

CITY OF BRENHAM, TEXAS

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024



PREPARED BY THE FINANCE DIVISION

**CITY OF BRENHAM, TEXAS
ANNUAL FINANCIAL STATEMENTS**

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**CITY OF BRENHAM, TEXAS
ANNUAL FINANCIAL STATEMENTS**

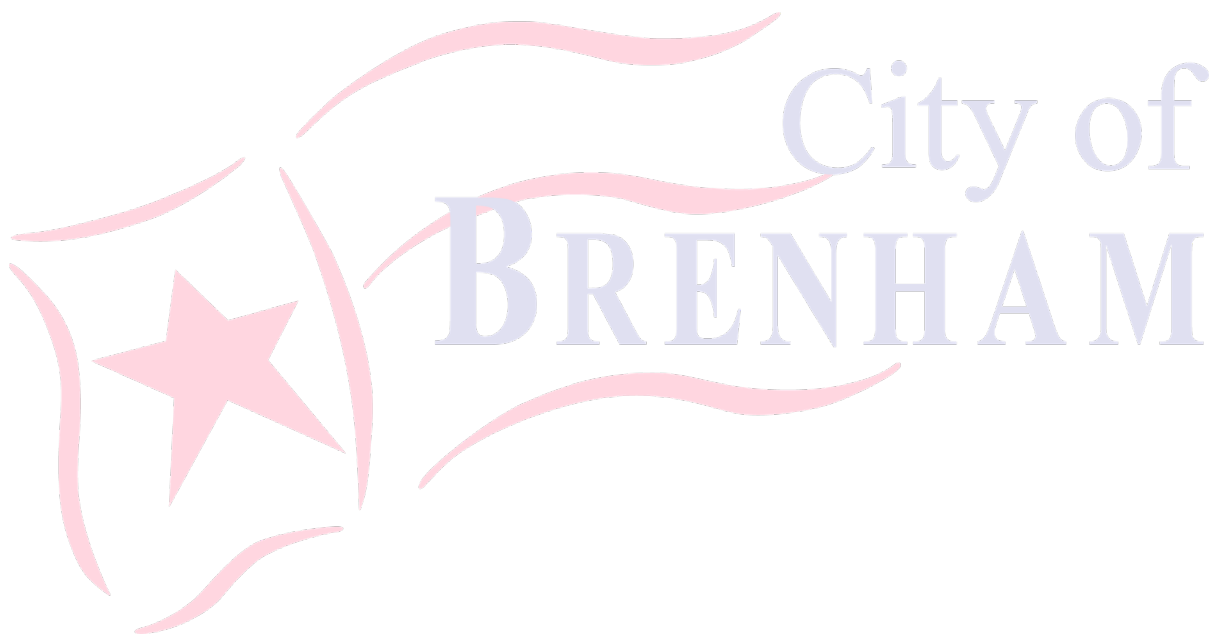
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Adjustment

As discussed in Note IV. F. to the financial statements, the financial statements of the governmental activities reflect a prior period adjustment to beginning net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17 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 77 through 82, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining fund statements and schedules, and schedule of expenditures of federal and state 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025 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's 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 the City's internal control over financial reporting and compliance.

Brenham, Texas
March 13, 2025



CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2024

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, 2024. 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 \$136,761 (net position). Of this amount, \$19,052 (*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 \$7,780.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$22,696 a decrease of \$895 in comparison with the prior year. Approximately \$9,109 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 \$9,401 or 40% of total general fund expenditures.
- The City of Brenham's total bonded debt increased by \$7,234 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).

Government-Wide Financial Statements. The GWFS, shown on pages 19-21, contain the Statement of Net Position and the Statement of Activities, which are described below, and are designed to provide readers with a broad overview of the City of Brenham's finances, in a manner similar to a private-sector business.

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

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

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

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

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS – (Continued)

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

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

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

The City of Brenham maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and General Government Capital Projects Fund which are major funds. Individual fund balance sheets and statements of revenues, expenditures, and changes in fund balance for the other 8 governmental funds are presented in the supplementary information section. The governmental FFS can be found on pages 22-26 of this report.

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, employee benefits, central fleet and vehicle and equipment replacements. At the government-wide level, the financial statements of the worker's compensation, employee benefits, 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 27-31 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 33-76 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 83-110 of this report. Information relating to federal and state grant awards begins on page 111 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serves as a useful indicator of the City's financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$136,761 (net position) at the close of the fiscal year, compared to assets and deferred outflows exceeding liabilities and deferred inflows by \$129,981 (net position) at the end of the prior fiscal year. The City's total net position increased by \$7,780 during the period.

The 2023 amounts in the tables below have been restated as discussed in Note. IV. F.

City of Brenham, Texas						
Net Position						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 26,151	\$ 26,635	\$ 42,441	\$ 32,032	\$ 68,592	\$ 58,667
Capital assets	77,562	74,476	70,747	69,176	148,309	143,652
Total assets	<u>103,713</u>	<u>101,111</u>	<u>113,188</u>	<u>101,208</u>	<u>216,901</u>	<u>202,319</u>
Deferred Outflows of Resources						
Deferred amount from refundings	-	-	125	157	125	157
Deferred outflows - TMRS Pension	3,372	4,600	1,151	1,567	4,523	6,167
Deferred outflows - TESRS Pension	100	159	-	-	100	159
Deferred outflows - Post Employment Benefits	56	92	20	33	76	125
Deferred outflows - Under Recovered Fuel Costs	-	-	-	7	-	7
Total Deferred Outflows of Resources	<u>3,528</u>	<u>4,851</u>	<u>1,296</u>	<u>1,764</u>	<u>4,824</u>	<u>6,615</u>
Liabilities						
Long-term debt outstanding	35,800	40,017	26,841	18,226	62,641	58,243
Other liabilities	4,543	4,766	10,262	10,124	14,805	14,890
Total liabilities	<u>40,343</u>	<u>44,783</u>	<u>37,103</u>	<u>28,350</u>	<u>77,446</u>	<u>73,133</u>
Deferred Inflows of Resources						
Deferred inflows - TMRS Pension	374	208	131	69	505	277
Deferred inflows - TESRS Pension	-	2	-	-	-	2
Deferred inflows - Post Employment Benefits	518	461	169	146	687	607
Deferred inflows - Leases	466	459	193	930	659	1,389
Deferred inflows - Over Recovered Fuel Costs	-	-	5,668	4,545	5,668	4,545
Total Deferred Inflows of Resources	<u>1,358</u>	<u>1,130</u>	<u>6,161</u>	<u>5,690</u>	<u>7,519</u>	<u>6,820</u>
Net Position						
Net invested in capital assets	60,558	55,956	55,949	55,104	116,507	111,060
Restricted	1,202	927	-	-	1,202	927
Unrestricted (deficit)	3,780	3,166	15,272	13,828	19,052	16,994
Total net position	<u>\$ 65,540</u>	<u>\$ 60,049</u>	<u>\$ 71,221</u>	<u>\$ 68,932</u>	<u>\$ 136,761</u>	<u>\$ 128,981</u>

By far the largest portion of the City of Brenham's net position, \$116,507 or 85.19%, 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 \$1,202, less than 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$19,052 may be used to meet the government's ongoing obligations to citizens and creditors.

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

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

City of Brenham, Texas						
Changes in Net Position						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,798	\$ 2,174	\$ 40,627	\$ 39,915	\$ 43,425	\$ 42,089
Operating grants and contributions	1,441	1,083	-	-	1,441	1,083
Capital grants and contributions	3,523	8,882	1,361	4,417	4,884	13,299
General revenues:						
Property taxes	10,533	9,533	-	-	10,533	9,533
Sales taxes	7,541	7,307	-	-	7,541	7,307
Franchise taxes	3,143	3,134	-	-	3,143	3,134
Hotel Occupancy taxes	932	932	-	-	932	932
Alcoholic Beverage taxes	86	91	-	-	86	91
Other	1,618	1,042	1,448	985	3,066	2,027
Total revenues	<u>31,615</u>	<u>34,178</u>	<u>43,436</u>	<u>45,317</u>	<u>75,051</u>	<u>79,495</u>
Expenses:						
General government	8,323	8,161	-	-	8,323	8,161
Public safety	8,782	8,672	-	-	8,782	8,672
Highway/streets	3,703	3,070	-	-	3,703	3,070
Interest, Fiscal & Other Charges	1,131	694	-	-	1,131	694
Culture and recreation	5,819	5,911	-	-	5,819	5,911
Health and welfare	922	735	-	-	922	735
Water	-	-	5,565	5,342	5,565	5,342
Wastewater	-	-	4,368	3,870	4,368	3,870
Electric	-	-	23,153	21,612	23,153	21,612
Gas	-	-	2,285	2,708	2,285	2,708
Sanitation	-	-	2,511	2,456	2,511	2,456
Drainage	-	-	709	505	709	505
Total Expenses	<u>28,680</u>	<u>27,243</u>	<u>38,591</u>	<u>36,493</u>	<u>67,271</u>	<u>63,736</u>
Increase (decrease) in net position before transfers	2,935	6,935	4,845	8,824	7,780	15,759
Transfers	2,556	2,772	(2,556)	(2,772)	-	-
Increase (decrease) in net position	5,491	9,707	2,289	6,052	7,780	15,759
Net position - beginning as previously reported	60,049	50,693	68,932	62,780	128,981	113,473
Restatement of net position	-	(351)	-	100	-	(251)
Net position - beginning	<u>60,049</u>	<u>50,342</u>	<u>68,932</u>	<u>62,880</u>	<u>128,981</u>	<u>113,222</u>
Net position - ending	<u>\$ 65,540</u>	<u>\$ 60,049</u>	<u>\$ 71,221</u>	<u>\$ 68,932</u>	<u>\$ 136,761</u>	<u>\$ 128,981</u>

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Governmental activities. Governmental activities increased the City of Brenham's net position by \$5,491 compared to an increase of \$9,707 in the prior fiscal year. Key elements are noted below.

Revenues decreased to \$31,615 from \$34,178 during the year, which can be attributed primarily to a decrease in capital grants, offset in part by an increase in property tax revenue, sales tax revenue, and charges for services. Specific categories are discussed below.

Program Revenues

- The increase in *Charges for Services* is directly related to higher revenue from fuel sales at the airport, building permits, court and traffic fines, park facility and field rentals, and aquatic center fees.
- The increase in *Operating Grants and Contributions* is attributable to increased donations for tourism events, increased grant revenue for the airport, and a larger contribution from BCDC for parks and recreation maintenance items compared to the prior year.
- The significant decrease in *Capital Grants and Contributions* is due to acceptance of \$3,523 of new subdivision infrastructure improvements and grants for capital items in the current year compared to \$8,882 of infrastructure improvements and capital accepted in the prior year.

General Revenues

- The increase in *Property Taxes* is attributable to property valuation growth of 20%, offset in part by a decrease in the tax rate.
- *Sales Taxes* increased 3.2% over the prior year due to increased retail development and inflation.
- The significant increase in *Other Revenues* is attributable to higher investment income due to favorable interest rates and higher invested cash balances.

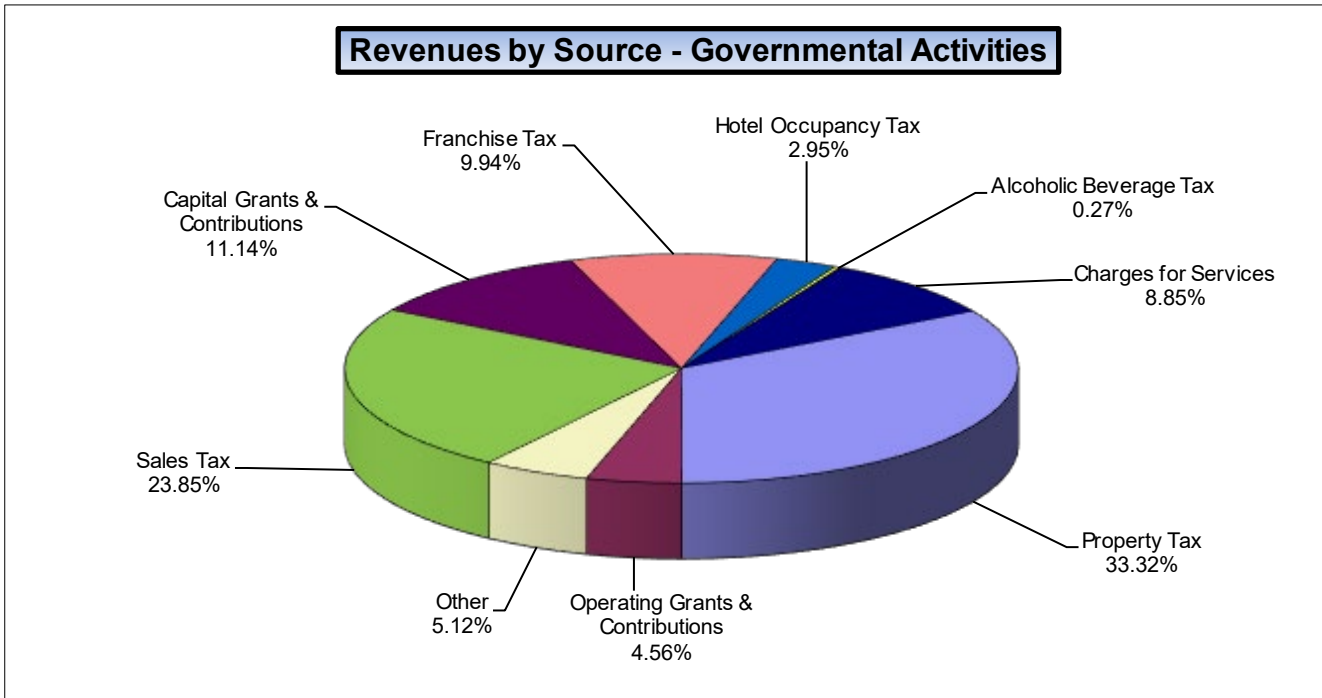
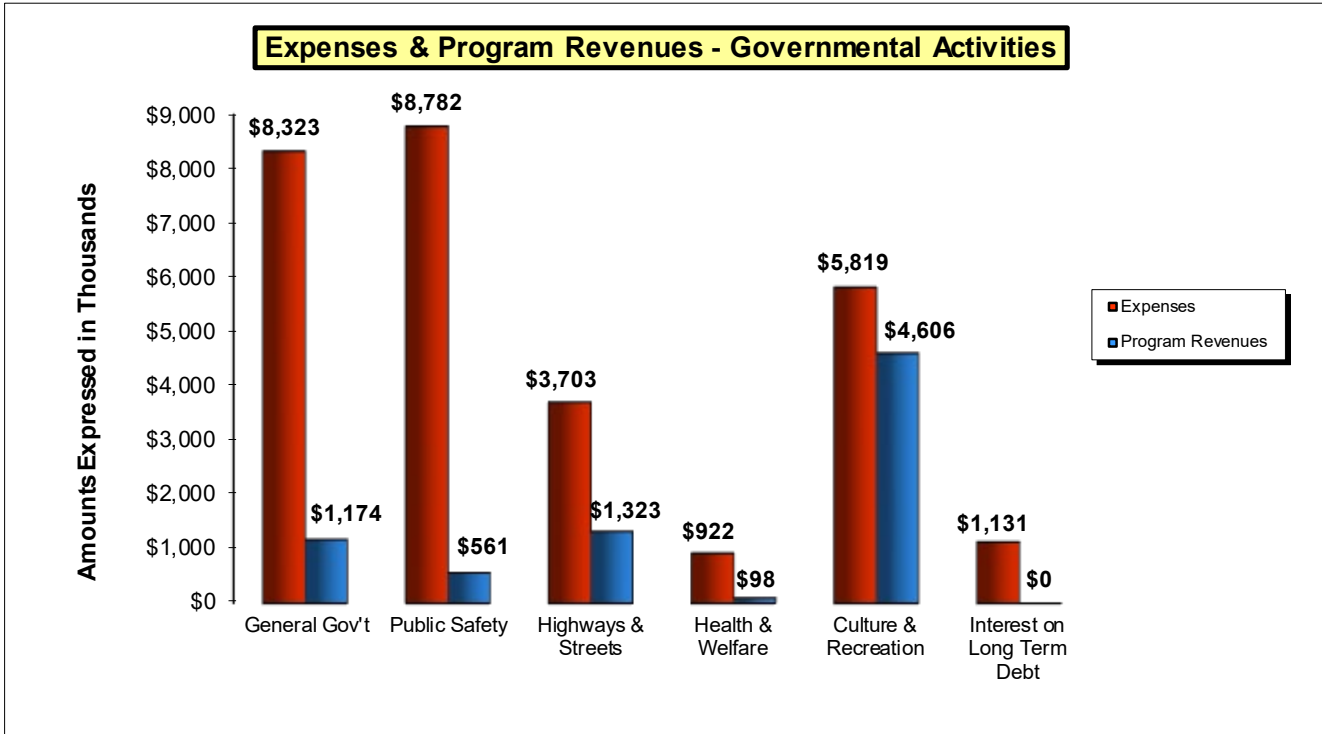
Expenses increased to \$28,680 from \$27,243 during the year. This increase is attributable to several factors:

- *Public Safety* expenditures made up approximately 31% of the total expenditures and increased by 1.3% over the prior year. Cost increases due to inflation were offset in part by a reduction in pension expense.
- *General Government* expenditures made up approximately 29% of the total expenditures and increased by approximately 2% over the prior year. Increases in personnel costs and economic development incentives were offset in part by decreases in the cost of services and bond issuance costs.
- *Highways and Streets* expenses increased by \$633, or 20.6%, due to increased depreciation, the cost of sales related to airport fuel sales, and an increase in personnel expenditures. These increases were offset in part by a decrease in consultant fees related to the airport master plan.
- *Interest, Fiscal and Other Charges* expenses increased \$437, or 63.0%, primarily due to a full year of interest on the 2023 Certificates of Obligation in the current fiscal year and an increase in rebatable arbitrage liabilities.
- *Health and Welfare* expenses were \$187, or 25.4%, higher due to increased personnel costs, higher veterinarian services expenditures and higher supplies cost. The increased costs were a direct result of the number of intakes at the animal shelter.

Transfers decreased during the year by \$216 which is directly proportional to the overall decrease in actual expenses in the governmental indirect departments (Administration, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)



CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Business-type activities. Business-type activities increased the City of Brenham's net position by \$2,289 compared to an increase of \$6,052 in the prior fiscal year. Key elements are noted below.

Revenues decreased to \$43,436 from \$45,317 during the year. This decrease is mainly attributable to capital grants and contributions in the Water and Wastewater funds. A more detailed explanation follows.

- The *Charges for Services* in the Electric Fund increased \$717. Although power pass-through revenues were higher due to rising energy costs, consumption decreased due to milder weather. Reducing overall revenues was a \$1,059 increase in customer over collections which were set aside to mitigate future market and weather related fluctuations. Actual kWh consumption in FY24 was 273.2 million compared to 279.4 million in FY23.
- Gas Fund *Charges for Services* experienced a \$305 decrease. The decrease can be attributed to lower commodity pass-through revenues. Actual mcf consumption of 404,845 increased by 1.4% from FY23 mcf consumption of 399,115. This increase is attributable to an increase in the number of residential users and an increase in consumption by large industrial users. Natural gas prices continued to ease during this fiscal year, lowering commodity pass-through revenues.
- Water Fund *Charges for Services* increased \$117 during the year. Although water rates increased in April, a 10% decrease in consumption from 889 million gallons to 801 million gallons limited the increase in revenue. The decrease in consumption was mainly due to a wetter and cooler than normal summer. The water rate increase implemented in FY24 was needed due to the planned groundwater wells and water plant expansion.
- *Charges for Services* in the Wastewater Fund were higher by \$62 mainly due to increased gallons from commercial customers in the current year.
- The Sanitation Fund *Charges for Services* were higher by \$105. Increases in the number of accounts were seen in both the residential and commercial collection categories during FY24.
- *Capital Grants and Contributions* of \$1,361 were received in FY24, down from \$4,417 in FY23. Developers contribution revenue totaled \$176 for the Electric Fund and \$18 for the Gas Fund, compared to \$0 for both funds in the prior year. In FY23, water and wastewater infrastructure improvements were accepted from developers of several subdivisions totaling \$4,117, while no infrastructure improvements were accepted in FY24. The Drainage Fund reported \$487 of *Capital Grants and Contributions* related to drainage projects funded by the Texas Community Development Block Grant Program during FY24, up from \$300 the prior year.
- The significant increase in *Other Revenues* is attributable to higher investment income due to favorable interest rates and the temporary investment of bond proceeds and ARPA funds.

Expenses increased to \$38,591 from \$36,493 or 5.7% during the year with specific changes noted below.

