



CITY OF BRENHAM, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2009

Prepared by the Finance Department

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

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March 1, 2010

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Brenham, Texas for the fiscal year ended September 30, 2009. State law requires that all general-purpose local governments publish, within six months of the close of the fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The purpose of the CAFR is to provide accurate and meaningful information concerning the City's financial condition and performance.

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

The City of Brenham's financial statements have been audited by Seidel, Schroeder & Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Brenham for the fiscal year ended September 30, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Brenham's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE CITY AND ITS ORGANIZATION

Profile of the Government

The City of Brenham, incorporated in 1858, is located in central part of the state, between Houston and Austin. The City of Brenham currently occupies a land area of approximately ten square miles and serves a population of approximately 14,161. The City of Brenham is empowered to levy a

property tax on both real estate and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Brenham has operated under the council-manager form of government since 1920. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. The Mayor and Council members serve three-year terms. Four of the council members are elected by ward. The Mayor and the two remaining council members are elected at large.

City Services

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

Annual Budget Process

The annual budget serves as the foundation for the City of Brenham's financial planning and control. All agencies of the City of Brenham are required to submit requests for appropriation to the government's manager on or before the 15th of July each year. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the council for review prior to August 30. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Brenham's fiscal year. The appropriated budget is prepared by fund and department. While department heads may make transfers of appropriations within a department up to \$2,500, transfers over that amount require the approval of the City Manager or the Assistant City Manager. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund. Budget-to-actual comparisons are provided in this report for the General Fund, which is presented on page 32 as part of the basic financial statements for the governmental funds.

ECONOMIC CONDITION AND OUTLOOK

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

Local Economy

As with most of the nation, the City of Brenham is experiencing an economic downturn. There were several main events that signaled the economic downturn has spread to the City.

- **Mount Vernon Mills Closure** - In May of 2008, Mount Vernon Mills, a major city employer, as well as utility customer, decided to close part of its weaving operations and laid off 140 employees. By the end of spring 2009, Mount Vernon Mills had shut down completely.
- **Decline in Sales Tax** - For the first half of FY09, sales tax, which is the City's largest revenue source for funding general government operations, appeared robust compared to prior year and budget projections. But beginning in April, sales tax growth declined and trailed prior year results for the remainder of FY09.

- Decline in Electric and Gas Consumption - FY09 electric and gas consumption levels fell below the prior year consumption and budget estimates as residential customers elected to conserve energy and reduce their utility bills. Gas consumption was particularly impacted by the Mount Vernon Mills closure as Mount Vernon Mills was the largest gas customer.
- Shrinking Property Valuation Growth - The City of Brenham was not immune to the downturn in the housing market. Taxable values rose only 4.6 percent in 2009 compared to 7.5 percent in the prior year and more than 40 percent of this growth was due to the recent annexation. With no planned annexations on the near horizon, property values need to rebound to historic growth levels in order to sustain tax revenue resources used to support General Fund operations and service debt.

Even during these hard economic times, the City is fortunate to have major industries with headquarters or divisions located within the city's boundaries including an ice cream manufacturer, a steel lighting standards manufacturer, a national brand mattress manufacturer, and a globally distributed salad dressing manufacturer. Also located within the City are a nationally known retail super center and two nationally known home improvement retail stores. Other top employers include the regional home office of a state-wide insurance provider and Trinity Medical Center, a regional health care facility. The state also has a major economic presence in the area thanks to Blinn College, the oldest junior college in the state, and to a major mental health facility, which together provide employment for nearly 1,800 educators, health care professionals and staff.

In FY09, Main Street Brenham, the City's downtown area, celebrated 10 years as a nationally designated "Main Street City". The foundation and success of the Main Street program is based on a cooperative effort between the sponsors, local government, and the business owners. The Main Street program continues to thrive with a strong volunteer base which organizes and supports many downtown festivals, events and tourism promotions.

The Economic Development Foundation (EDF) works closely with the City to promote growth within the existing business community and to market Brenham's competitive advantage as a location for new businesses. In early 2009, Advanced Data Storage, a data transfer/distribution company, purchased a 10 acre track of land in the Brenham Business Center. The projected capital investment is \$4 million and the company is estimating adding 10-15 employees initially, with a potential growth to 50 employees after the first year. The EDF also won an award from the International Economic Development Council for Brenham Prospector which is an economic development website used to assist a business in site selection, expansion or relocation analysis.

Another factor contributing to Brenham's economic success includes a tax abatement policy and establishment of Enterprise Zones to encourage employment and provide incentives for business development and expansion. The collection of a three-eighth cent sales tax allocated for economic development and recreation use has allowed the City to create a business park and recreational facilities, providing for new development opportunities.

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

FINANCIAL INFORMATION

Long-term Financial Planning

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

Major Initiatives

During the past few fiscal years, including FY09, the City has experienced favorable net revenues over expenditures which were transferred to separate governmental funds for the following major initiatives:

- Provide funding for the US Hwy 290 Transportation Project – This project will aid mobility and safety for the 26,000 vehicles per day traveling US 290, and is a joint project with the City, Washington County, and the Texas Department of Transportation. Design will be complete in 2010 with the two-year construction beginning in late 2010 or early 2011. Since FY07, \$150,000 has been set aside each fiscal year for a total fund balance of \$450,000 as of September 30, 2009.
- Establish a Street and Drainage Fund – The purpose of this fund is to account for (non-capitalized) street maintenance projects. Phase I is budgeted for FY10 and \$242,245 was set aside to enable the City to hot mix overlay approximately 16,000 linear feet of streets.
- Establish an Equipment Fund – The purpose of this fund is to account for the budgeted and actual expenditures for vehicles and equipment for General Fund operating department, and \$262,814 was set aside at the end of FY09.
- Completion of Central Fire Station /Emergency Operations Center (EOC) Capital Improvements - In FY08, the City began this renovation with \$400,000 being set aside. The project was completed in FY09 and \$150,879 was transferred from the General Fund for this purpose.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFAO) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual report for the fiscal year ended September 30, 2008. This is the first year that the City has received this award since 1996. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the dedicated and efficient staff of the Finance Department, and they are to be commended for their exemplary performance. We would especially like to recognize and express our appreciation to Stacy Hardy, Accounting Manager, for her commitment, leadership and hard work to ensure the timely preparation of this report. Credit is also to be given to the Mayor and City Council for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Terry K. Roberts
City Manager



Carolyn D. Miller, CPA
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Brenham
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



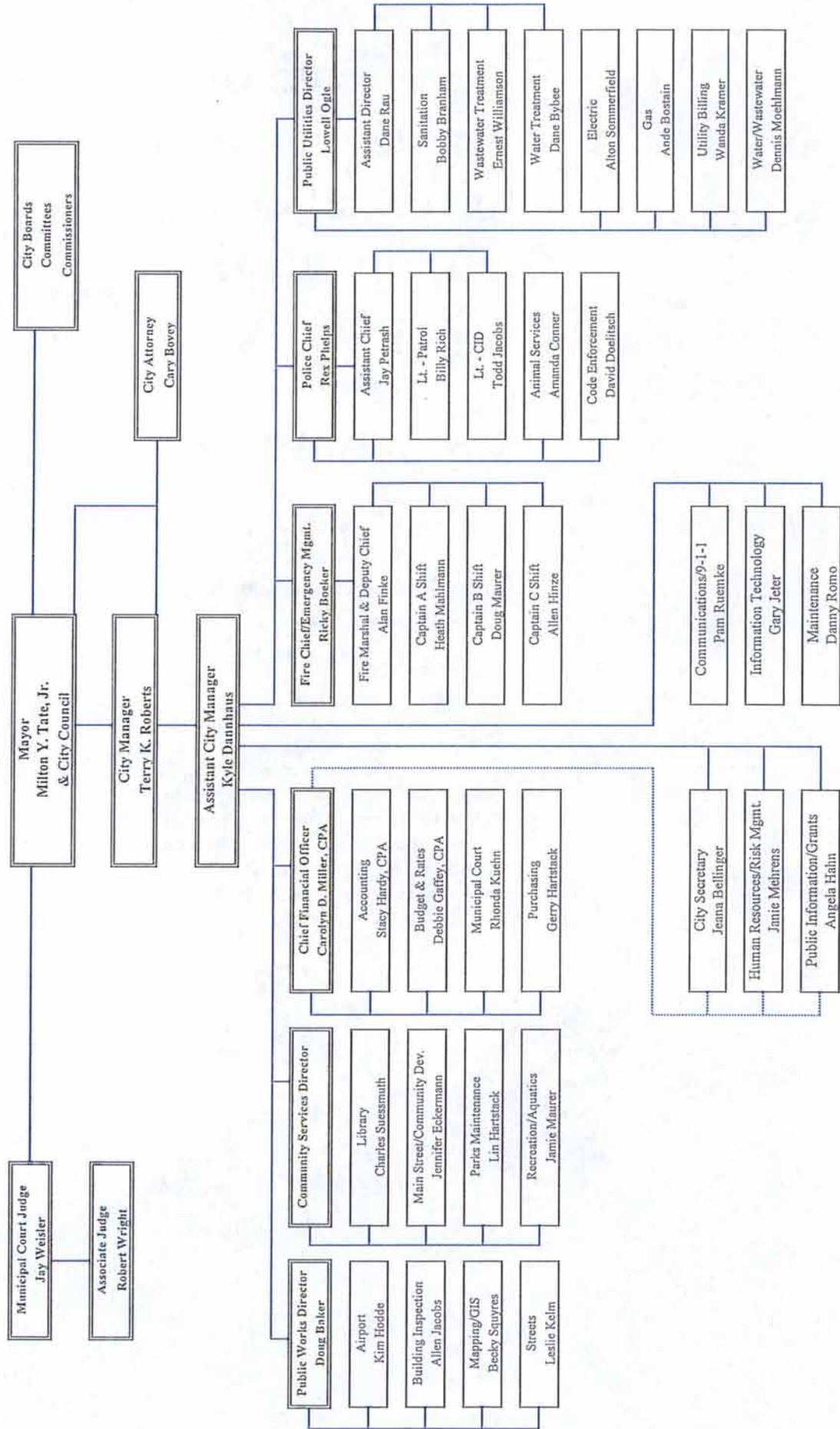
A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emmer".

Executive Director

CITY OF BRENHAM - ORGANIZATIONAL CHART
(AS OF OCTOBER 20, 2009)



**CITY OF BRENHAM
PRINCIPAL OFFICERS
SEPTEMBER 30, 2009**

MAYOR

Milton Y. Tate, Jr.

MAYOR PRO-TEM

Gloria Nix

CITY COUNCIL

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

CITY MANAGER

Terry K. Roberts

ASSISTANT CITY MANAGER

Kyle D. Dannhaus

CHIEF FINANCIAL OFFICER

Carolyn D. Miller, CPA

ACCOUNTING MANAGER

Stacy Hardy, CPA

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SEIDEL, SCHROEDER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 11 through 23 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, statistical tables and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Brenham, Texas. The combining and individual nonmajor financial statements and the schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, statistical data and supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sindel, Schwader & Company

March 1, 2010
Brenham, Texas

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2009

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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

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

- The assets of the City of Brenham exceeded its liabilities at the close of the most recent fiscal year by \$81,397 (net assets). Of this amount, \$14,127 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$5,018.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$5,203 a decrease of \$6,818 in comparison with the prior year. Approximately \$4,864 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,765 or 19.3 percent of total general fund expenditures.
- The City of Brenham's total bonded debt increased by \$3,855 or 9.9 percent during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements. The GWFS, shown on pages 25-27, contain the Statement of Net Assets 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 Assets* presents information on all of the City of Brenham's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Brenham is improving or deteriorating.

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

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

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

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2009

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 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and the 2006 Capital Projects Fund, all of which are considered to be major funds. Individual fund balance sheets and statements of revenues, expenditures, and changes in fund balance for the other 17 governmental funds are presented in the supplementary information section. The governmental FFS can be found on pages 28-32 of the CAFR.

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

Proprietary FFS. The City of Brenham maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the GWFS. The City of Brenham uses enterprise funds to account for its water, wastewater, sanitation, gas, and electric distribution operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Brenham's various functions. The City of Brenham uses an internal service fund to account for its risk management services. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the GWFS, only in more detail. The proprietary FFS provide separate information for the water, wastewater, sanitation, gas, and electric distribution operations, which are considered to be major funds of the City of Brenham. The internal service fund is reported in a separate column in the proprietary fund financial statements. The proprietary FFS can be found on pages 33-37 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 39-64 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information (RSI) concerning the City of Brenham's operations. The combining statements referred to earlier in connection with nonmajor governmental funds are presented in this section. Combining and individual fund statements can be found on pages 67-92 of this report. Information relating to federal and state grant awards begins on page 137 of this report. The statistical section can be found on pages 111-133 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets serve as a useful indicator of the City's financial position. Assets exceeded liabilities by \$81,397 (net assets) at the close of the fiscal year, compared to assets exceeding liabilities by \$76,379 (net assets) at the end of the prior fiscal year. The City's total assets increased by \$5,018 during the period.

City of Brenham, Texas						
Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 8,076	\$ 13,923	\$ 19,630	\$ 14,231	\$ 27,706	\$ 28,154
Capital assets	55,016	47,627	48,868	46,755	103,884	94,382
Total assets	63,092	61,550	68,498	60,986	131,590	122,536
Long-term debt outstanding	18,622	19,767	22,395	17,684	41,017	37,451
Other liabilities	3,430	2,468	5,747	6,239	9,177	8,707
Total liabilities	22,052	22,235	28,142	23,923	50,194	46,158
Net assets:						
Invested in capital assets, net of related debt	35,421	33,408	28,504	28,297	63,925	61,705
Restricted	392	470	-	1	392	471
Unrestricted	5,228	5,437	11,852	8,766	17,080	14,203
Total net assets	<u>\$ 41,041</u>	<u>\$ 39,315</u>	<u>\$ 40,356</u>	<u>\$ 37,064</u>	<u>\$ 81,397</u>	<u>\$ 76,379</u>

By far the largest portion of the City of Brenham's net assets, 78.5 percent, 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 assets, less than one percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$17,080 may be used to meet the government's ongoing obligations to citizens and creditors.

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

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

City of Brenham, Texas						
Changes in Net Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 1,228	\$ 1,010	\$ 40,394	\$ 43,171	\$ 41,622	\$ 44,181
Operating grants and contributions	469	678	8	5	477	683
Capital grants and contributions	1,467	1,416	115	240	1,582	1,656
General revenues:						
Property taxes	4,788	4,548	-	-	4,788	4,548
Sales taxes	3,727	3,697	-	-	3,727	3,697
Franchise taxes	3,040	3,055	-	-	3,040	3,055
Hotel Occupancy taxes	438	433	-	-	438	433
Alcoholic Beverage taxes	23	24	-	-	23	24
Other	1,239	1,634	322	476	1,561	2,110
Total revenues	<u>16,419</u>	<u>16,495</u>	<u>40,839</u>	<u>43,892</u>	<u>57,258</u>	<u>60,387</u>
Expenses:						
General government	5,241	2,002	-	-	5,241	2,002
Public safety	5,414	5,236	-	-	5,414	5,236
Highway/streets	2,410	2,302	-	-	2,410	2,302
Interest on Long Term Debt	918	952	-	-	918	952
Culture and recreation	3,586	3,608	-	-	3,586	3,608
Health and welfare	272	545	-	-	272	545
Water	-	-	3,316	3,405	3,316	3,405
Wastewater	-	-	3,287	3,804	3,287	3,804
Electric	-	-	22,428	26,691	22,428	26,691
Gas	-	-	2,905	5,976	2,905	5,976
Sanitation	-	-	2,464	2,621	2,464	2,621
Total Expenses	<u>17,841</u>	<u>14,645</u>	<u>34,400</u>	<u>42,497</u>	<u>52,241</u>	<u>57,142</u>
Increase in net assets before transfers	(1,421)	1,850	6,439	1,395	5,018	3,245
Transfers	3,147	154	(3,147)	(154)	-	-
Increase in net assets	1,726	2,004	3,292	1,241	5,018	3,245
Net assets - beginning	39,315	37,311	37,064	35,823	76,379	73,134
Net assets - ending	<u>\$41,041</u>	<u>\$ 39,315</u>	<u>\$ 40,356</u>	<u>\$ 37,064</u>	<u>\$ 81,397</u>	<u>\$ 76,379</u>

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Governmental activities. Governmental activities increased the City of Brenham's net assets by \$1,725 compared to an increase of \$2,004 in the prior fiscal year. Key elements of this increase are as noted below.

Revenues decreased \$76 (less than 1 percent) during the year. This decrease is attributable to several factors.

Program Revenues

- Charges for Services increased \$218 (22%) from the prior year in the following areas:

Culture and Recreation

- Aquatic and Recreation Programs experienced a \$17 increase, along with an increase of \$19 in Concession Stand revenues;
- \$29 increase in Main Street programming revenue which was not accounted for in the General Fund until FY09.

General Government

- Municipal Court fees and fines were higher by \$114;
- The remaining increase of \$16 is mainly from an increase in downtown reserved parking space income.

Health & Welfare

- Animal adoption/shelter fees were higher by \$10.

Highways & Streets

- Airport revenues increased by \$6 from hangar rentals related to the new airport hangar.

- Operating Grants and Contributions decreased by \$209 (31%) from FY08 with changes as noted:

Health & Welfare

- On July 1, 2008, the program administration for the Section 8 Housing Assistance Voucher Program was transferred from the City to the Brenham Housing Authority and this change accounts for a decrease of \$249 in operating grants and contributions.

Public Safety

- An increase of \$23 related to partial billing to Washington County for their share of the radio tower project in connection with the Brazos Valley Wide Area Communications System (BVWACS);
- The STEP (selective traffic enforcement program) grant, covering one year, contributed \$17 to revenues as opposed to the FY08 Click-it or-Ticket grant which was for one month.

- Capital Grants and Contributions increased by \$51 (3.6%) over the prior year due to higher expenditures related to the airport runway extension project.

General Revenues

- Property Taxes increased \$240 due to taxable values which rose 4.6% with more than 40% of this growth due to the recent annexation of the Westwood area.
- Sales Tax increased \$30 over the prior year. For the first half of FY09, sales tax, which is the City's largest revenue source for funding general government operations, appeared robust compared to prior year and budget projections. But in April, sales tax growth declined and trailed prior year results for the remainder of FY09.
- Franchise Taxes are received from the enterprise funds and are budgeted at 7% of revenue. The franchise taxes were lower than the prior year by \$15 which is directly attributable to reduced charges for services based on lower electric and gas source costs.
- Other Revenues were lower than the prior year by \$395 and the components are noted below:
 - Interest income was lower by \$279 due to declining interest rates compared to FY08.
 - The City received \$12 less in restitution payments due to fewer cases settled.
 - Gains on sale of capital assets decreased by \$33 over the prior year due to the accounting for losses on sale. In FY09, auction proceeds of \$63 were offset by \$58 in losses as compared to FY08 when losses of \$62 were recorded as program expenses, not netted against gains.
 - Insurance proceeds decreased by \$74 resulting from a large insurance recovery from hail damage to the Aquatics Center and the Boys and Girls Club in fiscal year 2008.

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

Expenses increased \$3,196 or 21.7% during the year. This increase is attributable to several factors.

- General Government expenditures increased overall by \$3,239 which is mainly attributable to the addition of five departments to General Fund operations. In the prior fiscal year, only a portion of the total department costs were allocated to the general government. See the detailed explanation in the transfers-in paragraph below.
- Public Safety expenditures increased by \$178 which is due to \$23 for the STEP grant overtime hours, \$21 for increased public safety software maintenance, \$22 for janitorial expense which was recorded in the Maintenance Department in prior years, \$16 for quarterly BVWACS shared operating costs, \$38 for increase vehicle repairs due to an older fleet, \$39 for post employment benefits and \$10 for narcotics enforcement.
- Highway & Streets expenditures increased by \$108 which is primarily related to a focused effort to repair/rehab street for \$84, and \$13 for a bridge project. Post retirement benefits added \$10 in FY09.
- Interest on Long Term Debt decreased \$34 when debt was defeased and replaced with the 2009 General Obligation Refunding bonds.
- Culture & Recreation expenditures were down \$22 from a combination of lower pool maintenance costs compared to FY08 when the outdoor pool re-plastering maintenance project was completed which was offset by a \$14 increase in post retirement benefits.
- Health & Welfare expenses decreased by \$273 which is mainly attributable to reduced federal expenditures for the Section 8 housing assistance voucher program of \$249. When the animal shelter/control department manager retired, the position was downgraded resulting in reduced salary expense for FY09.

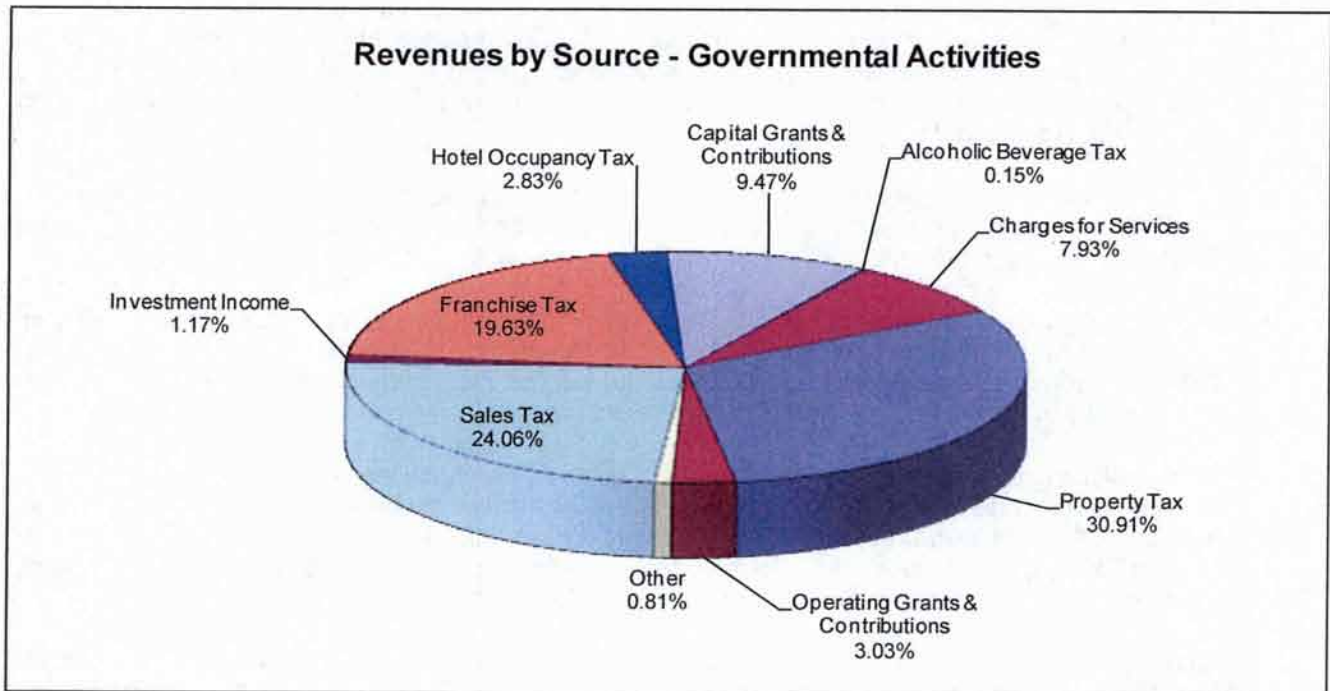
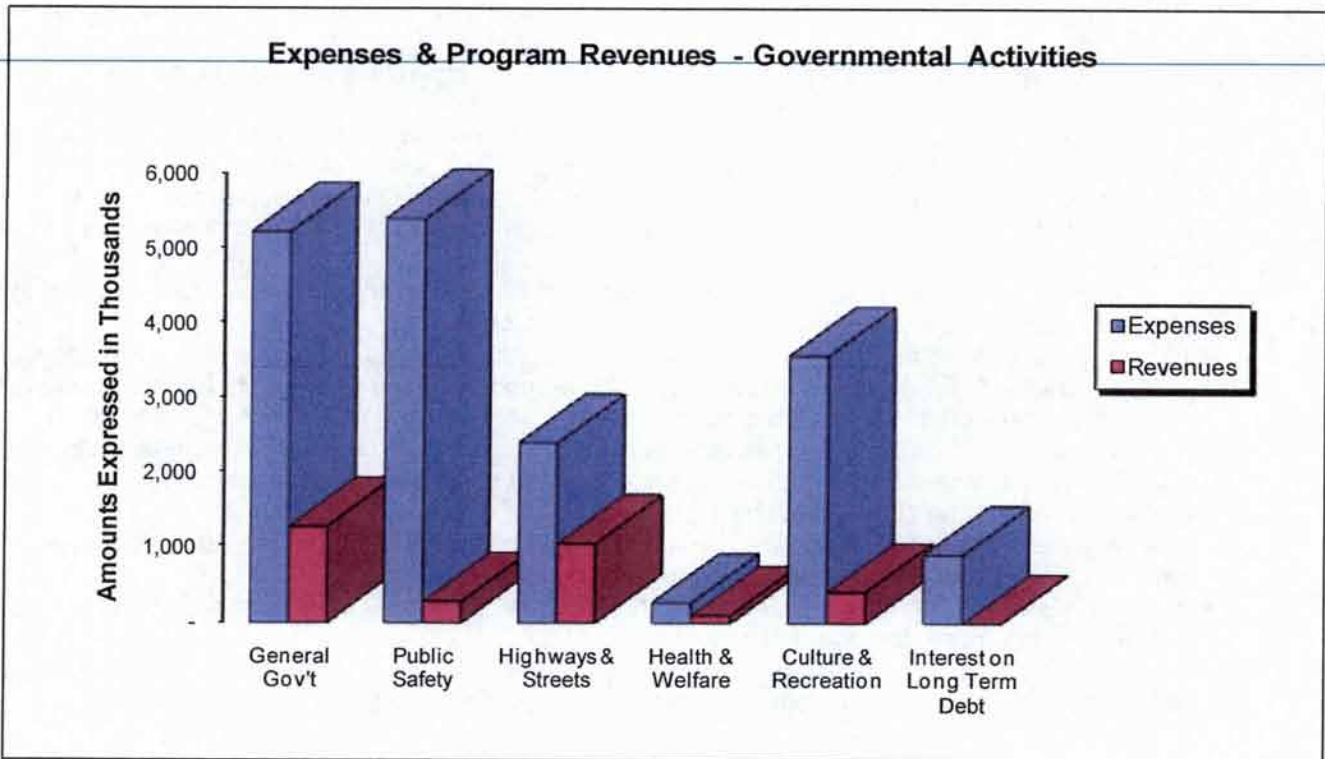
Transfers increased \$2,993 during the year which is explained below.

- To increase transparency in reporting and re-align general government services, a significant change was made during the FY2008-09 budget process which increased transfers-in from business-type activities by \$2,993. Five departments, which were historically included as an indirect cost allocation to the General Fund and the five enterprise funds, were budgeted and accounted for as General Fund departments. As these departments also provide services to the enterprise funds, a portion of the expenditures are reimbursed to the General Fund via an internal transfer. The five departments are shown below with the actual expenditures for FY09:

1) Administration	\$1,008
2) Maintenance/Central Warehouse	733
3) Finance	844
4) Public Information/Graphics	402
5) Information Technology	605
Total	<u>\$3,595</u>

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



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

Business-type activities. Business-type activities increased the City of Brenham's net assets by \$3,292 compared to an increase of \$1,241 in the prior fiscal year. Key elements of this increase are noted below.

Revenues decreased \$3,053 or 7% during the year. This decrease is attributable to several factors.

