capital lease	-	-	86,167	949,333	-	-	-	-	-	-
Issuance of note payable	-	576,623	-	-	-	-	-	-	-	-
Miscellaneous	36,094	12,734	47,212	185,329	280,157	19,309	91,357	56,853	53,081	40,074
Total other financing sources (uses)	6,437,228	5,632,644	6,191,421	5,555,203	3,517,283	3,647,816	7,291,853	4,830,288	3,968,600	18,315,470
Net change in fund balance	\$ 2,396,965	\$ (2,138,874)	\$ (1,529,263)	\$ (396,407)	\$ (3,661,118)	\$ (2,006,138)	\$ 8,502,048	\$ 3,502,987	\$ (3,745,462)	\$ 4,789,788
Debt service as a percentage of non-capital expenditures	12.32%	18.97%	21.88%	24.44%	25.23%	25.72%	19.76%	14.59%	11.70%	9.11%

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
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
2020	5,266,207	7,507,079	2,556,418	629,519	55,708	-	16,014,931

(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
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
2020	825,575,533	506,293,584	363,489,497	1,695,358,614	240,746,405	1,454,529,915	0.51400

(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)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Sales subject to sales tax										
Retail trade	\$ 233,581,488	\$ 229,589,027	\$ 228,154,777	\$ 221,610,161	\$ 213,161,211	\$ 207,491,024	\$ 200,166,319	\$ 192,880,386	\$ 185,845,076	\$ 184,434,383
Accommodation/food services	50,383,540	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
Wholesale trade	19,926,018	20,470,035	22,441,562	21,480,857	21,844,310	25,121,744	24,694,123	16,762,409	13,616,793	12,950,217
Information	16,999,488	9,901,042	9,533,342	9,868,409	10,907,336	9,357,216	5,092,179	4,222,671	3,924,959	3,403,518
Admin/support/waste mgmt/remediation services	13,746,333	13,545,634	13,638,149	13,189,854	13,238,887	12,408,950	11,908,900	10,380,780	6,229,057	5,148,773
Manufacturing	12,404,467	15,647,537	13,850,683	12,761,420	16,204,464	20,485,742	20,879,179	18,536,084	15,277,547	14,031,339
Other services	9,090,258	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
Construction	8,175,271	5,703,405	6,158,362	7,097,652	6,300,143	4,636,339	3,634,513	5,929,461	4,250,898	4,874,143
Real estate/rental/leasing	6,073,679	4,805,310	4,890,139	4,262,226	5,161,358	4,596,074	4,726,546	4,578,407	4,270,107	3,784,914
Educational services	4,700,671	4,089,073	3,297,564	2,863,648	2,545,139	2,231,771	2,199,657	2,164,287	2,157,341	1,886,553
Professional/scientific/technical services	3,398,382	3,945,491	2,869,424	2,545,393	2,973,265	3,164,426	3,012,617	2,269,454	2,112,551	2,002,752
Public administration	2,943,435	-	-	-	-	-	-	-	-	-
Finance/insurance	1,769,358	883,559	1,029,819	720,158	941,719	709,837	981,444	2,056,713	1,905,231	2,399,368
Arts/entertainment/recreation	1,332,307	1,211,534	1,146,636	1,292,977	1,325,235	1,266,465	1,104,462	1,157,707	1,135,531	1,098,302
Health care/social assistance	243,255	207,197	214,355	154,464	123,081	125,376	125,304	134,722	114,402	47,212
Agriculture/forestry/fishing hunting	134,555	110,738	95,998	68,521	89,881	75,721	73,717	195,546	171,394	136,705
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
Transportation/warehousing	-	-	47,363	296,728	307,391	304,802	284,374	306,194	246,296	223,081
Management of companies/enterprises	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
All industries (2)	\$ 387,923,943	\$ 373,939,242	\$ 367,700,367	\$ 357,986,685	\$ 360,281,691	\$ 354,351,702	\$ 343,937,445	\$ 321,297,875	\$ 295,952,623	\$ 291,297,972
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 2020 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							
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
2020	0.32000	0.19400	0.51400	1.05000	0.05600	0.49500	2.11500	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