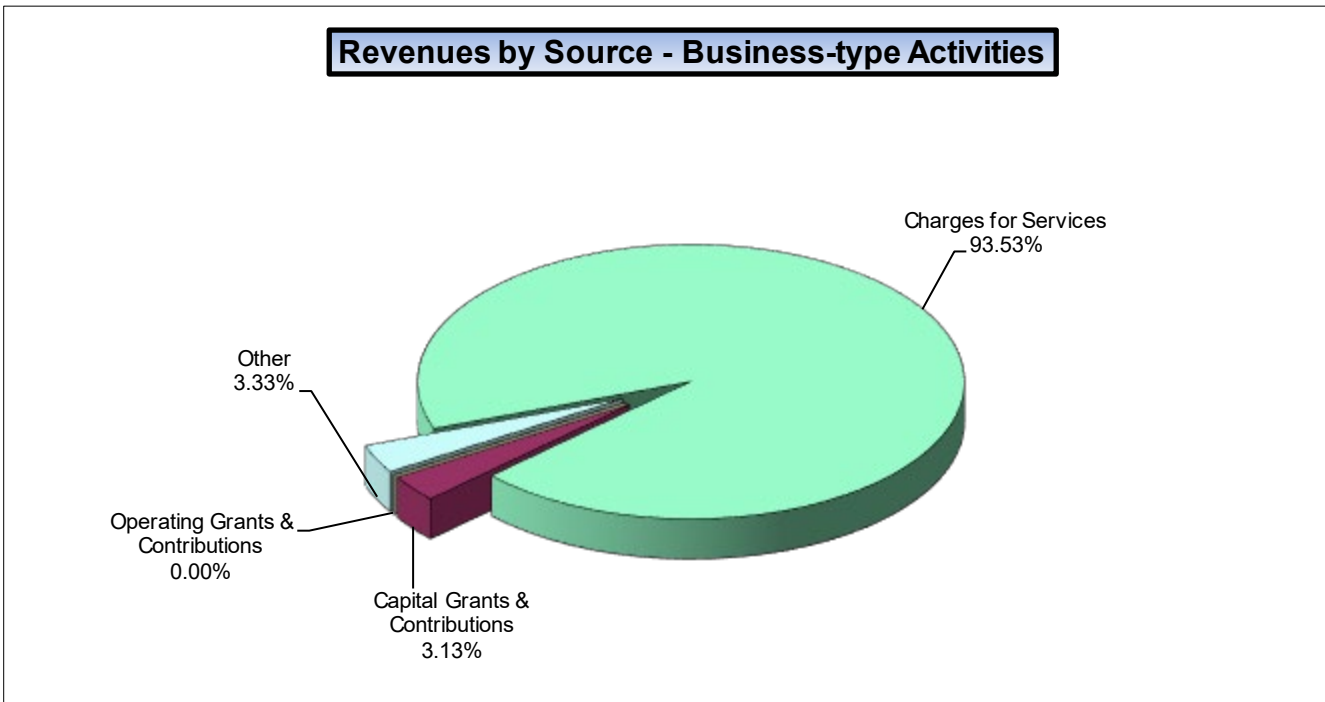
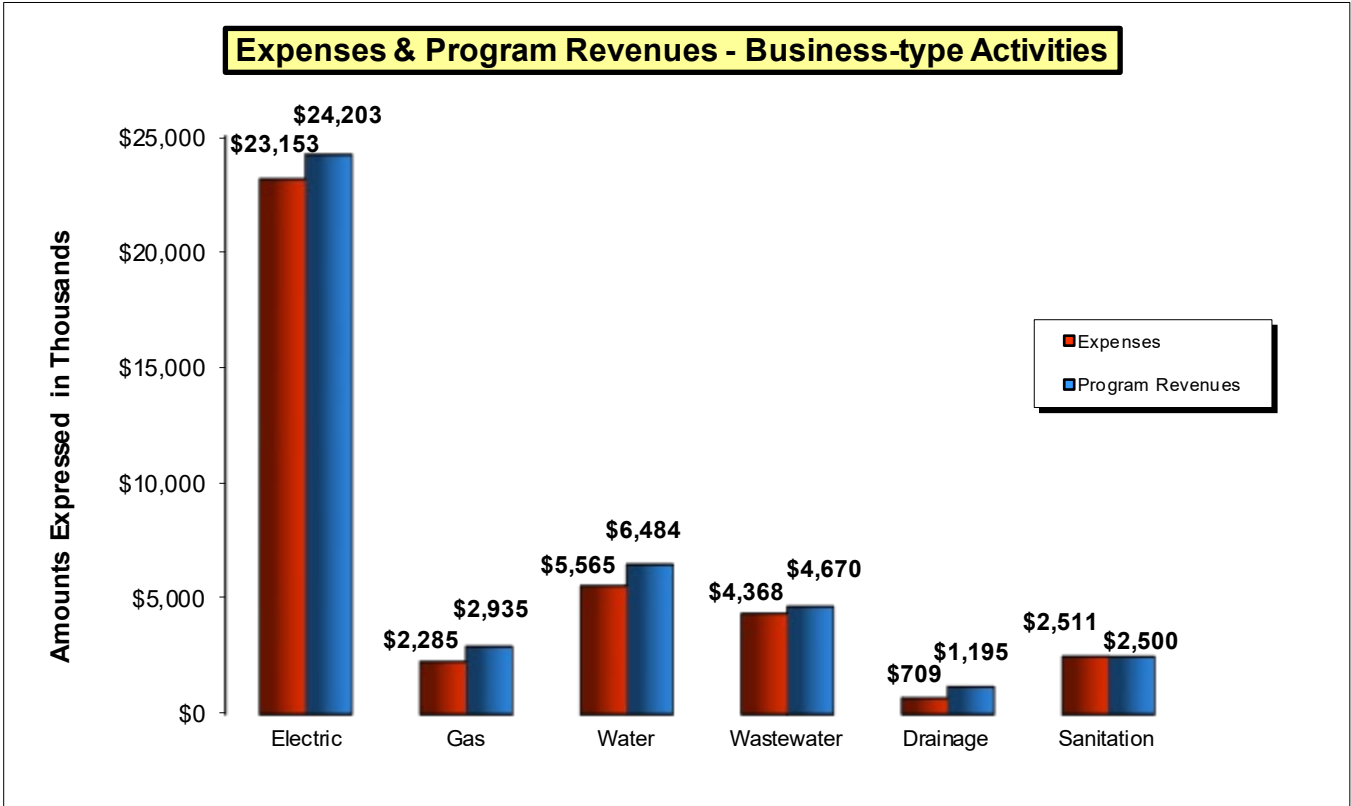
- Electric Fund expenses increased \$1,541 primarily due to higher costs for wholesale power and increased salary and benefit costs. All expense categories, except the gross revenue tax increased.
- Gas Fund expenses decreased by \$423 due to lower purchase costs per mcf and lower gross revenue tax.
- Water Fund expenses increased by \$223. Interest expense and fiscal charges increased by \$180 due to bond issuance costs and interest expense. Salaries, maintenance costs and depreciation also increased. These increases were offset by a decrease in contractual services, related to the FY23 Impact Fee study.
- Wastewater Fund expenses increased by \$498 due mainly to higher electric utility costs, higher cost of chemicals, increased maintenance costs, and increased salary and benefits costs.

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

- Drainage Fund expenses increased \$204 primarily due to costs associated with a discontinued project.

Transfers out decreased by \$216, as previously explained in the governmental activities section.



CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
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FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$22,696 a decrease of \$895 in comparison with the prior year. The General Fund highlights are discussed in the following section.

The fund balance of the *General Government Capital Projects Fund* decreased by \$1,201 in FY24 due to expenditures of 2022 and 2023 bond proceeds. During FY24, \$906 was paid for a fire truck, \$427 of expenditures were related to engineering fees for Fire Station No. 2, and airport capital improvements of \$57 were completed. The fund balance of the combined *Other Governmental Funds* decreased by \$1,123 primarily due to \$475 related to the acquisition of The Barnhill Center and \$1,086 related to the Hohlt Park turf field project. This project was funded by FY23 BCDC contributions that were included in the FY23 fund balance.

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 \$8,813; those of the Gas Fund were \$647; the Water Fund \$2,090; the Wastewater Fund \$1,406; Sanitation Fund \$445; and the Drainage Fund \$1,231. 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 six other governmental funds is the Airport Fund which is used to track revenues and expenditures for the City's municipal airport operations. 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. Other significant funds which are combined are the Donations Fund and the Equipment Fund. The Donations Fund tracks donations to the City for downtown improvements, parks amenities, public safety support, animal shelter supplies, and library programming. The Equipment Fund was established to track capital purchases for general government vehicles and equipment.

Adjustments to Budget Basis column: adjustments of \$190 for intergovernmental revenue relate to grant revenue for public safety and airport operations, adjustments of \$958 in charges for services are related to activity in the Tourism and Marketing Fund and the Airport Fund, and contributions adjustments of \$143 are mainly from downtown events, library and animal shelter donations. Adjustments in culture and recreation, general government, public safety and health and welfare are related to activity in the Donations Fund, Tourism and Marketing Fund, Airport Fund, Equipment Fund, and public safety grant funds.

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

Revenues Budgeted Amounts and Actual – the original revenue budget was \$19,973 and the final amended budget was \$20,817, and actual budget basis revenue was \$20,793. The increase of \$844 to the revenue budget was in the following categories:

- 1) Taxes increased by \$575 with additional ad valorem and sales tax collections.
- 2) Investment income increased by \$269 due to favorable interest rates.

Variance with Final Budget – the unfavorable budget to actual variance of \$24 is due to the following factors:

- Fines and Forfeitures were lower by \$77 which can be attributed to lower than budgeted traffic fines.
- Licenses and Permits were higher by \$56 due to additional building permit fees.

Expenditures Budgeted Amounts and Actual – the original expenditure budget was \$22,288 compared to the final amended budget of \$21,876. Actual expenditures on a budget basis were \$21,761.

Variance with Final Budget – the General Fund's actual expenditures were favorable to budget by \$115 primarily from lower personnel costs due to turnover and vacancies.

Other Financing Sources Budgeted Amounts and Actual

Transfers-In – the original budget for transfers-in was \$2,980 and final budget for transfers-in was \$3,020. Actual transfers-in of \$2,928 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 \$217 and final budget for transfers-out was \$1,259. The transfers-out budget was increased for a \$161 transfer to the Motorcycle/PD Equipment Fund and a \$950 transfer to the Equipment Fund to be used for future capital purchases. Actual transfers out of \$1,208 were lower than budget due to a lower transfer than budgeted to the Airport Fund.

Insurance Proceeds – the original budget for insurance proceeds was \$26 and final budget for insurance proceeds was \$90. Actual insurance proceeds were \$91 due to increased amounts received for repairs and damages to City property.

CITY OF BRENHAM, TEXAS
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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Brenham's investment in capital assets for its governmental and business- type activities as of September 30, 2024 totals \$148,310 (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 \$4,659.

City of Brenham, Texas Capital Assets (Amounts in Thousands) (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and Improvements	\$ 5,053	\$ 4,642	\$ 584	\$ 584	\$ 5,637	\$ 5,226
Buildings	17,754	16,581	265	284	18,019	16,865
Improvements other than buildings	7,110	5,243	23,448	23,163	30,558	28,406
Furniture, fixtures, and equipment	965	948	636	330	1,601	1,278
Machinery	340	238	-	-	340	238
Vehicles	3,510	3,197	1,862	2,109	5,372	5,306
Intangibles	169	98	64	70	233	168
Infrastructure	41,212	42,329	39,820	39,220	81,032	81,549
Lease right to use assets	47	37	73	80	120	117
Subscription right to use assets	233	404	151	179	384	583
Construction in progress	1,170	758	3,844	3,157	5,014	3,915
Total	\$ 77,563	\$ 74,475	\$ 70,747	\$ 69,176	\$ 148,310	\$ 143,651

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

- Governmental Activities capital assets showed a net increase of \$3,088 with major changes in the following categories: Buildings increased \$1,173, primarily due to the acquisition of The Barnhill Center buildings and the Blue Bell Aquatics Center locker room improvements. Improvements, Other Than Buildings increased \$1,867 due to the turf softball infields at Hohlt Park, airfield lighting improvements, and fuel farm improvements. Land and Improvements increased \$411 due to the acquisition of The Barnhill Center property. Infrastructure showed a decrease of \$1,117 primarily due to annual depreciation.
- Business-type capital assets showed an overall increase of \$1,571 with major changes in the following categories: Infrastructure increased \$600 mainly due to the completion of projects which included new utility lines, lift stations, meters, and transformers. Construction in Progress increased \$687 due to water projects which were in progress at year end.

Additional information on the City of Brenham's capital assets can be found in note III.E on pages 43-44 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-term debt. At the end of the current fiscal year, the City of Brenham had total bonded debt outstanding, net of unamortized charges, of \$47,438. Of this amount, \$24,367 is tax-supported debt backed by the full faith and credit of the government. The remaining \$23,071 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			
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ -	\$ -	\$ 2,420	\$ 2,960	\$ 2,420	\$ 2,960
Certificates of Obligation	23,391	25,559	19,015	10,006	42,406	35,565
Unamortized Credits/Charges	976	1,038	1,636	641	2,612	1,679
Total	\$ 24,367	\$ 26,597	\$ 23,071	\$ 13,607	\$ 47,438	\$ 40,204

The City of Brenham's total bonded debt increased by \$7,234 or 17.99% during the current fiscal year, with a decrease of \$2,230 in governmental activities and an increase of \$9,464 in business-type activities.

The City of Brenham maintained its strong bond rating of AA- from the Standard and Poor's rating agency. The ratings reflect the City's strong financial position, bolstered by the maintenance of healthy financial reserves.

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 \$.4584 for the year ended September 30, 2024 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 47-52 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic backdrop for Brenham's FY24-25 Budget is overall favorable, but there is some uncertainty due to possible federal policy changes. The following factors were considered in preparing the City of Brenham's Budget for the 2025 fiscal year:

- Sales tax revenue continues to be strong due to the retail development projects that have come to the City in the last few years.
- Property tax revenue is budgeted to increase by 6.8% due to the increase in property valuations and the continued residential and commercial development.
- City expenditure budgets include increases in the costs for goods and services. Labor shortages and inflation around 3% are expected to continue into the FY25 budget year. Long lead times on vehicles, equipment and parts have persisted and affect City operations.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2024

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

- The second of three (3) planned water rate increases will be implemented in FY24-25. The water rate increases are needed to fund infrastructure projects, including the expansion of the water treatment plant and the addition of a second water source. All other utility rates are budgeted to remain the same as the prior year.

The City experienced a 10.8% increase in certified taxable property values for the 2025 fiscal year and maintained its tax rate at \$0.4584. Components are shown below:

- Overall tax rate remained the same at \$0.4584
- M&O tax rate increased from \$0.3102 to \$0.3164
- I&S tax rate decreased from \$0.1482 to \$0.1420

The City's FY24-25 Budget is balanced as required by law. It reflects economic strength with a watchful eye on uncertainty in several factors, such as interest rates and inflation, that could affect the economy. The budget addresses the demand placed on City services to keep pace with the continued growth of the city.

Requests for Information

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

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City of Brenham
Statement of Net Position
September 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Equivalents	\$ 10,457,519	\$ 19,771,458	\$ 30,228,977	\$ 3,232,966
Receivables - Property Tax (net)	387,886	-	387,886	-
Receivables - Sales Tax	1,180,095	-	1,180,095	393,365
Receivables - Occupancy Taxes	83,923	-	83,923	-
Receivables - Account (net)	396,915	5,695,445	6,092,360	-
Receivables - Interest	6,149	78,197	84,346	-
Lease Receivable, Current	45,726	80,132	125,858	-
Internal Balances	(561,074)	561,074	-	-
Due from Component Unit	23,230	-	23,230	-
Due from Other Governments	242,621	390,285	632,906	-
Inventory at Cost	196,456	2,529,058	2,725,514	-
Notes Receivable, Current	-	139,904	139,904	-
Prepaid Water Agreement	-	453,670	453,670	-
Other Current Assets	10,238	-	10,238	-
Restricted Cash	13,251,536	11,907,562	25,159,098	-
Notes Receivable, Long Term	-	302,450	302,450	-
Lease Receivable, Noncurrent	429,572	119,391	548,963	-
Accrued Interest, Noncurrent	-	212,901	212,901	-
Other Assets, Long Term	-	200,000	200,000	-
Capital Assets, Not Being Depreciated	6,233,418	4,464,923	10,698,341	4,148,225
Other Capital and Right to Use Assets, Net	71,329,212	66,282,038	137,611,250	25,705
Total assets	<u>103,713,422</u>	<u>113,188,488</u>	<u>216,901,910</u>	<u>7,800,261</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount from Refundings	-	124,943	124,943	-
Deferred Outflows - TMRS Pension	3,371,864	1,151,415	4,523,279	-
Deferred Outflows - TESRS Pension	100,192	-	100,192	-
Deferred Outflows - Post Employment Benefits	56,237	19,939	76,176	-
Total deferred outflows	<u>3,528,293</u>	<u>1,296,297</u>	<u>4,824,590</u>	<u>-</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	1,456,303	2,972,018	4,428,321	60,575
Due to Primary Government	-	-	-	23,230
Other Liabilities	-	4,303	4,303	-
Accrued Interest	113,813	109,598	223,411	290,709
Unearned Revenue	59,081	3,740,543	3,799,624	-
Consumer Deposits	-	1,644,952	1,644,952	-
Noncurrent Liabilities, due within one year				
Compensated Absences, Current	276,955	153,257	430,212	3,745
Other Long Term Payable, Current	21,533	-	21,533	-
Bonds Payable, Current	2,397,112	-	2,397,112	-
Subscription Liability, Current	60,283	40,166	100,449	3,605
Lease Liability, Current	16,107	19,003	35,110	-
Revenue Bonds Payable, Current	-	1,377,888	1,377,888	-
Notes Payable, Current	141,162	200,911	342,073	139,904
Noncurrent Liabilities, due in more than one year				
Compensated Absences, Long Term	349,475	75,538	425,013	568
Rebatable Arbitrage, Long Term	291,347	163,865	455,212	-
Post Employment Benefits	1,326,889	529,120	1,856,009	-
Net Pension Liability - TMRS	11,097,170	3,684,189	14,781,359	-
Net Pension Liability - TESRS	225,093	-	225,093	-
Subscription Liability, Long Term	87,370	108,019	195,389	11,394
Lease Liability, Long Term	30,946	53,415	84,361	-
Long Term Debt, Net	22,392,296	22,226,764	44,619,060	302,450
Total liabilities	<u>40,342,935</u>	<u>37,103,549</u>	<u>77,446,484</u>	<u>836,180</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - TMRS Pension	373,791	131,469	505,260	-
Deferred Inflows - TESRS Pension	434	-	434	-
Deferred Inflows - Post Employment Benefits	517,506	168,559	686,065	-
Deferred Inflows - Leases	466,151	193,223	659,374	707
Deferred Inflows - Over Recovered Fuel Costs	-	5,667,596	5,667,596	-
Total deferred inflows	<u>1,357,882</u>	<u>6,160,847</u>	<u>7,518,729</u>	<u>707</u>
NET POSITION				
Net Investment in Capital Assets	60,558,470	55,948,639	116,507,109	3,716,580
Restricted for Debt Service	1,202,011	-	1,202,011	-
Restricted for Economic Development	-	-	-	1,287,978
Restricted for Recreation	-	-	-	1,958,816
Unrestricted (deficit)	3,780,417	15,271,750	19,052,167	-
Total net position	<u>\$ 65,540,898</u>	<u>\$ 71,220,389</u>	<u>\$ 136,761,287</u>	<u>\$ 6,963,374</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, 2024

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	\$ 8,323,463	\$ 1,160,157	\$ 13,794	\$ -	\$ (7,149,512)	\$ -	\$ (7,149,512)	\$ -
Public Safety	8,781,540	9,821	531,112	20,431	(8,220,176)	-	(8,220,176)	-
Highways and Streets	3,703,222	489,672	100,000	733,289	(2,380,261)	-	(2,380,261)	-
Health and Welfare	921,757	62,360	35,534	-	(823,863)	-	(823,863)	-
Culture and Recreation	5,819,345	1,076,356	760,994	2,768,969	(1,213,026)	-	(1,213,026)	-
Interest, Fiscal & Other Charges	1,130,479	-	-	-	(1,130,479)	-	(1,130,479)	-
Total governmental activities	<u>28,679,806</u>	<u>2,798,366</u>	<u>1,441,434</u>	<u>3,522,689</u>	<u>(20,917,317)</u>	<u>-</u>	<u>(20,917,317)</u>	<u>-</u>
Business-type activities:								
Electric	23,152,972	24,026,845	-	175,939	-	1,049,812	1,049,812	-
Gas	2,284,882	2,917,221	-	18,108	-	650,447	650,447	-
Water	5,564,950	6,348,617	-	135,806	-	919,473	919,473	-
Wastewater	4,367,838	4,125,975	-	544,081	-	302,218	302,218	-
Sanitation	2,511,574	2,499,918	-	-	-	(11,656)	(11,656)	-
Drainage	708,759	708,217	-	487,086	-	486,544	486,544	-
Total business-type activities	<u>38,590,975</u>	<u>40,626,793</u>	<u>-</u>	<u>1,361,020</u>	<u>-</u>	<u>3,396,838</u>	<u>3,396,838</u>	<u>-</u>
Total primary government	<u>\$ 67,270,781</u>	<u>\$ 43,425,159</u>	<u>\$ 1,441,434</u>	<u>\$ 4,883,709</u>	<u>\$ (20,917,317)</u>	<u>\$ 3,396,838</u>	<u>\$ (17,520,479)</u>	<u>\$ -</u>
Component unit:								
Brenham Community Devel Corp	\$ 2,631,862	\$ -	\$ 100,000	\$ 152,912				\$ (2,378,950)
Total component unit	<u>\$ 2,631,862</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 152,912</u>				<u>\$ (2,378,950)</u>
General Revenues:								
Property Taxes					10,532,502	-	10,532,502	-
Sales Taxes					7,541,403	-	7,541,403	2,513,801
Franchise Taxes					3,143,189	-	3,143,189	-
Hotel Occupancy Taxes					931,759	-	931,759	-
Alcoholic Beverage Taxes					85,666	-	85,666	-
Investment Income not Restricted					1,289,360	1,259,213	2,548,573	262,351
Miscellaneous					308,659	177,355	486,014	52,829
Gain on Sale of Capital Assets					19,751	11,441	31,192	-
Transfers					2,556,451	(2,556,451)	-	-
Total general revenues, payments to/from component unit and transfers					<u>26,408,740</u>	<u>(1,108,442)</u>	<u>25,300,298</u>	<u>2,828,981</u>
Change in net position					<u>5,491,423</u>	<u>2,288,396</u>	<u>7,779,819</u>	<u>450,031</u>
Net position - beginning as previously reported					<u>60,454,336</u>	<u>68,931,993</u>	<u>129,386,329</u>	<u>6,513,343</u>
Restatement of net position (Note IV.F.)					<u>(404,861)</u>	<u>-</u>	<u>(404,861)</u>	<u>-</u>
Net position - beginning, as restated					<u>60,049,475</u>	<u>68,931,993</u>	<u>128,981,468</u>	<u>6,513,343</u>
Net position - ending					<u>\$ 65,540,898</u>	<u>\$ 71,220,389</u>	<u>\$ 136,761,287</u>	<u>\$ 6,963,374</u>