- The charges for services in the Electric and Gas Funds decreased \$861 and \$2,723 respectively. Our electric customers reduced their KWH consumption by 6.6% which contributed to the decrease in electric sales. Lower Gas Fund revenues are a result of a decrease in gas source costs which are passed on to utility customers. The City's average natural gas cost per MCF decreased from \$11.57 in FY08 to \$7.99 in FY09.
- The charges for services in the Water Fund increased by \$888 during the year. As compared to the prior year, water sales were ahead by 43,494,300 gallons or 5%.
- Charges for services in the Wastewater Fund were lower by \$74 during the year which is comprised of two variances: a \$158 decrease in the volume of sewage accepted from waste haulers compared to FY08 and an \$80 increase in fixed rate residential revenue.
- The Sanitation Fund charges for services were also lower by \$7 which is due primarily to several factors: a \$127 increase in garbage volume due to newly annexed areas was offset by a \$112 decline in cardboard prices and other recyclables.
- Other revenue experienced a decrease from the prior year of \$219 due to a decline in interest earnings which was offset by a \$66 increase in gain on sale of capital assets.
- Operating grants and contributions increased by \$3 resulting from a contribution from Brazos Valley Council of Governments for recycling bins.
- Capital grants and contributions decreased by \$154 as water and wastewater infrastructure improvements donated by developers decreased from the prior fiscal year.

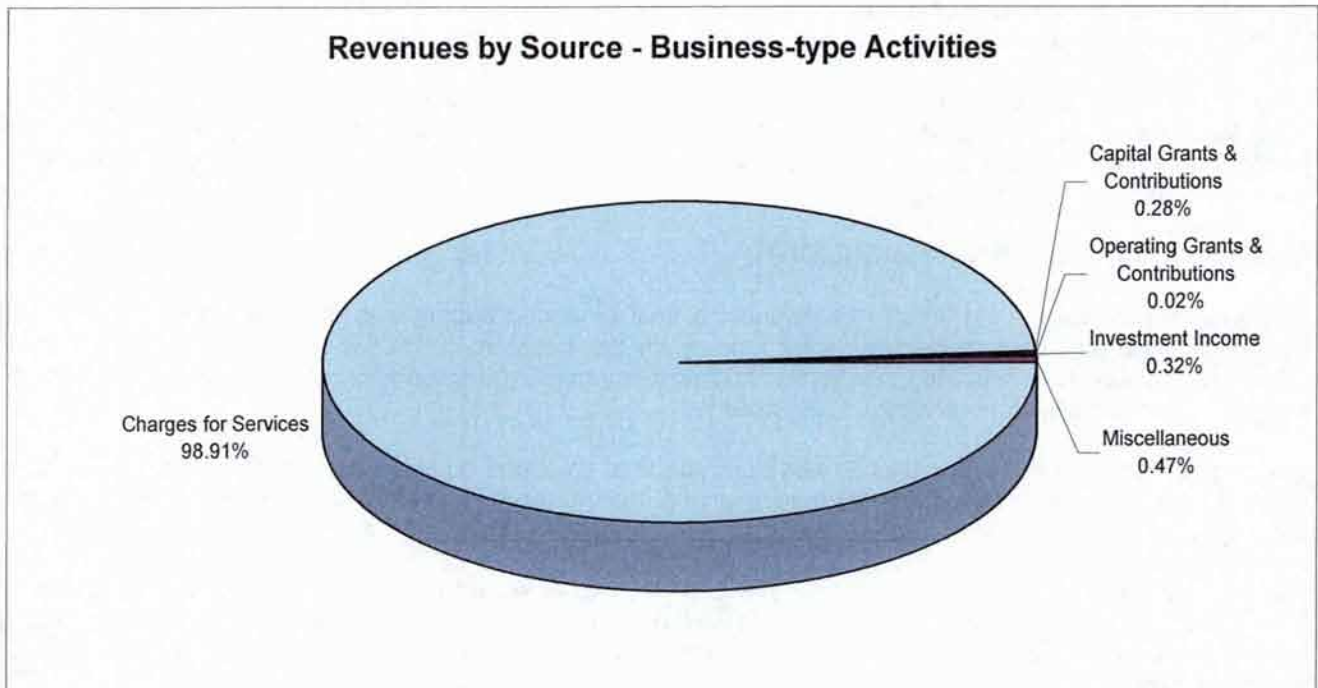
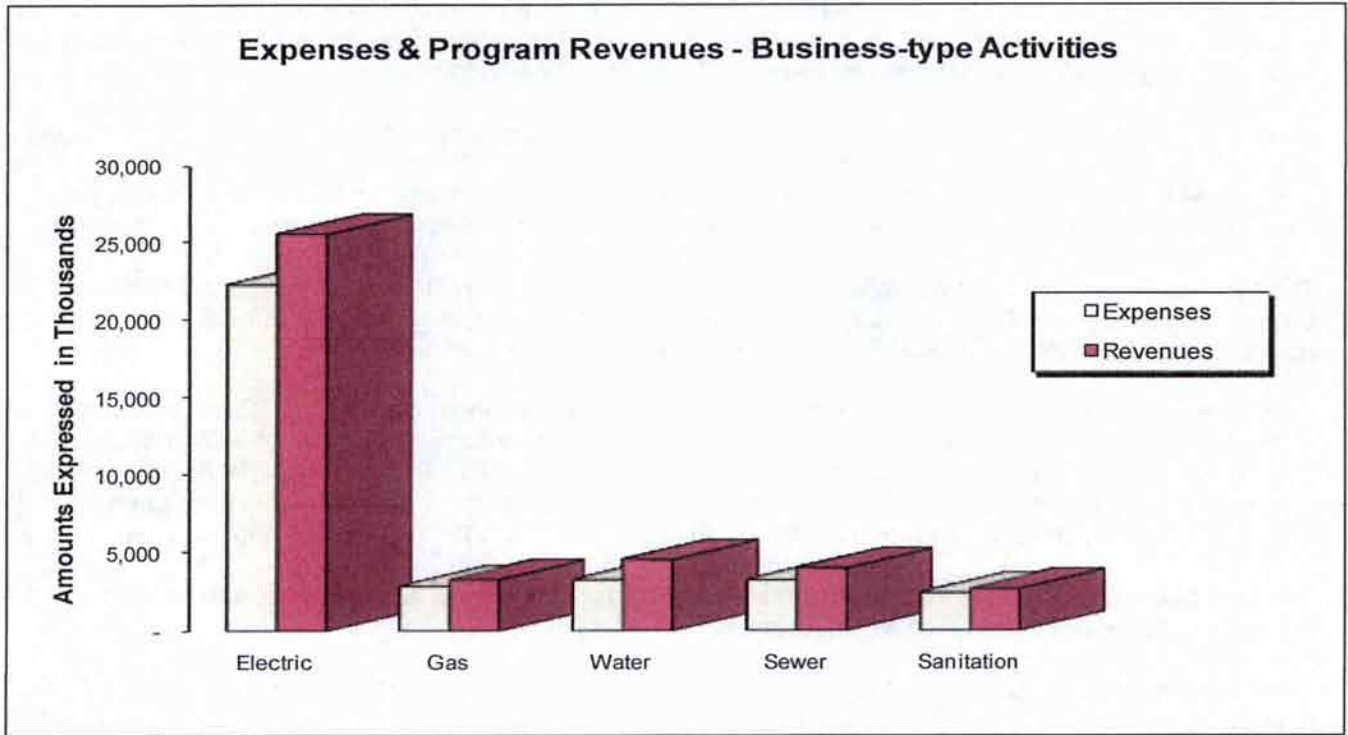
Expenses decreased \$8,097 or 19 percent during the year with specific changes, by fund, presented below.

- Electric Fund expenses decreased by \$4,263 which is due largely to the LCRA "pay-as-you-go" account which is a true-up of source costs fluctuations. This true-up accounted for a decrease of \$3,262 in source costs. The other contributing factor is the accounting treatment of the five departments as explained above which were presented as operating expenses in FY08 and are now presented as transfers-out to the general government.
- The decrease in Gas Fund expenses of \$3,071 is due primarily to the sharp decline in the average cost per MCF for natural gas which fell from \$8.38 in FY08 to \$4.85 in FY09. Also, the operating expenses for the allocated departments are now shown as a transfer-out.
- The increased revenue from increased water sales has a corresponding impact on expenses in the Water Fund which increased by \$89 due to \$68 additional franchise payments to the General Fund and \$27 for increased chemical costs. The effect of the accounting treatment for the allocated departments was offset by an increase in the debt service interest payments on the 2008 COs.
- Wastewater Fund expenses decreased by \$517 and can be attributed to the following: a decrease of \$162 in salaries due to a reduction in force and the vacancy of the wastewater plant manager position during FY09; a \$51 decrease in debt service interest payments; \$44 in non-capital plant improvements done in FY08; a \$11 decrease in laboratory testing fees; and the remaining decrease is a result of the accounting treatment for allocated departments offset by a final settlement payment of \$100.
- With four operational areas, the Sanitation Fund expenses decreased by \$157 in the following areas: motor fuel costs decreased by \$67 which was offset by an increase of \$43 due to changing the landfill site; audits and consultants fell by \$53 over the prior year; a decrease of \$36 paid to Texas Commercial Waste due to reduced number of landfill containers; a \$7 decrease in laboratory testing fees with the remaining decrease attributable to the change in accounting treatment for the allocated departments.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Transfers-out to governmental activities increased \$2,993 and was explained in the governmental activities transfers-in section above.



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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$5,203 a decrease of \$6,817 in comparison with the prior year. The decrease is mainly attributable to the 2006 Capital Projects Fund which was established to account for the 2006 bond proceeds. Over \$7,101 in capital outlay expenditures were made in FY09 for completion of the new public safety facility.

The General Fund is the chief operating fund of the City of Brenham. At the end of the current fiscal year, fund balance of the General Fund was \$2,765 as compared with \$2,688 in the previous fiscal year. Total fund balance was 19.3% of total General Fund expenditures for FY09 and 25.6% for FY08.

During the current fiscal year, the fund balance of the General Fund increased by \$77. Overall, revenues were under budget by \$12 which is comprised of the following components: increases of \$17 in taxes, \$31 for Municipal Court fees, and \$58 in charges for services related to Aquatics, Parks and Animal Adoption programs. These increases are offset by an \$89 decrease in investment income. Departmental expenditures were also \$245 or 2% below budgeted levels and insurance proceeds provided \$19 in other financing sources.

The fund balance of the 2006 Capital Projects fund decreased by \$6,963 due to capital outlay expenditures for the new public safety facility which was substantially complete in FY09.

The Debt Service fund has a total fund balance of \$338, all of which is reserved for the payment of debt. The fund balance decreased during the current year by \$80 due to decreased tax revenue of \$11, lower interest income of \$34 and additional debt service expenditures related to the 2009 GO Refunding.

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 assets of the Electric Fund at the end of the year amounted to \$7,272; those of the Gas Fund were \$879; the Water Fund \$1,446,942; the Wastewater Fund \$1,340,785 and the Sanitation Fund \$670. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brenham's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original revenue budget was \$11,626 and the final amended budget was \$12,009, an increase of \$383. Revenues were amended to identify partial funding for the transfers-out of \$855 as described in the section below, and included the following increases: \$30 property tax, \$100 sales tax, \$65 Municipal Court fines, \$70 sale of property and \$70 miscellaneous revenues.

The original expenditure budget was \$14,647 and the final amended budget was \$14,132, a decrease of \$515. Expenditures were amended to identify the remaining funding for the transfers-out of \$855 as described in the section below.

The original budget for transfers-in was \$3,418 and the final amended budget was \$3,401 a decrease of \$17. This decrease is related to Hotel Occupancy Tax (HOT) Fund transfers which were decreased \$20 for billboard funding which is accounted for in the HOT Fund, and a \$3 increase due to additional HOT funding for parks and recreation programs.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2009

GENERAL FUND BUDGETARY HIGHLIGHTS – (Continued)

The original budget for transfers-out increased by \$855 due to a budget amendment approved by Council with the following components: \$150 to continue funding for Hwy 290 Pass-through financing project, \$151 for completion of Central Fire Station/Emergency Operation Center, \$44 for Airport Runway Extension capital project, \$5 for public safety grant match, \$263 to establish Capital Equipment Fund and \$242 to establish Streets & Drainage Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Brenham's investment in capital assets for its governmental and business-type activities as of September 30, 2009 amounts to \$103,884 (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 \$9,502 or ten percent.

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

- The public safety facility was substantially complete which increased Buildings by \$6,869. Governmental construction-in-progress of \$1,607 included \$1,319 for airport runway improvements, parks improvements of \$84, downtown improvements totaling \$10, design services of \$147 for a new fire substation, and construction costs of \$47 for the new communications tower.
- Business-type construction-in-progress of \$1,804 related to utility projects as follows: electric utility projects including \$45 for residential and industrial rehab projects, and \$10 for downtown improvements; water utility projects including the Westside water tower for \$1,207, design/engineering services for Phase II of the water system infrastructure improvements amounted to \$83, Atlow pump station project costs of \$285 and \$90 relates to various water line extensions; wastewater utility projects of \$84 include various wastewater additions and improvements.

City of Brenham, Texas
Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 2,178	\$ 2,194	\$ 1,367	\$ 1,367	\$ 3,545	\$ 3,561
Buildings	19,892	12,698	365	348	20,257	13,046
Improvements other than buildings	7,241	7,725	21,397	21,190	28,638	28,915
Furniture, fixtures, and equipment	527	536	207	286	734	822
Machinery	66	79	-	-	66	79
Vehicles	2,920	2,885	1,207	1,050	4,127	3,935
Infrastructure	20,946	21,454	22,521	21,543	43,467	42,997
Construction in progress	1,607	733	1,804	971	3,411	1,704
Impairment	(361)	(677)	-	-	(361)	(677)
Total	\$ 55,016	\$ 47,627	\$ 48,868	\$ 46,755	\$ 103,884	\$ 94,382

Additional information on the City of Brenham's capital assets can be found in note III.E on pages 49-50 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2009

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 \$42,827. Of this amount, \$19,376 is tax-supported debt backed by the full faith and credit of the government and sales tax revenues of the BCDC (Component Unit). The remaining \$23,451 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						
	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 7,372	\$ 1,505	\$ 9,273	\$ 6,715	\$ 16,645	\$ 8,220
Certificates of Obligation	12,020	18,900	14,680	12,125	26,700	31,025
Unamortized Credits/Charges	(16)	(32)	(502)	(241)	(518)	(273)
Total	\$ 19,376	\$ 20,373	\$ 23,451	\$ 18,599	\$ 42,827	\$ 38,972

The City of Brenham's total bonded debt increased by \$3,855 or 10 percent during the current fiscal year primarily from issuing the 2008 Certificates of Obligation for water system infrastructure improvements.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5 percent of its total assessed valuation. Additionally, the City's charter allows a rate not exceeding \$1.65 per \$100 valuation for any one year. The tax rate is \$.5042 for the year ended September 30, 2009 which is significantly below the \$1.65 allowed by the City's charter.

Additional information about the City's long-term debt can be found in note III.H through I on pages 53-57 of this report.

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

- The unemployment rate for Washington County in September 2009 was 6.9 percent, which is higher than the rate of 4.3 percent one year ago. However, the current rate compares favorably to the state's average unemployment rate of 8.2 percent.
- Sales tax, which is the City's largest revenue source for funding general government operations, began to decline in April, 2009, and trailed prior year results for the remainder of FY09. In preparation for this shift in consumer spending, the FY10 budget for sales tax was adjusted downward by 2.8% from the FY09 projected sales tax collections.
- Inflationary trends in the region compare favorably to national indices.

These factors, as well as items noted in the Economic Conditions and Outlook section in the letter of transmittal, were considered in preparing the City of Brenham's budget for the 2010 fiscal year.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2009

ECONOMIC FACTOR'S AND NEXT YEAR'S BUDGET AND RATES – (Continued)

During the current fiscal year, unreserved fund balance in the general fund increased to \$2,765. The City of Brenham's adopted budget for fiscal year 2010 is at a break-even level, so that general fund expenditures do not utilize any fund balance. For FY10, the overall tax rate remained the same at \$0.5042 with the same M&O rate of \$0.3420 and the same I&S rate of \$0.1622.

Three major initiatives were funded in the FY10 budget. Street paving funds are increased significantly with carryover budget funds from FY09. Public safety staffing, which had been stagnant for a long time, is now being addressed. Three (3) additional firefighters are being added to the operation with the help of a federal grant. Three (3) additional police officers are being added with the help of a reduction in fleet costs and three (3) telecommunications operators are being added to provide shift stability for dispatch. Radio communications equipment is being funded through a capital lease that is being achieved without a tax increase.

No rate increases were necessary in the fiscal year 2010 operating budgets for the enterprise funds except for a small increase in the transfer station rates in the Sanitation Fund.

Requests for Information

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

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City of Brenham
Statement of Net Assets
September, 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Equivalents	\$ 4,639,363	\$ 7,811,224	\$ 12,450,587	\$ 1,388,479
Receivables - Property Tax (net)	160,684	-	160,684	-
Receivables - Sales Tax	595,432	-	595,432	198,477
Receivables - Occupancy Taxes	42,603	-	42,603	-
Receivables - Account (net)	349,209	3,671,615	4,020,824	-
Internal Balances	(1,520,110)	1,520,110	-	-
Due from Component Unit	471,480	-	471,480	-
Due from Other Governments	193,426	83,631	277,057	-
Inventory at Cost	113,373	699,280	812,653	-
Notes Receivable, Current	-	46,513	46,513	-
Other Current Assets	167,150	64,542	231,692	-
Restricted Cash	2,608,496	4,930,292	7,538,788	-
Restricted Investments	3,010	815	3,825	-
Capital Assets, Not Being Depreciated	3,784,936	3,171,117	6,956,053	650,567
Notes Receivable, Long Term	-	468,826	468,826	-
Unamortized Bond Issuance Costs, Net	252,311	332,939	585,250	-
Other Capital Assets, Net	51,231,216	45,697,421	96,928,637	-
Total assets	<u>63,092,579</u>	<u>68,498,325</u>	<u>131,590,904</u>	<u>2,237,523</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	1,672,170	2,545,600	4,217,770	4,786
Due to Primary Government	-	-	-	471,480
Other Liabilities	-	3,403	3,403	-
Accrued Interest	100,186	129,918	230,104	-
Self Insurance Claims Payable	79,063	-	79,063	-
Compensated Absences, Current	208,595	62,269	270,864	-
Bonds Payable, Current	1,077,676	-	1,077,676	-
Lease Payable, Current	215,159	88,578	303,737	-
Revenue Bonds Payable, Current	-	1,297,325	1,297,325	-
Notes Payable, Current - Component Unit	-	-	-	46,513
Consumer Deposits	-	1,556,558	1,556,558	-
Compensated Absences, Long Term	67,701	79,383	147,084	-
Post Employment Benefits	76,956	63,279	140,235	-
Long Term Debt, Net	18,554,171	22,315,716	40,869,887	468,826
Total liabilities	<u>22,051,677</u>	<u>28,142,029</u>	<u>50,193,706</u>	<u>991,605</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	35,421,458	28,504,390	63,925,848	135,227
Restricted for Debt Service	391,469	-	391,469	-
Restricted for Economic Development	-	-	-	923,599
Restricted for Recreation	-	-	-	187,092
Unrestricted	5,227,975	11,851,906	17,079,881	-
Total net assets	<u>\$ 41,040,902</u>	<u>\$ 40,356,296</u>	<u>\$ 81,397,198</u>	<u>\$ 1,245,918</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, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
						Governmental Activities	Business-type Activities	
Primary government:								
Governmental activities:								
General Government	\$ 6,348,670	\$ (3,107,240)	\$ 792,976	\$ 55,060	\$ 434,461	\$ (3,968,933)	\$ -	\$ -
Public Safety	5,414,468	-	5,446	278,253	-	(5,130,769)	-	(5,130,769)
Highways and Streets	2,410,013	-	44,094	9,461	1,009,959	(1,346,499)	-	(1,346,499)
Health and Welfare	271,509	-	47,472	56,535	-	(167,502)	-	(167,502)
Culture and Recreation	3,585,647	-	348,065	69,897	22,900	(3,144,785)	-	(3,144,785)
Interest on Long Term Debt	918,260	-	-	-	-	(918,260)	-	(918,260)
Total governmental activities	20,948,567	(3,107,240)	1,228,053	469,206	1,467,320	(14,676,748)	-	(14,676,748)
Business-type activities:								
Electric	21,148,848	1,279,367	25,678,990	-	-	-	3,250,775	3,250,775
Gas	2,323,729	581,283	3,338,389	-	-	-	433,377	433,377
Sanitation	2,253,055	211,087	2,723,642	8,316	-	-	267,816	267,816
Wastewater	2,808,803	477,967	4,045,845	-	61,170	-	820,245	820,245
Water	2,758,857	557,536	4,606,949	-	54,369	-	1,344,925	1,344,925
Total business-type activities	31,293,292	3,107,240	40,393,815	8,316	115,539	-	6,117,138	6,117,138
Total primary government	\$ 52,241,859	\$ -	\$ 41,621,868	\$ 477,522	\$ 1,582,859	(14,676,748)	6,117,138	(8,559,610)
Component unit:								
Brenham Community Devel Corp	\$ 190,761	-	-	-	-	-	-	(190,761)
Total component unit	\$ 190,761	-	-	-	-	-	-	(190,761)
General revenues:								
Property Taxes	-	-	-	-	-	-	-	-
Sales Taxes	-	-	-	-	-	4,787,893	-	4,787,893
Franchise Taxes	-	-	-	-	-	3,727,329	-	3,727,329
Hotel Occupancy Taxes	-	-	-	-	-	3,039,876	-	3,039,876
Alcoholic Beverage Taxes	-	-	-	-	-	438,632	-	438,632
Investment Income not Restricted	-	-	-	-	-	23,454	-	23,454
Miscellaneous	-	-	-	-	-	181,281	129,159	310,440
Gain on Sale of Capital Assets	-	-	-	-	-	120,375	192,729	313,104
Payments from Component Unit	-	-	-	-	-	5,482	-	5,482
Transfers	-	-	-	-	-	931,773	-	931,773
	-	-	-	-	-	3,146,621	(3,146,621)	-
Total general revenues	-	-	-	-	-	16,402,716	(2,824,733)	13,577,983
Change in net assets	-	-	-	-	-	1,725,968	3,292,405	5,018,373
Net assets - beginning	-	-	-	-	-	39,314,934	37,063,891	76,378,825
Net assets - ending	-	-	-	-	-	\$ 41,040,902	\$ 40,356,296	\$ 81,397,198

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

City of Brenham
Balance Sheet
Governmental Funds
September 30, 2009

	General Fund	Debt Service Fund	2006 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Equivalents	\$ 3,891,322	\$ -	\$ -	\$ 634,855	\$ 4,526,177
Receivables (Net)					
Property Taxes	107,164	53,520	-	-	160,684
Sales Tax	595,432	-	-	-	595,432
Occupancy Tax	-	-	-	42,602	42,602
Accounts	348,129	-	-	80	348,209
Interfund Receivables	-	-	-	121,623	121,623
Due from Component Unit	-	-	-	471,480	471,480
Due from Other Governments	183,336	904	-	9,186	193,426
Inventory at Cost	113,373	-	-	-	113,373
Other Current Assets	1,000	-	-	69,740	70,740
Restricted Cash	-	345,673	1,491,340	301,713	2,138,726
Restricted Investments	-	-	-	3,010	3,010
Total Assets	<u>\$ 5,239,756</u>	<u>\$ 400,097</u>	<u>\$ 1,491,340</u>	<u>\$ 1,654,289</u>	<u>\$ 8,785,482</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current	\$ 738,339	\$ -	\$ 801,755	\$ 131,910	\$ 1,672,004
Interfund Payables	1,279,241	8,628	66,964	44,353	1,399,186
Deferred Revenue	457,161	53,520	-	576	511,257
Other Liabilities	165	-	-	-	165
Total Liabilities	<u>2,474,906</u>	<u>62,148</u>	<u>868,719</u>	<u>176,839</u>	<u>3,582,612</u>
Fund Balances:					
Reserved for:					
Debt Service	-	337,949	-	-	337,949
Unreserved, reported in:					
Capital Projects	-	-	622,621	76,570	699,191
General Fund	2,764,850	-	-	-	2,764,850
Special Revenue Funds	-	-	-	1,400,880	1,400,880
Total Fund Balances	<u>2,764,850</u>	<u>337,949</u>	<u>622,621</u>	<u>1,477,450</u>	<u>5,202,870</u>
Total Liabilities and Fund Balances	<u>\$ 5,239,756</u>	<u>\$ 400,097</u>	<u>\$ 1,491,340</u>	<u>\$ 1,654,289</u>	

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

City of Brenham
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Assets
 For the Year Ended September 30, 2009

Total fund balances - total governmental funds \$ 5,202,870

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 55,016,152

Gross capital assets	87,298,703
Accumulated depreciation	(31,921,315)
Impairment Loss	(361,236)
	55,016,152

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (20,045,223)

Bonds payable	19,391,623
Less: Unamortized bond issue costs	(255,221)
Less: Issuance discount	(4,953)
Add: Issuance premium	207,143
Less: Unamortized deferred charges	(217,892)
Accrued interest payable	100,186
Capital lease payable	471,085
Compensated absences	276,296
Post retirement benefits	76,956
	20,045,223

Internal service funds are used by management to charge the costs of risk management services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 355,846

Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 511,257

Net assets of governmental activities \$ 41,040,902

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, 2009

	General Fund	Debt Service Fund	2006 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 10,030,326	\$ 1,537,834	\$ -	\$ 438,632	\$ 12,006,792
Licenses and Permits	61,989	-	-	-	61,989
Intergovernmental	424,450	-	-	1,037,782	1,462,232
Charges for Services	499,674	-	-	71,503	571,177
Fines and Forfeitures	594,840	-	-	-	594,840
Investment Income	29,597	7,764	138,128	4,196	179,685
Payment from Component Unit	209,000	460,773	-	262,000	931,773
Contributions and Donations	-	-	-	39,833	39,833
Miscellaneous	146,873	-	-	3,111	149,984
Total revenues	<u>11,996,749</u>	<u>2,006,371</u>	<u>138,128</u>	<u>1,857,057</u>	<u>15,998,305</u>
Expenditures					
Current:					
Culture and Recreation	2,537,830	-	-	425,253	2,963,083
General Government	4,733,028	-	-	60,547	4,793,575
Health and Welfare	262,880	-	-	-	262,880
Highways and Streets	1,317,966	-	-	-	1,317,966
Public Safety	5,016,812	-	-	38,423	5,055,235
Debt service:					
Interest & Fiscal Charges	1,393	815,089	-	-	816,482
Principal Retirement	47,832	1,271,368	-	-	1,319,200
Issuance Costs	-	132,893	-	-	132,893
Capital Outlay	392,249	-	7,101,156	2,091,655	9,585,060
Total expenditures	<u>14,309,990</u>	<u>2,219,350</u>	<u>7,101,156</u>	<u>2,615,878</u>	<u>26,246,374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,313,241)</u>	<u>(212,979)</u>	<u>(6,963,028)</u>	<u>(758,821)</u>	<u>(10,248,069)</u>
Other Financing Sources (Uses)					
Transfers In	3,226,094	-	-	866,071	4,092,165
Transfers Out	(854,996)	-	-	(90,548)	(945,544)
Refunding bonds issued	-	5,941,995	-	-	5,941,995
Premium on refunding bonds issued	-	194,962	-	-	194,962
Payment to refunded bond escrow agent	-	(6,004,364)	-	-	(6,004,364)
Proceeds from Capital Lease	-	-	-	131,933	131,933
Insurance Proceeds	19,339	-	-	-	19,339
Total other financing sources and (uses)	<u>2,390,437</u>	<u>132,593</u>	<u>-</u>	<u>907,456</u>	<u>3,430,486</u>
Net change in Fund Balances	<u>77,196</u>	<u>(80,386)</u>	<u>(6,963,028)</u>	<u>148,635</u>	<u>(6,817,583)</u>
Fund balances - beginning	<u>2,687,654</u>	<u>418,335</u>	<u>7,585,649</u>	<u>1,328,815</u>	<u>12,020,453</u>
Fund balances - ending	<u>\$ 2,764,850</u>	<u>\$ 337,949</u>	<u>\$ 622,621</u>	<u>\$ 1,477,450</u>	