2020			2011		
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	\$ 69,596,626	4.78%	Blue Bell Creameries	\$ 38,067,024	3.90%
Valmont/ALS	34,210,570	2.35%	MIC Group, LLC	29,887,280	3.06%
Wal-Mart Real Estate Business Trust/Store #4109	14,369,860	0.99%	Valmont/ALS	20,283,600	2.08%
Sealy Texas Management, Inc.	14,245,550	0.98%	Germania Insurance	11,980,930	1.23%
Germania Insurance	13,671,790	0.94%	PI Components Corporation	9,525,830	0.98%
Lowe's Home Centers, Inc. #2521	9,865,315	0.68%	Lowe's Home Centers, Inc. #2521	9,378,810	0.96%
PFL Properties, LP	8,382,435	0.58%	Wal-Mart Real Estate Business Trust	8,106,950	0.83%
Sabra Texas Holdings, LP	8,000,000	0.55%	Brenham Wholesale Grocery	7,264,500	0.74%
Longwood Elastomers, Inc.	6,433,347	0.44%	Longwood Elastomers, Inc.	6,771,900	0.69%
MIC Group, LLC	6,292,810	0.43%	Sealy Mattress Co	6,237,530	0.64%
Total	\$ 185,068,303	12.72%		\$ 147,504,354	15.11%

(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
2011	\$ 4,918,612	\$ 4,840,737	98.42%	\$ 72,987	\$ 4,913,724	99.90%
2012	5,408,298	5,320,079	98.37%	80,555	5,400,635	99.86%
2013	5,590,767	5,507,178	98.50%	76,812	5,583,990	99.88%
2014	6,092,347	6,001,567	98.51%	71,227	6,072,794	99.68%
2015	5,424,405	5,347,550	98.58%	55,349	5,402,899	99.60%
2016	5,616,100	5,544,254	98.72%	55,501	5,599,755	99.71%
2017	6,075,888	5,987,208	98.54%	63,095	6,050,303	99.58%
2018	6,598,920	6,503,743	98.56%	57,576	6,561,320	99.43%
2019	6,822,726	6,725,371	98.57%	37,385	6,762,756	99.12%
2020	7,460,571	7,358,882	98.64%	-	7,358,882	98.64%

PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)
Calendar Years 2019 and 2010 (2)

CITY OF BRENHAM

TABLE 11

2019				2010			
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	\$ 233,581,488	60.21%	417	Retail trade	\$ 184,434,383	63.31%	384
Accommodation/food services	50,383,540	12.99%	117	Accommodation/food services	36,309,229	12.46%	95
Wholesale trade	19,926,018	5.14%	47	Manufacturing	14,031,339	4.82%	77
Information	16,999,488	4.38%	8	Wholesale trade	12,950,217	4.45%	50
Admin/support/waste mgmt/remediation services	13,746,333	3.54%	48	Other services	8,254,664	2.83%	117
Manufacturing	12,404,467	3.20%	85	Admin/support/waste mgmt/remediation services	5,148,773	1.77%	59
Other services	9,090,258	2.34%	111	Construction	4,874,143	1.67%	82
Construction	8,175,271	2.11%	96	Real estate/rental/leasing	3,784,914	1.30%	16
Real estate/rental/leasing	6,073,679	1.57%	13	Information	3,403,518	1.17%	11
Educational services	4,700,671	1.21%	18	Mining/quarrying/oil/gas extraction	3,152,929	1.08%	4
Professional/scientific/technical services	3,398,382	0.88%	51	Finance/insurance	2,399,368	0.82%	17
Public administration	2,943,435	0.76%	3	Professional/scientific/technical services	2,002,752	0.69%	55
Finance/insurance	1,769,358	0.46%	11	Educational services	1,886,553	0.65%	13
Arts/entertainment/recreation	1,332,307	0.34%	26	Arts/entertainment/recreation	1,098,302	0.38%	17
Health care/social assistance	243,255	0.06%	12	Transportation/warehousing	223,081	0.08%	6
Agriculture/forestry/fishing hunting	134,555	0.03%	12	Agriculture/forestry/fishing hunting	136,705	0.05%	11
Mining/quarrying/oil/gas extraction	-	0.00%	4	Health care/social assistance	47,212	0.02%	6
Transportation/warehousing	-	0.00%	3	Public administration	-	0.00%	2
All industries (3)	<u>\$ 387,923,943</u>	100.00%	1,087	All industries (3)	<u>\$ 291,297,972</u>	100.00%	1,033