**City of Brenham
Balance Sheet
Governmental Funds
September 30, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>General Govt. Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Equivalents	\$ 9,767,492	\$ -	\$ -	\$ 295,202	\$ 10,062,694
Receivables (Net)					
Property Taxes	257,922	129,964	-	-	387,886
Sales Tax	1,180,095	-	-	-	1,180,095
Occupancy Tax	-	-	-	83,923	83,923
Accounts	382,702	-	-	-	382,702
Lease Receivable	475,298	-	-	-	475,298
Due from Component Unit	-	-	-	23,230	23,230
Due from Other Governments	238,433	4,188	-	-	242,621
Due from Other Funds	-	-	-	559,649	559,649
Inventory at Cost	196,456	-	-	-	196,456
Other Current Assets	3,000	-	-	7,189	10,189
Restricted Cash	-	1,171,166	7,895,105	3,671,126	12,737,397
Total Assets	<u>\$ 12,501,398</u>	<u>\$ 1,305,318</u>	<u>\$ 7,895,105</u>	<u>\$ 4,640,319</u>	<u>\$ 26,342,140</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts Payable & Other Current Liabilities	\$ 1,426,223	\$ -	\$ -	\$ 9,254	\$ 1,435,477
Due to Other Funds	547,783	103,307	11,867	-	662,957
Unearned Revenues	59,081	-	-	-	59,081
Rebatable Arbitrage, Long Term	-	-	223,549	67,798	291,347
Total Liabilities	<u>2,033,087</u>	<u>103,307</u>	<u>235,416</u>	<u>77,052</u>	<u>2,448,862</u>
Deferred Inflows of Resources:					
Deferred Inflows Related to Leases	466,151	-	-	-	466,151
Unavailable Revenues	601,068	129,964	-	-	731,032
Total Deferred Inflows of Resources	<u>1,067,219</u>	<u>129,964</u>	<u>-</u>	<u>-</u>	<u>1,197,183</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,100,306</u>	<u>233,271</u>	<u>235,416</u>	<u>77,052</u>	<u>3,646,045</u>
Fund Balances:					
Nonspendable	199,456	-	-	-	199,456
Restricted	92,901	1,072,047	7,659,689	3,755,511	12,580,148
Committed	-	-	-	762,986	762,986
Assigned	-	-	-	44,770	44,770
Unassigned	9,108,735	-	-	-	9,108,735
Total Fund Balances	<u>9,401,092</u>	<u>1,072,047</u>	<u>7,659,689</u>	<u>4,563,267</u>	<u>22,696,095</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,501,398</u>	<u>\$ 1,305,318</u>	<u>\$ 7,895,105</u>	<u>\$ 4,640,319</u>	

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

City of Brenham
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2024

Total fund balances - total governmental funds \$ 22,696,095

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. 76,411,764

Gross capital assets	145,530,677
Accumulated depreciation & amortization	(69,118,913)
	76,411,764

Leased and subscription assets and liabilities are not current financial resources. 89,043

Certain deferred inflows and outflows of resources are not reported in the governmental funds: 2,636,562

Deferred outflows - TMRS Pension	(3,371,864)
Deferred outflows - TESRS Pension	(100,192)
Deferred outflows - Post Employment Benefits	(56,237)
Deferred inflows - TMRS Pension	373,791
Deferred inflows - TESRS Pension	434
Deferred inflows - Post Employment Benefits	517,506
	(2,636,562)

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (37,977,273)

Bonds payable	23,390,517
Add: Issuance premium	975,929
Accrued interest payable	105,799
Note payable	186,380
Other long term payable	43,066
Compensated absences	626,430
Post employment benefits	1,326,889
Net pension liability - TMRS	11,097,170
Net pension liability - TESRS	225,093
	37,977,273

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. 953,675

Other long term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds. 731,032

Net position of governmental activities \$ 65,540,898

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, 2024

	General Fund	Debt Service Fund	General Govt. Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 17,446,580	\$ 3,181,975	\$ -	\$ 1,580,092	\$ 22,208,647
Licenses and Permits	457,312	-	-	-	457,312
Intergovernmental	703,075	-	-	733,289	1,436,364
Charges for Services	1,614,415	-	-	44,595	1,659,010
Fines and Forfeitures	629,258	-	-	-	629,258
Investment Income	483,284	178,862	466,792	154,689	1,283,627
Payment from Component Unit	416,000	-	-	1,188,101	1,604,101
Contributions and Donations	142,764	-	-	78,889	221,653
Miscellaneous	194,352	-	-	73,356	267,708
Total revenues	22,087,040	3,360,837	466,792	3,853,011	29,767,680
Expenditures					
Current:					
Culture and Recreation	4,892,461	-	-	211,020	5,103,481
General Government	7,599,005	-	-	32,903	7,631,908
Health and Welfare	848,222	-	-	-	848,222
Highways and Streets	1,954,592	-	-	15,900	1,970,492
Public Safety	8,295,036	-	-	43,277	8,338,313
Debt service:					
Interest, Fiscal & Other Charges	23,825	926,032	217,303	43,484	1,210,644
Principal Retirement	459,451	2,168,390	-	-	2,627,841
Capital Outlay	875,464	-	1,390,781	3,376,069	5,642,314
Total expenditures	24,948,056	3,094,422	1,608,084	3,722,653	33,373,215
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,861,016)	266,415	(1,141,292)	130,358	(3,605,535)
Other Financing Sources (Uses)					
Transfers In	3,869,678	-	-	59,787	3,929,465
Transfers Out	-	-	(59,787)	(1,313,227)	(1,373,014)
Proceeds from Subscription Arrangements	37,876	-	-	-	37,876
Proceeds from Leases	25,133	-	-	-	25,133
Insurance Proceeds	90,893	-	-	-	90,893
Total other financing sources and (uses)	4,023,580	-	(59,787)	(1,253,440)	2,710,353
Net change in Fund Balances	1,162,564	266,415	(1,201,079)	(1,123,082)	(895,182)
Fund balances - beginning	8,238,528	805,632	8,860,768	5,686,349	23,591,277
Fund balances - ending	\$ 9,401,092	\$ 1,072,047	\$ 7,659,689	\$ 4,563,267	\$ 22,696,095

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, 2024

Net change in fund balances - total governmental funds \$ (895,182)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. 3,478,357

Capital outlay	5,642,315
Depreciation expense	(3,621,634)
Donation of capital assets	1,540,128
Proceeds from sale	(23,834)
Loss on disposal	(78,369)
Gain on disposal	19,751
	3,478,357

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 61,588

Bond and note payable proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Bond and note payable principal payments are expenditures in the governmental funds, but they reduce long term liabilities in the statement of net position. 2,402,737

Debt issued:	
Leases	(25,133)
Subscriptions	(37,876)
Repayments:	
To bond, certificate, and note holders	2,347,201
Principal payments on leases	15,406
Principal payments on subscriptions	248,905
Payments on other liabilities	16,329
Amortization:	
Bond premiums, discounts, & charges	62,327
Lease assets	(15,625)
Subscriptions	(208,797)
	2,402,737

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. 296,264

Compensated absences	(96,541)
Accrued interest payable	17,839
Post retirement benefits	(50,951)
Pension Costs - TMRS, Net	387,916
Pension Costs - TESRS, Net	38,001
	296,264

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. 147,659

Change in net position of governmental activities \$ 5,491,423

City of Brenham
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2024

	Budgeted Amounts		Actual	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Taxes	\$ 16,888,599	\$ 17,463,114	\$ 17,446,580	\$ -	\$ 17,446,580	\$ (16,534)
Licenses and Permits	401,733	401,733	457,312	-	457,312	55,579
Intergovernmental	507,843	507,843	703,075	(190,146)	512,929	5,086
Charges for Services	636,146	636,146	1,614,415	(957,853)	656,562	20,416
Fines and Forfeitures	706,694	706,694	629,258	-	629,258	(77,436)
Investment Income	201,733	470,983	483,284	-	483,284	12,301
Payment from Component Unit	416,000	416,000	416,000	-	416,000	-
Contributions and Donations	-	-	142,764	(142,764)	-	-
Miscellaneous	214,160	214,160	194,352	(3,344)	191,008	(23,152)
Total revenues	19,972,908	20,816,673	22,087,040	(1,294,107)	20,792,933	(23,740)
Expenditures						
Current:						
Culture and Recreation	3,360,786	3,410,786	4,892,461	(1,571,946)	3,320,515	90,271
General Government	8,115,539	7,609,765	7,599,005	(34,685)	7,564,320	45,445
Health and Welfare	671,322	731,322	848,222	(43,530)	804,692	(73,370)
Highways and Streets	1,379,493	1,379,493	1,954,592	(591,529)	1,363,063	16,430
Public Safety	8,570,839	8,554,839	8,295,036	(62,055)	8,232,981	321,858
Debt Service:						
Interest, Fiscal & Other Charges	11,127	11,127	23,825	(559)	23,266	(12,139)
Principal Retirement	178,832	178,832	459,451	(7,747)	451,704	(272,872)
	<u>22,287,938</u>	<u>21,876,164</u>	<u>24,072,592</u>	<u>(2,312,051)</u>	<u>21,760,541</u>	<u>115,623</u>
Capital Outlay	473,038	789,931	875,464	(75,980)	799,484	(9,553)
Total Expenditures	22,760,976	22,666,095	24,948,056	(2,388,031)	22,560,025	106,070
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,788,068)	(1,849,422)	(2,861,016)	1,093,924	(1,767,092)	82,330
Other Financing Sources (Uses)						
Transfers In	2,980,059	3,020,059	3,869,678	(942,000)	2,927,678	(92,381)
Transfers Out	(217,545)	(1,258,657)	-	(1,208,400)	(1,208,400)	50,257
Proceeds from Subscription Arrangements	-	-	37,876	-	37,876	37,876
Proceeds from Leases	-	-	25,133	-	25,133	25,133
Insurance Proceeds	25,554	89,934	90,893	-	90,893	959
Total other financing sources and (uses)	2,788,068	1,851,336	4,023,580	(2,150,400)	1,873,180	21,844
Net change in fund balance	-	1,914	1,162,564	(1,056,476)	106,088	104,174
Fund balance - beginning	7,812,634	7,812,634	8,238,528	(425,894)	7,812,634	-
Fund balance - ending	\$ 7,812,634	\$ 7,814,548	\$ 9,401,092	\$ (1,482,370)	\$ 7,918,722	\$ 104,174

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, 2024

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	\$ 12,303,921	\$ 882,848	\$ 1,359,170	\$ 4,572,720	\$ 469,114	\$ 2,487	\$ 19,590,260	\$ 556,616
Interest Receivable, Current	78,143	-	-	-	54	-	78,197	-
Receivables - Accounts, Net	3,413,792	259,454	1,078,226	528,979	330,644	84,350	5,695,445	14,212
Receivables - Interfund	-	-	-	477,078	-	932,351	1,409,429	-
Lease Receivable, Current	15,030	-	-	-	65,102	-	80,132	-
Due from Other Governments	25,469	-	-	-	-	364,816	390,285	-
Inventory at Cost	1,731,233	180,804	504,474	111,228	-	-	2,527,739	1,319
Prepaid Water Agreement	-	-	453,670	-	-	-	453,670	-
Other Current Assets	-	-	-	-	-	-	-	50
Notes Receivable, Net	139,904	-	-	-	-	-	139,904	-
Restricted Cash	1,936,801	-	4,036,207	5,934,554	-	-	11,907,562	514,139
Total current assets	<u>19,644,293</u>	<u>1,323,106</u>	<u>7,431,747</u>	<u>11,624,559</u>	<u>864,914</u>	<u>1,384,004</u>	<u>42,272,623</u>	<u>1,086,336</u>
Noncurrent assets:								
Interest Receivable, Noncurrent	212,901	-	-	-	-	-	212,901	-
Lease Receivable, Noncurrent	119,391	-	-	-	-	-	119,391	-
Other Assets, Long Term	-	200,000	-	-	-	-	200,000	-
Capital Assets, Net	16,074,776	2,762,312	27,330,913	22,578,570	229,608	1,575,660	70,551,839	1,066,012
Notes Receivable, Long Term	302,450	-	-	-	-	-	302,450	-
Total noncurrent assets	<u>16,709,518</u>	<u>2,962,312</u>	<u>27,330,913</u>	<u>22,578,570</u>	<u>229,608</u>	<u>1,575,660</u>	<u>71,386,581</u>	<u>1,066,012</u>
Total assets	<u>36,353,811</u>	<u>4,285,418</u>	<u>34,762,660</u>	<u>34,203,129</u>	<u>1,094,522</u>	<u>2,959,664</u>	<u>113,659,204</u>	<u>2,152,348</u>
Deferred Outflows of Resources								
Deferred Amount from Refundings	-	-	124,943	-	-	-	124,943	-
Deferred Outflows - TMRS Pension	589,799	126,132	236,760	175,187	-	23,537	1,151,415	-
Deferred Outflows - OPEB	10,572	2,489	3,860	2,935	-	83	19,939	-
Total deferred outflows	<u>600,371</u>	<u>128,621</u>	<u>365,563</u>	<u>178,122</u>	<u>-</u>	<u>23,620</u>	<u>1,296,297</u>	<u>-</u>
Liabilities								
Current liabilities:								
Accounts Payable & Other Current Liabilities	\$ 1,745,319	\$ 87,403	\$ 290,283	\$ 490,842	\$ 224,045	\$ 133,999	\$ 2,971,891	\$ 1,541
Other Liabilities	-	900	2,353	1,050	-	-	4,303	-
Accrued Interest	10,886	-	54,097	43,992	-	623	109,598	5,639
Unearned Revenue	365,803	19,580	-	3,355,160	-	-	3,740,543	-
Interfund Payable	21,509	314,277	840,979	-	129,356	-	1,306,121	-
Compensated Absences, Current	91,598	14,169	27,181	16,436	-	3,873	153,257	-
Subscription Liability, Current	40,166	-	-	-	-	-	40,166	-
Lease Liability, Current	17,942	-	1,061	-	-	-	19,003	-
Revenue Bonds Payable, Current	87,888	-	955,000	335,000	-	-	1,377,888	-
Note Payable, Current	23,656	-	-	106,737	-	70,518	200,911	106,384
Consumer Deposits	1,644,952	-	-	-	-	-	1,644,952	-
Total current liabilities	<u>4,049,719</u>	<u>436,329</u>	<u>2,170,954</u>	<u>4,349,217</u>	<u>353,401</u>	<u>209,013</u>	<u>11,568,633</u>	<u>113,564</u>
Noncurrent liabilities:								
Compensated Absences	16,919	22,748	19,991	15,361	-	519	75,538	-
Post Employment Benefits	288,569	56,392	103,412	72,775	-	7,972	529,120	-
Net Pension Liability - TMRS	2,002,667	388,280	715,870	557,531	-	20,041	3,684,189	-
Subscription Liability, Long Term	108,019	-	-	-	-	-	108,019	-
Lease Liability, Long Term	42,167	-	11,248	-	-	-	53,415	-
Rebatable Arbitrage, Long Term	-	-	49,322	114,543	-	-	163,865	-
Long Term Debt, Net	1,421,751	-	11,565,088	9,195,901	-	44,024	22,226,764	249,828
Total noncurrent liabilities	<u>3,880,092</u>	<u>467,420</u>	<u>12,464,731</u>	<u>9,956,111</u>	<u>-</u>	<u>72,556</u>	<u>26,840,910</u>	<u>249,828</u>
Total liabilities	<u>7,929,811</u>	<u>903,749</u>	<u>14,635,685</u>	<u>14,305,328</u>	<u>353,401</u>	<u>281,569</u>	<u>38,409,543</u>	<u>363,392</u>
Deferred Inflows of Resources								
Deferred Inflows - Leases	126,607	-	-	-	66,616	-	193,223	-
Deferred Inflows - TMRS Pension	67,048	14,198	26,526	20,817	-	2,880	131,469	-
Deferred Inflows - OPEB	80,215	23,764	35,529	22,338	-	6,713	168,559	-
Deferred Inflows - Over Recovered Fuel Costs	5,604,711	62,885	-	-	-	-	5,667,596	-
Total deferred inflows	<u>5,878,581</u>	<u>100,847</u>	<u>62,055</u>	<u>43,155</u>	<u>66,616</u>	<u>9,593</u>	<u>6,160,847</u>	<u>-</u>
Net Position								
Net Investment in Capital Assets	14,333,187	2,762,312	18,340,370	18,626,922	229,608	1,461,118	55,753,517	709,799
Unrestricted	8,812,603	647,131	2,090,113	1,405,846	444,897	1,231,004	14,631,594	1,079,157
Total net position	<u>\$ 23,145,790</u>	<u>\$ 3,409,443</u>	<u>\$ 20,430,483</u>	<u>\$ 20,032,768</u>	<u>\$ 674,505</u>	<u>\$ 2,692,122</u>	<u>\$ 70,385,111</u>	<u>\$ 1,788,956</u>

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

Net Position of business-type activities

835,278
\$ 71,220,389

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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, 2024

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	\$ 24,026,845	\$ 2,917,221	\$ 6,348,617	\$ 4,125,975	\$ 2,499,918	\$ 708,217	\$ 40,626,793	\$ 3,256,848
Total Operating Revenues	24,026,845	2,917,221	6,348,617	4,125,975	2,499,918	708,217	40,626,793	3,256,848
Operating expenses:								
Cost of Sales and Services	16,838,110	1,273,981	467,556	-	-	-	18,579,647	-
Salaries	2,523,699	495,406	1,021,110	904,770	-	133,333	5,078,318	-
Supplies	236,046	97,115	1,201,737	329,329	-	17,532	1,881,759	11
Maintenance	99,242	2,938	253,080	330,341	-	175,697	861,298	20,618
Contractual Services	456,752	48,959	450,216	1,081,111	2,497,905	139,334	4,674,277	2,644,134
Amortization	59,576	-	1,727	-	-	-	61,303	-
Depreciation	927,366	159,455	1,294,049	1,023,912	14,649	48,044	3,467,475	336,342
Gross Revenue Tax	1,702,161	205,223	425,891	261,990	-	-	2,595,265	-
Miscellaneous	262,687	18,766	37,435	69,412	452	3,065	391,817	6,841
Total operating expenses	23,105,639	2,301,843	5,152,801	4,000,865	2,513,006	517,005	37,591,159	3,007,946
Operating Income (loss)	921,206	615,378	1,195,816	125,110	(13,088)	191,212	3,035,634	248,902
Nonoperating revenues (expenses):								
Investment Income	542,310	76,369	209,731	402,186	20,586	5,692	1,256,874	8,579
Interest, Fiscal & Other Charges	(97,665)	-	(435,066)	(386,232)	-	(2,895)	(921,858)	(8,665)
Gain on Sale of Capital Assets	-	-	-	11,441	-	-	11,441	-
Miscellaneous, Net	29,200	-	10,041	(3,593)	141,708	(192,880)	(15,524)	16,101
Total non operating revenue (expenses)	473,845	76,369	(215,294)	23,802	162,294	(190,083)	330,933	16,015
Income (loss) before contributions and transfers	1,395,051	691,747	980,522	148,912	149,206	1,129	3,366,567	264,917
Capital Contributions	175,939	18,108	135,806	544,081	-	487,086	1,361,020	-
Transfers In	688,761	-	65,900	-	-	215,299	969,960	-
Transfers Out	(1,640,466)	(547,029)	(579,763)	(409,270)	(283,983)	-	(3,460,511)	(65,900)
Total Transfers In/(Out)	(951,705)	(547,029)	(513,863)	(409,270)	(283,983)	215,299	(2,490,551)	(65,900)
Change in net position	619,285	162,826	602,465	283,723	(134,777)	703,514	2,237,036	199,017
Total net position - beginning	22,526,505	3,246,617	19,828,018	19,749,045	809,282	1,988,608		1,589,939
Total net position - ending	\$ 23,145,790	\$ 3,409,443	\$ 20,430,483	\$ 20,032,768	\$ 674,505	\$ 2,692,122		\$ 1,788,956

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

Change in net position of business-type activities	51,360
	<u>\$ 2,288,396</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, 2024

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total Proprietary	Internal Service Funds
Cash Flows from Operating Activities								
Receipts from customers and users	\$ 27,995,753	\$ 2,914,435	\$ 6,433,336	\$ 4,152,866	\$ 2,486,559	\$ 445,948	\$ 44,428,897	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	-	3,267,457
Gross revenue tax paid to General Fund	(1,702,161)	(205,223)	(425,891)	(261,990)	-	-	(2,595,265)	-
Payments to suppliers	(17,189,701)	(1,473,339)	(1,764,251)	(1,905,173)	(2,364,664)	(1,220,393)	(25,917,521)	(2,672,156)
Payments to employees	(2,572,152)	(516,172)	(1,039,617)	(922,132)	-	(132,538)	(5,182,611)	-
Net cash provided (used) by operating activities	<u>6,531,739</u>	<u>719,701</u>	<u>3,203,577</u>	<u>1,063,571</u>	<u>121,895</u>	<u>(906,983)</u>	<u>10,733,500</u>	<u>595,301</u>
Cash Flows from Non Capital Financing Activities								
Transfers in	688,761	-	65,900	-	-	215,299	969,960	(65,900)
Transfers out	(1,640,466)	(547,029)	(579,763)	(409,270)	(283,983)	-	(3,460,511)	-
Reallocation of grant proceeds	-	-	(972,606)	972,606	-	-	-	-
Interest paid on consumer deposits	(45,172)	-	-	-	-	-	(45,172)	-
Net cash provided (used) by noncapital financing activities	<u>(996,877)</u>	<u>(547,029)</u>	<u>(1,486,469)</u>	<u>563,336</u>	<u>(283,983)</u>	<u>215,299</u>	<u>(2,535,723)</u>	<u>(65,900)</u>
Cash Flows from Capital and Related Financing Activities								
Acquisition and construction of capital assets	(967,325)	(341,315)	(1,637,801)	(1,652,098)	-	(748,475)	(5,347,014)	(108,494)
Capital Contributions	405,419	37,688	-	-	-	487,086	930,193	-
Proceeds from issuance of bonds	-	-	5,100,800	5,900,925	-	-	11,001,725	-
Proceeds from promissory note	-	-	-	372,408	-	-	372,408	-
Repayment of subscription liability	(37,908)	-	-	-	-	-	(37,908)	-
Repayment of lease liability	(17,469)	-	(934)	-	-	-	(18,403)	-
Principal paid on bonds and notes payable	(104,138)	-	(1,050,000)	(624,055)	-	(69,133)	(1,847,326)	(177,873)
Insurance proceeds	21,172	-	5,153	-	-	-	26,325	-
Payment from Component Unit	-	-	-	299,666	-	-	299,666	-
Interest and fees paid on bonds, finance leases and notes payable	(67,390)	-	(336,581)	(207,497)	-	(3,454)	(614,922)	(11,157)
Net cash provided (used) by capital and related financing activities	<u>(767,639)</u>	<u>(303,627)</u>	<u>2,080,637</u>	<u>4,089,349</u>	<u>-</u>	<u>(333,976)</u>	<u>4,764,744</u>	<u>(297,524)</u>
Cash Flows from Investing Activities								
Proceeds from sale and maturities of investments	3,000,000	-	-	-	-	-	3,000,000	-
Principal received on notes receivable	143,505	-	-	-	-	-	143,505	-
Proceeds from lease receivable	14,951	-	-	-	143,168	-	158,119	-
Investment income received	651,265	76,370	209,728	402,189	25,409	5,692	1,370,653	8,579
Net cash provided (used) by investing activities	<u>3,809,721</u>	<u>76,370</u>	<u>209,728</u>	<u>402,189</u>	<u>168,577</u>	<u>5,692</u>	<u>4,672,277</u>	<u>8,579</u>
Net increase (decrease) in cash and cash equivalents	8,576,944	(54,585)	4,007,473	6,118,445	6,489	(1,019,968)	17,634,798	240,456
Cash and cash equivalents, beginning of year	<u>5,663,778</u>	<u>937,433</u>	<u>1,387,904</u>	<u>4,388,829</u>	<u>462,625</u>	<u>1,022,455</u>	<u>13,863,024</u>	<u>830,299</u>
Cash and cash equivalents, end of year	<u>\$ 14,240,722</u>	<u>\$ 882,848</u>	<u>\$ 5,395,377</u>	<u>\$ 10,507,274</u>	<u>\$ 469,114</u>	<u>\$ 2,487</u>	<u>\$ 31,497,822</u>	<u>\$ 1,070,755</u>
Reconciliation of cash and cash equivalents to statement of net position								
Cash and equivalents	\$ 12,303,921	\$ 882,848	\$ 1,359,170	\$ 4,572,720	\$ 469,114	\$ 2,487	\$ 19,590,260	\$ 556,616
Restricted cash and equivalents	1,936,801	-	4,036,207	5,934,554	-	-	11,907,562	514,139
Cash and cash equivalents, end of year	<u>\$ 14,240,722</u>	<u>\$ 882,848</u>	<u>\$ 5,395,377</u>	<u>\$ 10,507,274</u>	<u>\$ 469,114</u>	<u>\$ 2,487</u>	<u>\$ 31,497,822</u>	<u>\$ 1,070,755</u>