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

City of Brenham
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended September 30, 2009

Net change in fund balances - total governmental funds \$ (6,817,583)

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. 7,388,803

Capital outlay	9,585,060
Depreciation expense	(2,567,399)
Donation of capital asset	434,461
Proceeds from sale	(63,915)
Insurance proceeds	(4,886)
Loss on disposal	(57,964)
Gain on disposal	63,446
	7,388,803

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 30,247

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net assets. Bond principal payments are expenditures in the governmental funds, but they reduce long term liabilities in the statement of net assets. 1,175,768

Debt issued:	
General Obligation Refunding Bonds	(5,941,995)
Unamortized bond issue costs on refunding debt	132,593
Unamortized bond premium on refunding debt	(194,962)
Capital lease financing	(131,933)
Repayments:	
To Paying Agent:	
For certificate principal	6,004,364
To bond, certificate, and note holders	1,319,200
Amortization of bond premiums, discounts, & charges	(11,499)
	1,175,768

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. (144,096)

Compensated absences	(82,882)
Accrued interest payable	15,742
Post retirement benefits	(76,956)
	(144,096)

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. 115,669

For government wide reporting, bond issue costs are deferred and amortized. (22,840)

Change in net assets of governmental activities \$ 1,725,968

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

City of Brenham
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 9,835,420	\$ 10,013,500	\$ 10,030,326	\$ 16,826
Licenses and Permits	54,735	54,735	61,989	7,254
Intergovernmental	370,166	410,166	424,450	14,284
Charges for Services	440,710	440,710	499,674	58,964
Fines and Forfeitures	499,300	564,300	594,840	30,540
Investment Income	118,500	118,500	29,597	(88,903)
Payment from Component Unit	215,000	215,000	209,000	(6,000)
Contributions and Donations	55,000	55,000	-	(55,000)
Miscellaneous	36,980	136,980	146,873	9,893
Total revenues	<u>11,625,811</u>	<u>12,008,891</u>	<u>11,996,749</u>	<u>(12,142)</u>
Expenditures				
Current:				
Culture and Recreation	2,618,548	2,582,850	2,537,830	45,020
General Government	5,017,540	4,848,814	4,733,028	115,786
Health and Welfare	299,577	283,279	262,880	20,399
Highways and Streets	1,440,810	1,350,810	1,317,966	32,844
Public Safety	5,271,035	5,066,351	5,016,812	49,539
	<u>14,647,510</u>	<u>14,132,104</u>	<u>13,868,516</u>	<u>263,588</u>
Debt Service:				
Interest and Fiscal Charges	1,393	1,393	1,393	-
Principal	47,832	47,832	47,832	-
	<u>49,225</u>	<u>49,225</u>	<u>49,225</u>	<u>-</u>
Capital Outlay	347,070	373,310	392,249	(18,939)
Total Expenditures	<u>15,043,805</u>	<u>14,554,639</u>	<u>14,309,990</u>	<u>244,649</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,417,994)</u>	<u>(2,545,748)</u>	<u>(2,313,241)</u>	<u>232,507</u>
Other Financing Sources (Uses)				
Transfers In	3,417,994	3,400,744	3,226,094	(174,650)
Transfers Out	-	(854,996)	(854,996)	-
Insurance Proceeds	-	-	19,339	19,339
Total other financing sources and (uses)	<u>3,417,994</u>	<u>2,545,748</u>	<u>2,390,437</u>	<u>(155,311)</u>
Net change in fund balance	-	-	77,196	77,196
Fund balance - beginning	2,687,654	2,687,654	2,687,654	-
Fund balance - ending	<u>\$ 2,687,654</u>	<u>\$ 2,687,654</u>	<u>\$ 2,764,850</u>	<u>\$ 77,196</u>

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

City of Brenham, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2009

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
Assets							
Current assets:							
Cash and Equivalents	\$ 5,890,301	\$ 137,106	\$ 41,339	\$ 1,119,133	\$ 623,345	\$ 7,811,224	\$ 110,276
Receivables - Accounts, Net	2,478,173	179,559	446,901	387,736	179,246	3,671,615	1,000
Receivables - Interfund	-	557,138	872,194	-	-	1,429,332	-
Intergovernmental Receivable	-	5,246	-	-	33,926	83,631	-
Inventory at Cost	44,459	102,317	155,340	23,287	-	699,280	-
Other Current Assets	4,713	-	42,858	-	16,971	64,542	96,410
Notes Receivable, Net	46,513	-	-	-	-	46,513	-
Restricted Cash	1,665,550	-	3,264,742	-	-	4,930,292	469,770
Restricted Investments	-	815	-	-	-	815	-
Total current assets	10,548,045	982,181	4,823,374	1,530,156	853,488	18,737,244	677,456
Noncurrent assets:							
Capital Assets, Net	7,341,453	1,608,304	17,479,959	20,950,890	1,487,932	48,868,538	-
Unamortized Bond Issuance Cost	-	-	139,581	193,358	-	332,939	-
Notes Receivable, Long Term	468,826	-	-	-	468,826	468,826	-
Total noncurrent assets	7,810,279	1,608,304	17,619,540	21,144,248	1,487,932	49,670,303	-
Total assets	18,358,324	2,590,485	22,442,914	22,674,404	2,341,420	68,407,547	677,456
Liabilities							
Current liabilities:							
Accounts Payable & Other Current Liabilities	\$ 1,965,607	\$ 82,939	\$ 269,324	\$ 53,504	\$ 155,226	\$ 2,545,600	\$ 820
Other Liabilities	-	-	2,353	1,050	-	3,403	-
Accrued Interest	-	81	62,814	65,205	1,818	129,918	-
Interfund Payable	111,196	-	-	38,895	1,678	151,769	-
Self Insurance Claims Payable	-	-	-	-	-	-	78,243
Compensated Absences, Current	31,648	1,195	9,582	12,528	7,316	62,269	-
Lease Payable, Current	-	7,213	-	-	81,365	88,578	-
Revenue Bonds Payable, Current	-	-	629,780	667,545	-	1,297,325	-
Consumer Deposits	1,556,558	-	-	-	-	1,556,558	-
Total current liabilities	3,665,009	91,428	972,853	838,727	247,403	5,835,420	79,063
Non current liabilities:							
Compensated Absences	35,015	11,176	15,789	8,047	9,356	79,383	-
Post Employment Benefits	24,811	7,710	13,037	10,142	7,579	63,279	-
Long Term Debt, Net	-	15,366	10,570,428	11,583,134	146,788	22,315,716	-
Total noncurrent liabilities	59,826	34,252	10,599,254	11,601,323	163,723	22,458,378	-
Total liabilities	3,744,835	125,680	11,572,107	12,440,050	411,126	28,283,798	79,063
Net Assets							
Invested in Capital Assets, Net of Related Debt	7,341,453	1,585,725	9,423,865	8,893,569	1,259,778	28,504,390	-
Restricted for Debt Service	7,272,036	879,080	1,446,942	1,340,785	670,516	11,609,359	598,393
Unrestricted	14,613,489	2,464,805	10,870,807	10,234,354	1,930,294	40,113,749	598,393
Total net assets	\$ 29,227,078	\$ 4,860,410	\$ 21,711,574	\$ 21,468,708	\$ 3,180,678	\$ 79,800,869	\$ 1,295,086

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

Net Assets of business-type activities

\$ 242,547
\$ 40,356,296

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

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City of Brenham, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year ended September 30, 2009

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
Operating revenues:							
Charges for Services	\$ 25,678,975	\$ 3,338,384	\$ 4,606,941	\$ 4,045,839	\$ 2,723,637	\$ 40,393,776	\$ 1,935,103
Total Operating	<u>25,678,975</u>	<u>3,338,384</u>	<u>4,606,941</u>	<u>4,045,839</u>	<u>2,723,637</u>	<u>40,393,776</u>	<u>1,935,103</u>
Operating expenses:							
Cost of Sales and Services	17,863,771	2,059,168	243,513	-	-	20,166,452	-
Salaries	1,552,761	620,797	475,531	475,886	475,886	3,407,874	-
Supplies	334,998	76,971	426,695	143,289	201,949	1,183,902	-
Maintenance	152,577	44,542	264,568	117,466	79,351	658,504	-
Contractual Services	346,838	29,394	358,706	766,067	1,528,174	3,029,179	1,727,244
Depreciation	339,891	172,413	572,052	818,591	112,718	2,015,665	-
Gross Revenue Tax	1,777,975	235,410	318,426	277,563	54,128	2,663,502	-
Miscellaneous	93,390	15,405	30,949	39,970	10,639	190,353	-
Total operating expenses	<u>22,462,201</u>	<u>2,915,202</u>	<u>2,835,706</u>	<u>2,639,477</u>	<u>2,462,845</u>	<u>33,315,431</u>	<u>1,727,244</u>
Operating Income (loss)	<u>3,216,774</u>	<u>423,182</u>	<u>1,771,235</u>	<u>1,406,362</u>	<u>260,792</u>	<u>7,078,345</u>	<u>207,859</u>
Nonoperating revenues (expenses):							
Contributions and Donations	-	-	-	-	500	500	-
Intergovernmental	-	-	-	-	7,816	7,816	-
Investment Income	80,092	5,252	27,785	8,964	5,756	127,849	2,907
Interest Expense & Fiscal Charges	(2,769)	(1,238)	(500,010)	(557,565)	(12,517)	(1,074,099)	-
Miscellaneous, Net	26,177	291	4,019	(104,748)	162,240	87,979	-
Total non operating revenue (expenses)	<u>103,500</u>	<u>4,305</u>	<u>(468,206)</u>	<u>(653,349)</u>	<u>163,795</u>	<u>(849,955)</u>	<u>2,907</u>
Income (loss) before contributions and transfers	3,320,274	427,487	1,303,029	753,013	424,587	6,228,390	210,766
Capital Contributions	-	-	54,369	61,170	-	115,539	-
Transfers In	500,661	-	-	-	-	500,661	-
Transfers Out	(1,789,874)	(591,127)	(567,381)	(487,812)	(211,088)	(3,647,282)	-
Total Transfers In/(Out)	<u>(1,289,213)</u>	<u>(591,127)</u>	<u>(567,381)</u>	<u>(487,812)</u>	<u>(211,088)</u>	<u>(3,146,621)</u>	<u>-</u>
Change in net assets	2,031,061	(163,640)	790,017	326,371	213,499	3,197,308	210,766
Total net assets - beginning	12,582,428	2,628,445	10,080,790	9,907,983	1,716,795	387,627	387,627
Total net assets - ending	<u>\$ 14,613,489</u>	<u>\$ 2,464,805</u>	<u>\$ 10,870,807</u>	<u>\$ 10,234,354</u>	<u>\$ 1,930,294</u>	<u>\$ 598,393</u>	<u>\$ 598,393</u>

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

Change in net assets of business-type activities

95,097
\$ 3,292,405

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, 2009

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
Cash Flows from Operating Activities							
Receipts from customers and users	\$ 26,049,488	\$ 3,517,485	\$ 4,575,977	\$ 4,088,042	\$ 2,738,292	\$ 40,969,284	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	1,948,649
Gross revenue tax paid to General Fund	(1,777,975)	(235,410)	(318,426)	(277,563)	(54,128)	(2,663,502)	-
Payments to suppliers	(19,338,677)	(2,982,812)	(2,082,804)	(1,215,101)	(1,936,175)	(27,555,569)	(1,818,396)
Payments to employees	(1,485,725)	(275,175)	(602,666)	(469,310)	(459,536)	(3,291,432)	-
Net cash provided (used) by operating activities	3,447,111	24,088	1,572,061	2,127,068	288,453	7,458,781	130,253
Cash Flows from Non Capital Financing Activities							
Transfers in (out)	(1,289,213)	(591,127)	(567,381)	(487,812)	(211,088)	(3,146,621)	-
Principal paid on settlement debt	-	-	-	(104,750)	-	(104,750)	-
Interest paid on consumer deposits	(2,769)	-	-	-	-	(2,769)	-
Net cash provided (used) by noncapital financing activities	(1,291,982)	(591,127)	(567,381)	(592,562)	(211,088)	(3,254,140)	-
Cash Flows from Capital and Related Financing Activities							
Acquisition and construction of capital assets	(455,126)	(28,598)	(3,129,072)	(163,303)	(310,298)	(4,086,397)	-
Proceeds from issuance of Bonds	-	-	5,969,000	-	-	5,969,000	-
Principal paid on bonds and capital leases	-	(6,917)	(569,498)	(633,196)	(78,069)	(1,287,680)	-
Proceeds from sales of capital assets	2,250	1,620	1,508	-	50,750	56,128	-
Interest and fees paid on bonds and capital leases	-	(1,262)	(474,257)	(543,840)	(12,627)	(1,031,986)	-
Net cash provided (used) by capital and related financing activities	(452,876)	(35,157)	1,797,681	(1,340,339)	(350,244)	(380,935)	-
Cash Flows from Investing Activities							
Proceeds from sale and maturities of investments	-	(7)	-	-	213,187	213,180	-
Collections on loans	44,249	-	-	-	-	44,249	-
Investment income received	80,092	5,252	27,785	8,964	5,756	127,849	2,907
Net cash provided (used) by investing activities	124,341	5,245	27,785	8,964	218,943	385,278	2,907
Net increase (decrease) in cash and cash equivalents	1,826,594	(596,951)	2,830,146	203,131	(53,936)	4,208,984	133,160
Cash and cash equivalents, beginning of year	5,729,257	734,057	475,935	916,002	677,281	8,532,532	446,886
Cash and cash equivalents, end of year	\$ 7,555,851	\$ 137,106	\$ 3,306,081	\$ 1,119,133	\$ 623,345	\$ 12,741,516	\$ 580,046
Reconciliation of cash and cash equivalents to statement of net assets							
Cash and equivalents	\$ 5,890,301	\$ 137,106	\$ 41,339	\$ 1,119,133	\$ 623,345	\$ 7,811,224	\$ 110,276
Restricted cash and equivalents	1,665,550	-	3,264,742	-	-	4,930,292	469,770
Cash and cash equivalents, end of year	\$ 7,555,851	\$ 137,106	\$ 3,306,081	\$ 1,119,133	\$ 623,345	\$ 12,741,516	\$ 580,046

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

Operating income (loss)	\$ 3,216,774	\$ 423,182	\$ 1,771,235	\$ 1,406,362	\$ 260,792	\$ 7,078,345	\$ 207,859
Adjustments to reconcile net cash provided (used) by operating activities							
Depreciation	339,891	172,413	572,052	818,591	112,718	2,015,865	-
Provision for uncollectible accounts	37,346	1,848	7,152	5,771	3,494	55,611	-
Other income (expense)	23,929	-	2,511	-	10,621	37,061	-
Changes in assets and liabilities affecting cash provided by operations:							
(Increase) decrease in accounts receivable	259,635	177,253	(40,627)	36,432	540	433,233	13,545
(Increase) decrease in inventory	(36,670)	(10,285)	20,391	(2,584)	-	(29,148)	-
(Increase) decrease in interfund receivables	-	(557,138)	(872,194)	-	-	(1,428,332)	-
(Increase) decrease in intergovernmental receivables	(44,459)	(5,246)	-	-	(21,582)	(71,287)	-
Increase (decrease) in intergovernmental payables	53,410	-	(25,920)	(145,922)	(53,368)	(171,800)	-
Increase (decrease) in self insurance claims liability	-	-	-	-	-	-	(21,700)
(Increase) decrease in other assets	-	-	(2,479)	-	-	1,348	(69,546)
Increase (decrease) in accounts payable and other current liabilities	(519,384)	(184,863)	121,829	197	3,827	(596,144)	95
Increase (decrease) in salaries & benefits payable	62,376	7,399	15,549	9,387	13,245	107,956	-
Increase (decrease) in compensated absences	(20,151)	(8,385)	(10,475)	(11,308)	(4,474)	(54,793)	-
Increase (decrease) in postemployment benefits	24,811	7,710	13,037	10,142	7,579	63,279	-
Increase (decrease) in post closure liability	-	-	-	-	(30,816)	(30,816)	-
Increase (decrease) in consumer deposits	49,603	-	-	-	-	49,603	-
Net cash provided (used) by operating activities	\$ 3,447,111	\$ 24,088	\$ 1,572,061	\$ 2,127,068	\$ 288,453	\$ 7,458,781	\$ 130,253

Noncash investing, capital and financing activities

Purchase of capital asset with lease proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution of capital assets from developer	-	-	54,369	61,170	-	115,539	-

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, 2009

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 Brenham Community Development Corporation (BCDC) is a legally separate entity from the City and is governed by a board appointed by City Council. The BCDC was formed to oversee revenues and expenditures of a special three-eighth cent sales tax for economic development and community recreational development. The City is financially accountable for the BCDC because the City's council approves the BCDC budget and the City Manager serves as its Chief Executive Officer. For financial reporting purposes, the BCDC is reported as a governmental fund. The Corporation does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds.

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

The government reports the following major proprietary funds:

The *Electric Fund* accounts for the activities of the City's electric distribution operations.

The *Gas Fund* accounts for the activities of the City's gas distribution operations.

The *Water Fund* accounts for the activities of the City's water distribution and water treatment facilities.

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

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

Additionally, the government reports the following fund types:

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

Investments for the government, as well as the component unit, are reported at fair value. Funds are invested in a state money pool and another public investment pool. The City invests in no form of joint venture with other entities.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of inter-fund loans) or "advances to / from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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

3. Inventories and prepaid items

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

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

4. Restricted assets

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

5. Capital assets

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

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

6. Compensated absences

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

7. Long-term obligations

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

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

8. Fund equity

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

9. Post closure care cost

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

The City stopped accepting waste at its landfill in November, 1990. State and federal laws and regulations require the City to place a final cover on the site and perform maintenance and monitoring functions at the site for five years after closure. The City estimated post closure costs of \$140,000 and reported that amount as a liability at September 30, 2008. 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's request for Voluntary Renovation has been approved and no penalties or fees are due regarding this permit. The post-closure liability was reversed and \$30,816 was recorded to offset current expense and the balance of \$109,184 was recorded as miscellaneous revenue.

The City operates a waste transfer station for which it has demonstrated financial assurance of \$62,279 by meeting the financial assurance test. Estimated closure cost is \$15,000.

10. Post-employment benefits

The City provides the availability of post-retirement health care for certain retirees. Retirees and covered spouses whose sum of age and years of service was equal to or greater than 75 at the time of retirement may purchase group health until they and their covered spouses reach Medicare eligibility. Currently, ten retirees meet those eligibility requirements and have elected to receive this benefit. The retiree pays the entire premium for group health coverage and claims are paid through the self-insured medical fund.

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

The departmental budget is the basic unit of measurement for the City's budget. Six director positions report to the City Manager and oversee the individual departmental budgets within their area of responsibility. These positions include the Director of Public Works, Director of Public Utilities, Chief Financial Officer, Director of Community Services, Chief of Police and Fire Chief.

1. Basis of accounting

All budgets are prepared and adopted on a basis consistent with generally accepted accounting principles which is the same basis of accounting used for financial reporting in these financial statements.

2. Budgeted funds

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

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

For the year ended September 30, 2009, 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 and the Debt Service Fund. Non major governmental funds for which budgets were adopted include the Hotel/Motel Tax, Fire/Community Hall Renovation, Police Training Fund, Criminal Law Enforcement Fund, Donations, Courts Technology/Security, Parks Special Revenue, US 290 Pass Thru Finance, and Airport Capital Improvement funds. Internal Service funds with budgets adopted include the Medical Insurance and Workers' Compensation funds. All annual budget appropriations lapse at the end of the fiscal year.

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

3. Legal level of control

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

4. Budget amendments

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

5. Encumbrances

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

B. Compliance with Finance Related Legal and Contractual Provisions

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

C. Deficit Fund Balances or Net Asset Balances

The Fire/Community Hall Renovation fund had a deficit fund balance of \$31,600 at year end. The government plans to transfer funds from the General Fund to cover this deficit.

D. Excess of Expenditures Over Appropriations

For fiscal year end September 30, 2009, all expenditures of the General Fund were within appropriations.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2009, the City had an investment in a State Money Pool (TexPool) which had a balance of \$7,130,872 which was included in cash and cash equivalents at September 30, 2009. "TexPool" is a local government investment pool created and managed by the Texas State Treasurer to invest funds on behalf of Texas political subdivisions. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Fund Investment Act. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year end was \$1.00 per share. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool was rated AAAM by Standard & Poor's. Authorized investments for TexPool funds include government securities, repurchase and reverse repurchase agreements, certificates of deposit, money market mutual funds and commercial paper.

The City also had an investment in TexSTAR, another public funds investment pool, which had a balance of \$13,428,208 and was included in cash and cash equivalents at September 30, 2009. "TexSTAR" is a local government investment pool created and jointly managed by First Southwest Asset Management, Inc. and JP Morgan Chase Bank to invest funds on behalf of Texas political subdivisions. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year end was \$1.000419 per share. The stated objective of TexSTAR is to maintain a stable \$1.00 net asset value per unit, and immediate action must be taken if the net asset value of the units of any fund falls below \$0.995 or rises above \$1.005. It had a weighted average maturity of less than 60 days and was rated AAAM by Standard and Poor's. Authorized investments for TexSTAR funds include government securities, repurchase and reverse repurchase agreements, and money market mutual funds regulated by the Securities and Exchange Commission.

As of September 30, 2009, \$3,825 of unspent lease proceeds from the New World Software Lease, the 2008 Chase Vehicle and Equipment Lease and the 2009 Chase Vehicle and Equipment Lease were being held in an Escrow account at JP Morgan Chase Bank. These funds were invested in JP Morgan 100% Treasury shares. On December 29, 2008, the final disbursement for equipment acquisition under the 2008 lease was made. In December 2009, the unspent proceeds of \$3,726 were refunded to the City.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

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

At year end, the government's carrying amount of deposits for the primary government and BCDC component unit was \$811,344 and the bank balances totaled \$1,347,626. Of the bank balances, \$280,976 was covered by federal depository insurance and \$759,874 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name. The remaining \$306,776 was being held at JP Morgan Chase Bank in an overnight investment sweep account. These funds, although not FDIC insured or collateralized with securities held by the pledging financial institution's trust department or agent in the government's name, were invested in a low risk U.S. Treasury plus Money Market Fund. The primary investments of this fund are direct obligations of the U.S. Treasury including Treasury bills, bonds and other obligations issued or guaranteed by the U.S. Treasury and repurchase agreements collateralized by such obligations.

B. Receivables - Account

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

Governmental Funds

	<u>General Fund</u>	<u>PD Crim. Law Enforcement Fund</u>	<u>Total</u>
Interest	\$ -	\$ -	\$ -
Accounts	208,140	80	208,220
Assessments	143,980	-	143,980
	<u>352,120</u>	<u>80</u>	<u>352,200</u>
Less Allowance for Uncollectibles	(3,991)	-	(3,991)
Accounts Receivable, Net	<u>\$ 348,129</u>	<u>\$ 80</u>	<u>\$ 348,209</u>

Proprietary Funds

	<u>Electric Fund</u>	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Accounts	\$ 2,523,173	\$ 183,559	\$ 456,901	\$ 393,736	\$ 184,246	\$3,741,615
Assessments	-	-	-	-	-	-
	<u>2,523,173</u>	<u>183,559</u>	<u>456,901</u>	<u>393,736</u>	<u>184,246</u>	<u>3,741,615</u>
Less Allowance for Uncollectibles	(45,000)	(4,000)	(10,000)	(6,000)	(5,000)	(70,000)
Accounts Receivable, Net	<u>\$ 2,478,173</u>	<u>\$ 179,559</u>	<u>\$ 446,901</u>	<u>\$ 387,736</u>	<u>\$ 179,246</u>	<u>\$3,671,615</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

Internal Service Fund

	Total
Accounts	\$ 1,000
Assessments	-
	1,000
Less Allowance for Uncollectibles	-
Accounts Receivable, Net	\$ 1,000

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

Components	Unavailable	Unearned	Total
Delinquent property taxes receivable (General Fund)	\$ 107,164	\$ -	\$ 107,164
Delinquent property taxes receivable (Debt Service Fund)	53,520	-	53,520
Franchise fees receivable	139,035	-	139,035
Lien assessments and pending seizures	138,322	-	138,322
Receivable from Washington County	73,216	-	73,216
Total deferred/unearned revenue for governmental funds	\$ 511,257	\$ -	\$ 511,257
 Balances not expected to be collected within one year	 \$ 175,684	 \$ -	 \$ 175,684

C. Receivables – Property Taxes

The following information relates to property taxes receivable for the year ended September 30, 2009:

Original Certified Tax Roll	\$ 945,811,445
Approved Rate (Per \$100 Valuation)	0.5042
Original Levy	4,768,781
Supplements	(28,980)
Adjusted Levy	\$ 4,739,801
 Collections on Current Tax Roll	 4,666,545
Total Collections/Refunds/Adjustments	4,727,111
Property Taxes Receivable	\$ 160,684

D. Notes Receivable

Notes receivable at September 30, 2009 consisted of the following:

Business-type Activities - Electric Fund

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

\$ 515,339

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2009 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclass/CIP to Complete</u>	<u>Donations</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:						
Land	\$ 2,194,109	\$ 18,821	\$ -	\$ -	\$ (35,000)	\$ 2,177,930
Construction in Progress	732,800	1,388,059	(513,853)	-	-	1,607,006
Total Not Being Depreciated	<u>\$ 2,926,909</u>	<u>1,406,880</u>	<u>(513,853)</u>	<u>-</u>	<u>(35,000)</u>	<u>3,784,936</u>
Capital Assets, Being Depreciated:						
Buildings	17,083,665	7,507,395	513,853	-	(743,910)	24,361,003
Improvements Other Than Buildings	10,926,620	58,150	-	-	(6,900)	10,977,870
Furniture, Fixtures and Equipment	1,530,379	158,272	-	-	(109,592)	1,579,059
Machinery	130,869	-	-	-	-	130,869
Vehicles	6,015,397	454,363	-	-	(257,925)	6,211,835
Infrastructure	39,818,670	-	-	434,461	-	40,253,131
Total Being Depreciated	<u>75,505,600</u>	<u>8,178,180</u>	<u>513,853</u>	<u>434,461</u>	<u>(1,118,327)</u>	<u>83,513,767</u>
Less Impairment	(677,397)	-	-	-	316,161	(361,236)
Less Accumulated Depreciation for:						
Buildings	(4,384,971)	(511,710)	-	-	427,748	(4,468,933)
Improvements Other Than Bldgs.	(3,202,154)	(537,066)	-	-	2,310	(3,736,910)
Furniture, Fixtures and Equipment	(993,700)	(156,407)	-	-	98,188	(1,051,919)
Machinery	(51,283)	(13,535)	-	-	-	(64,818)
Vehicles	(3,130,388)	(406,858)	-	-	245,602	(3,291,644)
Infrastructure	(18,365,268)	(941,823)	-	-	-	(19,307,091)
Total Accumulated Depreciation	<u>(30,127,764)</u>	<u>(2,567,399)</u>	<u>-</u>	<u>-</u>	<u>773,848</u>	<u>(31,921,315)</u>
Total Being Depreciated, Net	<u>44,700,439</u>	<u>5,610,781</u>	<u>513,853</u>	<u>434,461</u>	<u>(28,318)</u>	<u>51,231,216</u>
Capital Assets, Net	<u>\$ 47,627,348</u>	<u>\$ 7,017,661</u>	<u>\$ -</u>	<u>\$ 434,461</u>	<u>\$ (63,318)</u>	<u>\$ 55,016,152</u>

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclass/CIP to Complete</u>	<u>Contributed Capital</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:						
Land	\$ 1,366,566	\$ -	\$ -	\$ -	\$ -	\$ 1,366,566
Construction in Progress	971,384	1,780,173	(875,612)	-	(71,394)	1,804,551
Total Not Being Depreciated	<u>2,337,950</u>	<u>1,780,173</u>	<u>(875,612)</u>	<u>-</u>	<u>(71,394)</u>	<u>3,171,117</u>
Capital Assets, Being Depreciated:						
Buildings	573,126	37,198	-	-	-	610,324
Improvements Other Than Buildings	29,231,893	860,954	27,932	-	-	30,120,779
Furniture, Fixtures and Equipment	1,112,496	-	-	-	(23,631)	1,088,865
Vehicles	3,168,637	360,424	-	-	(249,820)	3,279,241
Infrastructure	42,357,050	1,047,649	847,680	115,538	-	44,367,917
Total Being Depreciated	<u>76,443,202</u>	<u>2,306,225</u>	<u>875,612</u>	<u>115,538</u>	<u>(273,451)</u>	<u>79,467,126</u>
Less Accumulated Depreciation for:						
Buildings	(225,340)	(19,240)	-	-	-	(244,580)
Improvements Other Than Bldgs.	(8,041,761)	(682,027)	-	-	-	(8,723,788)
Furniture, Fixtures and Equipment	(826,073)	(79,564)	-	-	23,631	(882,006)
Vehicles	(2,118,886)	(202,102)	-	-	248,491	(2,072,497)
Infrastructure	(20,814,102)	(1,032,732)	-	-	-	(21,846,834)
Total Accumulated Depreciation	<u>(32,026,162)</u>	<u>(2,015,665)</u>	<u>-</u>	<u>-</u>	<u>272,122</u>	<u>(33,769,705)</u>
Total Being Depreciated, Net	<u>44,417,040</u>	<u>290,560</u>	<u>875,612</u>	<u>115,538</u>	<u>(1,329)</u>	<u>45,697,421</u>
Capital Assets, Net	<u>\$ 46,754,990</u>	<u>\$ 2,070,733</u>	<u>\$ -</u>	<u>\$ 115,538</u>	<u>(72,723)</u>	<u>\$ 48,868,538</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

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	\$ 629,465
General Government	453,290
Health and Welfare	9,668
Highways and Streets	1,096,671
Public Safety	378,305
Total Governmental Activities	<u>\$ 2,567,399</u>
<u>Business-type Activities</u>	
Electric	\$ 339,891
Gas	172,413
Water	572,052
Sewer	818,591
Sanitation	112,718
Total Business-type Activities	<u>\$ 2,015,665</u>

As of September 30, 2009, capital assets of the component unit consist of land (not being depreciated) with a balance of \$624,632. The Construction in Progress has a balance of \$25,935 which is engineering for wastewater system improvements.