(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 2020 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			
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	7.45%	\$ 3,385
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	7.05%	3,270
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	6.59%	3,165
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	6.23%	3,109
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	5.38%	2,611
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	4.73%	2,239
2017	11,736,175	7,491,466	-	185,000	1,391,825	2,319,976	11,931,755	1,030,835	36,087,032	4.31%	2,146
2018	13,801,628	4,072,649	-	-	1,259,268	3,195,270	10,501,604	1,010,811	33,841,230	3.56%	1,926
2019	14,427,571	1,636,380	-	-	1,130,235	4,550,744	8,672,389	846,115	31,263,434	3.14%	1,750
2020	16,779,585	1,025,806	-	-	1,358,777	6,461,383	6,882,560	553,088	33,061,199	3.26%	1,839

(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)
2011	\$ 14,482,841	\$ 23,438,820	\$ 665,873	\$ 38,587,534	\$ 245,654	\$ 38,341,880	\$ 975,919,507	3.93%	2,381
2012	13,618,992	21,658,246	1,594,036	36,871,274	199,181	36,672,093	997,362,133	3.68%	2,286
2013	14,540,034	19,822,669	1,322,198	35,684,901	185,850	35,499,051	1,029,480,016	3.45%	2,189
2014	18,050,891	17,456,503	1,045,360	36,552,755	554,803	35,997,952	1,080,568,292	3.33%	2,207
2015	17,253,697	19,446,724	763,522	37,463,943	405,888	37,058,055	1,102,575,469	3.36%	2,225
2016	16,428,284	17,000,591	481,685	33,910,559	227,350	33,683,209	1,188,742,237	2.83%	2,014
2017	14,056,151	19,423,221	185,000	33,664,372	226,949	33,437,423	1,198,049,873	2.79%	1,988
2018	16,996,898	14,574,253	-	31,571,151	303,216	31,267,935	1,268,819,218	2.46%	1,780
2019	18,978,315	10,308,769	-	29,287,084	619,970	28,667,114	1,328,029,691	2.16%	1,605
2020	23,240,968	7,908,366	-	31,149,334	695,145	30,454,189	1,454,529,915	2.09%	1,694

(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	2019 TAX ROLL TAXABLE VALUE	PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)	CITY OF BRENHAM'S SHARE OF DEBT
City of Brenham	\$ 19,164,168	\$ 1,454,529,915	100.00%	\$ 19,164,168
Total direct debt	19,164,168	1,454,529,915		19,164,168
Brenham I. S. D.	27,684,638	3,188,372,590	45.62%	12,629,683
Washington County	1,935,000	3,380,278,557	43.03%	832,628
Blinn College	-	3,379,125,346	0.00%	-
Total overlapping debt	29,619,638	9,947,776,493		13,462,311
Total direct and overlapping debt	\$ 48,783,806	\$ 11,402,306,408		\$ 32,626,479

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation 0.29%

Per capita consolidated overlapping tax supported debt (based on population of 17,980) \$1,815

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Taxable assessed valuations	\$ 1,454,529,915	\$ 1,328,029,691	\$ 1,268,819,218	\$ 1,198,049,873	\$ 1,188,742,237	\$ 1,102,575,469	\$ 1,080,568,292	\$ 1,029,480,016	\$ 997,362,133	\$ 975,919,507
Tax limit per \$100 valuation	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000
O&M tax rate per \$100 valuation	0.32000	0.32000	0.32000	0.31500	0.29500	0.28900	0.35790	0.34200	0.34200	0.34200
Debt limit per \$100 valuation	1.33000	1.33000	1.33000	1.33500	1.35500	1.36100	1.29210	1.30800	1.30800	1.30800
Debt limit	19,345,248	17,662,795	16,875,296	15,993,966	16,107,457	15,006,052	13,962,023	13,465,599	13,045,497	12,765,027
Total net debt applicable to limit	2,774,569	4,633,052	5,134,792	5,570,823	5,462,668	5,537,827	4,016,140	2,714,493	2,632,301	2,611,307
Legal debt margin	\$ 16,570,679	\$ 13,029,743	\$ 11,740,504	\$ 10,423,143	\$ 10,644,789	\$ 9,468,225	\$ 9,945,883	\$ 10,751,106	\$ 10,413,196	\$ 10,153,720
Total net debt applicable to the limit as a percentage of debt limit	14.34%	26.23%	30.43%	34.83%	33.91%	36.90%	28.76%	20.16%	20.18%	20.46%