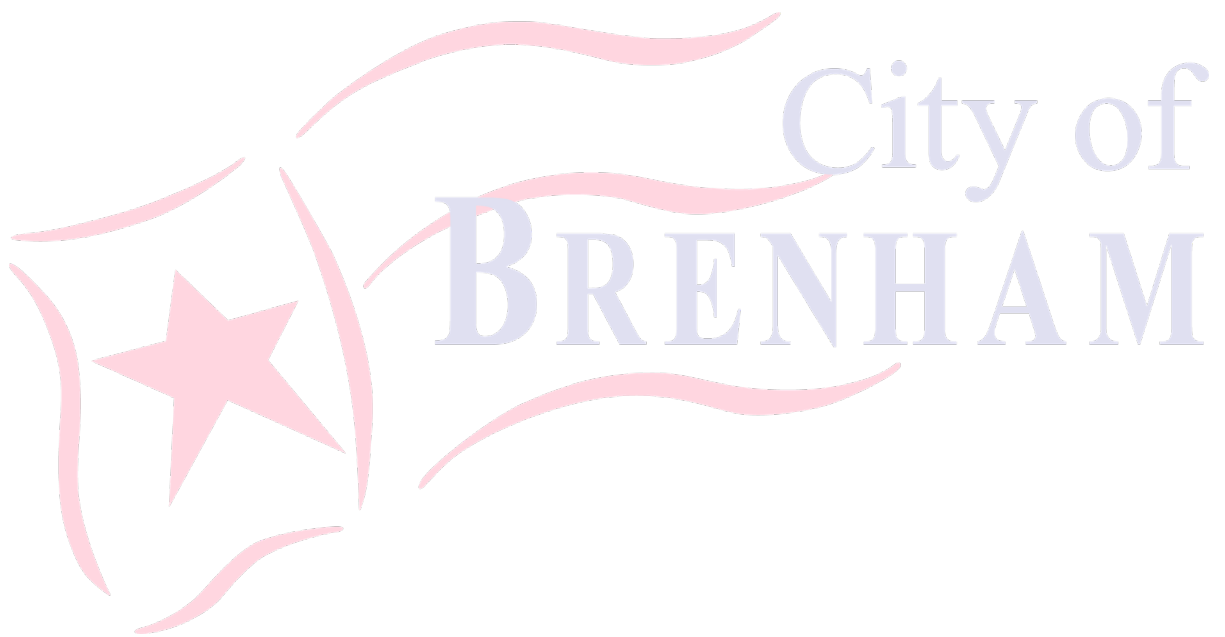
Reconciliation of operating income to net cash provided

(used) by operating activities

Operating income (loss)	\$ 921,206	\$ 615,378	\$ 1,195,816	\$ 125,110	\$ (13,088)	\$ 191,212	\$ 3,035,634	\$ 248,902
Adjustments to reconcile net cash provided (used) by operating activities								
Depreciation and amortization	986,942	159,455	1,295,776	1,023,912	14,649	48,044	3,528,778	336,342
Provision for uncollectible accounts	(14,155)	65	(3,590)	(368)	3,469	572	(14,007)	-
Other income (expense)	5,951	-	4,891	8,092	-	-	18,934	24,820
Changes in assets and liabilities affecting cash provided by operations:								
(Increase) decrease in accounts receivable	442,550	(2,851)	83,417	19,167	(16,828)	(1,429)	524,026	(14,212)
(Increase) decrease in other receivables	3,472,640	-	-	-	-	-	3,472,640	-
(Increase) decrease in inventory	(428,703)	(16,145)	(81,419)	(38,764)	-	-	(565,031)	(1,319)
(Increase) decrease in interfund receivables	328,913	-	-	(84,648)	-	(932,351)	(688,086)	(19,406)
(Increase) decrease in intergovernmental receivables	(256)	-	-	-	-	(261,414)	(261,670)	-
Increase (decrease) in interfund payables	-	(78,153)	840,979	-	129,356	-	892,182	19,406
(Increase) decrease in other assets	-	-	(27,357)	-	-	-	(27,357)	-
Increase (decrease) in accounts payable and other current liabilities	(256,419)	(7,478)	(86,430)	28,432	4,337	47,587	(269,971)	768
Increase (decrease) in over-recovered fuel costs	1,059,345	70,196	-	-	-	-	1,129,541	-
Increase (decrease) in salaries & benefits payable	15,121	(845)	1,853	1,343	-	204	17,676	-
Increase (decrease) in compensated absences	8,917	(7,067)	1,055	2,245	-	677	5,827	-
Increase (decrease) in postemployment benefits	10,710	1,645	4,420	3,727	-	560	21,062	-
Increase (decrease) in pension benefits	(83,200)	(14,499)	(25,834)	(24,677)	-	(645)	(148,855)	-
Increase (decrease) in consumer deposits	62,177	-	-	-	-	-	62,177	-
Net cash provided (used) by operating activities	<u>\$ 6,531,739</u>	<u>\$ 719,701</u>	<u>\$ 3,203,577</u>	<u>\$ 1,063,571</u>	<u>\$ 121,895</u>	<u>\$ (906,983)</u>	<u>\$ 10,733,500</u>	<u>\$ 595,301</u>

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

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City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Reporting Entity

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

1. Discretely presented component unit

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

2. Blended component unit

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

B. Government-Wide and Fund Financial Statements

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

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

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 *General Government Capital Projects Fund* is used for proceeds and expenditures for approved general government bond projects.

The government reports the following major proprietary funds:

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

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, a fleet management services program, and an employee insurance benefits administration program all used to service 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, the Vehicle Equipment Replacement Fund (VERF), and the Employee Benefits Fund 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, demand deposits, and amounts held in a state money pool and another public investment pool. Investments in government pools are recorded at amortized cost or net asset value.

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.

The City invests in no form of joint venture with other entities. Investments are recorded at fair value based on quoted market prices. Certificates of deposit are recorded at cost.

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, 2024

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, 2024

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, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

9. Over/Under-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. When an excess reserve balance does not exist, under-recovered fuel cost balances are reported as deferred outflows of resources on the proprietary fund level and government-wide statement.

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 \$86,170 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, 2024, 4 retirees/covered spouses meet those eligibility requirements and have elected to receive this benefit. The retiree/covered spouse pay the entire premium for group health coverage and claims are paid through the City's third-party provider.

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

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System ((TESRS) and additions to/deductions from TMRS's and TESRS's Fiduciary Net Position have been

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

1. Basis of accounting

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

2. Budgeted funds

Annual appropriated budgets are adopted for all governmental fund types.

For the year ended September 30, 2024, 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, General Government Capital Projects Fund, and Debt Service Fund. Non major governmental funds for which budgets were adopted include the Hotel/Motel Tax, PD Criminal Law Enforcement Fund, Courts Technology/Security, Airport Capital Improvements Fund, TIRZ #1 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, Central Fleet Fund and the Employee Benefits 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, 2024

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. Excess of Expenditures Over Appropriations

For fiscal year end September 30, 2024, 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, 2024, the City had funds in a State Money Pool (TexPool) which had a balance of \$20,303,626 which was included in cash and cash equivalents and restricted cash at September 30, 2024. "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 City has elected the practical expedient to record these funds at net asset value. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Fund Investment Act. Its fair value at fiscal year-end was \$1.00029 per share. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment is limited to 397 calendar days. 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 funds in TexSTAR, another public funds investment pool, which had a balance of \$34,997,493 and was included in cash and cash equivalents and restricted cash at September 30, 2024. "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. The City has elected the practical expedient to record these funds at net asset value. 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 was \$1.000355 per share at fiscal year-end. 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 \$0.997 or rises above \$1.004. The fund maintains a weighted average maturity of 60 days or less and was rated AAAM by Standard and Poor's. Authorized investments for TexSTAR funds include government securities, repurchase and reverse

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

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 \$3,293,058 and the bank balances totaled \$4,133,928. Of the bank and certificates of deposit balances, \$500,000 was covered by federal depository insurance and \$3,633,928 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

B. Receivables - Account

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

Governmental Funds

	General Fund
Accounts	\$ 267,470
Assessments	128,232
	<u>395,702</u>
Less Allowance for Uncollectibles	<u>(13,000)</u>
Accounts Receivable, Net	<u>\$ 382,702</u>

Proprietary Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Drainage Fund	Total
Accounts	\$ 3,453,792	\$ 264,454	\$ 1,090,226	\$ 540,979	\$ 335,644	\$ 86,350	\$5,771,445
Less Allowance for Uncollectibles	<u>(40,000)</u>	<u>(5,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>(5,000)</u>	<u>(2,000)</u>	<u>(76,000)</u>
Accounts Receivable, Net	<u>\$ 3,413,792</u>	<u>\$ 259,454</u>	<u>\$ 1,078,226</u>	<u>\$ 528,979</u>	<u>\$ 330,644</u>	<u>\$ 84,350</u>	<u>\$5,695,445</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

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)	\$ 257,922	\$ -	\$ 257,922
Delinquent property taxes receivable (Debt Service Fund)	129,964	-	129,964
Franchise fees receivable	194,727	-	194,727
Grant receipts	25,000	-	25,000
Lien assessments and pending seizures	123,419	-	123,419
Charges for Services not yet earned	-	59,081	59,081
Total deferred/unearned revenue for governmental funds	<u>\$ 731,032</u>	<u>\$ 59,081</u>	<u>\$ 790,113</u>
 Balances not expected to be collected within one year	 \$ 123,419	 \$ -	 \$ 123,419

C. Receivables – Property Taxes

The following information relates to property taxes receivable for the year ended September 30, 2024:

Original Certified Tax Roll	\$ 2,341,217,283
Approved Rate (Per \$100 Valuation)	0.4584
Original Levy	10,732,140
Supplements	(265,234)
Adjusted Levy	<u>\$ 10,466,906</u>
 Collections on Current Tax Roll	 10,335,049
Total Collections	10,506,630
Property Taxes Receivable	\$ 387,886

D. Notes Receivable

Notes receivable at September 30, 2024 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	\$ 307,354
Note receivable from component unit Brenham Community Development Corporation, principal amount \$500,000; Interest payable at 3.250%; maturing September 2026, unsecured	135,000
	<u>\$ 442,354</u>
Less Current Portion	(139,904)
	<u>\$ 302,450</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2024 was as follows:

<u>Governmental Activities</u>	Beginning Balance	Increases	Reclass/CIP to Complete	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 4,481,031	\$ 568,309	\$ -	\$ (156,994)	\$ 4,892,346
Land Improvements	160,718	-	-	-	160,718
Intangibles-Easements	10,593	-	-	-	10,593
Construction in Progress	757,846	931,941	(520,026)	-	1,169,761
Total Not Being Depreciated	<u>5,410,188</u>	<u>1,500,250</u>	<u>(520,026)</u>	<u>(156,994)</u>	<u>6,233,418</u>
Capital Assets, Being Depreciated:					
Buildings	30,705,676	2,110,656	23,070	(170,161)	32,669,241
Improvements Other Than Buildings	16,905,158	1,939,965	426,608	(123,026)	19,148,705
Furniture, Fixtures and Equipment	2,434,434	103,119	-	(30,149)	2,507,404
Machinery	907,726	245,050	-	-	1,152,776
Vehicles	9,540,419	1,065,822	16,348	(105,182)	10,517,407
Radios	702,316	-	-	-	702,316
Intangibles-Software	192,368	25,000	54,000	-	271,368
Infrastructure	73,964,668	390,978	-	(258,062)	74,097,584
Total Being Depreciated	<u>135,352,765</u>	<u>5,880,590</u>	<u>520,026</u>	<u>(686,580)</u>	<u>141,066,801</u>
Less Accumulated Depreciation for:					
Buildings	(14,124,218)	(892,123)	-	101,437	(14,914,904)
Improvements Other Than Bldgs.	(11,662,331)	(499,735)	-	123,026	(12,039,040)
Furniture, Fixtures and Equipment	(1,788,618)	(28,866)	-	30,149	(1,787,335)
Machinery	(669,258)	(143,007)	-	-	(812,265)
Vehicles	(6,342,964)	(761,280)	-	96,463	(7,007,781)
Radios	(400,413)	(57,312)	-	-	(457,725)
Intangibles-Software	(104,719)	(7,900)	-	-	(112,619)
Infrastructure	(31,635,857)	(1,498,455)	-	248,416	(32,885,896)
Total Accumulated Depreciation	<u>(66,728,378)</u>	<u>(3,888,678)</u>	<u>-</u>	<u>599,491</u>	<u>(70,017,565)</u>
Total Being Depreciated, Net	<u>68,624,387</u>	<u>1,991,912</u>	<u>520,026</u>	<u>(87,089)</u>	<u>71,049,236</u>
Lease Right to Use Assets:					
Equipment	45,542	25,133	-	-	70,675
Total Lease Right to Use Assets	<u>45,542</u>	<u>25,133</u>	<u>-</u>	<u>-</u>	<u>70,675</u>
Less Accumulated Amortization for:					
Equipment	(8,439)	(15,625)	-	-	(24,064)
Total Accumulated Amortization	<u>(8,439)</u>	<u>(15,625)</u>	<u>-</u>	<u>-</u>	<u>(24,064)</u>
Lease Right to Use Assets, Net	<u>37,103</u>	<u>9,508</u>	<u>-</u>	<u>-</u>	<u>46,611</u>
Subscription Right to Use Assets:					
Software	608,489	37,876	-	(11,136)	635,229
Total Subscription Right to Use Assets	<u>608,489</u>	<u>37,876</u>	<u>-</u>	<u>(11,136)</u>	<u>635,229</u>
Less Accumulated Amortization for:					
Software	(204,204)	(208,796)	-	11,136	(401,864)
Total Accumulated Amortization	<u>(204,204)</u>	<u>(208,796)</u>	<u>-</u>	<u>11,136</u>	<u>(401,864)</u>
Subscription Right to Use Assets, Net	<u>404,285</u>	<u>(170,920)</u>	<u>-</u>	<u>-</u>	<u>233,365</u>
Capital Assets, Net	<u>\$ 74,475,963</u>	<u>\$ 3,330,750</u>	<u>\$ -</u>	<u>\$ (244,083)</u>	<u>\$ 77,562,630</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

II. DETAILED NOTES ON ALL FUNDS (Continued)

<u>Business-type Activities</u>	Beginning Balance	Additions	Reclass/CIP to Complete	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 584,385	\$ -	\$ -	\$ -	\$ 584,385
Intangibles-Easements	33,811	3,034	-	-	36,845
Construction in Progress	3,156,517	3,081,452	(2,189,709)	(204,567)	3,843,693
Total Not Being Depreciated	<u>3,774,713</u>	<u>3,084,486</u>	<u>(2,189,709)</u>	<u>(204,567)</u>	<u>4,464,923</u>
Capital Assets, Being Depreciated:					
Buildings	864,476	-	-	-	864,476
Improvements Other Than Buildings	42,755,548	698,835	610,350	-	44,064,733
Furniture, Fixtures and Equipment	2,208,667	314,827	132,020	-	2,655,514
Vehicles	5,485,920	175,022	-	-	5,660,942
Intangibles-Software	219,926	-	-	-	219,926
Infrastructure	80,582,718	1,073,845	1,447,339	-	83,103,902
Total Being Depreciated	<u>132,117,255</u>	<u>2,262,529</u>	<u>2,189,709</u>	<u>-</u>	<u>136,569,493</u>
Less Accumulated Depreciation for:					
Buildings	(580,053)	(19,766)	-	-	(599,819)
Improvements Other Than Bldgs.	(19,592,781)	(1,024,091)	-	-	(20,616,872)
Furniture, Fixtures and Equipment	(1,878,717)	(140,658)	-	-	(2,019,375)
Vehicles	(3,377,219)	(421,690)	-	-	(3,798,909)
Intangibles-Software	(183,570)	(9,459)	-	-	(193,029)
Infrastructure	(41,362,294)	(1,921,110)	-	-	(43,283,404)
Total Accumulated Depreciation	<u>(66,974,634)</u>	<u>(3,536,774)</u>	<u>-</u>	<u>-</u>	<u>(70,511,408)</u>
Total Being Depreciated, Net	<u>65,142,621</u>	<u>(1,274,245)</u>	<u>2,189,709</u>	<u>-</u>	<u>66,058,085</u>
Lease Right to Use Assets:					
Equipment	92,778	12,626	-	-	105,404
Total Lease Right to Use Assets	<u>92,778</u>	<u>12,626</u>	<u>-</u>	<u>-</u>	<u>105,404</u>
Less Accumulated Amortization for:					
Equipment	(12,726)	(20,133)	-	-	(32,859)
Total Accumulated Amortization	<u>(12,726)</u>	<u>(20,133)</u>	<u>-</u>	<u>-</u>	<u>(32,859)</u>
Lease Right to Use Assets, Net	<u>80,052</u>	<u>(7,507)</u>	<u>-</u>	<u>-</u>	<u>72,545</u>
Subscription Right to Use Assets:					
Software	219,397	13,632	-	(7,682)	225,347
Total Subscription Right to Use Assets	<u>219,397</u>	<u>13,632</u>	<u>-</u>	<u>(7,682)</u>	<u>225,347</u>
Less Accumulated Amortization for:					
Software	(40,452)	(41,169)	-	7,682	(73,939)
Total Accumulated Amortization	<u>(40,452)</u>	<u>(41,169)</u>	<u>-</u>	<u>7,682</u>	<u>(73,939)</u>
Subscription Right to Use Assets, Net	<u>178,945</u>	<u>(27,537)</u>	<u>-</u>	<u>-</u>	<u>151,408</u>
Capital Assets, Net	<u>\$ 69,176,331</u>	<u>\$ 1,775,197</u>	<u>\$ -</u>	<u>\$ (204,567)</u>	<u>\$ 70,746,961</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

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	\$ 686,112
General Government	414,020
Health and Welfare	90,737
Highways and Streets	1,758,849
Public Safety	671,916
Total Governmental Activities	<u>\$ 3,621,634</u>
<u>Business-type Activities</u>	
Electric	\$ 927,366
Gas	159,455
Water	1,294,049
Sewer	1,023,912
Sanitation	14,649
Drainage	48,044
Total Business-type Activities	<u>\$ 3,467,475</u>
<u>Internal Service Funds</u>	
Central Fleet	\$ 69,298
Vehicle Equipment Replacement (VERF)	267,044
Total Internal Service Funds	<u>\$ 336,342</u>

As of September 30, 2024, capital assets of the component unit consist of land (not being depreciated) with a balance of \$3,261,698, land improvements (not being depreciated) with a balance of \$886,527 and other improvements and subscription assets (being depreciated and amortized) with a balance of \$25,705.

F. Contractual Commitments

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

In November 2022, the City entered into gas supply and transport contract with a term of five years, expiring October 31, 2027, with Houston Ship Channel daily midpoint pricing. For the year ending September 30, 2024, \$1,273,981 was paid under this contract.

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 for long-term future growth. This contract will expire in 2045. The amount expensed under these contracts for the year ending September 30, 2024 was \$467,556.

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, 2024 \$72,369 was received under this contract.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

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 expensed under this contract for the year ending September 30, 2024 was \$16,838,110.

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, 2024, the City paid \$2,497,905 under this contract.

The City has the following active construction projects as of September 30, 2024:

	Contract Amount	Spent-to-Date	Remaining Commitment
Streets & Drainage	\$ 1,842,883	\$ 1,297,865	\$ 545,018
Electric	2,862,600	1,347,973	1,514,627
Water	3,175,200	915,158	2,260,042
Wastewater	383,107	330,143	52,964
Parks	584,600	438,708	145,892
Total	\$ 8,848,390	\$ 4,329,847	\$ 4,518,543

As of September 30, 2024, the City had commitments to purchase approximately \$511,500 for the following: sewer department slinger truck, 2 police department responder trucks and playground equipment for Jackson Street Park.

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, 2024 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 547,782
	General Govt. Capital Projects Fund	11,867
		\$ 559,649
Wastewater Fund	Debt Service Fund	\$ 103,307
	Sanitation Fund	129,356
	Water Fund	244,415
		\$ 477,078
Drainage Fund	Electric Fund	\$ 21,509
	Gas Fund	314,277
	Water Fund	596,565
		\$ 932,351

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement as internal balances. Amounts transferred on the fund basis include shared services provided by the General Fund and Electric Fund to other utility funds; transfers to the internal service fund for vehicle and equipment replacements; 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, 2024:

Transfers From:	Transfers To:					Net Transfers From
	<u>Governmental Activities</u>		<u>Business Type Activities</u>			
	<u>General</u>	<u>Other Gov'l</u>	<u>Electric</u>	<u>Water</u>	<u>Drainage</u>	
Governmental Activities						
Major Funds						
General Govt. Capital Projects	\$ -	\$ 59,787	\$ -	\$ -	\$ -	\$ 59,787
Other Gov'tl Funds	1,097,928	-	-	-	215,299	1,313,227
Internal Service	-	-	-	65,900	-	65,900
Business-type Activities						
Major Funds						
Electric	1,640,466	-	-	-	-	1,640,466
Gas	304,903	-	242,126	-	-	547,029
Water	295,810	-	283,953	-	-	579,763
Wastewater	255,571	-	153,699	-	-	409,270
Sanitation	275,000	-	8,983	-	-	283,983
Total Transfers To	<u>\$ 3,869,678</u>	<u>\$ 59,787</u>	<u>\$ 688,761</u>	<u>\$ 65,900</u>	<u>\$ 215,299</u>	<u>\$ 4,899,425</u>

Contributions from the Brenham Community Development (BCDC) component unit to the primary government totaled \$1,903,767 in FY24. \$579,985 in payments were reported as operating grants and contributions while \$1,323,781 was reported as capital grants and contributions.