F. Contractual Commitments

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

A joint gas purchase contract to purchase natural gas at a price equal to an agreed index, less a discount, under a balancing and supply agreement. The contract will expire in 2026. Also, a contract with a supplier to provide natural gas at a rate based on inside FERC Gas Market report index plus \$0.35 per MMBTU. This contract will expire November 1, 2010. For the year ending September 30, 2009, \$2,059,168 was paid under these contracts.

A contract with a supplier to provide the City's current and future water supply. The contract will expire in 2033. The amount paid under this contract for the year ending September 30, 2009 was \$243,513.

A contract with a supplier to provide electric power and energy, expiring June 25, 2016, renewable for successive twenty-five year periods. Contract rates are established by the supplier's wholesale power rate tariff. The amount paid under this contract for the year ending September 30, 2009 was \$17,897,241.

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

Also on June 17, 2008, an interlocal agreement with the County to share costs related to the US 290 Pass Thru Financing project was approved. Under this agreement, the City will issue debt in order to finance the \$15 million required local contribution. The City and County are responsible for 50% each of the annual debt service on this debt, net of the annual payment received by the City from TxDOT. The bonds are anticipated to be issued in 2010 or later, with repayments from TxDOT occurring during the years 2012 through 2017.

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

The City has the following active construction projects as of September 30, 2009:

General Government Projects

	Contract Amount	Spent-To-Date	Remaining Commitment
Communications Tower			
Engineer	\$ 3,990	\$ 3,676	\$ 314
Construction Contractor	230,828	41,656	189,172
	\$ 234,818	\$ 45,332	\$ 189,486

	Contract Amount	Spent-To-Date	Remaining Commitment
Fire Substation			
Architect	\$ 191,500	\$ 140,625	\$ 50,875
	\$ 191,500	\$ 140,625	\$ 50,875

Water Fund Projects

	Contract Amount	Spent-To-Date	Remaining Commitment
West Side Water Improvements			
Engineer	\$ 391,428	\$ 328,136	\$ 63,292
Construction Contractor - Tower	1,337,700	1,121,655	216,045
Construction Contractor - Pump Station	448,303	230,729	217,574
	\$ 2,177,431	\$ 1,680,520	\$ 496,911

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables represent money that is transferred among the various funds for cash flow purposes throughout the year. At September 30, 2009 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	Electric Fund	\$ 111,196
	Sewer Fund	38,895
	General Fund	722,103
		<u>\$ 872,194</u>
Gas Fund	General Fund	\$ 557,138
		<u>\$ 557,138</u>
Hwy. 290 Fund	2006 Capital Projects	\$ 66,964
	Debt Service	\$ 8,628
	Other Gov't'l Funds	44,353
		<u>\$ 119,945</u>
Streets & Drainage Fund	BCDC	\$ 242,245
		<u>\$ 242,245</u>
Equipment Fund	BCDC	\$ 229,235
		<u>\$ 229,235</u>

The government-wide statement of activities eliminates transfers as reported within the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement as internal balances.

Amounts transferred on the fund basis include debt service payments, City matching revenues for grants reported as capital projects and investment income.

The following schedule shows transfers and payments within the reporting entity as of September 30, 2009:

Transfers From:	Transfers To:				Net Transfers From
	Governmental Activities			Business Type Activities	
	General	Debt Service	Other Gov't'l	Electric	
Governmental Activities					
Major Funds					
General	\$ -	\$ -	854,996	\$ -	\$ 854,996
Other Gov't'l Funds	79,473	-	11,075	-	90,548
Business-type Activities					
Major Funds					
Electric	1,789,874	-	-	-	1,789,874
Gas	448,082	-	-	143,045	591,127
Water	395,377	-	-	172,004	567,381
Wastewater	336,695	-	-	151,117	487,812
Sanitation	176,593	-	-	34,495	211,088
Total Transfers To	<u>\$ 3,226,094</u>	<u>\$ -</u>	<u>\$ 866,071</u>	<u>\$ 500,661</u>	<u>\$ 4,592,826</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

Payments from the Brenham Community Development Corporation (BCDC) component unit consist of debt service payments on the Series 2009 General Obligation Refunded bonds (original Series 1998 which were issued in part to fund construction of a business center and recreational facilities). Funding for the construction of these facilities are provided by a 3/8 cent sales tax collected and administered by the BCDC. During the year, BCDC provided \$262,000 to the Parks Special Revenue Fund for the following improvements: \$15,000 to acquire additional land for Henderson Park, \$75,400 for various park improvement projects, \$45,000 for restroom renovations at Fireman's Park, \$116,600 for improvements to Greenwade Field, and \$10,000 for an architect for the construction of an all sports building in Hohlt Park. Additionally, BCDC provided \$9,000 to fund Main Street way finding signage and \$200,000 for Aquatic Center operations, both accounted for in the General Fund. The following schedule shows payments from the component unit for the year ended September 30, 2009:

Payments From:	Payments To:			
	General	Debt Service	Parks Special Revenue	Total Pymts From
Component Unit				
Brenham Community Development Corp	\$ 209,000	\$ 460,773	\$ 262,000	\$ 931,773
Total Payments To	<u>\$ 209,000</u>	<u>\$ 460,773</u>	<u>\$ 262,000</u>	<u>\$ 931,773</u>

H. Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2009:

	Balance 9/30/2008	Refunding	Additions	FY09 Retirements	Balance 9/30/2009	Due Within One Year	Long Term
Governmental Activities							
1998 Certificates of Obligation	\$ 5,310,000	\$ (4,875,000)	\$ -	\$ (435,000)	\$ -	\$ -	\$ -
2001 Certificates of Obligation	2,533,004	(1,022,628)	-	(174,562)	1,335,814	180,060	1,155,754
2002 Certificates of Obligation	2,456,479	-	-	(122,371)	2,334,108	127,018	2,207,090
2006 Certificates of Obligation	8,600,000	-	-	(250,000)	8,350,000	305,000	8,045,000
2007 General Obligation Refunding	1,505,078	-	-	(6,873)	1,498,205	6,873	1,491,332
2009 General Obligation Refunding	-	5,941,995	-	(68,501)	5,873,494	458,725	5,414,769
	<u>20,404,561</u>	<u>44,367</u>	<u>-</u>	<u>(1,057,307)</u>	<u>19,391,621</u>	<u>1,077,676</u>	<u>18,313,945</u>
Unamort Bond Premium	38,498	179,369	-	(10,725)	207,142	NA	207,142
Unamort Bond Discount	(5,310)	-	-	357	(4,953)	NA	(4,953)
Ref Deferred Chrgs - 2007 COB	(64,723)	-	-	4,707	(60,016)	NA	(60,016)
Ref Deferred Chrgs - 2009 GOB	-	(175,035)	-	17,160	(157,875)	NA	(157,875)
Sub Total Bonds Payable	20,373,026	48,701	-	(1,045,808)	19,375,919	1,077,676	18,298,243
Lease Payable - Furniture	42,655	-	-	(42,655)	-	-	-
Lease Payable - Phone System	50,235	-	-	(47,832)	2,403	2,403	-
Chase Equipment Lease	182,639	-	-	(56,307)	126,332	58,571	67,761
Chase New World Lease	256,238	-	-	(81,913)	174,325	85,364	88,961
Chase 2008 Vehicle/Equipment Lease	103,683	-	-	(24,315)	79,368	25,355	54,013
Chase 2009 Vehicle Lease	-	-	131,933	(43,274)	88,659	43,466	45,193
Sub Total Leases Payable	635,450	-	131,933	(296,296)	471,087	215,159	255,928
Compensated Absences	193,414	-	417,191	(334,309)	276,296	208,595	67,701
Total Governmental	\$ 21,201,890	\$ 48,701	\$ 549,124	\$ (1,676,413)	\$ 20,123,302	\$ 1,501,430	\$ 18,621,872

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance 9/30/2008	Refunding	Additions	FY09 Retirements	Balance 9/30/2009	Due Within One Year	Long Term
Business Type Activities							
2001 COB - Water Impr (non refunded)	\$ 1,989,689	\$ (809,100)	\$ -	\$ (138,112)	\$ 1,042,477	\$ 142,462	\$ 900,015
2001 GOB Ref (Water)	2,745,000	-	-	(415,000)	2,330,000	435,000	1,895,000
2001 COB - Wastewater Impr (non-refunded)	4,662,306	(1,888,272)	-	(322,326)	2,451,708	332,478	2,119,230
2002 COB - Wastewater Impr	5,473,521	-	-	(272,629)	5,200,892	282,982	4,917,910
2007 GOB Ref - Water	1,190,812	-	-	(5,438)	1,185,374	5,438	1,179,936
2007 GOB Ref - Wastewater	2,779,110	-	-	(12,690)	2,766,420	12,690	2,753,730
2008 COB - Water	-	-	5,985,000	-	5,985,000	30,000	5,955,000
2009 GOB Ref - Water	-	908,276	-	(10,948)	897,328	16,880	880,448
2009 GOB Ref - Wastewater	-	2,119,728	-	(25,551)	2,094,177	39,395	2,054,782
	<u>18,840,438</u>	<u>330,632</u>	<u>5,985,000</u>	<u>(1,202,694)</u>	<u>23,953,376</u>	<u>1,297,325</u>	<u>22,656,051</u>
Unamort Bond Discount-Wastewater	(10,782)	-	-	725	(10,057)	NA	(10,057)
Unamort Bond Premium-Water	30,461	(12,336)	29,801	(2,429)	45,497	NA	45,497
Unamort Bond Premium-Wastewater	71,087	(28,790)	69,550	(9,554)	102,293	NA	102,293
2007 Deferred Chrgs Refunding-Water	(51,209)	-	-	3,724	(47,485)	NA	(47,485)
2007 Deferred Chrgs Refunding-Wastewater	(119,509)	-	-	8,692	(110,817)	NA	(110,817)
2001 Deferred Chrgs Refunding-Water	(160,606)	-	-	27,145	(133,461)	NA	(133,461)
2009 Deferred Chrgs Refunding-Water	-	(107,146)	-	2,624	(104,522)	NA	(104,522)
2009 Deferred Chrgs Refunding-Wastewater	-	(250,058)	-	6,121	(243,937)	NA	(243,937)
Sub Total Bonds Payable	18,599,880	(67,698)	6,084,351	(1,165,646)	23,450,888	1,297,325	22,153,562
Compensated Absences	196,443	-	124,539	(179,330)	141,652	62,269	79,383
Chase Equip Lease - Sanitation	47,422	-	-	(17,378)	30,044	18,077	11,967
Chase Vehicle/Equip Lease - Gas	29,497	-	-	(6,918)	22,579	7,213	15,366
Chase Vehicle/Equip Lease - Sanitation	258,800	-	-	(60,691)	198,109	63,288	134,821
Total Proprietary	\$ 19,132,042	\$ (67,698)	\$ 6,208,890	\$ (1,429,963)	\$ 23,843,272	\$ 1,448,172	\$ 22,395,099
Component Unit Governmental Activities							
Note Payable-BCDC to Electric Fund	\$ 559,588	-	\$ -	\$ (44,249)	\$ 515,339	\$ 46,513	\$ 468,826
Total Governmental - BCDC	\$ 559,588	\$ -	\$ -	\$ (44,249)	\$ 515,339	\$ 46,513	\$ 468,826

The annual debt service requirement to maturity for all outstanding debt as of September 30, 2009 follows:

FISCAL YEAR ENDING 9/30	PRIMARY GOVERNMENT					
	GENERAL OBLIGATION		CERTIFICATES OF OBLIGATION		TOTAL REQUIREMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2010	\$ 975,000	\$ 634,980	\$ 1,400,000	\$ 1,149,881	\$ 2,375,000	\$ 1,784,861
2011	1,010,000	601,132	1,515,000	1,092,276	2,525,000	1,693,408
2012	1,045,000	565,523	1,570,000	1,030,013	2,615,000	1,595,536
2013	1,085,000	528,050	1,645,000	965,481	2,730,000	1,493,531
2014	1,090,000	488,465	1,760,000	897,316	2,850,000	1,385,781
2015-2019	9,250,000	1,527,838	5,815,000	3,652,102	15,065,000	5,179,940
2020-2024	2,190,000	157,605	8,980,000	1,970,551	11,170,000	2,128,156
2025-2028	-	-	4,015,000	402,009	4,015,000	402,009
	<u>\$ 16,645,000</u>	<u>\$ 4,503,593</u>	<u>\$ 26,700,000</u>	<u>\$ 11,159,629</u>	<u>\$ 43,345,000</u>	<u>\$ 15,663,222</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding at September 30, 2009 for the primary government is comprised of the following:

\$5,465,000, 2001 Combination Tax and Utility System Revenue Certificates of Obligation due in annual installments of \$655,000 to \$805,000 through August 15, 2014 and a final installment of \$1,245,000 on August 15, 2020; interest rates 4.0%-5.0%	\$ 4,830,000
\$3,965,000, 2001 General Obligation Refunding Bonds due in annual installments of \$80,000 to \$485,000 through August 15, 2014; interest rates 3.0-4.5%	2,330,000
\$9,245,000, 2002 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$105,000 to \$700,000 through August 15, 2023; interest rates 3.0%-4.7%; callable August 15, 2012	7,535,000
\$9,000,000, 2006 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$155,000 to \$740,000 through August 15, 2026; interest rate 3.940%	8,350,000
\$5,545,000, 2007 General Obligation Refunding Bonds due in annual installments of \$25,000 to \$1,760,000 through August 15, 2021; interest rate 3.990%	5,450,000
\$5,985,000, 2008 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$30,000 to \$695,000 through August 15, 2028; interest rate 4.1-4.8%	5,985,000
\$8,970,000; 2009 General Obligation Refunding Bonds due in annual installments of \$105,000 to \$1,905,000 through August 15, 2018; interest rate 3.0-4.0%	8,865,000
\$249,924 lease payable dated October 1, 2004 due in annual payments of \$54,000, including interest, through October, 2009 (Telephone System)	2,403
\$369,000 lease payable dated December 28, 2005 due in annual payments of \$82,934, including interest, through December, 2010 (Street Sweeper, Trash Hauler, Flat Roller, Dump Truck)	156,377
\$417,300 lease payable dated January 18, 2007 due in annual payments of \$92,703, including interest, through August, 2011 (New World Software)	174,323
\$480,130 lease payable dated August 30, 2007 due in annual payments of \$108,700, including interest, through August, 2012 (FY08 Vehicles and Equipment)	300,056
\$131,933 lease payable dated December, 2008 due in annual payments of \$46,993 including interest, through August, 2011 (Street Dept. Oil Distributor Truck)	88,659
Compensated Absences for accrued vacation	417,948
	<u>\$44,484,766</u>
Unamortized Bond Premium	354,931
Unamortized Bond Discount	(15,010)
Deferred Charges on Bonds	(858,114)
	<u>\$43,966,573</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2009 and annual debt service payments to maturity for the outstanding debt follows:

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

\$ 515,339

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
2010	\$ 46,513	\$ 24,711
2011	48,893	22,331
2012	51,394	19,829
2013	54,023	17,200
2014	56,787	14,436
2015-2018	257,729	27,166
	<u>\$ 515,339</u>	<u>\$ 125,673</u>

1. Prior year refunding

In 2001 the City issued \$3,965,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust fund for the purpose of providing for all future debt service payments on \$3,615,000 of outstanding Series 1994 bonds maturing in 2007 and later. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. At September 30, 2009, the outstanding principal on the defeased debt was \$2,230,000.

In 2007, the City issued \$5,545,000 of general obligation refunding bonds to provide resources to purchase federal securities that were placed in an irrevocable trust for the purpose of generating resources for the redemption on August 15, 2011 for certificates maturing 2018 through 2021. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. At September 30, 2009, the outstanding principal on the defeased debt was \$5,185,000.

2. Advance refunding of debt

On April 21, 2009, the City issued \$8,970,000 of general obligation refunding bonds to provide resources to refund its Combination Tax and Revenue Certificates of Obligation, Series 1998 and a portion of the Combination Tax and Revenue Certificates of Obligation, Series 2001 in advance of their maturities. Resources provided were used to purchase federal securities that were placed in an irrevocable trust for the purpose of generating resources for the redemption on May 26, 2009 for 1998 certificates maturing 2010 through 2018 and for the redemption on August 15, 2011 for 2001 certificates maturing 2015 through 2017. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental and business-type activities columns of the Statement of Net Assets. The reacquisition price exceeded the net carrying value of the old debt by \$532,239. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next nine years by \$334,036 and resulted in an economic gain of \$250,480. The amount of in-substance defeased debt which remains outstanding at September 30, 2009 as a result of this refunding is \$8,595,000.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

I. Capital Leases

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

The assets acquired through the capital leases are as follows:

<u>Asset Class</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Vehicles/Large Equipment	\$ 463,660	\$ 441,369
Furniture, Fixtures, Equipment	547,900	-
Less: Accumulated Depreciation	(407,334)	(73,780)
Total Net Asset	<u>\$ 604,226</u>	<u>\$ 367,589</u>

The total future minimum lease payments and the net present value of these minimum payments as of September 30, 2009 were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2010	\$ 234,970	\$ 99,508
2011	238,659	92,672
2012	<u>28,752</u>	<u>79,947</u>
Total Minimum Lease Payments	502,381	\$ 272,127
Less: Amount Representing Interest	(31,294)	(21,395)
Present Value of Minimum Payments	<u>\$ 471,087</u>	<u>\$ 250,732</u>

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

J. Rebtable Arbitrage

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

At September 30, 2009 the primary government had no liability for rebtable arbitrage.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS (Continued)

K. Restricted Cash and Investments:

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital Projects	\$ 1,491,340	\$ 3,264,742
Customer Deposits	-	1,665,550
Debt Service	345,673	-
Donations	181,390	-
Hotel/Motel Tax	102,862	-
Public Safety Equipment	17,461	-
Capital Leases	3,010	815
Worker's compensation and health insurance account	469,770	-
	<u>\$ 2,611,506</u>	<u>\$ 4,931,107</u>

L. Restricted Net Assets:

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
NET ASSETS				
Restricted for Debt Service	\$ 391,469	\$ 3,265,557	\$ 3,657,026	\$ -
Restricted for Economic Development	-	-	-	923,599
Restricted for Recreation	-	-	-	187,092
Total net assets	<u>\$ 391,469</u>	<u>\$ 3,265,557</u>	<u>\$ 3,657,026</u>	<u>\$ 1,110,691</u>

IV. OTHER INFORMATION

A. Risk Management

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

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

IV. OTHER INFORMATION (Continued)

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. To prevent incurring unexpected losses, the City has obtained excess insurance coverage in the event abnormally large claims occur. Incurred but not reported claims (IBNR) in the amount of \$77,133 at September 30, 2009 are included as liabilities, styled "self-insurance claims payable", based upon previous experience with similar claims and information obtained from the excess carrier. Interfund premiums are based upon the insured funds' historical claims experience and are recorded as quasi-external interfund transactions in the Proprietary Fund statements. For the year ended September 30, 2009, the various funds paid into the risk management internal service fund \$1,304,798 of premiums. Net assets as of September 30, 2009 totaled \$598,393. Changes in the balances of claims liabilities for the year ended September 30 are as follows:

	<u>2009</u>	<u>2008</u>
Unpaid Claims, Beginning of Year	\$ 99,943	\$ 168,822
Claims Incurred (including IBNR)	1,216,135	1,270,801
Payments on Claims	(1,237,835)	(1,339,680)
Other, net	0	0
Unpaid Claims, End of Year	<u>\$ 78,243</u>	<u>\$ 99,943</u>

B. Contingent Liabilities

The City, in 1999, signed a compromise agreement in settlement of a claim for breach of contract to maintain certain creek drainage. As part of the agreement, the City made payments totaling \$147,500, from 2000 through 2009. Final payment of \$104,750 was made on February 11, 2009.

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, 2009 and for several prior years have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Deferred Compensation Plans and Retirement

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

IV. OTHER INFORMATION (Continued)

1. Plan description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 833 administered by TMRS, an agent multiple-employer public employee retirement system.

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. The contribution rate for the employees is 5%, and the City matching ratio is currently 2 to 1. Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years.

2. Contributions

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

The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2008 valuation is effective for rates beginning January 2010).

Actuarial Assumptions

Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years – Open Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7%
Projected Salary Increases	None
Includes Inflation At	3.0%
Cost of Living Adjustments	None

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

IV. OTHER INFORMATION (Continued)

3. Schedule of actuarial liabilities and funding progress

Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Actuarial Value of Assets	\$ 17,950,666	\$ 16,893,870	\$ 16,432,198	\$ 15,889,899	\$ 14,815,141
Actuarial Accrued Liability	21,639,916	20,728,599	21,170,662	20,112,571	17,671,154
Percentage Funded	83.0%	81.5%	77.6%	79.0%	83.8%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ 3,689,250	\$ 3,834,729	\$ 4,738,464	\$ 4,222,672	\$ 2,856,013
Annual Covered Payroll	\$ 9,116,479	\$ 8,228,123	\$ 7,489,073	\$ 7,113,531	\$ 7,716,375
UAAL as a Percentage of Covered Payroll	40.5%	46.6%	63.3%	59.4%	37.0%
Net Pension Obligation (NPO), Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Pension Cost:					
Annual Required Contribution (ARC)	\$ 851,388	\$ 844,732	\$ 704,369	\$ 552,841	\$ 560,752
Interest on NPO	-	-	-	-	-
Adjustment to ARC	-	-	-	-	-
	851,388	844,732	704,369	552,841	560,752
Contributions Made	851,388	844,732	704,369	552,841	560,752
Increase in NPO	-	-	-	-	-
NPO at the end of the period	\$ -	\$ -	\$ -	\$ -	\$ -

D. Subsequent Events

In October 2009, the Brenham City Council took action on the following items:

- Approved a contract with New World Systems Corporation for the acquisition and installation of fire records software totaling \$86,100 which will aid the Fire Department in emergency response.
- Purchase orders were issued to Motorola, Inc. in the amount of \$757,897 and to Texas Communications in the amount of \$24,753 for the acquisition, programming and installation of communication radios in conjunction with the Brazos Valley Wide Area Communication System.
- Accepted a bid from Water Treatment Construction Co. in the amount of \$90,900 to furnish and install a mechanical screen device at the Wastewater Treatment Plant.
- Accepted a grant in the amount of \$250,000 from the Texas Department of Rural Affairs for the rehabilitation of the Henderson Park Lift Station.

In October 2009, a lawsuit was filed against the City pertaining to territory which was annexed into the city limits. The plaintiff has made several claims against the City including unlawful taking, tortious interference, equal rights violations, interstate commerce violations and similar claims. Litigation is currently in the discovery process. The outcome of the case as well as losses, if any, can not be determined at this time.

During the month of November 2009, the governing body approved the following actions:

- Accepted a grant in the amount of \$50,000 from the Texas Comptroller of Public Accounts for the Energy Efficiency and Conservation Block Grant under the American Recovery and Reinvestment Act of 2009.
- Awarded a contract to Matula Construction, Inc. in the amount of \$523,864 for Phase Two West Side Water System Distribution Improvements.

On February 4, 2010, a bid in the amount of \$782,650 was awarded to Chase Equipment Finance, Inc. for the lease-purchase financing of public safety radios to include programming and installation. The lease term is for 84 months and bears a 3.3% interest rate.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

IV. OTHER INFORMATION (Continued)

The component unit, Brenham Community Development Corporation (BCDC), has been in negotiations for several months to purchase 120 acres for an industrial park expansion. No earnest money contract has been signed due to continuing efforts to secure surface mineral rights from the sellers. The estimated cost of the land is \$13,850 per acre and should a final transaction occur, the land purchase will be financed from the net assets restricted for economic development and a 20 year note payable to the City for \$900,000. Infrastructure improvements for streets and drainage will be financed by seven year tax anticipation notes issued by the City.

E. New Pronouncements

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

- Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" is not applicable for the City.
- Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" is not applicable for the City.
- Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The requirements of this statement are effective for FY11, but the effect of implementing this statement is unknown.

F. Other Postemployment Benefits

Plan Description. The City of Brenham Employee Benefits Plan, a Texas political subdivision employees' uniform group benefits plan, is a self-funded, non-federal, governmental health plan. The plan is a single-employer defined benefit OPEB plan. Plan benefits include medical and prescription coverage. The Texas Local Government Code Chapter 172 is the authority under which benefit provisions are established and the State of Texas has the authority to amend the requirements. The City of Brenham utilizes Texas Municipal League Intergovernmental Benefits Pool (TMLIEBP) as the third party administrator for claims processing. The City does not issue stand alone financial statements of the group medical plan; however, all required information is presented in this report.