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)	
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
2020	19,700,527	18,189,078	1,511,449	72,194	65,162	11.00	2020	4,288,668	3,392,366	896,302	693,438	257,582	0.94

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)	
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
2020	3,674,970	2,854,152	820,818	1,337,774	137,147	0.56	2020	27,664,165	24,435,596	3,228,569	2,103,406	459,891	1.26

(1) Electric fund-supported debt includes 2016 certificates of obligation.
(2) Water fund-supported debt includes 2001 general obligation refunding bonds, 2001, 2008, 2017, 2019, and 2020 certificates of obligation, and 2007, 2009, 2010, 2011, 2014, and 2016 general obligation refunding bonds.
(3) Wastewater fund-supported debt includes 2001, 2002, 2017, and 2020 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)
2011	16,105	\$ 731,441	\$ 45,417	6.0
2012	16,045	743,942	46,366	4.8
2013	16,220	778,674	48,007	4.9
2014	16,310	813,575	49,882	4.0
2015	16,655	809,083	48,579	5.0
2016	16,722	792,322	47,382	5.5
2017	16,818	837,049	49,771	3.8
2018	17,568	949,621	54,054	3.6
2019	17,863	995,594	55,735	3.1
2020	17,980	1,015,418	56,474	6.0

(1) Population data for 2011 to 2020 are projections provided by the Population Division of the U.S. Census Bureau. The U.S. Census Bureau is still processing the 2020 Census data, and it is not available at this time. Data for 2020 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 2011 to 2019 are projections for Washington County provided by the Bureau of Economic Analysis. Year 2020 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 2011 to 2020 are for Washington County.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF BRENHAM

TABLE 18

2020	2011
Employer (1)	Employer
Baylor Scott & White Medical Center	Blinn College
Blinn College	Blue Bell Creameries LP
Blue Bell Creameries LP	Brenham ISD
Brenham Clinic	Brenham State Supported Living Center
Brenham ISD	City of Brenham
Brenham Nursing & Rehabilitation	Germania Insurance
Brenham State Supported Living Center	MIC Group
Brenham Wholesale	Scott & White Hospital
Germania Insurance	Valmont
Walmart Supercenter	Walmart 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

Function/program	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Administration	4.93	6.07	4.82	4.57	5.07	5.90	6.00	6.00	5.00	6.28
Development Services	7.20	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	2.50	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
Engineering Services	-	-	1.00	2.00	2.00	-	-	-	-	-
Maintenance	7.88	8.50	8.50	8.47	8.47	8.47	7.97	7.50	8.00	8.00
Finance	10.12	10.12	9.12	9.00	8.87	9.27	9.27	9.08	8.08	9.39
Purchasing/Warehouse	2.97	3.47	3.47	3.47	3.47	3.47	4.44	3.47	3.47	-
Streets	12.07	15.00	15.00	15.73	15.25	16.75	16.75	16.46	16.46	16.90
Parks	15.78	16.67	15.67	16.67	16.67	15.42	15.42	17.62	18.62	21.06
Library	7.23	7.23	7.23	6.47	6.47	5.99	5.99	5.99	7.41	8.14
Marketing & Public Relations	5.11	3.73	4.73	3.93	2.93	3.18	1.94	2.19	4.66	4.74
Aquatic Center	16.93	17.43	17.43	16.15	15.40	15.40	15.15	14.90	13.92	15.04
City Communications	0.25	0.25	0.25	0.25	0.25	0.25	-	-	-	-
Communications	-	-	-	-	-	-	17.17	17.17	16.92	17.16
Police	43.00	43.00	40.25	41.00	40.50	41.50	40.50	38.50	38.00	38.00
Fire	19.68	19.25	19.25	19.25	16.25	16.25	16.25	15.25	15.00	15.00
Animal Services	8.00	7.72	5.72	4.72	4.00	4.00	4.00	4.00	4.00	4.00
Municipal Court	5.25	5.25	5.25	5.00	5.35	4.60	4.80	4.80	4.80	4.60
Public Works	1.00	1.38	2.00	2.00	2.13	1.50	1.50	1.90	5.50	6.00
Information Technology	5.18	5.18	5.18	5.18	5.18	5.00	5.00	5.00	6.00	5.00
Utility Customer Service	6.00	6.00	6.00	6.00	6.00	6.00	5.60	7.20	9.00	10.00
Public Utilities	10.50	9.50	10.50	10.50	10.50	12.00	11.00	8.00	7.50	7.00
Electric	11.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00	12.00	13.00
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	7.50	6.50	6.50	6.50	6.50
Water Construction	4.80	4.80	4.20	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Wastewater Construction	3.20	3.20	2.80	3.00	4.00	4.00	5.00	5.00	5.00	5.00
Wastewater Treatment	4.50	4.50	4.50	4.50	3.50	4.50	4.50	4.50	4.50	4.50
Transfer Station	4.50	4.25	4.25	4.25	3.25	2.75	2.75	2.75	2.75	2.75
Collection Station	2.50	2.25	2.25	2.25	2.25	3.25	3.25	3.25	2.83	2.83
Recycling Center	3.47	3.22	3.22	3.22	2.75	2.25	2.25	2.25	2.25	2.25
Residential Collection	3.00	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Economic Development	1.00	-	-	-	-	-	-	-	-	-
Tourism & Promotion	4.63	3.92	0.43	-	-	-	-	-	-	-
Total	249.61	247.84	239.47	237.41	229.76	231.88	245.25	241.13	245.72	251.69