H. Long-Term Debt

During the fiscal year, the City financed the purchase of a wastewater department dump truck for \$109,641 and a wastewater department slinger truck for \$262,767, both through promissory notes with a local bank.

During the fiscal year, the City issued \$10.080 million of new certificates of obligation recognized in the enterprise funds. The debt was issued for the purpose of water and wastewater utility system improvements.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

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, 2024:

	Balance 9/30/2023	Additions	FY24 Retirements	Balance 9/30/2024	Due Within One Year	Long Term
Governmental Activities						
Long Term Debt						
2006 COB - Gen	\$ 2,105,000	\$ -	\$ (665,000)	\$ 1,440,000	\$ 700,000	\$ 740,000
2012 COB -Gen	975,000	-	(95,000)	880,000	100,000	780,000
2014 COB-Gen	2,605,000	-	(195,000)	2,410,000	200,000	2,210,000
2016 COB-Gen	818,907	-	(48,390)	770,517	52,112	718,405
2017 COB-Gen	2,045,000	-	(115,000)	1,930,000	120,000	1,810,000
2019 COB-Gen	1,230,000	-	(60,000)	1,170,000	65,000	1,105,000
2020 COB-Gen	2,850,000	-	(130,000)	2,720,000	135,000	2,585,000
2022 COB-Gen	3,825,000	-	(165,000)	3,660,000	170,000	3,490,000
2023 COB-Gen	9,105,000	-	(695,000)	8,410,000	855,000	7,555,000
	<u>25,558,907</u>	-	<u>(2,168,390)</u>	<u>23,390,517</u>	<u>2,397,112</u>	<u>20,993,405</u>
Unamort Bond Premium	1,038,256	-	(62,327)	975,929	NA	975,929
	<u>26,597,163</u>	-	<u>(2,230,717)</u>	<u>24,366,446</u>	<u>2,397,112</u>	<u>21,969,334</u>
Brenham National Bank 5 Year Note Payable - VERF	43,850	-	(43,850)	-	-	-
Brenham National Bank 7 Year Note Payable - VERF	85,130	-	(27,720)	57,410	28,368	29,042
Citizens State Bank Excavator Note Payable - VERF	86,747	-	(21,199)	65,548	21,524	44,024
Brenham National Bank SCBA Note Payable - VERF	288,571	-	(55,315)	233,256	56,493	176,763
Brenham National Bank PD HVAC Note Payable	219,941	-	(33,561)	186,380	34,778	151,602
Subtotal-Long Term Debt	<u>27,321,402</u>	-	<u>(2,412,362)</u>	<u>24,909,040</u>	<u>2,538,275</u>	<u>22,370,765</u>
Other Long-Term Liabilities						
Chase Veh/Equip Lease Purchase	145,250	-	(145,250)	-	-	-
Other Long Term Payable	59,395	-	(16,329)	43,066	21,533	21,533
Compensated Absences ⁽¹⁾	529,889	553,910	(457,369)	626,430	276,955	349,475
Subtotal-Other Long-Term Liabilities	<u>734,534</u>	<u>553,910</u>	<u>(618,948)</u>	<u>669,496</u>	<u>298,488</u>	<u>371,008</u>
Total Governmental	<u>\$ 28,055,936</u>	<u>\$ 553,910</u>	<u>\$ (3,031,310)</u>	<u>\$ 25,578,536</u>	<u>\$ 2,836,763</u>	<u>\$ 22,741,773</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, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance <u>9/30/2023</u>	<u>Additions</u>	FY24 <u>Retirements</u>	Balance <u>9/30/2024</u>	Due Within <u>One Year</u>	<u>Long Term</u>
Business Type Activities						
Long Term Debt						
2016 COB- Electric	1,381,093	-	(81,610)	1,299,483	87,888	1,211,595
2016 GOB Ref-Water	2,960,000	-	(540,000)	2,420,000	565,000	1,855,000
2017 COB-Water	500,000	-	(30,000)	470,000	30,000	440,000
2017 COB-Wastewater	410,000	-	(25,000)	385,000	25,000	360,000
2019 COB-Water	1,225,000	-	(60,000)	1,165,000	65,000	1,100,000
2020 COB-Water	625,000	-	(30,000)	595,000	30,000	565,000
2020 COB-Wastewater	1,155,000	-	(55,000)	1,100,000	55,000	1,045,000
2022 COB-Water	2,695,000	-	(120,000)	2,575,000	120,000	2,455,000
2022 COB-Wastewater	2,015,000	-	(90,000)	1,925,000	90,000	1,835,000
2024 COB-Water	-	4,675,000	(270,000)	4,405,000	145,000	4,260,000
2024 COB-Wastewater	-	5,405,000	(310,000)	5,095,000	165,000	4,930,000
	<u>12,966,093</u>	<u>10,080,000</u>	<u>(1,611,610)</u>	<u>21,434,483</u>	<u>1,377,888</u>	<u>20,056,595</u>
Unamort Bond Premium-Electric	172,688	-	(13,413)	159,275	NA	159,275
Unamort Bond Premium-Water	470,084	501,971	(81,965)	890,090	NA	890,090
Unamort Bond Premium-Wastewater	155,621	580,354	(24,203)	711,772	NA	711,772
16 Ref Deferred Chrg-Water	(157,186)	-	32,243	(124,943)	NA	(124,943)
	<u>13,607,300</u>	<u>11,162,325</u>	<u>(1,698,948)</u>	<u>23,070,677</u>	<u>1,377,888</u>	<u>21,692,789</u>
Bank of Brenham Street Sweeper Note-Drainage	96,928	-	(47,934)	48,994	48,994	-
Citizens State Bank Excavator Note Payable-Drainage	86,747	-	(21,199)	65,548	21,524	44,024
Bank of Brenham Camera Trailer Note-Wastewater	167,055	-	(38,771)	128,284	40,713	87,571
Bank of Brenham Chipper Truck Note-Electric	97,068	-	(22,528)	74,540	23,656	50,884
Bank of Brenham Dump Truck-Wastewater	-	109,641	(24,188)	85,453	19,283	66,170
Bank of Brenham Slinger Truck-Wastewater	-	262,767	(55,636)	207,131	46,741	160,390
Subtotal-Long Term Debt	<u>14,055,098</u>	<u>11,534,733</u>	<u>(1,909,204)</u>	<u>23,680,627</u>	<u>1,578,799</u>	<u>22,101,828</u>
Other Long-Term Liabilities						
Chase Veh/Equip Lease Purchase-Fleet	29,790	-	(29,790)	-	-	-
Chase Veh/Equip Lease Purchase-Wastewater	25,459	-	(25,459)	-	-	-
Compensated Absences	222,970	308,451	(302,626)	228,795	153,257	75,538
Subtotal-Other Long-Term Liabilities	<u>278,219</u>	<u>308,451</u>	<u>(357,875)</u>	<u>228,795</u>	<u>153,257</u>	<u>75,538</u>
Total Proprietary	<u>\$ 14,333,317</u>	<u>\$ 11,843,184</u>	<u>\$ (2,267,079)</u>	<u>\$ 23,909,422</u>	<u>\$ 1,732,056</u>	<u>\$ 22,177,366</u>
Component Unit Governmental Activities						
Long Term Debt						
Note Payable-BCDC to City Elec Fund-FY10	\$ 385,859	\$ -	\$ (78,505)	\$ 307,354	\$ 74,904	\$ 232,450
Note Payable-BCDC to City Elec Fund-FY17	200,000	-	(65,000)	135,000	65,000	70,000
Subtotal-Long Term Debt	<u>585,859</u>	<u>-</u>	<u>(143,505)</u>	<u>442,354</u>	<u>139,904</u>	<u>302,450</u>
Other Long-Term Liabilities						
Compensated Absences	2,815	9,363	(7,865)	4,313	3,745	568
Subtotal-Other Long-Term Liabilities	<u>2,815</u>	<u>9,363</u>	<u>(7,865)</u>	<u>4,313</u>	<u>3,745</u>	<u>568</u>
Total Governmental - BCDC	<u>\$ 588,674</u>	<u>\$ 9,363</u>	<u>\$ (151,370)</u>	<u>\$ 446,667</u>	<u>\$ 143,649</u>	<u>\$ 303,018</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

The annual debt service requirement to maturity for all bonded outstanding debt as of September 30, 2024 follows:

FISCAL YEAR ENDING 9/30	PRIMARY GOVERNMENT					
	GENERAL OBLIGATION		CERTIFICATES OF OBLIGATION		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2025	\$ 565,000	\$ 91,800	\$ 3,210,000	\$ 1,550,675	\$ 3,775,000	\$ 1,642,475
2026	590,000	69,200	3,490,000	1,414,455	4,080,000	1,483,655
2027	620,000	45,600	2,035,000	1,264,519	2,655,000	1,310,119
2028	645,000	20,800	2,140,000	1,188,306	2,785,000	1,209,106
2029	-	-	2,210,000	1,107,906	2,210,000	1,107,906
2030-2034	-	-	12,065,000	4,310,276	12,065,000	4,310,276
2035-2039	-	-	11,055,000	2,271,422	11,055,000	2,271,422
2040-2043	-	-	6,200,000	537,974	6,200,000	537,974
	<u>\$ 2,420,000</u>	<u>\$ 227,400</u>	<u>\$42,405,000</u>	<u>\$ 13,645,533</u>	<u>\$ 44,825,000</u>	<u>\$ 13,872,933</u>

The annual debt service requirement to maturity for all notes payable outstanding debt as of September 30, 2024 follows:

FISCAL YEAR ENDING 9/30	NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2025	\$ 342,072
2026	304,541	33,499
2027	286,849	21,484
2028	179,177	9,588
2029	39,905	1,396
	<u>\$ 1,152,544</u>	<u>\$ 112,018</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding at September 30, 2024 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%	\$ 1,440,000
\$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%	880,000
\$4,075,000; 2014 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$90,000 to \$285,000 through August 15, 2034; interest rate 2.0-3.5%	2,410,000
\$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%	2,070,000
\$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%	2,420,000
\$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%	2,785,000
\$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%	2,335,000
\$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%	4,415,000
\$9,375,000; 2022 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$360,000 to \$575,000 through August 15, 2041; interest rate 2.0-3.0%	8,160,000
\$9,530,000; 2023 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$260,000 to \$1,035,000 through August 15, 2043; interest rate 4.0-5.0%	8,410,000
\$10,080,000; 2024 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$310,000 to \$735,000 through August 15, 2043; interest rate 4.0-5.0%	9,500,000
\$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 Yr. VEF)	57,410
\$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)	48,994
\$298,200 note payable dated December 9, 2020 due in annual installments of \$45,015 including interest, through September 1, 2027; collateralized by financed equipment. (Excavator)	131,096
\$402,129 note payable dated July 14, 2021 due in annual installments of \$61,474 including interest, through October 15, 2027; uncollateralized (SCBA)	233,255
\$252,502 note payable dated May 20, 2022 due in annual installments of \$41,296 including interest, through May 20, 2029; uncollateralized (PD HVAC)	186,380
\$80,928 other long term payable dated October 21, 2021, due in 5 annual installments of \$26,738, through November 2025 for police department equipment.	43,066
\$209,682 note payable dated April 12, 2023 due in annual installments of \$47,063 including interest, through September 15, 2027; uncollateralized (Camera Trailer)	128,284
\$121,305 note payable dated February 24, 2023 due in annual installments of \$27,346 including interest, through September 1, 2027; uncollateralized (Chipper Truck)	74,540
\$109,641 note payable dated April 26, 2024 due in annual installments of \$25,172 including interest, through June 15, 2028; uncollateralized (Dump Truck)	85,454
\$262,767 note payable dated May 30, 2024 due in annual installments of \$60,981 including interest, through September 15, 2028; uncollateralized (Slinger Truck)	207,131
Compensated Absences for accrued vacation	855,225
	<u>\$46,875,835</u>
Unamortized Bond Premium	2,737,066
Deferred Charges on Bonds	<u>(124,943)</u>
	<u>\$49,487,958</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2024 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	\$ 307,354
\$500,000 note payable to primary government dated May 5, 2017, interest payable at 3.25%, unsecured, annual payments 2017 through 2026	135,000
	\$ 442,354

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2025	\$ 139,904
2026	141,469	82,771
2027	68,191	83,774
2028	65,064	86,901
2029	27,726	40,143
	\$ 442,354	\$ 375,038

I. Leases

GASB Statement No. 87, *Leases*, requires the recognition of certain lease assets and liabilities for leases and recognizes inflows of resources or outflows of resources based on the payment provisions of the contract.

Lessee -

The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide funds financial statements.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

Leased assets are reported as capital assets on the government-wide Statement of Net Position and lease liabilities are reported as current and long-term liabilities on the Statement of Net Position.

Lessor –

The City recognizes a lease receivable and deferred inflow of resources in the government-wide and fund financial statements.

The City measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts. The City uses an estimated borrowing rate as the discount rate. The lease term includes the non-cancellable period of the lease and options to extend the lease if they are reasonably certain to be exercised. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a re-measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

1. Lease receivable

During the year, the City leased land and building space. The leases have varying terms between two years and thirty years. The City recognized \$216,564 in lease and interest revenue during the current fiscal year related to these leases. As of September 30, 2024, the City's receivable for lease payments was \$674,821. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2024, the balance of the deferred inflow of resources was \$659,374.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

The future amounts to be received under the lease agreements as of September 30, 2024 were as follows:

Governmental Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 45,727	\$ 11,966	\$ 57,693
2026	27,237	10,956	38,193
2027	20,231	10,462	30,693
2028	18,252	9,989	28,241
2029	18,681	9,560	28,241
2030-2034	84,597	41,294	125,891
2035-2039	85,490	30,731	116,221
2040-2044	85,796	19,354	105,150
2045-2049	76,552	8,041	84,593
2050-2054	12,735	870	13,605
	\$ 475,298	\$ 153,223	\$ 628,521

Business-Type Activities			
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2025	\$ 80,132	\$ 880	\$ 81,012
2026	15,109	632	15,741
2027	15,189	552	15,741
2028	17,631	471	18,102
2029	17,724	378	18,102
2030-2034	53,738	570	54,308
	\$ 199,523	\$ 3,483	\$ 203,006
	\$ 674,821	\$ 156,706	\$ 831,527

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

2. Lease payable

The City has entered into lease agreements as lessee for the acquisition and use of office equipment and land space. The leases had varying terms between four years and 10 years. As of September 30, 2024, the value of the lease liability was \$119,471.

The future principal and interest lease payments as of September 30, 2024, were as follows:

Governmental Activities			
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 16,107	\$ 1,227	\$ 17,334
2026	16,587	746	17,333
2027	8,471	328	8,799
2028	5,437	118	5,555
2029	451	1	452
	<u>\$ 47,053</u>	<u>\$ 2,420</u>	<u>\$ 49,473</u>

Business-Type Activities			
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 19,003	\$ 1,772	\$ 20,775
2026	19,618	1,257	20,875
2027	20,250	725	20,975
2028	6,270	273	6,543
2029	1,599	201	1,800
2030-2033	5,678	322	6,000
	<u>\$ 72,418</u>	<u>\$ 4,550</u>	<u>\$ 76,968</u>
	<u>\$ 119,471</u>	<u>\$ 6,970</u>	<u>\$ 126,441</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

J. Subscription-Based Information Technology Arrangements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, requires the recognition of certain subscription assets and liabilities for subscriptions and recognizes inflows of resources or outflows of resources based on the payment provisions of the contract.

1. Subscription Liabilities

The City entered into subscription agreements for the use of various information technology platforms. The various subscription-based information technology arrangements (SBITAs) have terms of which expire in various years through 2028.

The future principal and interest subscription payments as of September 30, 2024, were as follows:

Governmental Activities			
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 60,283	\$ 4,464	\$ 64,747
2026	32,427	2,608	35,035
2027	26,925	1,636	28,561
2028	28,018	834	28,852
	<u>\$ 147,653</u>	<u>\$ 9,542</u>	<u>\$ 157,195</u>

Business-Type Activities			
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 40,166	\$ 4,664	\$ 44,830
2026	36,726	3,404	40,130
2027	35,093	2,252	37,345
2028	36,200	1,143	37,343
	<u>\$ 148,185</u>	<u>\$ 11,463</u>	<u>\$ 159,648</u>
	<u>\$ 295,838</u>	<u>\$ 21,005</u>	<u>\$ 316,843</u>

Component Unit			
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 3,605	\$ 395	\$ 4,000
2026	3,700	300	4,000
2027	3,797	203	4,000
2028	3,897	103	4,000
	<u>\$ 14,999</u>	<u>\$ 1,001</u>	<u>\$ 16,000</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

K. Rebatable Arbitrage

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

At September 30, 2024 the primary government reported a liability for rebatable arbitrage in the following funds. These amounts were reported as interest, fiscal and other charges.

Streets & Drainage Improvements Fund	\$	67,798
General Government Capital Projects Fund		223,549
Water Fund		49,322
Wastewater Fund		114,543
		\$ 455,212

L. Restricted Cash and Investments:

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

	Governmental Activities	Business-type Activities
Capital Projects	\$ 7,895,105	\$ 9,970,761
Customer Deposits	-	1,936,801
Debt Service	1,171,166	-
Hotel/Motel Tax	237,144	-
PD Criminal Law Enforcement	125,651	-
Streets/Drainage Improvements	1,839,524	-
Tax Increment Reinvestment Zone #1	1,408,098	-
Community Projects	60,709	-
Employee Benefits	342,470	-
Worker's Compensation	171,669	-
	\$ 13,251,536	\$ 11,907,562

M. Classification of Net Position

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

N. Classification of Fund Balance:

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

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

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

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

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

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

III. DETAILED NOTES ON ALL FUNDS (Continued)

The following schedule presents details of fund balance components at September 30, 2024:

	General Fund	Debt Service Fund	General Govt. Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 196,456	\$ -	\$ -	\$ -	\$ 196,456
Prepaid Assets	3,000	-	-	-	3,000
Restricted for:					
Debt Service	-	1,072,047	-	-	1,072,047
Grantor and Contributor Purposes	72,370	-	-	60,709	133,079
Public Safety	20,531	-	7,659,689	98,947	7,779,167
Economic Development	-	-	-	1,520,281	1,520,281
Transportation & Aviation Projects	-	-	-	1,755,180	1,755,180
Court Technology and Security	-	-	-	84,864	84,864
Tourism Promotion	-	-	-	235,530	235,530
Committed to:					
Park Capital Improvements	-	-	-	755,639	755,639
Transportation and Aviation Projects	-	-	-	7,347	7,347
Assigned to:					
Culture and Recreation	-	-	-	44,770	44,770
Unassigned:					
	9,108,735	-	-	-	9,108,735
Total Fund Balances:	<u>\$ 9,401,092</u>	<u>\$ 1,072,047</u>	<u>\$ 7,659,689</u>	<u>\$ 4,563,267</u>	<u>\$ 22,696,095</u>

IV. OTHER INFORMATION

A. Risk Management

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

The City 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, 2024 was \$191,125.

B. Contingent Liabilities

The City is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial statements of the City.

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, 2024 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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

date. The amount, if any, of expenditures for grants which may be disallowed by the grantor agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Deferred Compensation Plans

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

D. Retirement

The aggregate amount for all pension plans as of September 30, 2024 are as follows:

	<i>TMRS</i>	<i>TESRS</i>	<i>Total</i>
<i>Net Pension Liability</i>	\$ 14,781,359	\$ 225,093	\$ 15,006,452
<i>Deferred Outflows of Resources</i>	\$ (4,523,279)	\$ (100,192)	\$ (4,623,471)
<i>Deferred Inflows of Resources</i>	\$ 505,260	\$ 434	\$ 505,694
<i>Current Year Pension Expense</i>	\$ 1,938,603	\$ (8,441)	\$ 1,930,162

1. Texas Municipal Retirement System

Plan Description

The City of Brenham participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

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 2023</i>	<i>Plan Year 2024</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:

	<u>2023</u>
<u>Membership</u>	
Inactive employees or beneficiaries currently receiving benefits	170
Inactive employees entitled to but not yet receiving benefits	183
Active employees	<u>213</u>
Total	566

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees of the City of Brenham were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Brenham were 17.11% and 17.73% in 2023 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2024 were \$2,475,375 and were equal to the required contribution.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

Actuarial assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.65% 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 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are 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 the most recent Scale MP- 2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, 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 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.7%
Core Fixed Income	6.00%	4.9%
Non-Core Fixed Income	20.00%	8.7%
Other Public and Private Markets	12.00%	8.1%
Real Estate	12.00%	5.8%
Hedge Funds	5.00%	6.9%
Private Equity	10.00%	11.8%
Total	100.00%	

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

Discount Rate

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

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2022	\$ 68,220,558	\$ 51,030,209	\$ 17,190,349
Changes for the year:			
Service Cost	1,544,915	-	1,544,915
Interest	4,550,927	-	4,550,927
Change of benefit terms	-	-	-
Difference between expected and actual experience	1,021,927	-	1,021,927
Changes of assumptions	(723,044)	-	(723,044)
Contributions - employer	-	2,280,713	(2,280,713)
Contributions - employee	-	666,486	(666,486)
Net investment income	-	5,894,353	(5,894,353)
Benefit payments, including refunds of employee contributions	(3,143,746)	(3,143,746)	-
Administrative expense	-	(37,574)	37,574
Other changes	-	(263)	263
Net changes	3,250,979	5,659,969	(2,408,990)
Balance at 12/31/2023	\$ 71,471,537	\$ 56,690,178	\$ 14,781,359

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	\$24,317,399	\$14,781,359	\$6,913,549

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024, the City of Brenham recognized pension expense of \$1,938,603 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	\$ 1,244,437	\$ -
Differences in assumption changes	-	505,260
Differences between projected and actual investment earnings	1,366,783	-
Contributions subsequent to the measurement date	1,912,059	-
Total	\$ 4,523,279	\$ 505,260

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$1,912,059 will be recognized as a reduction of the net pension liability for the year ending September 30, 2025.

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

Measurement Year	Pension Expense
2024	\$ 840,803
2025	667,910
2026	1,087,209
2027	(489,962)
Total	\$ 2,105,960

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2023, there were 241 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, 2023, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,929
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,689
Active Participants (Vested and Non-vested)	3,343

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

Funding Policy

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

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

The Board rule defining contributions was amended in 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the August 31, 2022 actuarial valuation, the Part Two contributions are not required for an adequate contribution arrangement.