Funding Policy. The contribution requirements of plan members are established by the City and may be amended as needed. Medical coverage levels for retirees are the same coverage provided to active City employees in accordance with the terms and conditions of the current City Benefit Plan. Retirees and covered spouses whose sum of age and years of service was equal to or greater than 75 at the time of retirement may purchase group health insurance until they or their spouse reach Medicare eligibility. Currently, ten retirees and four spouses meet plan eligibility requirements and have elected to receive this benefit. The retiree pays 100% of the premium for group health care coverage, and the annual required medical contributions are shown below:

<u>Coverage</u>	<u>Premium</u>
Retiree Only	\$4,900.44
Retiree & Spouse	\$9,998.40

The City is not required to make contributions to the plan on behalf of the retirees and funds the plan on a projected pay-as-you-go financing method. The plan had 191 active members as of October 1, 2008, the effective date of this OPEB valuation. The City pays 95% of monthly premiums (\$429.97) for active members, 49% of premiums (\$833.20) for member and spouse, 56% of premiums (\$727.75) for member and child, and 36% for family coverage (\$1,132.47).

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

Employees who retire because of a disability may qualify for life insurance and long term disability benefits until reaching age 65 or the end of the disability eligibility, whichever comes first. Premiums for qualifying retirees are waived and there is no further cost to the City or the retiree. Currently, one retiree qualifies for long term disability.

Annual OPEB Cost. The City's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes to the City's net OPEB obligation:

	Fiscal Year Ending
	09/30/2009
<i>Determination of Annual Required Contribution</i>	
Normal Cost at fiscal year end	\$ 69,731
Amortization of UAAL	70,504
	<hr/>
Annual Required Contribution (ARC)	\$ 140,235
<i>Determination of Net OPEB Obligation</i>	
Annual Required Contribution	\$ 140,235
Interest on prior year Net OPEB Obligation	-
Adjustment to ARC	-
	<hr/>
Annual OPEB Cost	\$ 140,235
Contributions made	-
	<hr/>
Estimated increase in Net OPEB Obligation	\$ 140,235
<i>Estimated Net OPEB Obligation - begin of year</i>	\$ -
<i>Estimated Net OPEB Obligation - end of year</i>	\$ 140,235

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
<hr/>				
09/30/2007	N/A	N/A	N/A	N/A
09/30/2008	N/A	N/A	N/A	N/A
09/30/2009	4.0%	\$ 140,235	0.00%	\$ 140,235

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2009

Funded Status and Funding Progress. As of October 1, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,219,154, and the actuarial value of the assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,219,154. The covered payroll (annual payroll of active employees covered by the plan) was \$9,114,493 and the ratio of the UAAL to the covered payroll was 13%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the included financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. However, since GASB 45 was implemented prospectively and since this is the first year of implementation, there is no trend information to report.

Actuarial Methods and Assumptions. In the October 1, 2008 actuarial valuation, the Unit Credit Actuarial Cost Method was used. The actuarial assumptions included a 4% discount rate without prefunding, an annual healthcare cost trend rate of 8% for 2008 and then reduced by decrements to a rate of 6.10% after 13 years, and a projected increase in the amount of per capita medical and prescription benefit costs (gross of retiree cost sharing amounts) as shown below:

<u>Age</u>	<u>Male</u>	<u>Female</u>
45	28%	8%
50	32%	18%
55	34%	21%
60	32%	21%

Coverage assumptions include the following: 25% of employees eligible for retiree medical benefits are assumed to elect continued medical coverage in retirement and 50% of members who continue coverage upon retirement are assumed to elect coverage for a spouse. The UAAL is being amortized over the maximum permissible period under GASB 45 of 30 years.

**City of Brenham
 Schedule of Funding Progress
 For the Year Ended September 30, 2009**

Other Postemployment Benefit Plan (OPEB)*

Actuarial Valuation Date	Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) ⁽¹⁾ (b)	Unfunded AAL (UAAL) ⁽²⁾ (b-a)	Funded Ratio as a Percentage (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/01/2008	OPEB	\$ -	\$ 1,219,154	\$ 1,219,154	0%	\$ 9,114,493	13%

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

(2) Actuarial Accrued Liability less Actuarial Value of Assets

* Health Care Insurance Plan

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

Fire/Community Hall Renovation Fund

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

Emergency Management Grants Fund

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

Police Department Grants Fund

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

Motorcycle/PD Equipment Fund

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

Police Training Fund

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

FEMA Hurricane Relief Fund

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

PD Criminal Law Enforcement Fund

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

Donations Fund

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

Courts Technology/Security Fund

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

Fire Department Grants Fund

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

Parks Special Revenue Fund

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

Equipment Fund

This fund is used to account for funds specifically designated for equipment expenditures.

Streets/Drainage Fund

This fund is used to account for funds specifically designated for street/drainage projects.

US 290 Pass Thru Finance Fund

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

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CITY OF BRENHAM, TEXAS

Capital Projects Funds

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

Airport Capital Improvement Fund

This fund is used to account for grant proceeds used for airport hanger construction and the runway extension project.

2002 Capital Projects Fund

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

Capital Leases Fund

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

Internal Service Funds

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

Workers' Compensation Fund

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

Self-Insured Health Insurance Fund

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

Debt Service Fund

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

City of Brenham
Combining Balance Sheet
Other Governmental Funds
September 30, 2009

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Assets			
Cash and Equivalents	\$ 632,713	\$ 2,142	\$ 634,855
Receivables (Net)			
Occupancy Tax	42,602	-	42,602
Accounts	80	-	80
Interfund Receivables	119,945	1,678	121,623
Due from Component Unit	471,480	-	471,480
Due from Other Governments	9,186	-	9,186
Other Current Assets	-	69,740	69,740
Restricted Cash	301,713	-	301,713
Restricted Investments	-	3,010	3,010
Total Assets	<u>\$ 1,577,719</u>	<u>\$ 76,570</u>	<u>\$ 1,654,289</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current	\$ 131,910	\$ -	\$ 131,910
Interfund Payables	44,353	-	44,353
Deferred Revenue	576	-	576
Total Liabilities	<u>176,839</u>	<u>-</u>	<u>176,839</u>
Fund Balances:			
Unreserved, reported in:			
Capital Projects	-	76,570	76,570
Special Revenue Funds	1,400,880	-	1,400,880
Total Fund Balances	<u>1,400,880</u>	<u>76,570</u>	<u>1,477,450</u>
Total Liabilities and Fund Balances	<u>\$ 1,577,719</u>	<u>\$ 76,570</u>	<u>\$ 1,654,289</u>

City of Brenham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended September 30, 2009

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 438,632	\$ -	\$ 438,632
Intergovernmental	27,823	1,009,959	1,037,782
Charges for Services	71,503	-	71,503
Investment Income	3,784	412	4,196
Payment from Component Unit	262,000	-	262,000
Contributions and Donations	39,833	-	39,833
Miscellaneous	3,111	-	3,111
Total revenues	<u>846,686</u>	<u>1,010,371</u>	<u>1,857,057</u>
Expenditures			
Current:			
Culture and Recreation	425,253	-	425,253
General Government	60,547	-	60,547
Public Safety	38,423	-	38,423
Capital Outlay	790,680	1,300,975	2,091,655
Total expenditures	<u>1,314,903</u>	<u>1,300,975</u>	<u>2,615,878</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(468,217)</u>	<u>(290,604)</u>	<u>(758,821)</u>
Other Financing Sources (Uses)			
Transfers In	822,071	44,000	866,071
Transfers Out	(79,473)	(11,075)	(90,548)
Proceeds from Capital Lease	-	131,933	131,933
Total other financing sources and (uses)	<u>742,598</u>	<u>164,858</u>	<u>907,456</u>
Net change in Fund Balances	274,381	(125,746)	148,635
Fund balances - beginning	1,126,499	202,316	1,328,815
Fund balances - ending	<u>\$ 1,400,880</u>	<u>\$ 76,570</u>	<u>\$ 1,477,450</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
September 30, 2009

	Hotel/Motel Tax Fund	Fire/Comm. Hall Renovation Fund	Emergency Mgmt. Grants Fund	Police Dept. Grants Fund	Motorcycle/PD Equipment Fund	Police Training Fund	FEMA Hurricane Relief Fund	PD Crim. Law Enforcement Fund
Assets								
Cash and Equivalents	\$ -	\$ -	\$ 6,286	\$ -	\$ -	\$ 6,560	\$ -	\$ 481
Receivables (Net)								
Occupancy Tax	42,602	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	80
Interfund Receivables	-	-	-	-	-	-	-	-
Due from Component Unit	-	-	-	-	-	-	-	-
Due from Other Governments	-	-	1,000	7,936	250	-	-	-
Restricted Cash	102,862	-	-	-	-	-	-	17,461
Total Assets	\$ 145,464	\$ -	\$ 7,286	\$ 7,936	\$ 250	\$ 6,560	\$ -	\$ 18,022
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable & Other Current	\$ 12,371	\$ 31,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payables	36,167	-	-	7,936	250	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	576
Total Liabilities	48,538	31,600	-	7,936	250	-	-	576
Fund Balances:								
Unreserved, reported in:								
Special Revenue Funds	96,926	(31,600)	7,286	-	-	6,560	-	17,446
Total Fund Balances	96,926	(31,600)	7,286	-	-	6,560	-	17,446
Total Liabilities and Fund Balances	\$ 145,464	\$ -	\$ 7,286	\$ 7,936	\$ 250	\$ 6,560	\$ -	\$ 18,022

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
September 30, 2009

	Donations Fund	Courts Tech./Security Fund	Fire Dept. Grants Fund	Parks Special Revenue Fund	Equipment Fund General	Streets Drainage Improvement	US 290 Pass Thru Finance Fund	Total Special Revenue Funds
Assets								
Cash and Equivalents	\$ -	\$ 94,020	\$ -	\$ 155,055	\$ 33,579	\$ -	\$ 336,732	\$ 632,713
Receivables (Net)								
Occupancy Tax	-	-	-	-	-	-	-	42,602
Accounts	-	-	-	-	-	-	-	80
Interfund Receivables	-	-	-	-	-	-	119,945	119,945
Due from Component Unit	-	-	-	-	229,235	242,245	-	471,480
Due from Other Governments	-	-	-	-	-	-	-	9,188
Restricted Cash	181,390	-	-	-	-	-	-	301,713
Total Assets	<u>\$ 181,390</u>	<u>\$ 94,020</u>	<u>\$ -</u>	<u>\$ 155,055</u>	<u>\$ 262,814</u>	<u>\$ 242,245</u>	<u>\$ 456,677</u>	<u>\$ 1,577,719</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable & Other Current	\$ 100	\$ -	\$ -	\$ 87,839	\$ -	\$ -	\$ -	\$ 131,910
Interfund Payables	-	-	-	-	-	-	-	44,353
Deferred Revenue	-	-	-	-	-	-	-	576
Total Liabilities	<u>100</u>	<u>-</u>	<u>-</u>	<u>87,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,839</u>
Fund Balances:								
Unreserved, reported in:								
Special Revenue Funds	181,290	94,020	-	67,216	262,814	242,245	456,677	1,400,880
Total Fund Balances	<u>181,290</u>	<u>94,020</u>	<u>-</u>	<u>67,216</u>	<u>262,814</u>	<u>242,245</u>	<u>456,677</u>	<u>1,400,880</u>
Total Liabilities and Fund Balances	<u>\$ 181,390</u>	<u>\$ 94,020</u>	<u>\$ -</u>	<u>\$ 155,055</u>	<u>\$ 262,814</u>	<u>\$ 242,245</u>	<u>\$ 456,677</u>	<u>\$ 1,577,719</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, 2009

	Hotel/Motel Tax Fund	Fire/Comm. Hall Renovation Fund	Emergency Mgmt. Grants Fund	Police Dept. Grants Fund	Motorcycle/PD Equipment Fund	Police Training Fund	FEMA Hurricane Relief Fund	PD Crim. Law Enforcement Fund
Revenues								
Taxes	\$ 438,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	3,784	20,187	250	2,617	185	-
Charges for Services	-	-	-	-	-	-	-	-
Investment Income	477	-	-	-	-	-	-	123
Payment from Component Unit	-	-	-	-	-	-	-	-
Contributions and Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	3,061
Total revenues	439,109	-	3,784	20,187	250	2,617	185	3,184
Expenditures								
Current:								
Culture and Recreation	399,544	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	185	-
Public Safety	-	-	7,222	25,245	250	4,906	-	-
Capital Outlay	-	593,554	-	-	-	-	-	-
Total expenditures	399,544	593,554	7,222	25,245	250	4,906	185	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,565	(593,554)	(3,438)	(5,058)	-	(2,289)	-	3,184
Other Financing Sources (Uses)								
Transfers In	-	161,954	-	5,058	-	-	-	-
Transfers Out	(52,250)	-	-	-	-	-	-	-
Total other financing sources and (uses)	(52,250)	161,954	-	5,058	-	-	-	-
Net change in Fund Balances	(12,685)	(431,600)	(3,438)	-	-	(2,289)	-	3,184
Fund balances - beginning	109,611	400,000	10,724	-	-	8,849	-	14,262
Fund balances - ending	\$ 96,926	\$ (31,600)	\$ 7,286	\$ -	\$ -	\$ 6,560	\$ -	\$ 17,446

City of Brenham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds - Special Revenue Funds
For the Year Ended September 30, 2009

	Donations Fund	Courts Tech./Security Fund	Fire Dept. Grants Fund	Parks Special Revenue Fund	Equipment Fund General	Streets Drainage Improvement	US 290 Pass Thru Finance Fund	Total Special Revenue Funds
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 438,632
Intergovernmental	-	-	800	-	-	-	-	27,823
Charges for Services	-	71,503	-	-	-	-	-	71,503
Investment Income	965	-	-	-	-	-	2,219	3,784
Payment from Component Unit	-	-	-	262,000	-	-	-	262,000
Contributions and Donations	37,833	-	-	2,000	-	-	-	39,833
Miscellaneous	-	-	-	50	-	-	-	3,111
Total revenues	38,798	71,503	800	264,050	-	-	2,219	846,686
Expenditures								
Current:								
Culture and Recreation	-	-	-	25,709	-	-	-	425,253
General Government	14,477	45,885	-	-	-	-	-	60,547
Public Safety	-	-	800	-	-	-	-	38,423
Capital Outlay	7,830	-	-	189,296	-	-	-	790,680
Total expenditures	22,307	45,885	800	215,005	-	-	-	1,314,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,491	25,618	-	49,045	-	-	2,219	(468,217)
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	262,814	242,245	150,000	822,071
Transfers Out	-	(27,223)	-	-	-	-	-	(79,473)
Total other financing sources and (uses)	-	(27,223)	-	-	262,814	242,245	150,000	742,598
Net change in Fund Balances	16,491	(1,605)	-	49,045	262,814	242,245	152,219	274,381
Fund balances - beginning	164,799	95,625	-	18,171	-	-	304,458	1,126,499
Fund balances - ending	\$ 181,290	\$ 94,020	\$ -	\$ 67,216	\$ 262,814	\$ 242,245	\$ 456,677	\$ 1,400,880

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Nonmajor Capital Projects Funds
September 30, 2009

	Airport Capital Impr. Fund	2002 Capital Projects Fund	Capital Leases Fund	Total Nonmajor Capital Projects Funds
Assets				
Cash and Cash Equivalents	\$ 2,142	\$ -	\$ -	\$ 2,142
Interfund receivable	-	-	1,678	1,678
Other Current Assets	69,740	-	-	69,740
Restricted Investments	-	-	3,010	3,010
Total Assets	\$ 71,882	-	\$ 4,688	\$ 76,570
Liabilities and Fund Balances				
Liabilities:				
Total Liabilities	-	-	-	-
Fund Balances:				
Unreserved, reported in:				
Capital Projects	71,882	-	4,688	76,570
Total Fund Balances	71,882	-	4,688	76,570
Total Liabilities and Fund Balances	\$ 71,882	-	\$ 4,688	\$ 76,570

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, 2009

	Airport Capital Impr. Fund	2002 Capital Projects Fund	Capital Leases Fund	Total Nonmajor Capital Projects Funds
Revenues				
Intergovernmental	\$ 1,009,959	\$ -	\$ -	\$ 1,009,959
Investment Income	-	319	93	412
Total revenues	<u>1,009,959</u>	<u>319</u>	<u>93</u>	<u>1,010,371</u>
Expenditures				
Capital Outlay	1,122,177	46,865	131,933	1,300,975
Total expenditures	<u>1,122,177</u>	<u>46,865</u>	<u>131,933</u>	<u>1,300,975</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(112,218)</u>	<u>(46,546)</u>	<u>(131,840)</u>	<u>(290,604)</u>
Other Financing Sources (Uses)				
Transfers In	44,000	-	-	44,000
Transfers Out	-	(11,075)	-	(11,075)
Lease Proceeds	-	-	131,933	131,933
Total other financing sources and (uses)	<u>44,000</u>	<u>(11,075)</u>	<u>131,933</u>	<u>164,858</u>
Net change in Fund Balances	<u>(68,218)</u>	<u>(57,621)</u>	<u>93</u>	<u>(125,746)</u>
Fund balances - beginning	<u>140,100</u>	<u>57,621</u>	<u>4,595</u>	<u>202,316</u>
Fund balances - ending	<u>\$ 71,882</u>	<u>\$ -</u>	<u>\$ 4,688</u>	<u>\$ 76,570</u>

City of Brenham
Internal Service Funds
Combining Statement of Net Assets
September 30, 2009

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Total
Assets			
Cash and Cash Equivalents	\$ 87,614	\$ 22,662	\$ 110,276
Receivables - Accounts, Net	1,000	-	1,000
Other Current Assets	1,000	95,410	96,410
Restricted Cash	322,690	147,080	469,770
Total Assets	<u>\$ 412,304</u>	<u>\$ 265,152</u>	<u>\$ 677,456</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current Liabilities	\$ -	\$ 820	\$ 820
Self Insurance Claims Payable	-	78,243	78,243
Total Liabilities	<u>-</u>	<u>79,063</u>	<u>79,063</u>
Net Assets			
Unrestricted	412,304	186,089	598,393
Total Net Assets	<u>\$ 412,304</u>	<u>\$ 186,089</u>	<u>\$ 598,393</u>

City of Brenham, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year ended September 30, 2009

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Total
Operating revenues:			
Charges for Services	\$ 112,325	\$ 1,822,778	\$ 1,935,103
Total operating revenues	<u>112,325</u>	<u>1,822,778</u>	<u>1,935,103</u>
Operating expenses:			
Contractual Services	103,876	1,623,368	1,727,244
Total operating expenses	<u>103,876</u>	<u>1,623,368</u>	<u>1,727,244</u>
Operating Income (loss)	<u>8,449</u>	<u>199,410</u>	<u>207,859</u>
Nonoperating revenues (expenses):			
Investment Income	<u>2,615</u>	<u>292</u>	<u>2,907</u>
Change in net assets	11,064	199,702	210,766
Total net assets - beginning	401,241	(13,614)	387,627
Total net assets - ending	<u>\$ 412,305</u>	<u>\$ 186,088</u>	<u>\$ 598,393</u>

City of Brenham, Texas
Internal Service Funds
Combining Statement of Cash Flows
For the Year ended September 30, 2009

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Total
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 111,325	\$ 1,837,324	\$ 1,948,649
Payments to suppliers	(106,883)	(1,711,513)	(1,818,396)
Net cash provided (used) by operating activities	<u>4,442</u>	<u>125,811</u>	<u>130,253</u>
Cash Flows from Investing Activities			
Investment income received	\$ 2,615	\$ 292	\$ 2,907
Net cash provided (used) by investing activities	<u>2,615</u>	<u>292</u>	<u>2,907</u>
Net increase in cash and cash equivalents	7,057	126,103	133,160
Cash and cash equivalents, beginning of the year	<u>403,247</u>	<u>43,639</u>	<u>446,886</u>
Cash and cash equivalents, end of the year	<u>\$ 410,304</u>	<u>\$ 169,742</u>	<u>\$ 580,046</u>
Reconciliation of cash and cash equivalents to statement of net assets			
Cash and equivalents	\$ 87,614	\$ 22,662	\$ 110,276
Restricted cash and equivalents	322,690	147,080	469,770
Cash and cash equivalents, end of year	<u>\$ 410,304</u>	<u>\$ 169,742</u>	<u>\$ 580,046</u>
 Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 8,449	\$ 199,410	\$ 207,859
Changes in assets and liabilities affecting cash provided by operations:			
(Increase) decrease in accounts receivable	(1,000)	14,545	13,545
Increase (decrease) in self insurance claims liability	(4,007)	(17,693)	(21,700)
(Increase) decrease in other assets	1,000	(70,546)	(69,546)
Increase (decrease) in accounts payable and other current liabilities	-	95	95
Net cash provided (used) by operating activities	<u>\$ 4,442</u>	<u>\$ 125,811</u>	<u>\$ 130,253</u>

City of Brenham
Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,549,206	\$ 1,549,206	\$ 1,537,834	\$ (11,372)
Investment Income	42,000	42,000	7,764	(34,236)
Payment from Component Unit	461,400	461,400	460,773	(627)
Total revenues	<u>2,052,606</u>	<u>2,052,606</u>	<u>2,006,371</u>	<u>(46,235)</u>
Expenditures				
Debt Service:				
Interest and Fiscal Charges	886,011	886,011	815,089	70,922
Principal Retirement	1,184,594	1,184,594	1,271,368	(86,774)
Issuance Costs	1,466	1,466	132,893	(131,427)
Total Expenditures	<u>2,072,071</u>	<u>2,072,071</u>	<u>2,219,350</u>	<u>(147,279)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(19,465)</u>	<u>(19,465)</u>	<u>(212,979)</u>	<u>(193,514)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	5,941,995	5,941,995
Premium on refunding bonds issued	-	-	194,962	194,962
Payment to refunded bond escrow agent	-	-	(6,004,364)	(6,004,364)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>132,593</u>	<u>132,593</u>
Net change in fund balance	(19,465)	(19,465)	(80,386)	(60,921)
Fund balance - beginning	418,335	418,335	418,335	-
Fund balance - ending	<u>\$ 398,870</u>	<u>\$ 398,870</u>	<u>\$ 337,949</u>	<u>(\$ 60,921)</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Hotel/Motel Occupancy Tax	\$ 377,260	\$ 392,237	\$ 438,632	\$ 46,395
Interest Income	1,000	1,000	477	(523)
Total revenues	<u>378,260</u>	<u>393,237</u>	<u>439,109</u>	<u>45,872</u>
Expenditures				
Current:				
Culture and Recreation	320,760	400,615	399,544	1,071
Total Expenditures	<u>320,760</u>	<u>400,615</u>	<u>399,544</u>	<u>1,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>57,500</u>	<u>(7,378)</u>	<u>39,565</u>	<u>46,943</u>
Other Financing Sources (Uses)				
Transfers Out	(69,500)	(52,250)	(52,250)	-
Total other financing sources and (uses)	<u>(69,500)</u>	<u>(52,250)</u>	<u>(52,250)</u>	<u>-</u>
Net change in fund balance	(12,000)	(59,628)	(12,685)	46,943
Fund balance - beginning	109,611	109,611	109,611	-
Fund balance - ending	<u>\$ 97,611</u>	<u>\$ 49,983</u>	<u>\$ 96,926</u>	<u>\$ 46,943</u>

City of Brenham
 Fire/Community Hall Renovation Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Expenditures				
Capital Outlay:				
Public Safety	\$ 400,000	\$ 400,000	\$ 593,554	\$ (193,554)
Total Expenditures	<u>400,000</u>	<u>400,000</u>	<u>593,554</u>	<u>(193,554)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(400,000)</u>	<u>(400,000)</u>	<u>(593,554)</u>	<u>(193,554)</u>
Other Financing Sources (Uses)				
Transfers In	-	161,954	161,954	-
Total other financing sources and (uses)	<u>-</u>	<u>161,954</u>	<u>161,954</u>	<u>-</u>
Net change in fund balance	<u>(400,000)</u>	<u>(238,046)</u>	<u>(431,600)</u>	<u>(193,554)</u>
Fund balance - beginning	400,000	400,000	400,000	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 161,954</u>	<u>(\$ 31,600)</u>	<u>(\$ 193,554)</u>

City of Brenham
 Motorcycle/PD Equipment Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Grant Revenues	\$ -	\$ -	\$ 250	\$ 250
Total revenues	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
Expenditures				
Current:				
Public Safety	-	-	250	(250)
Total Current	<u>-</u>	<u>-</u>	<u>250</u>	<u>(250)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>250</u>	<u>(250)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham
Police Training Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Grant Revenues	\$ 2,700	\$ 2,700	\$ 2,617	\$ (83)
Total revenues	<u>2,700</u>	<u>2,700</u>	<u>2,617</u>	<u>(83)</u>
Expenditures				
Current:				
Public Safety	8,800	8,800	4,906	3,894
Total Current	<u>8,800</u>	<u>8,800</u>	<u>4,906</u>	<u>3,894</u>
Total Expenditures	<u>8,800</u>	<u>8,800</u>	<u>4,906</u>	<u>3,894</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,100)</u>	<u>(6,100)</u>	<u>(2,289)</u>	<u>3,811</u>
Net change in fund balance	(6,100)	(6,100)	(2,289)	3,811
Fund balance - beginning	8,849	8,849	8,849	-
Fund balance - ending	<u>\$ 2,749</u>	<u>\$ 2,749</u>	<u>\$ 6,560</u>	<u>\$ 3,811</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest Income	\$ 600	\$ 600	\$ 123	\$ (477)
Program Income/Restitution	10,000	10,000	3,061	(6,939)
Total revenues	<u>10,600</u>	<u>10,600</u>	<u>3,184</u>	<u>(7,416)</u>
Expenditures				
Current:				
Public Safety	8,300	15,200	-	15,200
Total Current	<u>8,300</u>	<u>15,200</u>	<u>-</u>	<u>15,200</u>
Total Expenditures	<u>8,300</u>	<u>15,200</u>	<u>-</u>	<u>15,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,300</u>	<u>(4,600)</u>	<u>3,184</u>	<u>7,784</u>
Net change in fund balance	<u>2,300</u>	<u>(4,600)</u>	<u>3,184</u>	<u>7,784</u>
Fund balance - beginning	<u>14,262</u>	<u>14,262</u>	<u>14,262</u>	<u>-</u>
Fund balance - ending	<u>\$ 16,562</u>	<u>\$ 9,662</u>	<u>\$ 17,446</u>	<u>\$ 7,784</u>

City of Brenham
Donations Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Donations	\$ -	\$ -	\$ 37,833	\$ 37,833
Investment Income	-	-	965	965
Total revenues	<u>-</u>	<u>-</u>	<u>38,798</u>	<u>38,798</u>
Expenditures				
Current:				
Culture and Recreation	1,501	1,501	-	1,501
General Government	-	-	14,477	(14,477)
Health and Welfare	8,561	8,561	-	8,561
Public Safety	3,725	3,725	-	3,725
Capital Outlay	-	-	7,830	(7,830)
Total Expenditures	<u>13,787</u>	<u>13,787</u>	<u>22,307</u>	<u>(8,520)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,787)</u>	<u>(13,787)</u>	<u>16,491</u>	<u>30,278</u>
Net change in fund balance	(13,787)	(13,787)	16,491	30,278
Fund balance - beginning	164,799	164,799	164,799	-
Fund balance - ending	<u>\$ 151,012</u>	<u>\$ 151,012</u>	<u>\$ 181,290</u>	<u>\$ 30,278</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for Services	\$ 50,785	\$ 50,785	\$ 71,503	\$ 20,718
Total revenues	<u>50,785</u>	<u>50,785</u>	<u>71,503</u>	<u>20,718</u>
Expenditures				
Current:				
General Government	100,000	100,000	45,885	54,115
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>45,885</u>	<u>54,115</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(49,215)</u>	<u>(49,215)</u>	<u>25,618</u>	<u>74,833</u>
Other Financing Sources (Uses)				
Transfers Out	(18,500)	(18,500)	(27,223)	(8,723)
Total other financing sources and (uses)	<u>(18,500)</u>	<u>(18,500)</u>	<u>(27,223)</u>	<u>(8,723)</u>
Net change in fund balance	(67,715)	(67,715)	(1,605)	66,110
Fund balance - beginning	95,625	95,625	95,625	-
Fund balance - ending	<u>\$ 27,910</u>	<u>\$ 27,910</u>	<u>\$ 94,020</u>	<u>\$ 66,110</u>