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Recreation/Parks										
Number of athletic tournaments (1)	34	37	31	34	27	28	32	42	45	41
Aquatic Center										
Number of Visitors	29,563	67,288	56,419	70,861	68,036	60,685	66,434	67,353	65,703	68,997
Number of Annual Passes	85	39	108	101	133	89	99	131	132	87
Number of Monthly Passes	672	1,017	988	949	1,053	916	960	910	991	1,156
Number of Summer Passes	2	108	65	82	103	77	78	76	80	84
Number of Insurance/Healthcare Passes	16	13	-	-	-	-	-	-	-	-
Streets										
Road maintenance in linear feet	12,198	11,895	11,563	8,712	3,942	5,525	10,794	5,178	8,796	16,430
Library										
Circulation	45,773	94,393	99,796	90,813	60,629	61,689	57,949	62,782	63,737	73,288
Communications (2)										
Number of Incoming Calls	-	-	-	-	-	-	633,648	644,070	683,380	759,065
Number of 9-1-1 Calls	-	-	-	-	-	-	45,515	38,540	36,332	34,924
Police										
Traffic Citations	3,947	4,244	3,398	2,335	4,633	5,436	4,372	4,425	4,081	5,240
Traffic Warning Tickets Issued	6,113	6,007	4,593	3,037	4,231	5,854	5,694	4,964	4,964	9,740
Mileage on Police units	432,697	409,006	461,708	452,743	442,850	448,691	466,688	419,124	443,909	401,630
Fire (3)										
Fire Responses	848	795	732	666	598	661	568	547	547	570
Rescues	190	56	53	51	52	83	58	36	36	18
Animal Control/Shelter/Adoption (4)										
Number of Incoming Animals	592	1,284	1,421	1,568	1,177	1,240	1,419	1,645	1,906	1,611
Animals Adopted	343	659	615	501	334	279	284	256	263	336
Municipal Court										
Traffic dispositions	2,698	2,713	3,127	3,246	4,378	3,978	2,517	2,880	5,186	4,270
Other dispositions	1,997	1,913	1,794	1,844	1,934	1,680	1,959	2,132	4,302	2,458
Public Works										
Building Inspection Visits	2,422	2,397	2,254	2,682	2,011	1,878	2,315	1,901	1,621	1,835
Electric										
kWh delivered	272,585,938	274,199,979	278,978,748	271,101,915	261,757,332	269,960,615	288,427,106	281,329,115	281,786,169	289,768,758
Customers served	10,944	10,891	10,797	8,599	8,529	8,449	8,420	8,405	8,345	8,286
Gas										
mcf delivered	407,255	463,286	491,582	403,228	345,640	394,150	474,330	402,656	369,023	394,563
Customers served	4,512	4,470	4,434	4,403	4,377	4,361	4,326	4,316	4,279	4,244
Water										
Gallons delivered	773,301,900	738,817,600	814,230,300	833,558,700	738,120,100	716,115,400	763,545,100	847,002,400	872,381,300	996,362,800
Customers served	7,934	7,867	7,782	7,693	7,589	7,503	7,398	7,345	7,271	7,164
Wastewater										
Effluent plant gallons processed	671,748,000	725,179,000	697,623,600	694,743,800	749,670,200	732,231,000	687,835,000	672,065,000	704,378,000	657,568,000
Commercial/industrial gallons processed	291,562,000	324,386,000	315,690,776	307,907,691	287,287,700	294,107,600	328,694,600	326,351,900	340,551,800	351,747,400
Customers served	6,978	7,010	6,954	6,861	6,782	6,705	6,633	6,614	6,536	6,434
Sanitation										
Customers served	4,676	6,219	6,158	6,055	6,008	5,946	5,873	5,858	5,812	5,728