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

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

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2023, total contributions (dues, prior service, and interest on prior service financing) of \$24,780 were paid by the City. The State appropriated \$1,262,763 for the fiscal year ending August 31, 2023 to the plan as a whole.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

Net Pension Liability

The System's net pension liability was measured as of August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022.

Total pension liability	\$ 170,671,239
Plan fiduciary net position	127,384,132
System's net pension liability	\$ 43,287,107
Plan fiduciary net position as a percentage of the total pension liability	74.60%

Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2022
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value

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

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (currently 4.61%) and by adding expected inflation (3.0%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large Cap Domestic	20.00%	5.83%
Small/Mid Cap Domestic	10.00%	5.94%
Developed International	15.00%	6.17%
Emerging Markets	5.00%	7.36%
Global infrastructure	5.00%	6.61%
Real Estate	10.00%	4.48%
Multi asset income	5.00%	3.86%
Fixed Income	30.00%	1.95%
Cash	0.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the level dollar amortization method. Because of the 30-year amortization period with the amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.5%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the net pension liability	\$348,539	\$225,093	\$ 124,965

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

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

At August 31, 2024, the City reported a liability of \$225,093 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	\$ 225,093
State's proportionate share that is associated with the City*	59,659
Total	\$ 284,752

**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, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022. 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. TERSRS 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, 2023. The City used the assumption that any differences in the net pension liability measured as of August 31, 2023 versus September 30, 2023 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, 2022 through August 31, 2023.

At August 31, 2023 the employer's proportion of the collective net pension liability was 0.520%.

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, 2024 the City recognized pension expense/(benefit) of (\$8,441). The City recognized on-behalf revenues of \$8,966 calculated by taking the State's total contributions to TERSRS multiplied by the City's proportionate share.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

At August 31, 2023, 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	\$ 67,345	\$ -
Differences due to changes in actuarial assumptions	-	434
Differences in expected and actual experience	3,287	-
Contributions paid to TESRS subsequent to the measurement data	29,560	-
Total	\$ 100,192	\$ 434

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$29,560 will be recognized as a reduction of the net liability for the year ending September 30, 2025.

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
2024	\$ 17,657
2025	18,335
2026	31,905
2027	2,301
Total	<u>\$ 70,198</u>

E. Other Post-Employment Benefits

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

Employees covered by benefit terms. At October 1, 2022, 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	9
Inactive employees entitled to but not yet receiving benefit payments	0
Active plan members	159
	168

Total OPEB Liability. The City's total OPEB liability of \$1,856,009 was measured as of September 30, 2024 and was determined by an actuarial valuation as of October 1, 2022.

Actuarial Assumptions. The total OPEB in the October 1, 2022 actuarial valuation was determined using the following actuarial assumptions as of the September 30, 2024 measurement date:

Discount rate	3.81%
Actuarial cost method	Entry Age Normal
Inflation	2.30%
Salary increases including inflation	2.75%
Healthcare cost trend rate	Initial rate of -6.10% increasing to 7.00% after the first year then decreasing to 4.10% after 10 years then increasing to 4.20% in year 28 then declining to an ultimate rate of 3.70% after 51 years

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

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2023	\$ 1,911,380
Changes for the year:	
Service Cost	53,898
Interest on total OPEB liability	80,283
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions, changes or inputs	(184,752)
Benefit payments	(4,800)
Net changes	(55,371)
Balance at 9/30/2024	\$ 1,856,009

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.81%, 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 (2.81%) or 1 percentage point higher (4.81%) than the current rate.

	1% Decrease in Discount Rate (2.81%)	Discount Rate (3.81%)	1% Increase in Discount Rate (4.81%)
Total OPEB Liability	\$2,052,091	\$1,856,009	\$1,684,146

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	\$1,623,833	\$1,856,009	\$2,136,390

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$72,013. At September 30, 2024, 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	\$ -	\$ 131,307
Changes of assumptions	76,176	554,758
Total	\$ 76,176	\$ 686,065

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

Year ended September 30:		
2025	\$	(49,606)
2026		(62,568)
2027		(86,607)
2028		(176,747)
2029		(165,717)
Thereafter		(68,644)
Total	\$	<u>(609,889)</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

F. Restatements

The net position and change in net position of the City’s governmental activities as previously reported, as of and for the year ended September 30, 2023, has been restated to give effect to the following:

Other Capital and Right to Use Assets, Net

The beginning balance of capital assets reported in the government-wide statements has been restated to correct the value of several capital assets for which depreciation was not recorded. Tables depicting this change to the government-wide financial statements as of and for the year ending September 30, 2023 follow:

	Governmental Activities
Net position as previously reported	\$ 60,454,336
Increase/(Decrease) due to correction of capital assets	(404,861)
Net Position as restated	\$ 60,049,475

	Governmental Activities
Change in Net Position as previously reported	\$ 9,761,754
Increase/(Decrease) due to error correction	(54,261)
Change in Net Position as restated	\$ 9,707,493

G. Tax Increment Reinvestment Zones

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

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

As of September 30, 2024, 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. In FY24, Zone One funds of \$7,262 were used to complete the development of a small area plan for approximately 600 acres of land. In FY24, the City also made its first

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

economic incentive payment to a developer from Zone One funds for \$4,977. The City contributes 50% of its incremental tax revenues to Zone One.

In FY24, the appraisal district notified the City that previously reported TIRZ values provided to the City were incorrect and that incremental tax revenue deposits made to the Tax Increment Financing Fund in years 2020 through 2024 had been overstated. Subsequent to year end, City Council approved a resolution to correct the overfunding of the TIRZ Fund. However, the appraisal district found properties which had been omitted from the TIRZ Zone One calculations for these same years. The two errors are offsetting, but as of the date of this report, the amount of the total correction has not been determined and therefore is not reflected in the financial statements.

The following schedule is a history of relevant data with regard to this TIRZ (prior to the corrections as noted above):

Fiscal Year	Net Taxable Value	Base Value*	Captured Value	TIRZ Incremental Tax Revenue
2020	\$276,611,822	\$ 259,152,894	\$ 17,458,928	\$ 44,869
2021	381,072,654	336,011,374	45,061,280	115,808
2022	423,168,735	336,011,374	87,157,361	223,994
2023	560,329,886	336,011,374	224,318,512	531,298
2024	618,879,177	336,011,374	282,867,803	648,333

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

H. Tax Abatements

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

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

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

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

For fiscal year 2024, the City abated property taxes of \$76,946, or 0.74%, of the \$10,466,905 total levy.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

I. Economic Development Agreements

In FY19 the City entered into a Chapter 380 Economic Development Agreement with a developer of a retail shopping center, and at the same time the County entered into a Chapter 381 Economic Development Agreement with the developer. The City's agreement was amended in November 2020 and again in November 2024. In accordance with the terms of the agreement, the City reimbursed the developer for certain infrastructure costs. The City also makes annual payments to the developer for a percentage of the 1 cent sales tax collected from within the development property. The percentage for years 1 through 5 is 90% and may be reduced to 80% and then 70% over the term of the agreement. Payment will continue annually through December 31, 2033, or until the cumulative payments from both the City and the County total \$7,000,000, whichever occurs first. As of September 30, 2024, the City has recognized a total sales tax reimbursement of \$421,625 under this agreement.

In FY22, the City and Brenham Community Development Corporation entered into a Chapter 380 Economic Development Agreement with a developer to provide a one-time cash incentive totaling \$200,000 (\$150,000 by BCDC and \$50,000 by City) upon completion of the project and the receipt of the Certificate of Occupancy by the developer. The total payment of \$200,000 related to this agreement was made in December 2023.

In FY23, the City entered into a Chapter 380 Agreement with a developer of a mixed used development. Under the terms of the agreement, the City agrees to utilize TIRZ funds to reimburse actual costs related to qualified public infrastructure constructed by the developer. The reimbursement payments will be paid annually as revenues are received into the TIRZ funds and at no time will reimbursement payments exceed the funds generated by the developer's project. Reimbursement payments will commence in 2024, and in years 1 through 10, 100% of the increment generated by the project will be used to reimburse qualified infrastructure costs. The reimbursement percentage decreases to 75% in years 11 through 20. As of September 30, 2024, one payment of \$4,977 was made by the City related to this agreement.

In FY24, The City and BCDC entered into a Chapter 380 Agreement Economic Development Agreement with a retail developer to reimburse 80% of sales tax generated by the project over a period of 10 years at a maximum amount of \$500,000 each for the City and BCDC. Reimbursement payments commenced in FY24 with the City and BCDC recognizing \$42,667 of sales tax reimbursements each.

J. Related Party Transactions

In 2024, the City paid for services totaling \$68,742 that were provided by a related party of the City Council.

K. Subsequent Events

On October 3, 2024, the City Council approved the purchase of two ladder trucks for the Fire department for a total cost of \$3,954,128. At the same meeting, Council approved a reimbursement resolution to declare the City's intent to reimburse itself for the purchase of the trucks through a future bond issuance.

On October 3, 2024, the City Council awarded a bid in the amount of \$5,422,110 for drainage infrastructure improvements related to an awarded grant. At the same meeting, Council approved a reimbursement resolution to declare the City's intent to reimburse itself for the City share of the project costs through a future bond issuance. Also at this meeting, Council approved a resolution for an interfund loan up to \$1,520,000 from the Electric Fund to the Drainage Fund to be utilized for cash flow purposes until bond proceeds are available.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2024

IV. OTHER INFORMATION (Continued)

On October 17, 2024, the City Council awarded a bid in the amount of \$3,755,500 for rehabilitation work at the Wastewater Treatment Plant.

On October 17, 2024, the City Council awarded a bid in the amount of \$1,864,560 for phase 1 of a groundwater supply project for the Water Treatment department.

On November 21, 2024, the City Council awarded a bid in the amount of \$2,379,611 for water distribution and sanitary sewer system improvements.

On December 5, 2024, the City entered into a master services and purchasing agreement for body worn and in-car fleet cameras for the Police department. The agreement is for 5 years with a total cost of \$738,611.

On December 19, 2024, the City Council approved the purchase of six (6) police vehicles through the Interlocal Purchasing System (TIPS) for a total of \$329,937.

On January 23, 2025, the City Council accepted a grant in the amount of \$750,000 from Texas Parks and Wildlife for Phase I of the Brenham Family Park.

On February 6, 2025, the City Council approved the acceptance of public infrastructure improvements in the Market Square Brenham subdivision at a value of \$1,354,006.

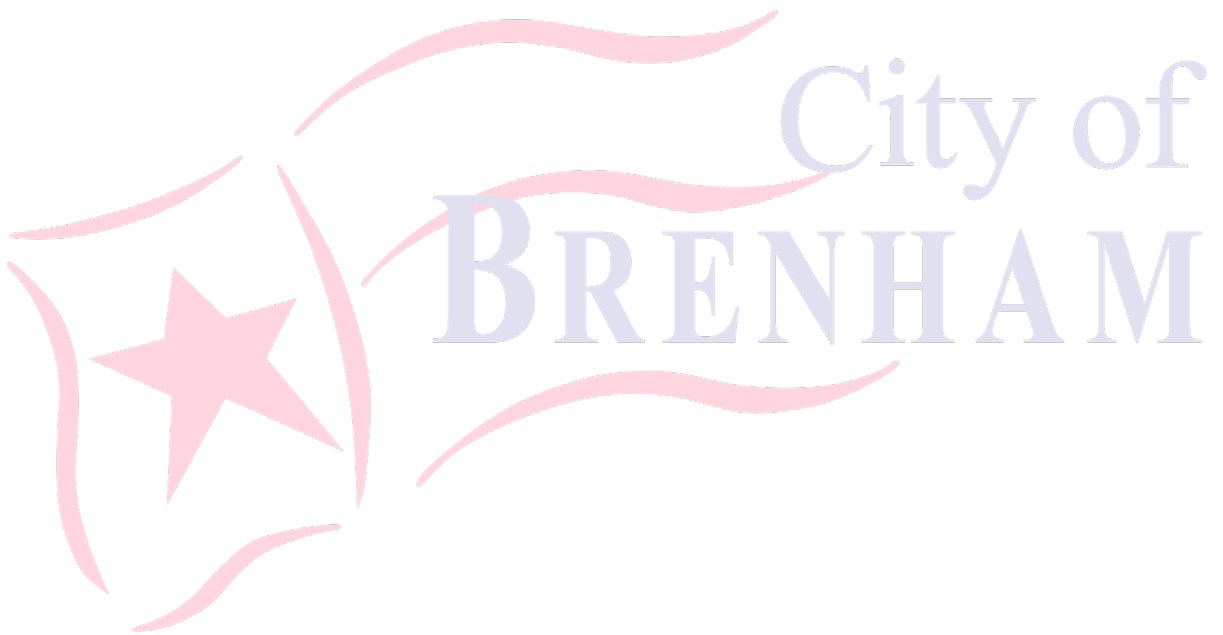
On February 6, 2025, the City Council awarded a bid in the amount of \$6,197,085 for the construction of Brenham Fire Station #2.

On March 6, 2025, the City Council authorized the issuance and sale of \$28,165,000 Combination Tax and Revenue Certificates of Obligation, Series 2025. The proceeds from the certificates are to be used for water and wastewater system improvements and general government vehicle and equipment capital purchases.

L. New Pronouncements

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

- Statement No. 101, "Compensated Absences." The requirements for this statement are effective for FY25.
- Statement No. 102, "Certain Risk Disclosures." The requirements for this statement are effective for FY25.
- Statement No. 103, "Financial Reporting Model Improvements." The requirements for this statement are effective for FY26.
- Statement No. 104, "Disclosure of Certain Capital Assets." The requirements for this statement are effective for FY26.



REQUIRED SUPPLEMENTARY
INFORMATION

City of Brenham, Texas
Required Supplementary Information
September 30, 2024

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

	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service Cost	\$ 81,913	\$ 72,565	\$ 80,218	\$ 138,863	\$ 116,390	\$ 53,301	\$ 53,898
Interest on total OPEB liability	53,194	60,179	46,875	44,136	69,696	107,675	80,283
Effect of economic/demographic gains or losses	-	(47,313)	-	1,105,573	-	(855,510)	-
Effect of assumptions, changes or inputs	(95,711)	271,845	82,095	(165,473)	(518,026)	(14,048)	(184,752)
Benefit payments	(67,223)	(35,993)	(48,780)	(16,929)	(10,600)	(10,300)	(4,800)
Net Change in Total OPEB Liability	(27,827)	321,283	160,408	1,106,170	(342,540)	(718,882)	(55,371)
Total OPEB Liability - Beginning	1,412,768	1,384,941	1,706,224	1,866,632	2,972,802	2,630,262	1,911,380
Total OPEB Liability - Ending	<u>\$ 1,384,941</u>	<u>\$ 1,706,224</u>	<u>\$ 1,866,632</u>	<u>\$ 2,972,802</u>	<u>\$ 2,630,262</u>	<u>\$ 1,911,380</u>	<u>\$ 1,856,009</u>
Covered employee payroll	10,974,567	11,151,153	11,489,506	12,324,263	13,196,310	13,036,729	14,077,122
Total OPEB liability as a percentage of covered-employee payroll	12.62%	15.30%	16.25%	24.12%	19.93%	14.66%	13.18%

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, 2024

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

Measurement Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service Cost	\$ 1,137,682	\$ 1,217,054	\$ 1,221,386	\$ 1,304,264	\$ 1,288,102	\$ 1,306,775	\$ 1,328,395	\$ 1,435,398	\$ 1,456,731	\$ 1,544,915
Interest (on the Total Pension Liability)	3,168,390	3,311,366	3,339,042	3,472,820	3,647,237	3,764,714	3,957,807	4,064,047	4,310,203	4,550,927
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(488,131)	(335,369)	(353,462)	189,213	(827,317)	81,072	(1,115,213)	879,145	756,234	1,021,927
Change of assumptions	-	65,360	-	-	-	243,804	-	-	-	(723,044)
Benefit payments, including refunds of employee contributions	(1,552,848)	(2,077,364)	(2,119,688)	(2,413,309)	(2,335,218)	(2,418,698)	(2,674,368)	(2,626,787)	(2,858,205)	(3,143,746)
Net Change in Total Pension Liability	2,265,093	2,181,047	2,087,278	2,552,988	1,772,804	2,977,667	1,496,621	3,751,803	3,664,963	3,250,979
Total Pension Liability - Beginning	45,470,294	47,735,387	49,916,434	52,003,712	54,556,700	56,329,504	59,307,171	60,803,792	64,555,595	68,220,558
Total Pension Liability - Ending (a)	<u>\$47,735,387</u>	<u>\$49,916,434</u>	<u>\$52,003,712</u>	<u>\$54,556,700</u>	<u>\$56,329,504</u>	<u>\$59,307,171</u>	<u>\$60,803,792</u>	<u>\$64,555,595</u>	<u>\$68,220,558</u>	<u>\$71,471,537</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129	\$ 1,110,351	\$ 1,134,499	\$ 1,162,343	\$ 1,294,475	\$ 2,111,487	\$ 2,280,713
Contributions - Employee	519,774	529,614	520,181	551,014	548,595	566,685	584,681	623,544	634,465	666,486
Net Investment Income	2,076,198	56,134	2,512,798	5,362,117	(1,294,101)	6,368,980	3,552,297	6,439,405	(4,018,891)	5,894,353
Benefit payments, including refunds of employee contributions	(1,552,848)	(2,077,364)	(2,119,688)	(2,413,309)	(2,335,218)	(2,418,698)	(2,674,368)	(2,626,787)	(2,858,205)	(3,143,746)
Administrative Expense	(21,680)	(34,193)	(28,385)	(27,801)	(25,030)	(36,024)	(23,013)	(29,830)	(34,839)	(37,574)
Other	(1,782)	(1,688)	(1,529)	(1,409)	(1,308)	(1,082)	(897)	204	41,572	(263)
Net Change in Plan Fiduciary Net Position	1,745,220	(854,842)	1,516,404	4,528,741	(1,996,710)	5,614,360	2,601,043	5,701,011	(4,124,411)	5,659,969
Plan Fiduciary Net Position - Beginning	36,299,393	38,044,613	37,189,771	38,706,175	43,234,916	41,238,206	46,852,566	49,453,609	55,154,620	51,030,209
Plan Fiduciary Net Position - Ending (b)	<u>\$38,044,613</u>	<u>\$37,189,771</u>	<u>\$38,706,175</u>	<u>\$43,234,916</u>	<u>\$41,238,206</u>	<u>\$46,852,566</u>	<u>\$49,453,609</u>	<u>\$55,154,620</u>	<u>\$51,030,209</u>	<u>\$56,690,178</u>
Net Pension Liability - Ending (a) - (b)	\$ 9,690,774	\$ 12,726,663	\$ 13,297,537	\$ 11,321,784	\$ 15,091,298	\$ 12,454,605	\$ 11,350,183	\$ 9,400,975	\$ 17,190,349	\$ 14,781,359
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.70%	74.50%	74.43%	79.25%	73.21%	79.00%	81.33%	85.44%	74.80%	79.32%
Covered Payroll	\$ 10,395,487	\$ 10,592,288	\$ 10,403,627	\$ 11,006,445	\$ 10,971,905	\$ 11,333,694	\$ 11,693,615	\$ 12,470,873	\$ 12,689,292	\$ 13,329,727
Net Position Liability as a Percentage of Covered Payroll	93.22%	120.15%	127.82%	102.87%	137.54%	109.89%	97.06%	75.38%	135.47%	110.89%

Notes to Schedule:
N/A

**City of Brenham, Texas
Required Supplementary Information
September 30, 2024**

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

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 662,693	\$ 632,376	\$ 946,741	\$ 1,094,254	\$ 1,119,649	\$ 1,144,189	\$ 1,264,476	\$ 1,976,365	\$ 2,216,482	\$ 2,475,375
Contributions in relation to the actuarially determined contribution	\$ 662,693	\$ 632,376	\$ 946,741	\$ 1,094,254	\$ 1,119,649	\$ 1,144,189	\$ 1,264,476	\$ 1,976,365	\$ 2,216,482	\$ 2,475,375
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,278,949	\$ 10,290,949	\$ 10,879,880	\$ 10,974,567	\$ 11,151,153	\$ 11,489,506	\$ 12,324,263	\$ 13,196,210	\$ 13,036,729	\$ 14,077,122
Contributions as a percentage of covered payroll	6.45%	6.14%	8.70%	9.97%	10.04%	9.96%	10.26%	14.98%	17.00%	17.58%

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	21 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60 to 11.85%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes

There were no benefit changes during the year.

City of Brenham, Texas
Required Supplementary Information
September 30, 2024

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

Measurement Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's proportion of the net pension liability	1.1990%	1.1290%	1.2100%	1.0970%	1.2460%	1.1860%	1.2340%	0.9740%	0.8030%	0.5200%
City's proportionate share of the net pension liability	\$ 217,878	\$ 301,359	\$ 352,450	\$ 263,298	\$ 269,765	\$ 336,178	\$ 311,102	\$ 104,356	\$ 329,472	\$ 225,093
State's proportionate share of the net pension liability	73,625	104,460	121,846	86,225	74,871	99,721	88,686	28,883	85,524	59,659
Total	\$ 291,503	\$ 405,819	\$ 474,296	\$ 349,523	\$ 344,636	\$ 435,899	\$ 399,788	\$ 133,239	\$ 414,996	\$ 284,752
Number of Active Members*	32	32	32	35	31	33	26	23	16	16
City's Net Pension Liability per Active Member	\$ 6,809	\$ 9,417	\$ 11,014	\$ 7,523	\$ 8,702	\$ 10,187	\$ 11,965	\$ 4,537	\$ 20,592	\$ 14,068
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.90%	76.30%	81.40%	84.26%	80.20%	83.20%	93.10%	75.20%	74.60%

*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.