City of Brenham
Parks Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment Income	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)
Contributions and Donations	-	-	2,000	2,000
Payment from Component Unit	75,000	262,000	262,000	-
Miscellaneous	-	-	50	50
Total revenues	<u>79,000</u>	<u>266,000</u>	<u>264,050</u>	<u>(1,950)</u>
Expenditures				
Current:				
Culture and Recreation	-	-	25,709	(25,709)
Capital Outlay				
Culture and Recreation	75,000	262,000	189,296	72,704
Total capital outlay	<u>75,000</u>	<u>262,000</u>	<u>189,296</u>	<u>72,704</u>
Total Expenditures	<u>75,000</u>	<u>262,000</u>	<u>215,005</u>	<u>46,995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,000</u>	<u>4,000</u>	<u>49,045</u>	<u>45,045</u>
Net change in fund balance	4,000	4,000	49,045	45,045
Fund balance - beginning	18,171	18,171	18,171	-
Fund balance - ending	<u>\$ 22,171</u>	<u>\$ 22,171</u>	<u>\$ 67,216</u>	<u>\$ 45,045</u>

City of Brenham
US 290 Pass Thru Finance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ -	\$ -	\$ 2,219	\$ 2,219
Total revenues	<u>-</u>	<u>-</u>	<u>2,219</u>	<u>2,219</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>2,219</u>	<u>2,219</u>
Other Financing Sources (Uses)				
Transfers In	-	150,000	150,000	-
Total other financing sources and (uses)	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>150,000</u>	<u>152,219</u>	<u>2,219</u>
Fund balance - beginning	304,458	304,458	304,458	-
Fund balance - ending	<u>\$ 304,458</u>	<u>\$ 454,458</u>	<u>\$ 456,677</u>	<u>\$ 2,219</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 1,040,625	\$ 1,040,625	\$ 1,009,959	\$ (30,666)
Total revenues	<u>1,040,625</u>	<u>1,040,625</u>	<u>1,009,959</u>	<u>(30,666)</u>
Expenditures				
Capital Outlay	1,156,250	1,156,250	1,122,177	34,073
Total Expenditures	<u>1,156,250</u>	<u>1,156,250</u>	<u>1,122,177</u>	<u>34,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(115,625)</u>	<u>(115,625)</u>	<u>(112,218)</u>	<u>3,407</u>
Other Financing Sources (Uses)				
Transfers in	-	44,000	44,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>44,000</u>	<u>44,000</u>	<u>-</u>
Net change in fund balance	<u>(115,625)</u>	<u>(71,625)</u>	<u>(68,218)</u>	<u>3,407</u>
Fund balance - beginning	140,100	140,100	140,100	-
Fund balance - ending	<u>\$ 24,475</u>	<u>\$ 68,475</u>	<u>\$ 71,882</u>	<u>\$ 3,407</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,209,021	\$ 1,209,021	\$ 1,242,443	\$ 33,422
Investment Income	20,000	20,000	7,088	(12,912)
Miscellaneous	-	137,838	137,838	-
Total revenues	<u>1,229,021</u>	<u>1,366,859</u>	<u>1,387,369</u>	<u>20,510</u>
Expenditures				
Current:				
Economic Development	328,372	246,372	190,761	55,611
	<u>328,372</u>	<u>246,372</u>	<u>190,761</u>	<u>55,611</u>
Debt Service:				
Principal Retirement	69,249	69,249	44,249	25,000
	<u>69,249</u>	<u>69,249</u>	<u>44,249</u>	<u>25,000</u>
Capital Outlay	80,000	80,000	-	80,000
Total Expenditures	<u>477,621</u>	<u>395,621</u>	<u>235,010</u>	<u>160,611</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>751,400</u>	<u>971,238</u>	<u>1,152,359</u>	<u>181,121</u>
Other Financing Sources (Uses)				
Payment from Component Unit	(751,400)	(938,400)	(931,773)	6,627
Total other financing sources and (uses)	<u>(751,400)</u>	<u>(938,400)</u>	<u>(931,773)</u>	<u>6,627</u>
Net change in fund balance	-	32,838	220,586	187,748
Fund balance - beginning	890,106	890,106	890,106	-
Fund balance - ending	<u>\$ 890,106</u>	<u>\$ 922,944</u>	<u>\$ 1,110,692</u>	<u>\$ 187,748</u>

Net change in fund balance - component unit \$ 220,586

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

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

Sale of Land (132,490)

Bond principal payments are expenditures in the component unit, but they reduce
long term liabilities in the statement of net assets. 44,249

Change in net assets of component unit \$ 132,345



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

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

GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Seven Fiscal Years

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Economic Development	Culture and Recreation	Interest on Long-term Debt	Electric	Gas	Water	Wastewater	Sanitation
2003	\$ 1,099,474	\$ 4,255,750	\$ 1,548,837	\$ 554,797	\$ 269,685	\$ 2,897,340	\$ 696,557	\$ 18,431,275	\$ 5,023,642	\$ 2,439,366	\$ 2,559,845	\$ 1,689,275
2004	1,071,441	4,399,037	1,544,154	569,459	3,417	2,802,023	758,226	19,621,793	4,537,389	2,557,248	2,656,350	2,007,536
2005	1,930,824	4,174,264	1,569,656	218,987	-	2,903,509	743,699	20,843,491	5,225,571	2,732,815	2,944,784	2,062,243
2006	1,993,032	4,719,613	1,637,165	624,350	-	3,047,778	709,650	25,991,891	6,027,066	3,162,284	3,544,654	2,309,317
2007	1,888,188	5,028,102	2,279,505	580,118	-	3,264,409	991,486	23,342,221	5,646,666	3,164,010	3,559,574	2,331,316
2008	2,001,542	5,235,849	2,302,230	545,485	-	3,607,684	952,463	26,690,324	5,975,923	3,405,073	3,803,759	2,621,538
2009	5,241,430	5,414,468	2,410,013	271,509	-	3,585,647	918,260	22,428,215	2,905,012	3,316,393	3,266,770	2,464,142

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

GOVERNMENT-WIDE REVENUES
Last Seven Fiscal Years

CITY OF BRENHAM

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous	Gain/(Loss) on Sale of Capital Assets	Payments from Component Unit	
2003	\$ 30,735,343	\$ 999,126	\$ 542,589	\$ 7,856,433	\$ 28,348	\$ 425,151	\$ 134,751	\$ (51,100)	\$ 675,704	\$ 41,346,345
2004	32,265,188	980,398	2,192,208	8,254,456	16,624	411,498	166,138	21,536	622,061	44,930,107
2005	35,236,390	933,751	704,478	8,962,713	-	370,280	142,374	(57,173)	661,407	46,954,220
2006	42,045,906	678,830	1,130,716	9,752,858	-	574,417	139,478	15,490	661,417	54,999,112
2007	39,131,718	915,090	1,081,668	11,200,672	-	1,049,411	323,318	(129,116)	770,877	54,343,638
2008	44,181,733	683,485	1,656,226	11,756,532	-	808,726	335,043	37,643	927,717	60,387,105
2009	41,621,868	477,522	1,582,859	12,017,184	-	310,440	313,104	5,482	931,773	57,260,232

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

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	General Government		Public Safety		Highways and Streets		Health and Welfare		Culture & Recreation		Economic Development		Debt Service		Capital Outlay		Totals
2000	780,017		3,522,975		1,148,165		481,397		1,399,065		-		1,298,834		5,719,752		14,350,205
2001	750,684		3,864,203		1,073,128		434,823		1,988,445		-		1,296,710		2,847,592		12,255,585
2002	901,474		4,229,819		1,857,357		613,154		2,590,967		-		1,598,452		2,795,571		14,586,794
2003	980,100		4,021,661		1,032,007		556,746		2,366,423		275,531		1,627,423		3,198,692		14,058,583
2004	974,771		4,164,948		1,070,642		571,160		2,267,690		3,417		1,663,252		4,780,081		15,495,961
2005	1,560,873		4,053,844		1,046,654		214,873		2,374,455		-		1,762,731		1,763,551		12,776,981
2006	1,270,288		4,179,268		1,085,298		614,794		2,467,861		-		1,875,109		2,475,907		13,968,525
2007	1,383,100		4,634,054		1,153,897		562,579		2,611,013		-		2,030,056		3,497,123		15,871,822
2008	1,491,349		4,801,776		1,240,278		535,818		2,993,583		-		2,096,195		2,340,500		15,499,499
2009	4,793,575		5,055,235		1,317,966		262,880		2,963,083		-		2,268,575		9,585,060		26,246,374

NOTE:

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

RECONCILIATION OF PROPERTY TAX RECEIVABLES

CITY OF BRENHAM

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions Net of Adjustments</u>	<u>Collections Refunds and Adjustments</u>	<u>Ending Balance</u>
2000	126,066	1,833,551	(1,838,887)	120,730
2001	120,730	2,042,221	(2,044,501)	118,450
2002	118,450	2,391,892	(2,383,038)	127,304
2003	127,304	2,648,253	(2,624,589)	150,968
2004	150,968	2,827,306	(2,805,850)	172,424
2005	172,424	3,072,218	(3,123,274)	121,368
2006	121,368	3,468,062	(3,443,982)	145,448
2007	145,448	4,109,307	(4,090,608)	164,147
2008	164,147	4,497,853	(4,511,707)	150,293
2009	150,293	4,737,392	(4,727,001)	160,684

REVENUES BY SOURCE - GOVERNMENTAL FUNDS (1)
 Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	TAXES	LICENSES & PERMITS	INTER-GOVERNMENTAL	CHARGES FOR SERVICES	FINES & FORFEITURES	MISCEL-LANEOUS	TOTAL REVENUES
2000	6,060,506	39,918	1,076,484	49,787	233,410	1,313,637	8,773,742
2001	6,508,631	50,114	966,026	139,743	193,627	1,598,799	9,456,940
2002	7,374,952	45,181	1,425,598	283,369	217,342	860,259	10,206,701
2003	7,832,768	43,572	1,269,907	331,505	216,255	1,090,139	10,784,146
2004	8,233,000	57,574	2,094,325	401,130	300,235	1,985,022	13,071,286
2005	9,013,770	57,846	1,596,241	396,353	344,076	1,001,261	12,409,547
2006	9,728,777	56,146	1,656,366	363,984	337,014	1,202,119	13,344,406
2007	11,181,972	54,487	1,648,201	368,861	363,253	1,553,226	15,170,000
2008	11,770,388	58,260	769,904	458,378	493,664	1,713,621	15,264,215
2009	12,006,792	61,989	1,462,232	571,177	594,840	1,301,275	15,998,305

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

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT TO GENERAL GOVERNMENTAL EXPENDITURES

CITY OF BRENHAM

Last Ten Fiscal Years

FISCAL YEAR	PRINCIPAL	INTEREST AND FISCAL CHARGES	TOTAL DEBT SERVICE	TOTAL		RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
				GENERAL GOVERNMENTAL EXPENDITURES	GENERAL GOVERNMENTAL EXPENDITURES	
2000	757,544	541,290	1,298,834	14,350,205	14,350,205	9.05
2001	795,244	501,465	1,296,709	12,369,246	12,369,246	10.48
2002	916,183	610,757	1,526,940	14,586,794	14,586,794	10.47
2003	779,940	705,872	1,485,812	14,058,583	14,058,583	10.57
2004	857,158	717,105	1,574,263	15,495,961	15,495,961	10.16
2005	920,031	689,865	1,609,896	12,776,981	12,776,981	12.60
2006	1,014,256	647,046	1,661,302	13,968,525	13,968,525	11.89
2007	841,734	908,768	1,750,502	15,871,822	15,871,822	11.03
2008	955,912	900,024	1,855,936	15,499,499	15,499,499	11.97
2009	1,319,200	816,482	2,135,682	26,246,374	26,246,374	8.14

NOTES:

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

CITY OF BRENHAM

PROPERTY VALUE AND CONSTRUCTION
Last Ten Fiscal Years

FISCAL YEAR	NET TAXABLE PROPERTY VALUE		RESIDENTIAL		COMMERCIAL		DEMOLITION		RELOCATION		TOTAL	
	VALUE	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE
2000	523,867,785	166	4,247,576	124	7,438,640	8	131,900	6	22,700	304	11,840,816	
2001	553,587,303	160	4,213,330	110	22,234,514	7	22,650	8	119,100	285	26,589,594	
2002	606,171,712	182	13,438,167	125	11,598,574	6	57,875	9	56,000	322	25,151,116	
2003	643,396,615	160	6,727,442	102	9,811,858	9	49,328	1	19,150	272	16,607,778	
2004	686,861,013	136	6,296,904	127	44,482,180	4	11,250	6	31,200	273	50,821,534	
2005	705,780,613	186	13,396,626	124	23,887,960	10	26,514	7	42,860	327	37,353,960	
2006	742,413,700	212	13,094,207	136	13,189,145	12	95,875	13	65,980	373	26,445,207	
2007	797,156,826	215	13,832,035	137	12,817,681	7	198,800	8	71,500	367	26,920,016	
2008	879,817,843	224	11,320,174	135	18,899,102	7	110,673	18	22,800	384	30,351,749	
2009	945,811,445	241	12,664,897	101	16,088,855	4	5,500	8	44,000	354	28,803,252	

REVENUES BY SOURCE - BUSINESS TYPE ACTIVITIES
Last Ten Fiscal Years

CITY OF BRENHAM

<u>FISCAL YEAR</u>	<u>ELECTRIC</u>	<u>GAS</u>	<u>SANITATION</u>	<u>WASTEWATER</u>	<u>WATER</u>	<u>TOTAL REVENUES</u>
2000	\$ 16,383,896	\$ 3,269,589	\$ 1,325,829	\$ 1,739,697	\$ 2,635,493	\$ 25,354,504
2001	18,291,033	5,938,345	1,347,140	1,619,162	2,227,339	29,423,019
2002	18,026,344	3,456,761	1,487,365	1,594,352	2,472,349	27,037,171
2003	19,230,844	4,945,353	1,701,153	2,032,243	2,563,880	30,473,473
2004	20,468,491	4,412,176	1,993,821	1,953,816	2,690,075	31,518,379
2005	22,138,695	4,803,557	2,171,315	2,377,633	2,944,790	34,435,990
2006	26,440,575	5,768,269	2,427,160	2,934,281	3,718,368	41,288,653
2007	23,184,463	5,639,536	2,468,172	3,798,212	3,254,617	38,345,000
2008	26,539,770	6,061,121	2,731,307	4,119,856	3,719,245	43,171,299
2009	25,678,975	3,338,384	2,723,637	4,045,839	4,606,941	40,393,776

ELECTRIC CUSTOMERS, CONSUMPTION AND SALES
Last Ten Fiscal Years

CITY OF BRENHAM

Number of customers	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Residential	5,273	5,184	5,061	4,925	4,844	4,828	4,852	4,807	4,781	4,784
Commercial	1,146	1,165	1,191	1,138	1,124	1,111	1,100	1,060	1,002	997
Large commercial	303	294	286	282	276	274	273	258	248	237
Industrial	23	22	20	26	26	28	29	31	35	35
Street lights	1,228	1,218	1,205	1,175	1,137	1,135	1,126	1,115	1,116	1,096
Security lights	176	177	182	182	178	180	184	183	182	187
Total	8,150	8,060	7,947	7,728	7,585	7,556	7,584	7,454	7,364	7,316

Consumption (in KWH)

Residential	74,039,837	73,296,005	70,267,796	73,781,005	71,200,173	67,146,651	70,366,417	66,957,930	71,179,304	70,807,609
Commercial	16,334,810	17,061,350	17,089,919	17,756,825	17,639,335	17,006,158	17,616,182	16,970,604	17,088,571	16,773,652
Large commercial	64,052,067	65,162,802	64,226,951	64,242,555	63,440,681	61,690,946	60,934,736	54,909,551	50,535,244	49,799,714
Industrial	115,129,160	133,073,570	148,939,620	157,358,022	154,601,347	146,081,323	152,368,023	160,204,329	163,677,977	169,415,182
Street lights	1,414,248	1,403,016	1,388,136	1,353,480	1,309,704	1,308,072	1,296,802	1,285,032	1,285,032	1,262,568
Security lights	278,448	276,192	277,728	280,800	276,576	279,264	284,736	288,768	290,016	295,872
Total	271,248,570	290,272,935	302,190,150	314,772,687	308,467,816	293,512,414	302,866,896	302,616,214	304,054,144	308,354,597

Sales (1)

Residential	\$ 8,077,592	\$ 7,909,221	\$ 6,419,733	\$ 7,118,275	\$ 5,985,305	\$ 5,686,795	\$ 5,436,951	\$ 4,969,097	\$ 5,205,766	\$ 4,718,095
Commercial	1,838,138	1,877,315	1,607,902	1,760,370	1,526,577	1,478,458	1,393,007	1,252,180	1,275,689	1,140,992
Large commercial	6,055,319	5,979,719	4,867,798	5,253,311	4,388,473	4,270,913	3,784,246	3,320,333	3,085,814	2,642,020
Industrial	9,322,374	10,135,546	9,842,065	11,814,007	9,679,213	8,574,419	8,106,613	8,076,026	8,294,969	7,452,143
Street lights	106,217	92,907	81,595	81,238	76,322	76,337	71,278	71,869	78,156	67,008
Security lights	39,090	38,696	39,011	39,525	38,901	38,114	38,603	34,107	34,171	34,916
Total	\$ 25,438,730	\$ 26,033,404	\$ 22,858,104	\$ 26,066,726	\$ 21,694,791	\$ 20,126,036	\$ 18,830,698	\$ 17,723,612	\$ 17,974,565	\$ 16,055,174

Annual average consumption

per customer (in KWH)

Residential	14,041	14,138	13,884	14,981	14,699	13,908	14,503	14,345	14,888	14,863
Commercial	14,254	14,651	14,349	15,604	15,693	15,307	16,015	16,010	17,052	16,824
Large commercial	211,393	221,642	223,010	227,810	229,858	225,149	223,204	212,828	203,771	210,125
Industrial	5,005,616	6,048,799	7,448,981	6,052,232	5,946,206	5,217,190	5,254,070	5,167,882	4,676,514	4,840,434
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,151	1,152
Security lights	1,582	1,562	1,526	1,543	1,554	1,551	1,547	1,578	1,593	1,582

Monthly average bill

per customer

Residential	\$ 128	127	106	120	103	98	93	86	91	83
Commercial	134	134	113	129	113	111	106	98	106	95
Large commercial	1,665	1,695	1,409	1,552	1,325	1,299	1,155	1,072	1,037	929
Industrial	33,777	38,392	41,009	37,865	31,023	25,519	23,295	21,710	19,750	17,743
Street lights	7	6	6	6	6	6	5	5	6	5
Security lights	19	18	18	18	18	18	17	16	16	16

Average price per KWH purchased

Average price per KWH sold

Average price per KWH purchased	0.0626	0.0691	0.0557	0.0650	0.0501	0.0480	0.0441	0.0411	0.0467	0.0402
Average price per KWH sold	0.0938	0.0896	0.0756	0.0828	0.0703	0.0686	0.0622	0.0586	0.0591	0.0521
% line loss	5.14%	5.32%	4.52%	4.06%	5.19%	5.33%	5.37%	4.35%	2.68%	3.48%

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

GAS CUSTOMERS, CONSUMPTION AND SALES
Last Ten Fiscal Years

CITY OF BRENHAM

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Number of customers										
Residential	3,611	3,562	3,490	3,443	3,423	3,417	3,448	3,446	3,428	3,413
Small commercial	350	357	369	345	344	329	314	319	324	310
Large commercial	125	122	124	127	128	129	127	130	127	125
Governmental	63	63	64	64	66	65	63	60	57	61
Industrial	2	3	3	3	4	4	4	3	3	3
Total	4,151	4,106	4,050	3,982	3,965	3,944	3,956	3,958	3,939	3,912
Consumption (in mcf)										
Residential	93,011	97,885	112,591	89,134	94,947	101,988	126,301	118,657	141,252	93,099
Small commercial	20,183	22,379	24,202	21,183	18,386	18,501	21,078	17,603	21,147	11,066
Large commercial	135,470	149,571	168,806	164,018	153,229	160,421	180,596	189,458	195,334	183,461
Governmental	41,174	42,332	43,576	40,741	42,915	43,974	49,862	28,570	28,074	25,145
Industrial	131,013	210,244	253,544	248,432	233,585	232,906	267,083	332,488	371,381	316,039
Total	420,851	522,411	602,719	563,508	543,062	557,790	644,920	686,776	757,188	628,810
Sales (1)										
Residential	\$ 1,036,495	\$ 1,386,177	\$ 1,414,718	\$ 1,227,469	\$ 1,044,382	\$ 1,036,421	\$ 1,271,425	\$ 769,167	\$ 1,465,948	\$ 672,735
Small commercial	181,313	280,878	261,881	247,547	180,366	166,469	191,032	102,501	204,677	75,480
Large commercial	964,811	1,656,716	1,501,897	1,653,440	1,306,104	1,223,093	1,337,093	883,081	1,497,216	913,615
Governmental	295,795	465,583	403,126	431,779	374,630	349,391	398,995	148,032	254,866	138,547
Industrial	884,593	2,254,059	2,058,256	2,250,948	1,845,221	1,631,185	1,729,332	1,550,328	2,512,118	1,466,193
Total	\$ 3,363,007	\$ 6,043,413	\$ 5,639,878	\$ 5,811,183	\$ 4,750,703	\$ 4,406,559	\$ 4,928,877	\$ 3,453,109	\$ 5,934,825	\$ 3,266,570
Annual average consumption per customer (in mcf)										
Residential	26	27	32	26	28	30	37	34	41	27
Small commercial	58	63	66	61	53	56	67	55	65	36
Large commercial	1,084	1,223	1,361	1,291	1,197	1,244	1,422	1,457	1,538	1,468
Governmental	654	676	681	637	650	677	791	476	493	412
Industrial	65,507	70,081	84,515	82,811	58,396	58,227	66,771	110,829	123,794	105,346
Monthly average bill per customer										
Residential	24	32	34	30	25	25	31	19	36	16
Small commercial	43	66	59	60	44	42	51	27	53	20
Large commercial	643	1,129	1,009	1,085	850	790	877	566	982	609
Governmental	391	619	525	562	473	448	529	206	373	189
Industrial	36,858	62,613	57,174	62,526	38,442	33,983	36,028	43,065	69,781	40,728
Average price per mcf purchased	4.8929	8.3838	6.4885	8.1660	7.2225	5.9204	5.7464	3.5759	6.3861	3.7032
Average price per mcf sold	7.9910	11.5683	9.3524	10.3125	8.7480	7.9000	7.6426	5.0280	7.8380	5.1948
% line loss (gain)	0.85%	0.04%	1.94%	-0.21%	0.18%	-0.85%	0.35%	1.14%	-0.84%	3.53%

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

ELECTRIC RATES (1)
Impacting Last Ten Fiscal Years

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL		LARGE INDUSTRIAL	
		SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE
Sep-25-1995	Customer charge	\$11.59	\$20.05	\$15.00	\$25.95	\$40.36	\$69.83	\$100.00		\$100.00	\$100.00
	Demand charge	-	-	-	-	\$6.30	\$6.30	-		-	-
	Non-coincident demand charge	-	-	-	-	-	-	\$1,7930		\$1,7930	\$1,7930
	On peak demand charge	-	-	-	-	-	-	\$9,0610		\$9,0610	\$9,0610
	Off peak demand charge	-	-	-	-	-	-	\$6,4650		\$6,4650	\$6,4650
	KVA	-	-	-	-	-	-	\$0,240		\$0,181	\$0,181
Apr-01-2002	Customer charge	\$11.60	\$20.00	\$15.00	\$26.00	\$40.00	\$70.00	\$100.00		\$100.00	\$100.00
	Wires charge (per KWH)	\$0.02290	\$0.02290	\$0.02200	\$0.02200	\$0.01510	\$0.01510	\$0.00896		\$0.00636	\$0.00636
Sep-22-2002	Customer charge	\$11.60	\$20.00	\$15.00	\$26.00	\$40.00	\$70.00	\$100.00		\$100.00	\$100.00
	Wires charge (per KWH)	\$0.02510	\$0.02510	\$0.02420	\$0.02420	\$0.01640	\$0.01640	\$0.00993		\$0.00700	\$0.00700
Jan-01-2003	Customer charge	\$11.60	\$20.00	\$15.00	\$26.00	\$40.00	\$70.00	\$100.00		\$100.00	\$100.00
	Wires charge (per KWH)	\$0.02520	\$0.02520	\$0.02430	\$0.02430	\$0.01650	\$0.01650	\$0.00993		\$0.00700	\$0.00700

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

GAS RATES
Impacting Last Ten Fiscal Years

CITY OF BRENHAM

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL		LARGE INDUSTRIAL	GOVERN- MENTAL
		URBAN	RURAL	URBAN	RURAL	URBAN	RURAL	URBAN	RURAL		
Oct-01-1995	First 1 mcf (Min) (1)	\$5.30	\$7.95	\$5.30	\$7.95	-	-	-	-	-	-
	Next 4 mcf	\$2.42	\$3.62	\$2.42	\$3.62	-	-	-	-	-	-
	Next 10 mcf	\$1.89	\$3.84	\$1.89	\$3.84	-	-	-	-	-	-
	All additional mcf	\$1.58	\$2.36	\$1.58	\$2.36	\$0.80	\$1.20	\$0.80	\$1.20	-	-
Minimum bill (1)	First 30 mcf (Min) (1)	\$5.30	\$7.95	\$5.30	\$7.95	\$28.80	\$43.20	\$28.80	\$43.20	-	-
	All mcf (1)	-	-	-	-	\$1.01	\$43.20	\$1.01	\$43.20	-	-
All mcf - urban (1)	All mcf - rural (1)	-	-	-	-	-	-	-	-	\$0.69	-
	All mcf - rural (1)	-	-	-	-	-	-	-	-	-	\$1.01
Feb-22-1999	Customer charge	\$5.30	\$6.10	\$5.30	\$6.10	\$28.80	\$33.12	\$28.80	\$33.12	\$28.80	\$28.80
	Gas charge per mcf (2)	\$3.52600	\$3.75800	\$3.52600	\$3.75800	\$3.17700	\$3.35400	\$3.17700	\$3.35400	\$2.87200	\$3.29700
Sep-22-2002	Customer charge	\$6.16	\$7.09	\$6.16	\$7.09	\$33.50	\$38.52	\$33.50	\$38.52	\$33.50	\$33.50
	Gas charge per mcf (2)	\$3.73100	\$3.99400	\$3.73100	\$3.99400	\$3.33600	\$3.53700	\$3.33600	\$3.53700	\$2.98600	\$3.46200
Sep-22-2004	Customer charge	\$7.29	\$8.39	\$7.29	\$8.39	\$39.63	\$45.57	\$39.63	\$45.57	\$39.63	\$39.63
	Gas charge per mcf (2)	\$4.00000	\$4.30300	\$4.00000	\$4.30300	\$3.54400	\$3.77500	\$3.54400	\$3.77500	\$3.13400	\$3.67700
Feb-22-2006	Customer charge	\$7.29	\$8.39	\$7.29	\$8.39	\$39.63	\$45.57	\$39.63	\$45.57	\$39.63	\$39.63
	Gas charge per mcf (2)	\$9.66500	\$9.96800	\$9.66500	\$9.96800	\$9.20900	\$9.44000	\$9.20900	\$9.44000	\$8.79900	\$9.34200
Dec-08-2006	Customer charge	\$8.00	\$9.20	\$8.00	\$9.20	\$45.00	\$51.75	\$45.00	\$51.75	\$45.00	\$45.00
	Gas charge per mcf (2)	\$10.53100	\$10.93000	\$10.53100	\$10.93000	\$9.79100	\$10.07900	\$9.79100	\$10.07900	\$9.68500	\$9.52300