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

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

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

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

(4) Operating indicators for the Animal Control/Shelter/Adoption are based on fiscal year. Data for 2011 to 2015 are based on calendar year.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 21

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Recreation/Parks										
Park acreage	191	191	191	191	191	191	191	191	191	191
Parks	8	8	8	8	8	8	8	8	8	8
Amphitheatres	1	1	1	1	1	1	1	1	1	1
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Baseball fields	8	7	7	7	7	7	7	8	8	8
Softball fields	8	9	9	9	9	9	9	9	9	9
Pickleball courts	6	6	6	4	4	-	-	-	-	-
Tennis courts	6	6	6	6	6	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	51	47	45	45	45	45	44	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	6	5
Animal control/shelter/adoption										
Shelters	1	1	1	1	1	1	1	1	1	1
Electric										
Miles of electric mains	126	122	122	122	121	120	119	118	118	118
Gas										
Miles of gas mains	133	130	130	128	126	124	122	121	118	118
Water										
Miles of water mains	167	167	167	167	165	155	154	153	153	153
Wastewater										
Miles of wastewater mains	149	148	148	145	144	143	141	141	138	138
Sanitation										
Collection stations	1	1	1	1	1	1	1	1	1	1
Transfer stations	1	1	1	1	1	1	1	1	1	1
Recycling stations	1	1	1	1	1	1	1	1	1	1

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



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, 2020, 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 18, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations,

during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Brenham, Texas
March 18, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Brenham, Texas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Brenham, Texas' major federal programs for the year ended September 30, 2020. The City of Brenham, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001. Our opinion on each major federal program is not modified with respect to these 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 response.

Report on Internal Control over Compliance

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

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

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

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

Brenham, Texas
March 18, 2021

Seidel Schaefer

CITY OF BRENHAM, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2020

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. No significant deficiencies in internal control over major federal award programs are reported in the Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as a major program were:
 - U.S. Department of Agriculture/Natural Resources Conservation Service CFDA 10.923.
 - U.S. Department of Homeland Security/Texas Department of Public Safety CFDA 97.039.
 - U.S. Department of Treasury/Texas Division of Emergency Management CFDA 21.019.
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 AGRICULTURE
EMERGENCY WATERSHED PROGRAM CFDA NO. 10.923

2020-001 Allowable Costs/Cost Principles

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

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 design surveys and continued to utilize their services once projects were approved for funding by federal awards.

Effect: Professional engineering services related to grant number NR197442XXXXC037 totaling \$12,310 and grant number NR197442XXXXC039 totaling \$25,603 could have been disallowed. However, the expenditures have been approved and reimbursed by the granting agency.

Questioned Costs: None

Recommendation: The City should follow procurement policies and procedures included in federal contract provisions.

Views of Responsible Officials and Planned Corrective Actions: During the year ended September 30, 2020, the City established procurement policies and procedures to include federal contract provisions and will follow those policies for future projects.

**CITY OF BRENHAM, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2020**

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

2019-001 Allowance 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.

Recommendation: It was recommended that the City establish procurement policies and procedures to include federal contract provisions and amend its engineering contracts to remove the cost-plus fee structure.