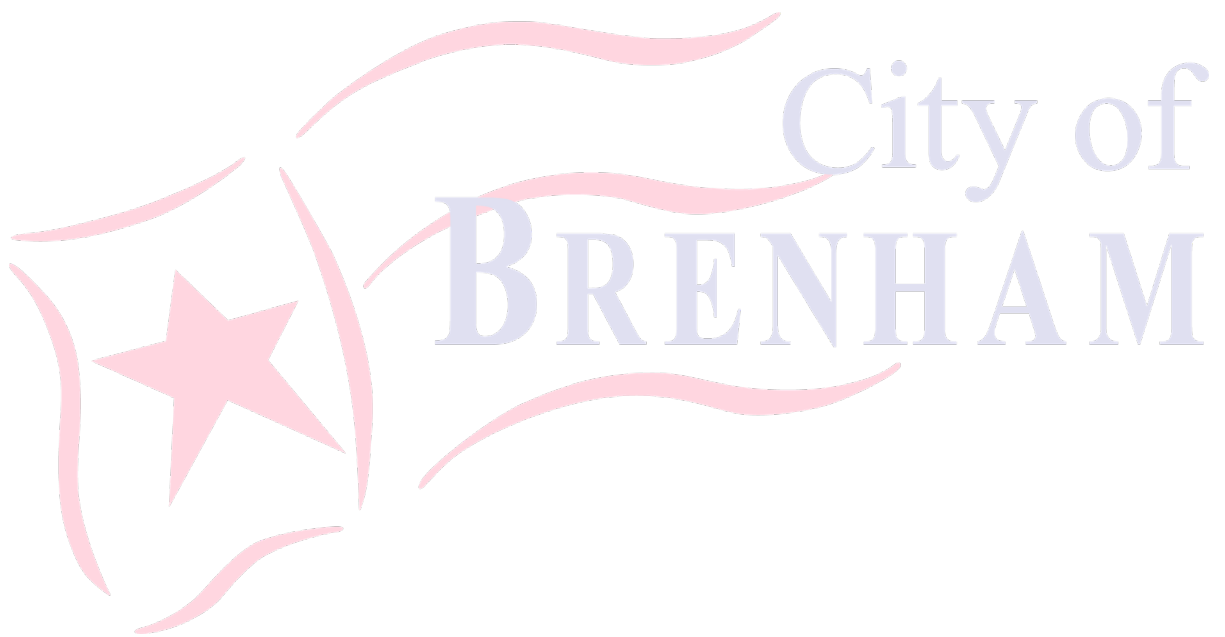
**City of Brenham, Texas
Required Supplementary Information
September 30, 2024**

**SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
Last 10 Years**

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$53,340	\$55,440	\$53,060	\$59,690	\$53,150	\$57,619	\$46,760	\$39,060	\$24,780	\$29,560
Contributions in relation to the contractually required contribution	53,340	55,440	53,060	59,690	53,150	57,619	46,760	39,060	24,780	29,560
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Members *	32	32	32	35	31	33	26	23	16	16
Contributions per Active Member	\$ 1,667	\$ 1,733	\$ 1,658	\$ 1,705	\$ 1,715	\$ 1,746	\$ 1,798	\$ 1,698	\$ 1,549	\$ 1,848

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.

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.

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.

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.

Employee Benefits Fund

This fund is used to account for the medical and other benefits provided to City employees, their spouses and dependents, and retirees. Contributions to the fund are made as charges to the departments and contributions from employees and retirees.

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.

General Government Capital Projects Fund

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

**City of Brenham
Combining Balance Sheet
Other Governmental Funds
September 30, 2024**

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Assets			
Cash and Equivalents	\$ 85,677	\$ 209,525	\$ 295,202
Receivables (Net)			
Occupancy Tax	83,923	-	83,923
Interfund Receivables	-	671,832	671,832
Due from Component Unit	-	23,230	23,230
Other Current Assets	-	7,189	7,189
Restricted Cash	423,504	3,247,622	3,671,126
Total Assets	\$ 593,104	\$ 4,159,398	\$ 4,752,502
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current Liabilities	\$ 871	\$ 8,383	\$ 9,254
Interfund Payables	112,183	-	112,183
Rebatable Arbitrage, Long Term	-	67,798	67,798
Total Liabilities	113,054	76,181	189,235
Fund Balances:			
Restricted	480,050	3,275,461	3,755,511
Committed	-	762,986	762,986
Assigned	-	44,770	44,770
Total Fund Balances	480,050	4,083,217	4,563,267
Total Liabilities and Fund Balances	\$ 593,104	\$ 4,159,398	\$ 4,752,502

City of Brenham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended September 30, 2024

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 931,759	\$ 648,333	\$ 1,580,092
Intergovernmental	-	733,289	733,289
Charges for Services	44,595	-	44,595
Investment Income	20,242	134,447	154,689
Payment from Component Unit	-	1,188,101	1,188,101
Contributions and Donations	71,700	7,189	78,889
Program Revenue/Restitution	56,356	-	56,356
Miscellaneous	-	17,000	17,000
Total revenues	<u>1,124,652</u>	<u>2,728,359</u>	<u>3,853,011</u>
Expenditures			
Current:			
Culture and Recreation	25,612	185,408	211,020
General Government	20,664	12,239	32,903
Highways and Streets	-	15,900	15,900
Public Safety	43,277	-	43,277
Capital Outlay	475,410	2,900,659	3,376,069
Debt Service:			
Interest, Fiscal & Other Charges	-	43,484	43,484
Total expenditures	<u>564,963</u>	<u>3,157,690</u>	<u>3,722,653</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>559,689</u>	<u>(429,331)</u>	<u>130,358</u>
Other Financing Sources (Uses)			
Transfers In	-	64,787	64,787
Transfers Out	(1,102,928)	(215,299)	(1,318,227)
Total other financing sources and (uses)	<u>(1,102,928)</u>	<u>(150,512)</u>	<u>(1,253,440)</u>
Net change in Fund Balances	(543,239)	(579,843)	(1,123,082)
Fund balances - beginning	<u>1,023,289</u>	<u>4,663,060</u>	<u>5,686,349</u>
Fund balances - ending	<u>\$ 480,050</u>	<u>\$ 4,083,217</u>	<u>\$ 4,563,267</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
September 30, 2024

	<u>Hotel/Motel Tax Fund</u>	<u>PD Crim. Law Enforcement Fund</u>	<u>Courts Tech./Security Fund</u>	<u>Brenham Community Projects Fund, Inc.</u>	<u>Total Special Revenue Funds</u>
Assets					
Cash and Equivalents	\$ -	\$ -	\$ 85,677	\$ -	\$ 85,677
Receivables (Net)					
Occupancy Tax	83,923	-	-	-	83,923
Restricted Cash	237,144	125,651	-	60,709	423,504
Total Assets	<u>\$ 321,067</u>	<u>\$ 125,651</u>	<u>\$ 85,677</u>	<u>\$ 60,709</u>	<u>\$ 593,104</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current Liabilities	\$ 58	\$ -	\$ 813	\$ -	\$ 871
Interfund Payables	85,479	26,704	-	-	112,183
Total Liabilities	<u>85,537</u>	<u>26,704</u>	<u>813</u>	<u>-</u>	<u>113,054</u>
Fund Balances:					
Restricted	235,530	98,947	84,864	60,709	480,050
Total Fund Balances	<u>235,530</u>	<u>98,947</u>	<u>84,864</u>	<u>60,709</u>	<u>480,050</u>
Total Liabilities and Fund Balances	<u>\$ 321,067</u>	<u>\$ 125,651</u>	<u>\$ 85,677</u>	<u>\$ 60,709</u>	<u>\$ 593,104</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, 2024

	Hotel/Motel Tax Fund	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Brenham Community Projects Fund, Inc.	Total Special Revenue Funds
Revenues					
Taxes	\$ 931,759	\$ -	\$ -	\$ -	\$ 931,759
Charges for Services	-	-	44,595	-	44,595
Investment Income	14,844	4,927	460	11	20,242
Contributions and Donations	-	-	-	71,700	71,700
Program Revenue/Restitution	-	56,356	-	-	56,356
Total revenues	<u>946,603</u>	<u>61,283</u>	<u>45,055</u>	<u>71,711</u>	<u>1,124,652</u>
Expenditures					
Current:					
Culture and Recreation	25,612	-	-	-	25,612
General Government	-	-	20,664	-	20,664
Public Safety	-	43,277	-	-	43,277
Capital Outlay	475,410	-	-	-	475,410
Total expenditures	<u>501,022</u>	<u>43,277</u>	<u>20,664</u>	<u>-</u>	<u>564,963</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>445,581</u>	<u>18,006</u>	<u>24,391</u>	<u>71,711</u>	<u>559,689</u>
Other Financing Sources (Uses)					
Transfers Out	(1,075,000)	-	(15,928)	(12,000)	(1,102,928)
Total other financing sources and (uses)	<u>(1,075,000)</u>	<u>-</u>	<u>(15,928)</u>	<u>(12,000)</u>	<u>(1,102,928)</u>
Net change in Fund Balances	(629,419)	18,006	8,463	59,711	(543,239)
Fund balances - beginning	<u>864,949</u>	<u>80,941</u>	<u>76,401</u>	<u>998</u>	<u>1,023,289</u>
Fund balances - ending	<u>\$ 235,530</u>	<u>\$ 98,947</u>	<u>\$ 84,864</u>	<u>\$ 60,709</u>	<u>\$ 480,050</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Nonmajor Capital Projects Funds
September 30, 2024

	Airport Capital Impr. Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	TIRZ Reinvestment Zone #1 Fund	Total Nonmajor Capital Projects Funds
Assets					
Cash and Cash Equivalents	\$ 158	\$ 209,367	\$ -	\$ -	\$ 209,525
Interfund Receivable	-	568,812	-	112,183	680,995
Due from Component Unit	-	23,230	-	-	23,230
Other Current Assets	7,189	-	-	-	7,189
Restricted Cash	-	-	1,839,524	1,408,098	3,247,622
Total Assets	\$ 7,347	\$ 801,409	\$ 1,839,524	\$ 1,520,281	\$ 4,168,561
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current Liabilities	\$ -	\$ 1,000	\$ 7,383	\$ -	\$ 8,383
Interfund Payables	-	-	9,163	-	9,163
Rebatable Arbitrage, Long Term	-	-	67,798	-	67,798
Total Liabilities	-	1,000	84,344	-	85,344
Fund Balances:					
Restricted	-	-	1,755,180	1,520,281	3,275,461
Committed	7,347	755,639	-	-	762,986
Assigned	-	44,770	-	-	44,770
Total Fund Balances	7,347	800,409	1,755,180	1,520,281	4,083,217
Total Liabilities and Fund Balances	\$ 7,347	\$ 801,409	\$ 1,839,524	\$ 1,520,281	\$ 4,168,561

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, 2024

	Airport Capital Impr. Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	TIRZ Reinvestment Zone #1 Fund	Total Nonmajor Capital Projects Funds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 648,333	\$ 648,333
Intergovernmental	733,289	-	-	-	733,289
Investment Income	1	-	129,034	5,412	134,447
Payment from Component Unit	-	1,188,101	-	-	1,188,101
Contributions and Donations	-	7,189	-	-	7,189
Miscellaneous	-	17,000	-	-	17,000
Total revenues	733,290	1,212,290	129,034	653,745	2,728,359
Expenditures					
Current:					
Culture and Recreation	-	185,408	-	-	185,408
General Government	-	-	-	12,239	12,239
Highways and Streets	15,150	-	750	-	15,900
Capital Outlay	796,741	1,712,940	390,978	-	2,900,659
Debt Service:					
Interest, Fiscal & Other Charges	-	-	43,484	-	43,484
Total expenditures	811,891	1,898,348	435,212	12,239	3,157,690
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,601)	(686,058)	(306,178)	641,506	(429,331)
Other Financing Sources (Uses)					
Transfers In	-	5,000	59,787	-	64,787
Transfers Out	-	-	(215,299)	-	(215,299)
Total other financing sources and (uses)	-	5,000	(155,512)	-	(150,512)
Net change in Fund Balances	(78,601)	(681,058)	(461,690)	641,506	(579,843)
Fund balances - beginning	85,948	1,481,467	2,216,870	878,775	4,663,060
Fund balances - ending	\$ 7,347	\$ 800,409	\$ 1,755,180	\$ 1,520,281	\$ 4,083,217

City of Brenham
Internal Service Funds
Combining Statement of Net Position
September 30, 2024

	Workers' Compensation Fund	Central Fleet Fund	Vehicle & Equip. Replacement Fund	Employee Benefits Fund	Total
Assets					
Current assets:					
Cash and Cash Equivalents	\$ -	\$ 181,198	\$ 375,418	\$ -	\$ 556,616
Receivables - Accounts, Net	-	-	-	14,212	14,212
Due from Other Funds	19,406	-	-	-	19,406
Inventory at Cost	-	1,319	-	-	1,319
Other Current Assets	50	-	-	-	50
Restricted Cash	171,669	-	-	342,470	514,139
Total current assets	<u>191,125</u>	<u>182,517</u>	<u>375,418</u>	<u>356,682</u>	<u>1,105,742</u>
Noncurrent assets:					
Capital Assets, Net	-	195,122	870,890	-	1,066,012
Total noncurrent assets	<u>-</u>	<u>195,122</u>	<u>870,890</u>	<u>-</u>	<u>1,066,012</u>
Total Assets	<u>\$ 191,125</u>	<u>\$ 377,639</u>	<u>\$ 1,246,308</u>	<u>\$ 356,682</u>	<u>\$ 2,171,754</u>
Liabilities and Fund Balances					
Current liabilities:					
Accounts Payable & Other Current Liabilities	\$ -	\$ 127	\$ -	\$ 1,414	\$ 1,541
Due to Other Funds	-	-	-	19,406	19,406
Accrued Interest	-	-	5,639	-	5,639
Note Payable, Current	-	-	106,384	-	106,384
Total current liabilities	<u>-</u>	<u>127</u>	<u>112,023</u>	<u>20,820</u>	<u>132,970</u>
Noncurrent liabilities:					
Long Term Debt, Net	-	-	249,828	-	249,828
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>249,828</u>	<u>-</u>	<u>249,828</u>
Total Liabilities	<u>-</u>	<u>127</u>	<u>361,851</u>	<u>20,820</u>	<u>382,798</u>
Net Position					
Net Investment in Capital Assets	-	195,122	514,677	-	709,799
Unrestricted	191,125	182,390	369,780	335,862	1,079,157
Total Net Position	<u>\$ 191,125</u>	<u>\$ 377,512</u>	<u>\$ 884,457</u>	<u>\$ 335,862</u>	<u>\$ 1,788,956</u>

City of Brenham, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year ended September 30, 2024

	Workers' Compensation Fund	Central Fleet Fund	Vehicle & Equip. Replacement Fund	Employee Benefits Fund	Total
Operating revenues:					
Charges for Services	\$ 148,389	\$ 87,655	\$ 158,562	\$ 2,862,242	\$ 3,256,848
Total operating revenues	<u>148,389</u>	<u>87,655</u>	<u>158,562</u>	<u>2,862,242</u>	<u>3,256,848</u>
Operating expenses:					
Supplies	-	11	-	-	11
Maintenance	-	20,618	-	-	20,618
Contractual Services	115,207	23	-	2,528,904	2,644,134
Depreciation	-	69,298	267,044	-	336,342
Miscellaneous	-	6,841	-	-	6,841
Total operating expenses	<u>115,207</u>	<u>96,791</u>	<u>267,044</u>	<u>2,528,904</u>	<u>3,007,946</u>
Operating Income (loss)	<u>33,182</u>	<u>(9,136)</u>	<u>(108,482)</u>	<u>333,338</u>	<u>248,902</u>
Nonoperating revenues (expenses):					
Investment Income	4,632	1,135	2,233	579	8,579
Interest, Fiscal & Other Charges	-	(321)	(8,344)	-	(8,665)
Miscellaneous, Net	-	-	14,156	1,945	16,101
Total non-operating revenue (expenses):	<u>4,632</u>	<u>814</u>	<u>8,045</u>	<u>2,524</u>	<u>16,015</u>
Income (loss) before contributions and transfers	37,814	(8,322)	(100,437)	335,862	264,917
Transfers Out	-	(65,900)	-	-	(65,900)
Total Transfers Out	<u>-</u>	<u>(65,900)</u>	<u>-</u>	<u>-</u>	<u>(65,900)</u>
Change in net position	37,814	(74,222)	(100,437)	335,862	199,017
Total net position - beginning	153,311	451,734	984,894	-	1,589,939
Total net position - ending	<u>\$ 191,125</u>	<u>\$ 377,512</u>	<u>\$ 884,457</u>	<u>\$ 335,862</u>	<u>\$ 1,788,956</u>

City of Brenham, Texas
Internal Service Funds
Combining Statement of Cash Flows
For the Year ended September 30, 2024

	Workers' Compensation Fund	Central Fleet Fund	Vehicle & Equip. Replacement Fund	Employee Benefits Fund	Total
Cash Flows from Operating Activities					
Receipts from/(payments for) interfund services provided	\$ 148,389	\$ 87,655	\$ 181,437	\$ 2,849,976	\$ 3,267,457
Payments to suppliers	(134,613)	(29,458)	-	(2,508,085)	(2,672,156)
Net cash provided (used) by operating activities	<u>13,776</u>	<u>58,197</u>	<u>181,437</u>	<u>341,891</u>	<u>595,301</u>
Cash Flows from Non Capital Financing Activities					
Transfers in (out)	-	(65,900)	-	-	(65,900)
Net cash provided (used) by non capital financing activities	<u>-</u>	<u>(65,900)</u>	<u>-</u>	<u>-</u>	<u>(65,900)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	-	-	(108,494)	-	(108,494)
Principal paid on bonds, financing leases and notes payable	-	(29,789)	(148,084)	-	(177,873)
Interest and fees paid on financing leases and notes payable	-	(699)	(10,458)	-	(11,157)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(30,488)</u>	<u>(267,036)</u>	<u>-</u>	<u>(297,524)</u>
Cash Flows from Investing Activities					
Investment income received	4,632	1,135	2,233	579	8,579
Net cash provided (used) by investing activities	<u>4,632</u>	<u>1,135</u>	<u>2,233</u>	<u>579</u>	<u>8,579</u>
Net increase (decrease) in cash and cash equivalents	18,408	(37,056)	(83,366)	342,470	240,456
Cash and cash equivalents, beginning of the year	153,261	218,254	458,784	-	830,299
Cash and cash equivalents, end of the year	<u>\$ 171,669</u>	<u>\$ 181,198</u>	<u>\$ 375,418</u>	<u>\$ 342,470</u>	<u>\$ 1,070,755</u>
Reconciliation of cash and cash equivalents to statement of net position					
Cash and equivalents	\$ -	\$ 181,198	\$ 375,418	\$ -	\$ 556,616
Restricted cash and equivalents	171,669	-	-	342,470	514,139
Cash and cash equivalents, end of year	<u>\$ 171,669</u>	<u>\$ 181,198</u>	<u>\$ 375,418</u>	<u>\$ 342,470</u>	<u>\$ 1,070,755</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ 33,182	\$ (9,136)	\$ (108,482)	\$ 333,338	\$ 248,902
Adjustments to reconcile net cash provided (used) by operating activities					
Depreciation	-	69,298	267,044	-	336,342
Other income (expense)	-	-	22,875	1,945	24,820
Changes in assets and liabilities affecting cash provided by operations:					
(Increase) decrease in accounts receivable	-	-	-	(14,212)	(14,212)
(Increase) decrease in inventory	-	(1,319)	-	-	(1,319)
Increase (decrease) in interfund receivables	(19,406)	-	-	-	(19,406)
Increase (decrease) in interfund payables	-	-	-	19,406	19,406
Increase (decrease) in accounts payable and other current liabilities	-	(646)	-	1,414	768
Net cash provided (used) by operating activities	<u>\$ 13,776</u>	<u>\$ 58,197</u>	<u>\$ 181,437</u>	<u>\$ 341,891</u>	<u>\$ 595,301</u>

City of Brenham
Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 3,040,556	\$ 3,040,556	\$ 3,181,975	\$ 141,419
Investment Income	4,441	4,441	178,862	174,421
Total revenues	<u>3,044,997</u>	<u>3,044,997</u>	<u>3,360,837</u>	<u>315,840</u>
Expenditures				
Debt Service:				
Interest, Fiscal & Other Charges	931,107	931,107	926,032	5,075
Principal Retirement	2,168,390	2,168,390	2,168,390	-
Total Expenditures	<u>3,099,497</u>	<u>3,099,497</u>	<u>3,094,422</u>	<u>5,075</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(54,500)</u>	<u>(54,500)</u>	<u>266,415</u>	<u>320,915</u>
Fund balance - beginning	<u>805,632</u>	<u>805,632</u>	<u>805,632</u>	<u>-</u>
Fund balance - ending	<u>\$ 751,132</u>	<u>\$ 751,132</u>	<u>\$ 1,072,047</u>	<u>\$ 320,915</u>

City of Brenham
General Government Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 200,000	\$ 200,000	\$ 466,792	\$ 266,792
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>466,792</u>	<u>266,792</u>
Expenditures				
Capital Outlay	1,506,358	1,506,358	1,390,781	115,577
Debt Service:				
Interest, Fiscal & Other Charges	-	-	217,303	(217,303)
Total Expenditures	<u>1,506,358</u>	<u>1,506,358</u>	<u>1,608,084</u>	<u>(101,726)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,306,358)</u>	<u>(1,306,358)</u>	<u>(1,141,292)</u>	<u>165,066</u>
Other Financing Sources (Uses)				
Transfers In	26,000	26,000	-	(26,000)
Transfers Out	-	(59,787)	(59,787)	-
Total other financing sources and (uses)	<u>26,000</u>	<u>(33,787)</u>	<u>(59,787)</u>	<u>(26,000)</u>
Net change in fund balance	(1,280,358)	(1,340,145)	(1,201,079)	139,066
Fund balance - beginning	8,860,768	8,860,768	8,860,768	-
Fund balance - ending	<u>\$ 7,580,410</u>	<u>\$ 7,520,623</u>	<u>\$ 7,659,689</u>	<u>\$ 139,066</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, 2024