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

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

TEN LARGEST ELECTRIC CUSTOMERS
Current Year and Nine Years Ago

CITY OF BRENHAM

2009			2000		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	\$ 3,711,885	14.45%	Mount Vernon Mills, Inc.	\$ 1,766,636	11.03%
City of Brenham Wastewater Plant	1,331,941	5.19%	Blue Bell Creameries	1,509,136	9.42%
Blinn College	1,236,781	4.82%	BISD	514,468	3.21%
Valmont/Als - Abated	1,024,540	3.99%	Valmont/Als	449,811	2.81%
BISD	791,915	3.08%	City of Brenham	428,391	2.67%
Brenham State School	592,579	2.31%	Cleaners Hanger Co.	428,018	2.67%
Trinity Medical Center	426,594	1.66%	Blinn	418,833	2.61%
Mount Vernon Mills, Inc.	385,671	1.50%	Brenham State Supported Living	314,461	1.96%
Brenham Wholesale Grocery	384,688	1.50%	Brenham Wholesale Grocery	180,590	1.13%
Germania Insurance	322,480	1.26%	Germania Mutual	151,456	0.95%
Total	\$ 10,209,074	39.76%	Total	\$ 6,161,800	38.46%
Total Electric Charges	\$ 25,678,975		Total Electric Charges	\$ 16,020,259	

TEN LARGEST GAS CUSTOMERS
 Current Year and Nine Years Ago

CITY OF BRENHAM

2009			2000		
NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES	NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES
Blue Bell Creameries	\$ 473,783	14.19%	Mount Vernon Mills, Inc.	\$ 622,075	19.04%
Mount Vernon Mills, Inc.	456,662	13.68%	Tuscarora	429,056	13.13%
Blinn College	216,044	6.47%	Blue Bell Creameries	264,560	8.10%
Longwood Elastomers	156,955	4.70%	Valmont/Als	129,417	3.96%
Valmont/Als	131,785	3.95%	Cleaners Hanger Co.	107,186	3.28%
Trinity Medical Center	92,388	2.77%	Longwood Elastomers	96,833	2.96%
Brenham Housing Authority	76,131	2.28%	Blinn College	77,789	2.38%
Brenham I.S.D.	53,569	1.60%	Trinity Medical Center	49,740	1.52%
City of Brenham	31,527	0.94%	Ellison's Greenhouse	35,732	1.09%
Walmart	23,651	0.71%	B.I.S.D.	31,363	0.96%
Total	\$ 1,712,495	51.30%	Total	\$ 1,843,751	56.44%

2009 Total Gas Charges \$ 3,338,384

2000 Total Gas Charges \$ 3,266,570

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

City of Brenham

	Fiscal Year		
	2009	2008	(DEC)/INC
<u>NUMBER OF CUSTOMERS</u>			
Residential	5,284	5,190	95
Commercial	1,219	1,221	(2)
Meter on Fire Hydrant	11	12	(1)
Sprinkler	432	392	40
TOTAL	6,946	6,816	130
<u>CONSUMPTION (in thousands of gallons)</u>			
Residential	420,736,400	383,300,900	37,435,500
Commercial	344,305,400	358,689,300	(14,383,900)
Meter on Fire Hydrant	4,052,700	3,324,000	728,700
Sprinkler	157,415,700	137,701,700	19,714,000
TOTAL	926,510,200	883,015,900	43,494,300
<u>SALES (in dollars)</u>			
Residential	\$ 2,190,075	1,696,865	\$ 493,210
Commercial	1,444,384	1,274,420	169,964
Meter on Fire Hydrant	30,012	15,765	14,247
Sprinkler	884,476	576,745	307,731
TOTAL	\$ 4,548,947	3,563,795	\$ 985,152
<u>ANNUAL AVERAGE CONSUMPTION PER CUSTOMER</u>			
Residential (in thousands of gallons)	79,625	73,861	5,764
Commercial	282,449	293,687	(11,238)
Meter on Fire Hydrant	368,427	269,514	98,914
Sprinkler	364,388	350,907	13,481
<u>MONTHLY AVERAGE BILL PER CUSTOMER</u>			
Residential	\$ 35	27	\$ 7
Commercial	99	87	12
Meter on Fire Hydrant	227	107	121
Sprinkler	171	122	48
<u>AVERAGE PRICE PER 1000 GALLONS PURCHASED</u>			
	0.198	0.196	0.002
<u>AVERAGE PRICE PER 1000 GALLONS SOLD</u>			
	4.910	4.036	0.874
<u>% LINE LOSS</u>			
	6.93% *	6.26% *	0.67%

*12,249,600 and 12,331,600 gallons respectively unbilled City water usage

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

City of Brenham

	Fiscal Year		
	2009	2008	(DEC)/INC
<u>NUMBER OF CUSTOMERS</u>			
Residential	5,207	5,166	41
Commercial	1,067	1,023	44
Industrial	8	8	-
Oak Hill Acres Flow Meter	1	1	-
TOTAL	6,284	6,199	84

<u>SALES (in dollars)</u>			
Residential	\$ 1,609,467	\$ 1,720,268	\$ (110,802)
Commercial	1,283,691	1,057,233	226,458
Industrial	1,012,446	1,028,613	(16,167)
Oak Hill Acres Flow Meter	59,586	48,085	11,501
TOTAL	\$ 3,965,191	\$ 3,854,201	\$ 110,990

<u>MONTHLY AVERAGE BILL PER CUSTOMER</u>			
Residential	\$ 26	\$ 28	\$ (2)
Commercial	100	86	14
Industrial	10,546	10,715	(169)
Oak Hill Acres Flow Meter	4,966	4,007	959

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

City of Brenham

	Fiscal Year		
	2009	2008	(DEC)/INC
<u>NUMBER OF CUSTOMERS</u>			
Residential	4,927	4,767	160
Residential - Rural	4	11	(7)
Commercial	536	522	14
Dumpster	-	-	-
TOTAL	5,467	5,299	168
<u>SALES (in dollars)</u>			
Residential	\$ 835,687	\$ 782,928	\$ 52,759
Residential - Rural	845	2,573	(1,728)
Commercial	885,989	807,929	78,060
Dumpster	-	-	-
TOTAL	\$ 1,722,521	\$ 1,593,430	\$ 129,091
<u>MONTHLY AVERAGE BILL PER CUSTOMER</u>			
Residential	\$ 14	\$ 14	\$ -
Residential - Rural	18	20	(2)
Commercial	138	129	9



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

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

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

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

CITY OF BRENHAM

TABLE 1

Description	Fiscal Year						
	2009	2008	2007	2006 (2)	2005	2004 (3)	2003
Governmental activities:							
Invested in capital assets, net of related debt	\$ 35,421,458	\$ 33,407,787	\$ 32,212,469	\$ 32,062,294	\$ 12,937,041	\$ 11,978,324	\$ 8,599,427
Restricted	391,469	470,187	333,943	1,439,731	3,145,253	3,059,760	4,328,818
Unrestricted	5,227,975	6,649,435	4,764,217	2,336,891	846,738	790,615	595,910
Subtotal governmental activities net assets	41,040,902	40,527,409	37,310,629	35,838,916	16,929,032	15,828,699	13,524,155
Business-type activities:							
Invested in capital assets, net of related debt	28,504,390	28,296,722	27,082,608	27,842,335	27,560,970	26,087,722	21,635,027
Restricted	-	809	538,822	243,547	1,550,431	2,000,995	5,615,238
Unrestricted	11,851,906	8,766,360	8,201,530	6,940,747	5,436,192	5,954,831	6,695,793
Subtotal business-type activities net assets	40,356,296	37,063,891	35,822,960	35,026,629	34,547,593	34,043,548	33,946,058
Primary government:							
Invested in capital assets, net of related debt	63,925,848	61,704,509	59,295,077	59,904,629	40,498,011	38,066,046	30,234,454
Restricted	391,469	470,996	872,765	1,683,278	4,695,684	5,060,755	9,944,056
Unrestricted	17,079,881	15,415,795	12,965,747	9,277,638	6,282,929	6,745,446	7,291,703
Total primary government net assets (4)	81,397,198	\$ 77,591,300	\$ 73,133,589	\$ 70,865,545	\$ 51,476,624	\$ 49,872,247	\$ 47,470,213
Component unit:							
Invested in capital assets, net of related debt	135,227	\$ 223,467	\$ 163,683	\$ 163,683	\$ 85,538	\$ 134,928	\$ 35,537
Restricted	1,110,691	890,106	782,051	513,699	-	-	-
Unrestricted	-	-	-	-	279,770	102,795	108,916
Total component unit net assets (4)	1,245,918	\$ 1,113,573	\$ 945,734	\$ 677,382	\$ 365,308	\$ 237,723	\$ 144,453

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

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

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

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

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

CITY OF BRENHAM

TABLE 2

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Program expenses							
Governmental activities:							
General government	\$ 5,241,430	\$ 2,001,542	\$ 1,888,188	\$ 1,993,032	\$ 1,930,824	\$ 1,071,441	\$ 1,099,474
Public safety	5,414,468	5,235,849	5,028,102	4,719,613	4,174,264	4,399,037	4,255,750
Highways and streets	2,410,013	2,302,230	2,279,505	1,637,165	1,569,656	1,544,154	1,548,837
Health and welfare	271,509	545,485	580,118	624,350	218,987	569,459	554,797
Economic development	-	-	-	-	-	3,417	269,685
Culture and recreation	3,585,647	3,607,684	3,264,409	3,047,778	2,903,509	2,802,023	2,897,340
Debt service	918,260	952,463	991,486	709,650	743,699	758,226	696,557
Total governmental activities program expenses	17,841,327	14,645,253	14,031,808	12,731,588	11,540,939	11,147,757	11,322,440
Business-type activities:							
Electric	22,428,215	26,690,324	23,342,221	25,991,891	20,843,491	19,621,793	18,431,275
Gas	2,905,012	5,975,923	5,646,666	6,027,066	5,225,571	4,537,389	5,023,642
Water	3,316,393	3,405,073	3,164,010	3,162,284	2,732,815	2,557,248	2,439,366
Wastewater	3,286,770	3,803,759	3,559,574	3,544,654	2,944,784	2,656,350	2,559,845
Sanitation	2,464,142	2,621,538	2,331,316	2,309,317	2,062,243	2,007,536	1,689,275
Total business-type activities program expenses	34,400,532	42,496,617	38,043,787	41,035,212	33,808,904	31,380,316	30,143,403
Total primary government expenses	52,241,859	57,141,870	52,075,595	53,766,800	45,349,843	42,528,073	41,465,843
Program revenues							
Governmental activities:							
Charges for services:							
General government	782,976	652,831	482,252	423,312	450,653	405,857	284,763
Public safety	5,446	6,138	2,321	34,020	28,641	25,130	30,798
Highways and streets	44,094	38,284	13	14	15	59	59
Health and welfare	47,472	37,566	30,290	32,094	7,179	11,299	13,245
Economic development	-	-	-	-	-	25	25
Culture and recreation	348,065	275,555	271,842	267,813	314,012	316,720	241,706
Operating grants and contributions	469,206	678,485	915,090	678,830	933,651	968,117	965,931
Capital grants and contributions	1,467,320	1,415,745	1,081,668	1,120,556	704,478	2,192,208	542,589
Total governmental activities program revenues	3,164,579	3,104,604	2,783,476	2,556,639	2,438,629	3,919,415	2,079,116
Business-type activities:							
Charges for services:							
Electric	25,678,990	26,539,793	23,184,463	26,440,575	22,138,695	20,468,491	19,230,844
Gas	3,338,389	6,061,128	5,639,536	5,768,269	4,803,557	4,412,176	4,945,353
Water	4,606,949	3,719,257	3,254,617	3,718,368	2,944,790	2,690,075	2,563,880
Wastewater	4,045,845	4,119,867	3,798,212	2,934,281	2,377,633	1,953,816	1,756,712
Sanitation	2,723,642	2,731,314	2,468,172	2,427,160	2,171,215	1,981,540	1,667,958
Operating grants and contributions	8,316	5,000	-	-	100	12,281	33,195
Capital grants and contributions	115,539	240,481	-	10,160	-	-	275,531
Total business-type activities program revenues	40,517,670	43,416,841	38,345,000	41,298,813	34,435,990	31,518,379	30,473,473
Total primary government program revenues	43,682,249	46,521,445	41,128,476	43,855,452	36,874,619	35,437,794	32,552,589
Net (expense)/revenue							
Governmental activities	(14,676,748)	(11,540,649)	(11,248,332)	(10,174,949)	(9,102,310)	(7,228,342)	(9,243,324)
Business-type activities	6,117,138	920,224	301,213	263,601	627,086	138,063	330,070
Total primary government net expense	(8,559,610)	(10,620,425)	(10,947,119)	(9,911,348)	(8,475,224)	(7,090,279)	(8,913,254)

Continued

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

CITY OF BRENHAM

TABLE 2

	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets							
Governmental activities:							
Property taxes	4,787,893	4,547,830	4,152,080	3,505,543	3,091,085	2,899,464	2,680,158
Sales taxes	3,727,329	3,696,762	3,524,009	3,290,760	2,910,902	2,610,841	2,588,412
Other taxes	3,501,962	3,511,940	3,524,583	2,956,555	2,960,726	2,744,151	2,587,861
Grants and contributions not restricted	-	-	-	-	-	16,624	28,348
Investment income not restricted	181,281	460,201	587,125	261,901	143,000	138,952	111,107
Miscellaneous	120,375	208,690	55,483	120,666	119,836	134,188	103,857
Gain (loss) on sale of capital assets	5,482	37,643	9,508	5,458	(58,343)	21,536	(51,110)
Payments from component Unit	931,773	927,717	770,877	661,417	661,407	622,061	675,704
Transfers	3,146,621	154,171	96,380	239,378	374,031	645,069	1,671,039
Total government activities	16,402,716	13,544,954	12,720,045	11,041,678	10,202,644	9,832,886	10,395,376
Business-type activities:							
Investment income not restricted	129,159	348,525	462,286	312,516	227,280	272,546	314,044
Miscellaneous	192,729	126,353	267,835	18,812	22,538	31,950	30,894
Gain (loss) on sale of capital assets	-	-	(138,624)	10,032	1,170	-	-
Transfers	(3,146,621)	(154,171)	(96,380)	(239,378)	(374,031)	(645,069)	(1,671,039)
Total business-type activities	(2,824,734)	320,707	495,117	101,982	(123,043)	(340,573)	(1,326,101)
Total primary government general revenues and other changes in net assets	13,577,982	13,865,661	13,215,162	11,143,660	10,079,601	9,492,313	9,069,275
Change in net assets							
Governmental activities, as previously reported	1,725,968	2,004,305	1,471,713	866,729	1,100,334	2,604,544	1,152,052
Restatement in capital assets (2)	-	-	-	17,915,958	-	-	-
Restatement in deferred revenue (3)	-	-	-	127,197	-	-	-
Restatement in bonds (4)	-	-	-	-	-	(300,000)	-
Governmental activities, restated	1,725,968	2,004,305	1,471,713	18,909,885	1,100,334	2,304,544	1,152,052
Business-type activities, as previously reported	3,292,404	1,240,931	796,330	365,583	504,043	(202,510)	(996,031)
Restatement in capital assets (2)	-	-	-	113,453	-	-	-
Restatement in bonds (4)	-	-	-	-	-	300,000	-
Business-type activities, restated	3,292,404	1,240,931	796,330	479,036	504,043	97,490	(996,031)
Total primary government change in net assets	\$ 5,018,373	3,245,236	\$ 2,268,044	\$ 19,388,921	\$ 1,604,377	\$ 2,402,034	\$ 156,021
Component unit							
Program expenses	\$ 190,761	\$ 191,425	\$ 163,868	\$ 137,649	\$ 154,949	\$ 157,137	\$ 145,353
Program revenues	-	-	-	-	-	-	-
Brenham Community Development Corporation	-	-	-	-	-	-	-
Net expenses	(190,761)	(191,425)	(163,868)	(137,649)	(154,949)	(157,137)	(145,353)
General revenues and other changes in net assets							
Component unit activities:							
Sales taxes	1,242,443	1,232,254	1,174,670	1,096,920	970,301	870,280	862,804
Investment income not restricted	7,088	24,727	28,427	14,220	1,275	1,344	4,704
Miscellaneous	-	30,000	-	-	560	844	25,201
Gain (loss) on sale of capital assets	5,348	-	-	-	(28,194)	-	-
Payments from component unit	(931,773)	(927,717)	(770,877)	(661,417)	(661,407)	(622,061)	(675,704)
Total component unit activities	323,106	359,264	432,220	449,723	282,534	250,407	217,005
Component unit change in assets	\$ 132,345	167,839	\$ 268,352	\$ 312,074	\$ 127,585	\$ 93,270	\$ 71,652

- (1) The City implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data will be accumulated over time.
- (2) As restated for infrastructure valuations in compliance with GASB 34 implementation.
- (3) As restated for prior year accrued franchise taxes which were not recorded.
- (4) As restated for reallocation of \$300,000 in long term debt from business type activities to governmental activities.

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

CITY OF BRENHAM
 TABLE 3

	2009	2008	2007	2006	2005	Fiscal Year		2001	2000
						2004 (1)	2003		
General fund:									
Reserved	\$ -	\$ -	\$ -	\$ 37,908	\$ 40,578	\$ 35,748	\$ 41,038	\$ 56,306	\$ 36,975
Unreserved	2,764,850	2,687,654	2,251,108	1,661,118	1,217,177	632,990	363,249	919,391	860,928
Total general fund	\$ 2,764,850	\$ 2,687,654	\$ 2,251,108	\$ 1,699,026	\$ 1,257,755	\$ 668,738	\$ 404,287	\$ 975,697	\$ 1,414,195
All other governmental funds:									
Reserved, reported in:									
Debt service fund	\$ 337,949	\$ 418,335	\$ 333,943	\$ 200,931	\$ 146,770	\$ 177,877	\$ 295,934	\$ 316,626	\$ 250,540
Unreserved reported in:									
Special revenue funds	1,400,860	1,126,499	700,725	170,553	220,271	161,873	201,107	255,728	275,857
Capital projects funds	699,191	7,787,965	8,722,314	10,196,685	1,738,329	2,348,041	3,638,494	1,551,731	(985,788)
Total all other governmental funds	\$ 2,438,020	\$ 9,332,799	\$ 9,756,982	\$ 10,568,169	\$ 2,105,370	\$ 2,687,791	\$ 4,135,535	\$ 2,124,085	\$ (459,391)
									\$ 1,012,206

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

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

CITY OF BRENHAM

Last Ten Fiscal Years
(Modified accrual basis of accounting) TABLE 4

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Taxes	\$ 12,006,792	\$ 11,770,388	\$ 11,181,972	\$ 9,728,777	\$ 9,013,770	\$ 8,233,000	\$ 7,832,768	\$ 7,374,952	\$ 6,508,631	\$ 6,060,506
Licenses and permits	61,989	58,260	54,487	56,146	57,846	57,574	43,572	45,181	50,114	39,918
Intergovernmental	1,462,232	769,904	1,648,201	1,656,366	1,596,241	2,094,325	1,269,907	1,425,598	966,026	993,974
Charges for services	571,177	458,378	368,861	363,984	396,353	401,130	331,505	283,369	139,743	49,787
Fines and forfeitures	594,840	493,664	363,253	337,014	344,076	300,235	216,255	217,342	193,627	233,410
Investment income	179,685	457,112	572,336	246,716	137,011	138,952	111,107	187,302	264,869	302,774
Payment from component unit	931,773	927,717	770,877	661,417	661,407	622,061	675,704	714,985	525,976	80,000
Contributions and donations	39,833	176,900	124,608	176,214	44,895	1,084,504	-	265,270	1,156,193	376,888
Miscellaneous	149,984	151,892	85,405	117,772	157,948	139,505	303,328	399,980	347,947	343,708
Total revenues	15,998,305	15,264,215	15,170,000	13,344,406	12,409,547	13,071,286	10,784,146	10,913,979	10,153,126	8,480,965
Expenditures										
Current:										
Culture and recreation	2,963,083	2,993,583	2,611,013	2,467,861	2,374,455	2,267,690	2,366,423	2,590,967	1,988,445	1,399,065
Economic development	-	-	-	-	-	3,417	275,531	-	-	-
General government	4,793,575	1,491,349	1,383,100	1,270,288	1,560,873	974,771	980,100	876,371	713,764	751,921
Health and welfare	262,880	535,818	562,579	614,794	214,873	571,160	556,746	613,154	434,823	481,397
Highways and streets	1,317,966	1,240,278	1,153,897	1,085,298	1,046,654	1,070,642	1,032,007	1,857,357	1,073,128	1,148,165
Public safety	5,055,235	4,801,776	4,634,054	4,179,268	4,053,844	4,164,948	4,021,661	4,229,819	3,864,203	3,522,975
Debt services:										
Interest & fiscal charges	816,482	929,359	938,159	664,571	724,066	739,385	716,629	610,758	501,466	541,290
Principal retirement	1,319,200	1,165,767	1,070,625	1,138,070	1,038,665	927,215	848,102	916,183	795,244	757,544
Issuance costs	132,893	1,069	21,072	72,468	-	-	62,692	71,511	-	-
Capital outlay	9,585,060	2,340,500	3,497,123	2,475,907	1,763,551	4,780,081	3,198,692	2,795,571	2,847,592	5,719,752
Total expenditures	26,246,374	15,499,499	15,871,822	13,968,525	12,776,981	15,499,309	14,058,583	14,561,691	12,218,665	14,322,109
Excess (deficiency) of revenues over (under) expenditures	(10,248,069)	(235,284)	(701,822)	(624,119)	(387,434)	(2,428,023)	(3,274,437)	(3,647,712)	(2,065,539)	(5,841,144)
Other financing sources (uses)										
Transfers in	4,092,165	1,036,319	723,787	802,738	609,424	1,088,710	1,892,850	1,539,723	1,251,490	951,606
Transfers out	(945,544)	(882,148)	(848,384)	(563,360)	(235,394)	(293,904)	(221,812)	(453,779)	(143,256)	(62,995)
Proceeds from bonds	-	-	-	9,000,000	-	-	3,043,442	4,342,199	-	-
Refunding bonds issued	5,941,995	-	1,524,321	-	-	-	-	-	-	-
Gain on settlement	-	-	-	-	-	-	-	75,000	-	-
Bond premium	194,962	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(6,004,364)	-	(1,501,306)	-	-	-	-	-	-	-
Proceeds from capital lease	131,933	-	544,300	288,810	-	449,924	-	289,547	-	-
Miscellaneous	19,339	93,476	-	-	-	-	-	-	-	-
Total other financing sources (uses)	3,430,486	247,647	442,718	9,528,188	374,030	1,244,730	4,714,480	5,792,690	1,108,234	888,611
Net change in fund balance	(6,817,583)	12,363	(259,104)	8,904,069	6,596	(1,183,293)	1,440,043	2,144,978	(957,305)	(4,952,533)
Debt service as a percentage of non-capital expenditures	13.62%	15.93%	16.40%	16.32%	16.01%	15.55%	14.99%	13.59%	13.84%	15.10%

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS

CITY OF BRENHAM

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 5

Fiscal Year	Sales Tax	Ad Valorem Taxes (1)	Franchise Taxes (2)	Motel Tax	Mixed Beverage	Other Tax	Total Tax Revenues
2000	\$ 2,488,593	\$ 1,837,844	\$ 1,457,262	\$ 234,966	\$ 14,282	\$ 27,559	6,060,506
2001	2,573,793	2,034,652	1,620,358	241,369	16,821	21,638	6,508,631
2002	2,552,078	2,386,339	2,152,380	240,653	14,259	29,243	7,374,952
2003	2,588,412	2,656,495	2,289,566	250,942	16,776	30,577	7,832,768
2004	2,610,842	2,812,921	2,412,216	317,533	14,403	65,085	8,233,000
2005	2,910,902	3,092,295	2,593,770	351,238	15,718	49,847	9,013,770
2006	3,290,760	3,481,463	2,567,933	356,745	20,664	11,212	9,728,777
2007	3,524,009	4,133,381	3,117,224	371,468	26,525	9,365	11,181,972
2008	3,696,762	4,561,685	3,047,240	432,687	23,881	8,133	11,770,388
2009	3,727,329	4,777,500	3,031,923	438,632	23,454	7,954	12,006,792

(1) Ad valorem taxes consist of total collections net of any tax refunds.

(2) Franchise taxes, which were previously classified as receipt taxes, have been properly re-classified.

ASSESSED (1) AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 6

Fiscal Year	Residential	Commercial	Personal Property	Gross Valuation	Exemption	Net Taxable Value	Total Direct Tax Rate
2000	219,109,029	197,720,959	180,726,140	597,556,128	73,688,343	523,867,785	0.35000
2001	269,118,178	186,973,818	184,013,476	640,105,472	86,518,169	553,587,303	0.37000
2002	294,146,981	207,576,271	201,341,491	703,064,743	96,893,031	606,171,712	0.39500
2003	313,526,154	222,282,517	200,099,154	735,907,825	92,511,210	643,396,615	0.41160
2004	342,870,991	256,701,023	188,770,685	788,342,699	101,481,686	686,861,013	0.41160
2005	361,775,150	256,868,274	177,812,355	796,455,779	90,675,166	705,780,613	0.43620
2006	370,683,893	208,798,536	251,690,047	831,172,476	88,694,515	742,477,961	0.46620
2007	422,316,663	220,190,107	257,897,502	900,404,272	103,247,446	797,156,826	0.50630
2008	465,073,145	247,703,127	290,075,024	1,002,851,296	123,033,453	879,817,843	0.50630
2009	496,035,865	293,274,572	302,853,623	1,092,164,060	146,352,615	945,811,445	0.50420

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

SALES SUBJECT TO SALES TAX BY INDUSTRY
Last Seven Fiscal Years (1)

CITY OF BRENHAM
TABLE 7

	Calendar Year (2)						
	2008	2007	2006	2005	2004	2003	2002
Sales subject to sales tax							
Retail trade	\$ 184,046,643	\$ 174,772,296	\$ 166,190,738	\$ 155,327,262	\$ 130,927,048	\$ 126,258,311	\$ 123,089,392
Accommodation/food services	34,620,712	30,261,377	28,528,631	25,819,914	22,751,074	21,939,466	21,527,867
Manufacturing	25,038,093	16,509,175	16,115,966	14,012,727	13,111,304	12,941,111	14,551,417
Wholesale trade	15,368,837	16,316,965	15,797,269	14,047,063	12,158,582	9,870,736	10,151,093
Mining/quarrying/oil/gas extraction	9,146,075	7,752,965	5,464,529	2,131,253	1,510,270	411,837	384,445
Other services	7,623,956	7,391,730	6,339,914	6,790,780	6,782,529	6,175,297	5,925,060
Admin/support/waste mgmt/remediation services	7,191,225	6,385,434	6,511,431	6,535,273	6,127,609	5,335,190	4,878,604
Real estate/rental/leasing	8,207,294	6,275,753	4,927,370	4,082,531	3,566,293	3,379,402	3,195,265
Information	2,587,597	6,053,793	1,662,880	2,479,786	45,820,215	40,204,429	2,949,226
Construction	4,183,561	5,313,078	4,009,748	3,575,204	3,773,376	4,807,705	3,240,315
Professional/scientific/technical services	2,931,954	2,157,118	2,157,118	2,226,815	1,958,581	2,058,213	1,790,163
Educational services	1,767,263	1,815,152	1,585,995	1,270,482	1,537,769	1,740,983	57,479
Finance/insurance	1,399,762	1,074,663	1,182,103	949,048	813,183	1,073,465	1,228,011
Arts/entertainment/recreation	1,016,048	505,007	428,104	401,372	360,531	451,220	331,400
Agriculture/forestry/fishing hunting	163,971	367,864	338,068	106,869	201,372	125,257	105,119
Transportation/warehousing	273,397	111,957	27,959	33,263	10,417	0	0
Health care/social assistance	52,738	34,638	33,136	41,445	29,011	25,904	41,728
Public administration	0	0	1,778,439	0	0	0	0
Management of companies/enterprises	0	0	0	0	0	0	0
Other	0	0	0	110	40,156	155,206	726,073
All industries (3)	\$ 313,462,791	\$ 289,963,285	\$ 268,569,972	\$ 246,450,244	\$ 258,267,573	\$ 243,817,934	\$ 202,874,609
City sales tax rate (4)	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500

- (1) The City implemented GASB 34, the new reporting standard, in fiscal year 2003. Therefore, ten years of data will be accumulated over time.
- (2) Data was derived from the Texas Comptroller's Quarterly Sales Tax Report for the City of Brenham. Information was selected on a calendar year basis in order to capture those businesses that only file annually. Data for calendar year 2009 was unavailable.
- (3) The total for all industries includes sales subject to sales tax for businesses that cannot be shown in their industry category because that category has less than four reporting outlets. Therefore, summation of sales subject to sales tax by industry will be less than the total shown for all industries.
- (4) One-quarter of this rate and sales tax revenue collected is allocated to the Brenham Community Development Corporation.