Current Status: During the year ending September 30, 2020, but prior to the issuance of the Single Audit for the year ending September 30, 2019, the City incurred engineering costs for grant numbers NR197442XXXXC037 and NR197442XXXXC039 without following federal procurement procedures, reported as Finding 2020-001. The City subsequently established procurements polices and procedures to include federal contract provisions. During the year ending September 30, 2020, the City amended its engineering contract to remove the cost-plus fee structure.

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.

Recommendation: It was recommended that the City establish written policies, procedures, and standards of conduct for federal awards in accordance with the Uniform Guidance.

Current Status: The City approved written policies, procedures, and standards of conduct for federal awards in accordance with the Uniform Guidance during the year ending September 30, 2020.

CITY OF BRENHAM, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/19	FEDERAL/ STATE FUNDS RECEIVED	FY 20 FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/20
Federal								
<u>U.S. DEPARTMENT OF JUSTICE</u>								
Bulletproof Vest Partnership 2018 Grant	16.607		\$ 2,992	\$ -	\$ (1,975)	\$ 1,975	\$ -	\$ -
Bulletproof Vest Partnership 2019 Grant	16.607		2,449	-	(13)	312	-	299
Bulletproof Vest Partnership 2020 Grant	16.607		2,844	-	-	-	-	-
			<u>\$ 8,285</u>	<u>\$ -</u>	<u>\$ (1,988)</u>	<u>\$ 2,287</u>	<u>\$ -</u>	<u>\$ 299</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>								
Texas Department of Transportation								
Selective Traffic Enforcement Program-2019 Comprehensive	20.600		\$ 21,264	\$ 1,576	\$ (1,576)	\$ -	\$ -	\$ -
Selective Traffic Enforcement Program-2020 Comprehensive	20.600		15,035	-	(4,389)	8,651	-	4,262
Selective Traffic Enforcement Program-2021 Comprehensive	20.600		15,020	-	-	-	-	-
			<u>\$ 51,320</u>	<u>\$ 1,576</u>	<u>\$ (5,965)</u>	<u>\$ 8,651</u>	<u>\$ -</u>	<u>\$ 4,262</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>								
Natural Resources Conservation Service								
Emergency Watershed Protection Program	10.923	NR197442XXXXC037	\$ 187,845	\$ -	\$ (124,525)	\$ 180,666	\$ -	\$ 56,141
Emergency Watershed Protection Program	10.923	NR197442XXXXC039	326,820	-	(308,125)	308,125	-	-
Emergency Watershed Protection Program	10.923	NR197442XXXXC006	589,923	-	(527,323)	527,323	-	-
			<u>\$ 1,104,589</u>	<u>\$ -</u>	<u>\$ (959,973)</u>	<u>\$ 1,016,114</u>	<u>\$ -</u>	<u>\$ 56,141</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>								
Texas Division of Emergency Management								
<u>Disaster Grants-Public Assistance</u>								
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00666	\$ 2,646	\$ -	\$ (2,646)	\$ -	\$ 2,646	\$ -
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00801	17,255	-	(12,300)	-	12,300	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00803	17,830	-	(4,059)	-	4,059	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00818	26,377	-	(21,752)	-	21,752	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00861	23,579	-	(15,090)	-	15,090	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00878	116,049	75,479	(75,479)	-	-	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00691	70,102	-	(42,060)	42,060	-	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00862	34,815	25,019	(25,019)	-	(34,815)	(34,815)
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00863	370,579	370,579	(370,579)	-	-	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00739	119,777	4,359	-	-	(4,359)	-
Disaster Grants-Public Assistance - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00585	883,575	-	(317,835)	493,969	(1,376)	174,758
Disaster Grants-Public Assistance - DR 4332 - Hurricane Harvey	97.036	PA-06-TX-4332-PW-05052	929	-	(929)	-	929	-
			<u>\$ 1,683,512</u>	<u>\$ 475,436</u>	<u>\$ (887,747)</u>	<u>\$ 536,029</u>	<u>\$ 16,226</u>	<u>\$ 139,944</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>								
Texas Division of Emergency Management								
<u>Coronavirus Relief Fund</u>								
Disaster Grants - State Public Assistance - 2020 Coronavirus Relief Fund	21.019	DR-CRF-2020	\$ 976,360	\$ -	\$ -	\$ 976,360	\$ -	\$ 976,360
<u>Hazard Mitigation Grants</u>								
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-025	\$ 670,745	\$ -	\$ -	\$ 576,441	\$ -	\$ 576,441
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-027	378,122	-	-	-	-	-
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-023	282,926	-	-	-	-	-
Hazard Mitigation Grant - DR 4272 - Severe Storms and Flooding	97.039	DR-4272-056	263,984	-	-	245,131	(34,173)	210,958
			<u>\$ 1,595,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 821,572</u>	<u>\$ (34,173)</u>	<u>\$ 787,399</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SCIENCES</u>								
Texas State Library and Archives Commission								
<u>Grants to States</u>								
Competitive - TSLAC Cares - Cycle 1 Grant Program	45.310	CAR1-21024	\$ 24,258	\$ -	\$ -	\$ -	\$ -	\$ -
Library Technology Academy Program	45.310	LTA 200017	10,000	-	-	-	-	-
FY 2020 Library Technology Academy MOU Stipend	45.310	LTA 20007	1,000	-	(483)	483	-	-
			<u>\$ 35,258</u>	<u>\$ -</u>	<u>\$ (483)</u>	<u>\$ 483</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal			<u>\$ 5,455,102</u>	<u>\$ 477,012</u>	<u>\$ (1,856,156)</u>	<u>\$ 3,361,495</u>	<u>\$ (17,946)</u>	<u>\$ 1,964,404</u>
Nonfederal - State of Texas								
Texas Department of Transportation								
Routine Airport Maintenance Program (RAMP)		M1917 BREN	\$ 50,000	\$ 28,913	\$ (28,913)	\$ -	\$ -	\$ -
Routine Airport Maintenance Program (RAMP)		M2017 BREN	50,000	-	-	50,000	-	50,000
Routine Airport Maintenance Program (RAMP)		M2117 BREN	50,000	-	-	-	-	-
			<u>\$ 150,000</u>	<u>\$ 28,913</u>	<u>\$ (28,913)</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Texas Office of the Governor - Criminal Justice Division								
Rifle-Resistant Body Armor Program		Contract #3990901	\$ 28,696	\$ -	\$ -	\$ -	\$ -	\$ -
			<u>\$ 28,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Nonfederal - State of Texas			<u>\$ 178,696</u>	<u>\$ 28,913</u>	<u>\$ (28,913)</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>
TOTAL FEDERAL AND STATE CASH AWARDS			<u>\$ 5,633,798</u>	<u>\$ 505,924</u>	<u>\$ (1,885,069)</u>	<u>\$ 3,411,495</u>	<u>\$ (17,946)</u>	<u>\$ 2,014,404</u>