	<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	\$ 944,520	\$ 944,520	\$ 931,759	\$ (12,761)
Investment Income	5,000	5,000	14,844	9,844
Total revenues	<u>949,520</u>	<u>949,520</u>	<u>946,603</u>	<u>(2,917)</u>
Expenditures				
Current:				
Culture and Recreation	18,504	25,617	25,612	5
Capital Outlay	-	475,410	475,410	-
Total Expenditures	<u>18,504</u>	<u>501,027</u>	<u>501,022</u>	<u>5</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>931,016</u>	<u>448,493</u>	<u>445,581</u>	<u>(2,912)</u>
Other Financing Sources (Uses)				
Transfers Out	(1,025,000)	(1,075,000)	(1,075,000)	-
Total other financing sources and (uses)	<u>(1,025,000)</u>	<u>(1,075,000)</u>	<u>(1,075,000)</u>	<u>-</u>
Net change in fund balance	(93,984)	(626,507)	(629,419)	(2,912)
Fund balance - beginning	864,949	864,949	864,949	-
Fund balance - ending	<u>\$ 770,965</u>	<u>\$ 238,442</u>	<u>\$ 235,530</u>	<u>\$ (2,912)</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 350	\$ 350	\$ 4,927	\$ 4,577
Program Income/Restitution	10,000	10,000	56,356	46,356
Total revenues	<u>10,350</u>	<u>10,350</u>	<u>61,283</u>	<u>50,933</u>
Expenditures				
Current:				
Public Safety	7,320	7,320	43,277	(35,957)
Total Expenditures	<u>7,320</u>	<u>7,320</u>	<u>43,277</u>	<u>(35,957)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,030</u>	<u>3,030</u>	<u>18,006</u>	<u>14,976</u>
Fund balance - beginning	80,941	80,941	80,941	-
Fund balance - ending	<u>\$ 83,971</u>	<u>\$ 83,971</u>	<u>\$ 98,947</u>	<u>\$ 14,976</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 42,150	\$ 42,150	\$ 44,595	\$ 2,445
Investment Income	800	800	460	(340)
Total revenues	<u>42,950</u>	<u>42,950</u>	<u>45,055</u>	<u>2,105</u>
Expenditures				
Current:				
General Government	19,528	19,528	20,664	(1,136)
Total Expenditures	<u>19,528</u>	<u>19,528</u>	<u>20,664</u>	<u>(1,136)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,422</u>	<u>23,422</u>	<u>24,391</u>	<u>969</u>
Other Financing Sources (Uses)				
Transfers Out	(15,000)	(15,000)	(15,928)	(928)
Total other financing sources and (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,928)</u>	<u>(928)</u>
Net change in fund balance	8,422	8,422	8,463	41
Fund balance - beginning	76,401	76,401	76,401	-
Fund balance - ending	<u>\$ 84,823</u>	<u>\$ 84,823</u>	<u>\$ 84,864</u>	<u>\$ 41</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$ -	\$ -	\$ 71,700	\$ 71,700
Investment Income	-	-	11	11
Total revenues	<u>-</u>	<u>-</u>	<u>71,711</u>	<u>71,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>71,711</u>	<u>71,711</u>
Other Financing Sources (Uses)				
Transfers Out	-	-	(12,000)	(12,000)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>(12,000)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>59,711</u>	<u>59,711</u>
Fund balance - beginning	998	998	998	-
Fund balance - ending	<u>\$ 998</u>	<u>\$ 998</u>	<u>\$ 60,709</u>	<u>\$ 59,711</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 499,500	\$ 499,500	\$ 733,289	\$ 233,789
Investment Income	-	-	1	1
Total revenues	<u>499,500</u>	<u>499,500</u>	<u>733,290</u>	<u>233,790</u>
Expenditures				
Current:				
Highways and Streets	-	-	15,150	(15,150)
Capital Outlay	555,000	555,000	796,741	(241,741)
Total Expenditures	<u>555,000</u>	<u>555,000</u>	<u>811,891</u>	<u>(256,891)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(55,500)</u>	<u>(55,500)</u>	<u>(78,601)</u>	<u>(23,101)</u>
Other Financing Sources (Uses)				
Transfers In	29,500	29,500	-	(29,500)
Total other financing sources and (uses)	<u>29,500</u>	<u>29,500</u>	<u>-</u>	<u>(29,500)</u>
Net change in fund balance	(26,000)	(26,000)	(78,601)	(52,601)
Fund balance - beginning	85,948	85,948	85,948	-
Fund balance - ending	<u>\$ 59,948</u>	<u>\$ 59,948</u>	<u>\$ 7,347</u>	<u>\$ (52,601)</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, 2024

	<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	\$ 7,189	\$ 2,189
Payment from Component Unit	1,154,780	1,154,780	1,188,101	33,321
Miscellaneous	18,000	18,000	17,000	(1,000)
Total revenues	<u>1,177,780</u>	<u>1,177,780</u>	<u>1,212,290</u>	<u>34,510</u>
Expenditures				
Current:				
Culture and Recreation	164,500	164,500	185,408	(20,908)
Capital Outlay	<u>2,396,280</u>	<u>2,396,280</u>	<u>1,712,940</u>	<u>683,340</u>
Total Expenditures	<u>2,560,780</u>	<u>2,560,780</u>	<u>1,898,348</u>	<u>662,432</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,383,000)	(1,383,000)	(686,058)	696,942
Other Financing Sources (Uses)				
Transfers In	-	-	5,000	5,000
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Net change in fund balance	(1,383,000)	(1,383,000)	(681,058)	701,942
Fund balance - beginning	1,481,467	1,481,467	1,481,467	-
Fund balance - ending	<u>\$ 98,467</u>	<u>\$ 98,467</u>	<u>\$ 800,409</u>	<u>\$ 701,942</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ -	\$ 30,000	\$ 129,034	\$ 99,034
Contributions and Donations	30,000	-	-	-
Payment from Component Unit	118,000	118,000	-	(118,000)
Total revenues	<u>148,000</u>	<u>148,000</u>	<u>129,034</u>	<u>(18,966)</u>
Expenditures				
Current:				
Highways and Streets	-	-	750	(750)
Capital Outlay	1,108,000	1,108,000	390,978	717,022
Debt Service:				
Interest, Fiscal & Other Charges	-	-	43,484	(43,484)
Total Expenditures	<u>1,108,000</u>	<u>1,108,000</u>	<u>435,212</u>	<u>672,788</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(960,000)</u>	<u>(960,000)</u>	<u>(306,178)</u>	<u>653,822</u>
Other Financing Sources (Uses)				
Transfers In	-	59,787	59,787	-
Transfers Out	-	-	(215,299)	(215,299)
Total other financing sources and (uses)	<u>-</u>	<u>59,787</u>	<u>(155,512)</u>	<u>(215,299)</u>
Net change in fund balance	(960,000)	(900,213)	(461,690)	438,523
Fund balance - beginning	2,216,870	2,216,870	2,216,870	-
Fund balance - ending	<u>\$ 1,256,870</u>	<u>\$ 1,316,657</u>	<u>\$ 1,755,180</u>	<u>\$ 438,523</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 648,333	\$ 648,333	\$ 648,333	\$ -
Investment Income	15,000	15,000	5,412	(9,588)
Total revenues	<u>663,333</u>	<u>663,333</u>	<u>653,745</u>	<u>(9,588)</u>
Expenditures				
Current:				
General Government	-	-	12,239	(12,239)
Total Expenditures	<u>-</u>	<u>-</u>	<u>12,239</u>	<u>(12,239)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	663,333	663,333	641,506	(21,827)
Fund balance - beginning	878,775	878,775	878,775	-
Fund balance - ending	<u>\$ 1,542,108</u>	<u>\$ 1,542,108</u>	<u>\$ 1,520,281</u>	<u>\$ (21,827)</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,480,000	\$ 2,480,000	\$ 2,513,801	\$ 33,801
Intergovernmental	850,000	850,000	100,000	(750,000)
Investment Income	135,000	135,000	262,359	127,359
Sales of Property	-	-	50,000	50,000
Miscellaneous	2,849	2,849	2,828	(21)
Total revenues	<u>3,467,849</u>	<u>3,467,849</u>	<u>2,928,988</u>	<u>(538,861)</u>
Expenditures				
Current:				
Economic Development	2,347,338	2,347,338	659,648	1,687,690
Debt Service:				
Interest and Fiscal Charges	79,960	79,960	79,960	-
Principal Retirement	143,505	143,505	147,505	(4,000)
Capital Outlay	-	446,718	465,717	(18,999)
Total Expenditures	<u>2,570,803</u>	<u>3,017,521</u>	<u>1,352,830</u>	<u>1,664,691</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>897,046</u>	<u>450,328</u>	<u>1,576,158</u>	<u>1,125,830</u>
Other Financing Sources (Uses)				
Payment to Primary Government	(2,516,780)	(1,988,446)	(1,903,767)	84,679
Proceeds from Subscription Arrangements	-	-	18,999	(18,999)
Total other financing sources and (uses)	<u>(2,516,780)</u>	<u>(1,988,446)</u>	<u>(1,884,768)</u>	<u>65,680</u>
Net change in fund balance	(1,619,734)	(1,538,118)	(308,610)	1,191,510
Fund balance - beginning	3,850,425	3,850,425	3,850,425	-
Fund balance - ending	<u>\$ 2,230,691</u>	<u>\$ 2,312,307</u>	<u>\$ 3,541,815</u>	<u>\$ 1,191,510</u>

Net change in fund balance - component unit \$ (308,610)

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	446,719
Donation of Capital Assets	152,912
Depreciation expense	(875)

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

Contribution of Infrastructure Assets to Primary Government	(20,431)
---	----------

Leased and subscription assets and liabilities are not current financial resources.	(1,627)
---	---------

Bond principal payments are expenditures in the component unit, but they reduce long term liabilities in the statement of net position.	143,505
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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	(1,498)
Accrued interest payable	39,936

Change in net position of component unit \$ 450,031

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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$ 100,500	\$ 100,500	\$ 138,308	\$ 37,808
Miscellaneous	-	-	3,344	3,344
Total revenues	<u>100,500</u>	<u>100,500</u>	<u>141,652</u>	<u>41,152</u>
Expenditures				
Current:				
Culture and Recreation	2,500	2,500	20,786	(18,286)
General Government	55,000	55,000	34,685	20,315
Health and Welfare	2,750	2,750	43,530	(40,780)
Public Safety	2,500	2,500	1,000	1,500
Total Expenditures	<u>62,750</u>	<u>62,750</u>	<u>100,001</u>	<u>(37,251)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>37,750</u>	<u>37,750</u>	<u>41,651</u>	<u>3,901</u>
Other Financing Sources (Uses)				
Transfers In	-	-	7,000	7,000
Transfers Out	-	(60,000)	(60,000)	-
Total other financing sources and (uses)	<u>-</u>	<u>(60,000)</u>	<u>(53,000)</u>	<u>7,000</u>
Net change in fund balance	37,750	(22,250)	(11,349)	10,901
Fund balance - beginning	424,014	424,014	424,014	-
Fund balance - ending	<u>\$ 461,764</u>	<u>\$ 401,764</u>	<u>\$ 412,665</u>	<u>\$ 10,901</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
Capital Outlay	\$ 66,263	\$ 66,263	\$ -	\$ 66,263
Total Expenditures	<u>66,263</u>	<u>66,263</u>	<u>-</u>	<u>66,263</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(66,263)</u>	<u>(66,263)</u>	<u>-</u>	<u>66,263</u>
Other Financing Sources (Uses)				
Transfers In	-	950,000	950,000	-
Total other financing sources and (uses)	<u>-</u>	<u>950,000</u>	<u>950,000</u>	<u>-</u>
Net change in fund balance	(66,263)	883,737	950,000	66,263
Fund balance - beginning	105,857	105,857	105,857	-
Fund balance - ending	<u>\$ 39,594</u>	<u>\$ 989,594</u>	<u>\$ 1,055,857</u>	<u>\$ 66,263</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ -	\$ -	\$ 5,631	\$ 5,631
Total revenues	<u>-</u>	<u>-</u>	<u>5,631</u>	<u>5,631</u>
Expenditures				
Current:				
Public Safety	-	-	1,540	(1,540)
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,540</u>	<u>(1,540)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	4,091	4,091
Fund balance - beginning	15,794	15,794	15,794	-
Fund balance - ending	<u>\$ 15,794</u>	<u>\$ 15,794</u>	<u>\$ 19,885</u>	<u>\$ 4,091</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, 2024

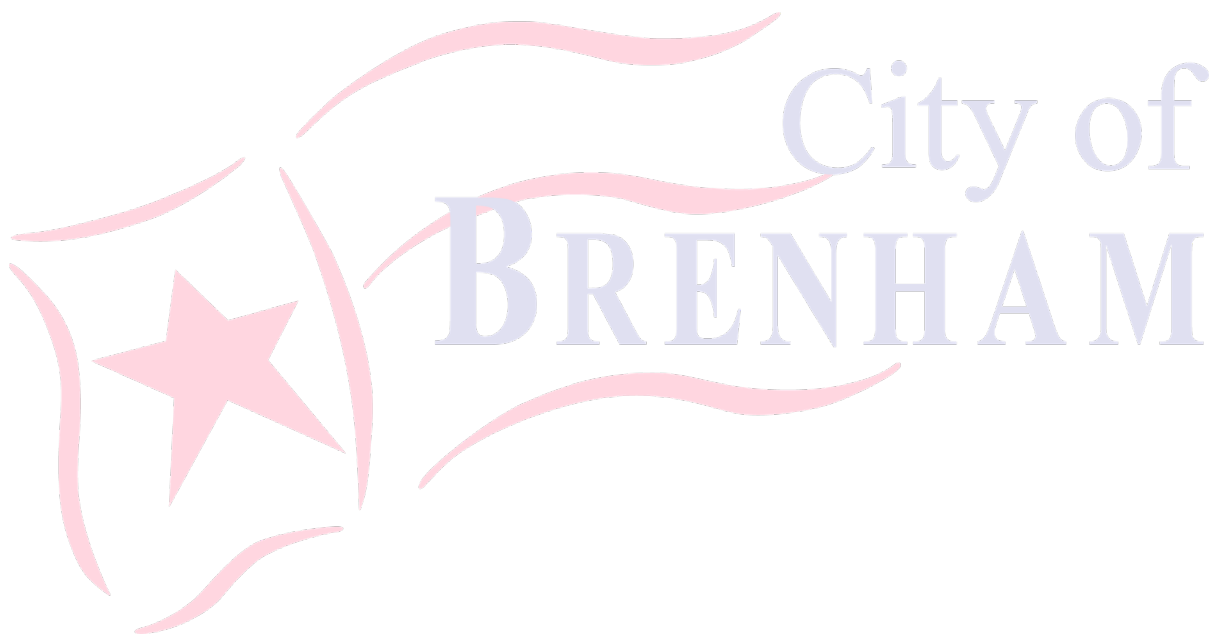
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ -	\$ -	\$ 59,515	\$ 59,515
Total revenues	<u>-</u>	<u>-</u>	<u>59,515</u>	<u>59,515</u>
Expenditures				
Current:				
Public Safety	-	-	59,515	(59,515)
Total Expenditures	<u>-</u>	<u>-</u>	<u>59,515</u>	<u>(59,515)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In	-	160,830	160,830	-
Total other financing sources and (uses)	<u>-</u>	<u>160,830</u>	<u>160,830</u>	<u>-</u>
Net change in fund balance	-	160,830	160,830	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 160,830</u>	<u>\$ 160,830</u>	<u>\$ -</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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 699,500	\$ 664,500	\$ 512,732	\$ (151,768)
Intergovernmental	-	-	25,000	25,000
Contributions and Donations	-	-	4,456	4,456
Total revenues	<u>699,500</u>	<u>664,500</u>	<u>542,188</u>	<u>(122,312)</u>
Expenditures				
Current:				
Culture and Recreation	1,584,378	1,623,542	1,551,160	72,382
Debt service:				
Interest & Fiscal Charges	-	-	559	(559)
Principal Retirement	-	-	7,747	(7,747)
Capital Outlay	52,500	-	-	-
Total Expenditures	<u>1,636,878</u>	<u>1,623,542</u>	<u>1,559,466</u>	<u>64,076</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(937,378)</u>	<u>(959,042)</u>	<u>(1,017,278)</u>	<u>(58,236)</u>
Other Financing Sources (Uses)				
Transfers In	925,000	995,000	995,000	-
Total other financing sources and (uses)	<u>925,000</u>	<u>995,000</u>	<u>995,000</u>	<u>-</u>
Net change in fund balance	(12,378)	35,958	(22,278)	(58,236)
Fund balance/(deficit) - beginning	(144,589)	(144,589)	(144,589)	-
Fund balance/(deficit) - ending	<u>\$ (156,967)</u>	<u>\$ (108,631)</u>	<u>\$ (166,867)</u>	<u>\$ (58,236)</u>

City of Brenham
Airport 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, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 50,000	\$ 100,000	\$ 100,000	\$ -
Charges for Services	415,200	450,000	445,121	(4,879)
Total revenues	<u>465,200</u>	<u>550,000</u>	<u>545,121</u>	<u>(4,879)</u>
Expenditures				
Current:				
Highways and Streets	653,245	693,145	591,529	101,616
Capital Outlay	-	-	75,980	(75,980)
Total Expenditures	<u>653,245</u>	<u>693,145</u>	<u>667,509</u>	<u>25,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(188,045)</u>	<u>(143,145)</u>	<u>(122,388)</u>	<u>20,757</u>
Other Financing Sources (Uses)				
Transfers In	188,045	118,327	97,570	(20,757)
Total other financing sources and (uses)	<u>188,045</u>	<u>118,327</u>	<u>97,570</u>	<u>(20,757)</u>
Net change in fund balance	-	(24,818)	(24,818)	-
Fund balance - beginning	24,818	24,818	24,818	-
Fund balance - ending	<u>\$ 24,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2024, 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 13, 2025.

Report on 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 financial statements. 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 13, 2025



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 Program

Opinion on Each Major Federal Program

We have audited the City of Brenham, Texas' compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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.

In our opinion, the City of Brenham, Texas complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Brenham, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Brenham, Texas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Brenham, Texas' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Brenham, Texas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Brenham, Texas' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Brenham, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Brenham, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Brenham, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 13, 2025



CITY OF BRENHAM, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SEPTEMBER 30, 2024

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Brenham, Texas were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Brenham, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are reported in the Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) reported in this schedule.
7. The programs tested as major programs were:
 - U.S. Department of Treasury ALN 21.027.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The City qualified as a low-risk auditee.

FINDINGS- FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CITY OF BRENHAM, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

None

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CITY OF BRENHAM, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL AL NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/23	FEDERAL/ STATE FUNDS RECEIVED	FY 24 FEDERAL/ STATE EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 09/30/24
Federal - Cash							
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>							
General Land Office (GLO)							
Texas Community Development Block Grant Program-Mitigation Harvey Round 1	14.228	22-085-049-D302	\$ 5,001,643	\$ 13,020	\$ (115,970)	\$ 151,575	\$ 48,625
Texas Community Development Block Grant Program-2016 Floods	14.228	22-082-023-D556	3,400,594	46,152	(46,152)	-	-
Texas Community Development Block Grant Program-Hurricane Harvey State MID	14.228	24-065-088-E764	1,044,500	-	-	37,741	37,741
Texas Department of Agriculture (TDA)							
Texas Community Development Block Grant Program-Community Development Fund-2021	14.228	CDV21-0325	350,000	44,230	(63,550)	297,770	278,450
			<u>\$ 9,796,737</u>	<u>\$ 103,402</u>	<u>\$ (225,672)</u>	<u>\$ 487,086</u>	<u>\$ 364,816</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>							
Bulletproof Vest Partnership 2021 Grant	16.607	2021BUBX21028893	\$ 2,986	\$ 2,346	\$ (2,346)	\$ -	\$ -
Bulletproof Vest Partnership 2022 Grant	16.607	2022BUBX22033345	4,160	510	(3,603)	3,650	557
Bulletproof Vest Partnership 2023 Grant	16.607	2023BUBX23037603	3,715	-	-	3,063	3,063
Bulletproof Vest Partnership 2024 Grant	16.607	2024BUBX24040945	4,127	-	-	-	-
			<u>\$ 14,987</u>	<u>\$ 2,856</u>	<u>\$ (5,949)</u>	<u>\$ 6,713</u>	<u>\$ 3,620</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>							
Texas Division of Emergency Management							
<u>COVID-19 Coronavirus State & Local Fiscal Recovery Fund</u>							
Disaster Grants - State Public Assistance - 2021 CLFRF	21.027	TX0207	\$ 4,434,948	\$ (3,735,381)	\$ -	\$ 380,221	\$ (3,355,160)
			<u>\$ 4,434,948</u>	<u>\$ (3,735,381)</u>	<u>\$ -</u>	<u>\$ 380,221</u>	<u>\$ (3,355,160)</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>							
Texas Office of the Governor - Homeland Security Grants Division							
2023 State Homeland Security Program - Law Enforcement Terrorism Prevention Activities Projects	97.067	4826601	\$ 22,952	\$ -	\$ (22,952)	\$ 22,952	\$ -
2023 State Homeland Security Program - Law Enforcement Terrorism Prevention Activities Projects	97.067	4826701	29,850	-	(29,850)	29,850	-
			<u>\$ 52,802</u>	<u>\$ -</u>	<u>\$ (52,802)</u>	<u>\$ 52,802</u>	<u>\$ -</u>
Total Federal - Cash			<u>\$ 14,299,474</u>	<u>\$ (3,629,123)</u>	<u>\$ (284,423)</u>	<u>\$ 926,822</u>	<u>\$ (2,986,724)</u>
Federal - Non-Cash							
<u>U.S. DEPARTMENT OF TRANSPORTATION - FAA</u>							
Texas Department of Transportation (1)							
Federally Assisted Airport Development Grant-Airfield Lighting Project	20.106	2217/2317BRENM	\$ 966,667	\$ -	(718,139)	\$ 718,139	\$ -
Federally Assisted Airport Development Grant-Master Plan	20.106	22MPBRENM	316,535	-	(15,150)	15,150	-
			<u>\$ 1,283,202</u>	<u>\$ -</u>	<u>\$ (733,289)</u>	<u>\$ 733,289</u>	<u>\$ -</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION - HIGHWAY PLANNING AND CONSTRUCTION</u>							
Texas Department of Transportation (2)							
Federal Off-System Bridge Program	20.205		\$ 490,000	\$ -	\$ -	\$ -	\$ -
			<u>\$ 490,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Federal - Non-Cash			<u>\$ 1,773,202</u>	<u>\$ -</u>	<u>\$ (733,289)</u>	<u>\$ 733,289</u>	<u>\$ -</u>
Total Federal Awards - Cash and Non-Cash			<u>\$ 16,072,676</u>	<u>\$ (3,629,123)</u>	<u>\$ (1,017,712)</u>	<u>\$ 1,660,111</u>	<u>\$ (2,986,724)</u>

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL AL NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/23	FEDERAL/ STATE FUNDS RECEIVED	FY 24 FEDERAL/ STATE EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT 09/30/24
Nonfederal - State of Texas							
Texas Department of Transportation							
Routine Airport Maintenance Program (RAMP)		M2317 BREN	\$ 50,000	\$ 48,192	\$ (48,192)	\$ -	\$ -
Routine Airport Maintenance Program (RAMP)		M2417 BREN	100,000	-	-	100,000	100,000
Routine Airport Maintenance Program (RAMP)		M2517 BREN	100,000	-	-	-	-
			<u>\$ 250,000</u>	<u>\$ 48,192</u>	<u>\$ (48,192)</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Total Nonfederal - State of Texas			\$ 250,000	\$ 48,192	\$ (48,192)	\$ 100,000	\$ 100,000
TOTAL FEDERAL AND STATE AWARDS			\$ 16,322,676	\$ (3,580,931)	\$ (1,065,904)	\$ 1,760,111	\$ (2,886,724)

- (1) The City remits its matching funds requirements to the State Department of Transportation, which acts as sponsor for these airport development programs. No funds are directly received by the City.
(2) The City is participating in an Advance Funding Agreement with the State Department of Transportation for bridge replacent or rehabilitation. No funds are directly received by the City.

City of Brenham, Texas
Notes to Federal and State Awards Section
September 30, 2024

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.

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