CITY OF BRENHAM, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/19	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/20
U.S. DEPARTMENT OF TRANSPORTATION - FAA								
Texas Department of Transportation (1)								
Federally Assisted Airport Development Grant-Reconstruct Runway	20.106	1917BRENM	\$ 706,590	\$ -	\$ (261,152)	\$ 261,152	\$ -	\$ -
TOTAL NON-CASH FEDERAL AND STATE AWARDS			\$ 706,590	\$ -	\$ (261,152)	\$ 261,152	\$ -	\$ -

(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, 2020

Note 1: Basis of Presentation

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

Note 2: Indirect Cost Rate

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

Notes A-E: Net Other Transactions

A - Expenditures incurred in prior years but not accrued as of September 30, 2019. Reimbursement for these expenditures was received in FY20 during project close out.

B – In FY20, the City requested to withdraw this project from FEMA consideration. The \$34,815 in federal funds received will be returned in FY21, and therefore is shown as an accrued expense as of September 30, 2020.

C - Expenditures incurred in prior years and accrued as of September 30, 2019. Due to uncertainty of collecting this amount at project close-out, the receivable was reversed as of September 30, 2020.

D - Includes \$254 of expenditures incurred in the prior year and \$1,122 of current year expenditures that were included in grant reimbursement requests. These expenditures relate to bid advertising and certain professional services which may or may not be reimbursed. Therefore, these potential reimbursements have not been recorded as accrued revenue.

E - Includes \$34,173 of expenditures incurred in the current year and included in grant reimbursement requests. These expenditures relate to certain professional services which may or may not be reimbursed. Therefore, these reimbursements have not been recorded as accrued revenue.

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