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

CITY OF BRENHAM
TABLE 8

Fiscal Year	PROPERTY TAX RATES (per \$100 of assessed value) (1)										SALES TAX RATES (2)		
	City Direct Rates			Brenham			Total			City of Brenham	Washington County	Overlapping Governments	Total
	General Fund	Debt Service	Total	Independent School District	Blinn College	Washington County	Overlapping Governments	Overlapping Governments					
2000	0.21600	0.13400	0.35000	1.53560	0.05980	0.48400	2.42940	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2001	0.27300	0.09700	0.37000	1.54560	0.05760	0.48400	2.45720	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2002	0.27500	0.12000	0.39500	1.57170	0.05440	0.45000	2.47110	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2003	0.28750	0.12410	0.41160	1.59900	0.05490	0.45160	2.51710	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2004	0.30000	0.11160	0.41160	1.59900	0.06670	0.45160	2.51890	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2005	0.30510	0.13110	0.43620	1.59900	0.05520	0.44350	2.50390	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2006	0.31650	0.14970	0.46620	1.61000	0.05100	0.44350	2.57070	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2007	0.31650	0.18980	0.50630	1.44500	0.05130	0.43350	2.43610	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2008	0.32450	0.18180	0.50630	1.10840	0.05480	0.43490	2.10440	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000
2009	0.34200	0.16220	0.50420	1.08840	0.05320	0.42600	2.07180	0.01500	0.00500	0.02000	0.01500	0.00500	0.02000

(1) Data is from Washington County Appraisal District.
(2) Data is from Texas Comptroller of Public Accounts.

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

CITY OF BRENHAM

TABLE 9

2009			2000		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Blue Bell Creameries	\$ 35,448,749	3.75%	Blue Bell Creameries	\$ 36,749,970	7.02%
Wal-Mart Properties #4109	15,710,540	1.66%	Mount Vernon Mills, Inc.	27,562,650	5.26%
Mount Vernon Mills, Inc.	15,184,480	1.61%	Valmont Industries	11,359,190	2.17%
Valmonts/Als-Abated	14,913,700	1.58%	Cleaners Hangers Co.	10,285,800	1.96%
RR Donnelley Co.	13,559,240	1.43%	Wal-Mart Properties #4109	9,789,690	1.87%
Longwood Elastomers Inc	12,717,740	1.34%	Brenham Wholesale Groc.	9,653,040	1.84%
Valmonts/Als	11,878,130	1.26%	Germania Farm Mutual Aid Assoc	8,099,280	1.55%
Lowe's Home Centers, Inc. #2521	11,662,590	1.23%	Sealy Mattress, Co.	6,568,280	1.25%
Magnetic Instruments	11,270,200	1.19%	Longwood Elastomers, Inc.	6,035,880	1.15%
Germania Farm Mutual Aid Assoc	10,544,040	1.11%	Southwestern Bell Telephone	5,957,540	1.14%
Total	\$ 152,889,409	16.16%	Total	\$ 132,061,320	25.21%

(1) Data is from Washington County Appraisal District.

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

CITY OF BRENHAM
TABLE 10

Fiscal Year	Assessed Valuation	Tax Rate	Levy Net of Adjustments	Collected within the Fiscal Year of Levy		Collections from Prior Years	Total Collections	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 523,867,785	0.35000	\$ 1,833,551	\$ 1,802,125	98.29%	34,949	1,837,335	100.21%
2001	553,587,303	0.37000	2,042,221	2,010,387	98.44%	22,592	2,035,652	99.68%
2002	606,171,712	0.39500	2,391,893	2,354,756	98.45%	27,119	2,386,386	99.77%
2003	643,396,615	0.41160	2,648,253	2,595,349	98.00%	29,990	2,625,339	99.13%
2004	686,861,013	0.41160	2,827,306	2,746,974	97.16%	66,648	2,813,622	99.52%
2005	705,780,613	0.43620	3,072,218	3,022,400	98.38%	68,463	3,092,295	100.65%
2006	742,477,961	0.46620	3,468,062	3,413,035	98.41%	30,946	3,443,981	99.31%
2007	797,156,826	0.50630	4,088,719	4,020,719	98.34%	65,640	4,089,261	100.01%
2008	879,817,843	0.50630	4,495,628	4,493,575	99.95%	85,464	4,581,092	101.90%
2009	945,811,445	0.50420	4,739,801	4,666,545	98.45%	51,033	4,727,111	99.73%

- (1) Includes \$524 of 1999 rollback taxes collected.
- (2) Includes \$261 of 2000 rollback taxes collected.
- (3) Includes \$2,673 of 2001 rollback taxes collected.
- (4) Includes \$4,511 in overages.
- (5) Includes \$1,432 in overages.
- (6) Includes \$2,902 of 2007 rollback taxes collected.
- (7) Includes \$2,053 of 2008 rollback taxes collected.
- (8) Includes \$9,424 of 2009 rollback taxes collected.

PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)
Calendar Years 2008 and 2002 (2)

CITY OF BRENHAM
TABLE 11

2008		2002					
Sales Tax Payers By Industry	Sales Subject to Sales Tax	Percentage of All Industries	Number of Reporting Outlets 4th Q	Sales Tax Payers By Industry	Sales Subject to Sales Tax	Percentage of All Industries	Number of Reporting Outlets 4th Q
Retail trade	\$ 184,046,843	58.71%	360	Retail trade	123,089,392	60.67%	378
Accommodation/food services	34,620,712	11.04%	83	Accommodation/food services	21,527,867	10.61%	67
Manufacturing	25,038,093	7.99%	73	Manufacturing	14,551,417	7.17%	65
Wholesale trade	15,368,837	4.90%	43	Wholesale trade	10,151,093	5.00%	29
Mining/quarrying/oil/gas extraction	9,146,075	2.92%	7	Other services	5,925,060	2.92%	104
Other services	7,623,956	2.43%	108	Admin/support/waste mgmt/remediation services	4,878,604	2.40%	61
Admin/support/waste mgmt/remediation services	7,191,225	2.29%	61	Construction	3,240,315	1.60%	79
Real estate/rental/leasing	6,207,294	2.02%	17	Real estate/rental/leasing	3,195,265	1.57%	10
Information	2,587,597	0.83%	11	Information	2,949,226	1.45%	12
Construction	4,183,561	1.33%	85	Professional/scientific/technical services	1,790,163	0.88%	38
Professional/scientific/technical services	2,931,954	0.94%	58	Finance/insurance	1,228,011	0.61%	13
Educational services	1,767,263	0.56%	13	Other	726,073	0.36%	50
Finance/insurance	1,399,792	0.45%	13	Mining/quarrying/oil/gas extraction	384,445	0.19%	4
Arts/entertainment/recreation	1,016,048	0.32%	23	Arts/entertainment/recreation	331,400	0.16%	11
Agriculture/forestry/fishing hunting	163,971	0.05%	11	Agriculture/forestry/fishing hunting	105,119	0.05%	10
Transportation/warehousing	273,397	0.09%	8	Educational services	57,479	0.03%	9
Health care/social assistance	52,738	0.02%	6	Health care/social assistance	41,728	0.02%	4
Other	0	0.00%	8	Public administration	0	0.00%	3
Public administration	0	0.00%	2	Transportation/warehousing	0	0.00%	3
Management of companies/enterprises	0	0.00%	1	Management of companies/enterprises	0	0.00%	0
All industries (3)	\$ 313,462,791	100.00%	991	All industries (3)	\$ 202,874,609	100.00%	950

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

(2) Data was derived from the Texas Comptroller's Quarterly Sales Tax Report for the City of Brenham. Information was selected on a calendar year basis in order to capture those business entities that only file annually. Data for calendar year 2009 and prior to 2002 was unavailable.

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

RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 12

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)		
	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding	Capital Leases	General Obligation Bonds	Certificates of Obligation				General Obligation Refunding	Capital Leases
2000	\$ 2,460,000	\$ 8,300,000	\$ -	\$ 143,368	\$ 4,970,000	\$ -	\$ -	\$ 103,367	\$ 15,976,735	4.25%	1,183
2001	2,110,000	7,910,000	-	88,124	4,725,000	-	-	92,267	14,925,391	3.86%	1,105
2002	1,735,000	11,767,124	-	239,676	855,000	12,117,876	3,885,000	80,483	30,956,385	7.84%	2,246
2003	1,340,000	14,433,034	-	171,514	585,000	18,181,966	3,885,000	67,972	38,881,940	9.85%	2,810
2004	920,000	14,292,528	-	551,381	300,000	17,677,472	3,885,000	54,689	37,847,877	8.87%	2,692
2005	475,000	13,817,497	-	432,747	-	17,432,503	3,885,000	40,586	36,197,092	7.85%	2,542
2006	-	22,278,242	-	597,743	-	17,086,758	3,530,000	25,614	43,656,744	8.69%	3,036
2007	-	19,848,522	1,511,950	878,321	-	12,826,478	7,133,050	9,719	42,625,299	8.15%	2,960
2008	-	18,899,484	1,505,078	635,451	-	12,125,517	6,714,923	-	40,216,173	7.11%	2,681
2009	-	12,019,923	7,371,700	471,085	-	14,680,078	9,273,300	-	44,066,819	7.43%	2,886

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

RATIO OF NET GENERAL OBLIGATION BONDED DEBT
Last Ten Fiscal Years

CITY OF BRENHAM
TABLE 13

Fiscal Year	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding	Gross Bonded Debt	Less Debt Service Funds Available	Net Bonded Debt	Taxable Assessed Value	Ratio of Net Bonded Debt to Assessed Values	Net Bonded Debt Per Capita (1)
2000	\$ 2,460,000	\$ 8,300,000	\$ -	\$ 10,760,000	\$ 375,089	\$ 10,384,911	\$ 523,867,785	1.98%	\$ 769
2001	2,110,000	7,910,000	-	10,020,000	250,540	9,769,460	553,587,303	1.76%	723
2002	1,735,000	11,767,124	-	13,502,124	316,626	13,185,498	606,171,712	2.18%	957
2003	1,340,000	14,433,034	-	15,773,034	295,934	15,477,100	643,396,615	2.41%	1,118
2004	920,000	14,292,528	-	15,212,528	177,817	15,034,711	686,861,013	2.19%	1,069
2005	475,000	13,817,497	-	14,292,497	146,770	14,145,727	760,929,323	1.86%	994
2006	-	22,278,242	-	22,278,242	198,430	22,079,812	742,477,961	2.97%	1,535
2007	-	19,848,522	1,511,950	21,360,472	332,812	21,027,660	797,156,826	2.64%	1,460
2008	-	18,899,484	1,505,078	20,404,562	418,335	19,986,227	879,817,843	2.27%	1,332
2009	-	12,019,923	7,371,700	19,391,623	337,949	19,053,674	945,811,445	2.01%	1,248

(1) See Table 17 for population information.

DIRECT AND OVERLAPPING DEBT
Current Year

CITY OF BRENHAM

TABLE 14

NAME OF GOVERNMENTAL UNIT	NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING	2008 TAX ROLL TAXABLE VALUE	PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)	CITY OF BRENHAM'S SHARE OF DEBT
City of Brenham	\$ 19,053,674	\$ 945,811,445	100.0%	\$ 19,053,674
Brenham I. S. D.	27,603,866	1,994,974,147	47.4%	13,086,913
Washington County	5,515,000	2,297,978,754	41.2%	2,269,886
Blinn Junior College	-	2,301,617,083	-	-
Total direct and overlapping debt	\$ <u>52,172,540</u>	\$ <u>7,540,381,429</u>		\$ <u>34,410,473</u>

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation 0.46%

Per capita consolidated overlapping tax supported debt (based on population of 15,270) \$2,253

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Brenham. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the government's boundaries and dividing it by the City's total taxable assessed value.

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

CITY OF BRENHAM
TABLE 15

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Taxable assessed valuations	\$ 945,811,445	\$ 879,817,843	\$ 797,156,826	\$ 742,477,961	\$ 705,780,613	\$ 686,861,013	\$ 643,396,615	\$ 606,171,712	\$ 553,587,303	\$ 523,867,785
Tax limit per \$100 valuation	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000
O&M tax rate per \$100 valuation	0.34200	0.32450	0.31650	0.31650	0.30510	0.30000	0.28750	0.27500	0.27300	0.21600
Debt limit per \$100 valuation	1.30800	1.32550	1.33350	1.33350	1.34490	1.35000	1.36250	1.37500	1.37700	1.43400
Debt limit	12,371,214	11,661,986	10,630,086	9,900,944	9,492,043	9,272,624	8,766,279	8,334,861	7,622,897	7,512,264
Total net debt applicable to limit	2,219,350	2,046,971	1,980,831	1,754,883	1,655,433	1,574,263	1,485,812	1,385,364	1,234,998	1,237,122
Legal debt margin	\$ 10,151,864	\$ 9,615,015	\$ 8,649,255	\$ 8,146,061	\$ 7,836,610	\$ 7,698,361	\$ 7,280,467	\$ 6,949,497	\$ 6,387,899	\$ 6,275,142
Total net debt applicable to the limit as a percentage of debt limit	17.94%	17.55%	18.63%	17.72%	17.44%	16.99%	16.95%	16.62%	16.20%	16.47%

PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years

CITY OF BRENHAM
TABLE 16

Fiscal Year	Electric Fund - Series 1992 Revenue Bonds (1)										Water Fund (2)									
	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Principal	Debt Service Interest	Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Principal	Debt Service Interest	Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Principal	Debt Service Interest	Debt Service Coverage
2000	16,383,896	15,879,020	504,876	-	-	-	2,635,493	1,826,152	809,341	235,000	299,298	1.51	2000	2,635,493	1,826,152	809,341	235,000	299,298	1.51	
2001	18,281,033	18,293,266	(2,233)	-	-	-	2,227,339	1,908,321	319,018	245,000	287,548	0.60	2001	2,227,339	1,908,321	319,018	245,000	287,548	0.60	
2002	18,026,344	17,091,916	934,428	-	-	-	2,472,349	2,045,722	426,627	402,146	235,015	0.67	2002	2,472,349	2,045,722	426,627	402,146	235,015	0.67	
2003	19,230,844	18,462,455	768,389	-	-	-	2,563,880	2,022,318	541,562	311,230	393,136	0.77	2003	2,563,880	2,022,318	541,562	311,230	393,136	0.77	
2004	20,468,491	19,650,655	817,836	-	-	-	2,690,075	2,161,268	528,807	328,586	377,209	0.75	2004	2,690,075	2,161,268	528,807	328,586	377,209	0.75	
2005	22,138,695	20,901,606	1,237,089	-	-	-	2,944,790	2,376,870	567,920	341,325	346,490	0.83	2005	2,944,790	2,376,870	567,920	341,325	346,490	0.83	
2006	26,440,575	25,982,043	458,532	-	-	-	3,718,368	2,797,111	921,257	397,213	328,534	1.27	2006	3,718,368	2,797,111	921,257	397,213	328,534	1.27	
2007	23,184,426	23,239,037	(54,611)	-	-	-	3,254,601	2,784,247	470,354	521,891	303,371	0.57	2007	3,254,601	2,784,247	470,354	521,891	303,371	0.57	
2008	26,539,770	26,680,190	(140,420)	-	-	-	3,719,245	3,088,309	630,936	537,220	280,508	0.77	2008	3,719,245	3,088,309	630,936	537,220	280,508	0.77	
2009	25,678,975	3,216,774	22,462,201	-	-	-	4,606,941	1,771,235	2,835,706	569,498	426,689	2.85	2009	4,606,941	1,771,235	2,835,706	569,498	426,689	2.85	

Fiscal Year	Wastewater Fund - Self-Supporting Debt (3)										Total Water, and Wastewater Funds (4)									
	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Principal	Debt Service Interest	Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Principal	Debt Service Interest	Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Principal	Debt Service Interest	Debt Service Coverage
2000	1,739,697	1,699,108	40,589	-	-	-	2,635,493	1,826,152	809,341	235,000	299,298	1.51	2000	2,635,493	1,826,152	809,341	235,000	299,298	1.51	
2001	1,619,162	1,769,162	(150,000)	-	-	-	2,227,339	1,908,321	319,018	245,000	287,548	0.60	2001	2,227,339	1,908,321	319,018	245,000	287,548	0.60	
2002	1,594,352	1,891,284	(266,932)	144,666	338,370	(0.55)	4,066,701	3,907,006	159,695	546,812	573,385	0.14	2002	4,066,701	3,907,006	159,695	546,812	573,385	0.14	
2003	2,032,243	1,964,495	67,748	88,830	561,089	0.10	4,596,123	3,986,813	609,310	400,060	954,225	0.45	2003	4,596,123	3,986,813	609,310	400,060	954,225	0.45	
2004	1,953,816	2,005,729	(51,913)	164,256	653,379	(0.06)	4,643,891	4,166,997	476,894	492,842	1,030,588	0.31	2004	4,643,891	4,166,997	476,894	492,842	1,030,588	0.31	
2005	2,377,633	2,315,795	61,838	203,644	648,215	0.07	5,322,423	4,692,665	629,758	544,969	994,705	0.41	2005	5,322,423	4,692,665	629,758	544,969	994,705	0.41	
2006	2,944,441	2,895,413	49,028	303,332	640,901	0.05	6,662,809	5,692,524	970,285	700,545	969,435	0.58	2006	6,662,809	5,692,524	970,285	700,545	969,435	0.58	
2007	3,798,195	2,888,251	909,944	571,241	617,220	0.77	7,052,796	5,672,498	1,380,298	1,093,132	920,591	0.69	2007	7,052,796	5,672,498	1,380,298	1,093,132	920,591	0.69	
2008	4,119,856	3,191,900	927,956	582,064	592,494	0.79	7,839,101	6,280,209	1,558,892	1,119,284	873,002	0.78	2008	7,839,101	6,280,209	1,558,892	1,119,284	873,002	0.78	
2009	4,045,839	1,406,362	2,639,477	633,196	544,878	2.24	8,652,780	3,177,597	5,475,183	1,202,694	971,567	2.52	2009	8,652,780	3,177,597	5,475,183	1,202,694	971,567	2.52	

(1) All revenue bond debt was retired in 1998.
 (2) Water fund-supported debt includes 1994 general obligation refunding bonds, 2001 general obligation refunding bonds, 2001 certificates of obligation and 2007 general obligation refunding bonds.
 (3) Wastewater fund-supported debt includes 2001 and 2002 certificates of obligation and 2007 general obligation refunding bonds.
 (4) Wastewater fund was only included in the summary for years 2002 and later.

TABLE 17

Fiscal Year	Population (1)	Total Personal Income (000's) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2000	13,507	375,846	27,826	3.6
2001	14,026	401,466	28,623	3.5
2002	13,988	400,574	28,637	4.4
2003	14,171	404,299	28,530	5.1
2004	14,407	436,921	30,327	5.2
2005	14,484	469,267	32,399	4.6
2006	14,614	510,452	34,929	4.4
2007	14,873	539,890	36,300	3.8
2008	15,049	567,347	37,700	3.8
2009	15,270	592,949	38,831	5.3

(1)The 2000 population is per the 2000 Census. 2001 to 2009 population are projections provided by the Population Division of the U.S. Census Bureau.

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

(3) Data for years 2000 to 2006, is for Washington County and comes from the Bureau of Economic Analysis. 2007, 2008 and 2009 are estimates based on a five year compound average annual growth rate.

(4) Unemployment rates are taken from U.S. Bureau of Labor Statistics. Under the new U.S. Bureau of Labor Statistics mandated methodology for producing labor statistics, a city must have a population of at least 25,000 for city-level estimates to be produced; therefore, the unemployment rates shown for 2005 to 2009 are for Washington County.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF BRENHAM

TABLE 18

2009			2000		
Employer (1)	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Blinn College	900	13.04%	Brenham State School	1,062	17.57%
Brenham State School	880	12.75%	Blue Bell Creameries	741	12.26%
Blue Bell Creameries	786	11.39%	Brenham I.S.D.	620	10.26%
Brenham I.S.D.	719	10.42%	Blinn College	600	9.93%
Wal-Mart Supercenter	380	5.51%	Mount Vernon Mills	350	5.79%
Germania Insurance	324	4.69%	Germania Insurance	285	4.72%
Trinity Medical Center	285	4.13%	Trinity Medical Center	250	4.14%
City of Brenham	240	3.48%	Wal-Mart Supercenter	241	3.99%
Sealy Mattress Company	211	3.06%	Valmont A.L.S.	240	3.97%
Valmont	203	2.94%	Brenham Wholesale Grocery	227	3.76%
Total	4,928	71.40%	Total	4,616	76.37%
Employment (2)	6,902		Employment (3)	6,044	

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

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

(3) Employment is taken from the 2000 Census.

FULL-TIME EQUIVALENT EMPLOYEES
Last Seven Fiscal Years (1)

CITY OF BRENHAM

TABLE 19

Function/program	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Streets/Drainage	16.90	17.50	17.50	17.88	18.28	18.31	18.28
Parks/Recreation	27.38	20.10	20.10	20.08	20.23	20.23	20.48
Aquatic Center	15.04	20.19	20.19	22.50	23.12	22.25	24.37
Library	8.03	8.92	8.92	7.88	6.84	7.36	7.84
Central Communication	13.13	14.17	13.17	13.19	14.22	14.70	12.72
Police	34.00	34.00	33.00	32.00	32.75	32.00	32.00
Fire	12.13	12.00	11.00	11.00	10.50	10.50	10.50
Animal Control	4.00	4.40	3.40	3.00	3.00	3.00	3.00
Municipal Court	4.75	4.60	4.60	4.60	3.60	3.60	3.60
Public Works	6.00	6.14	6.14	6.14	5.89	5.64	5.64
Administration	8.08	7.00	10.00	8.00	8.25	6.50	6.50
Main St/Community Development	2.00	2.00	-	-	-	-	-
Utility Billing/Customer Service	10.00	10.00	10.00	10.00	10.73	9.73	10.73
Finance	10.45	10.00	10.00	11.00	10.00	12.00	12.00
Public Information	2.00	2.00	2.00	2.00	2.00	4.00	3.00
Public Utilities	7.00	6.00	6.00	6.00	8.00	9.33	9.00
Central Warehouse/Maintenance	8.00	8.38	9.38	9.38	9.40	8.37	6.40
Information Technology	5.00	4.50	3.50	4.50	4.50	3.00	3.00
Electric	12.00	11.00	11.00	11.00	11.00	12.00	12.00
Gas	5.00	5.00	5.33	5.33	5.33	5.33	5.33
Water Treatment	5.50	7.00	6.00	6.00	6.00	7.00	7.00
Water Construction	5.50	5.50	5.34	5.34	5.34	5.34	5.34
Wastewater Treatment	5.50	7.00	7.00	7.00	7.00	8.00	8.00
Wastewater Construction	5.50	5.50	5.33	5.33	5.33	5.33	5.33
Transfer Station	3.08	3.08	3.08	3.08	5.14	3.99	4.56
Collection Station	1.39	1.08	1.08	1.08	-	-	-
Recycling Center	2.25	2.25	2.25	2.25	2.33	3.33	3.25
Collection	3.59	4.03	5.03	4.59	5.84	7.17	8.50
Special Revenues/Grants	-	-	-	-	2.25	3.00	4.00
Total	243.20	243.34	240.34	240.15	246.87	251.01	252.37

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

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

CITY OF BRENHAM

TABLE 20

	2009	2008	2007	Fiscal Year 2006	2005	2004	2003
Recreation/Parks							
Number of athletic tournaments (2)	33	31	32	38	35	31	NA
Aquatic Center							
Number of Visitors	67,526	73,506	66,793	70,363	67,914	58,627	49,089
Number of Annual Passes	145	143	137	140	140	159	239
Number of Monthly Passes	930	927	907	878	913	814	615
Streets							
Road maintenance in linear feet	11,186	9,376	11,738	16,393	12,967	7,750	7,955
Library							
Circulation	73,700	70,174	44,933	49,004	47,545	49,754	51,204
Central Communications							
Number of Incoming Calls	749,499	682,254	561,436	519,038	503,992	481,609	436,210
Number of 9-1-1 Calls	30,594	30,001	30,702	27,253	20,496	17,928	16,075
Police							
Traffic Citations	8,036	6,445	3,593	2,988	3,186	4,513	2,506
Traffic Warning Tickets Issued	4,274	3,426	3,536	4,188	5,297	8,516	4,237
Mileage on Police units	382,597	296,882	296,422	299,527	295,802	300,602	312,246
Fire (3)							
Fire Responses	73	81	118	80	86	71	68
Rescues	33	28	52	34	32	32	30
Animal Control/Shelter/Adoption							
Number of Incoming Animals	1,455	1,723	1,846	1,464	1,784	1,876	1,812
Animals Adopted	300	385	401	343	342	304	301
Municipal Court							
Traffic dispositions	5,582	4,444	5,614	5,132	4,232	4,429	3,388
Other dispositions	1,603	1,647	1,413	1,505	1,953	1,790	1,850
Public Works							
Building Inspection Visits	1,818	1,936	1,742	1,692	1,779	1,552	1,536
Electric							
kWh delivered	271,248,570	290,272,935	302,190,150	314,772,687	308,467,816	293,512,414	302,866,896
Customers served	8,150	8,060	7,947	7,728	7,585	7,556	7,564
Gas							
mcf delivered	420,851	522,411	602,719	563,508	543,062	557,790	644,920
Customers served	4,151	4,106	4,050	3,982	3,965	3,944	3,956
Water							
Gallons delivered	926,510,200	883,015,900	799,546,600	956,383,100	811,893,100	736,565,100	782,517,000
Customers served	6,946	6,816	6,654	6,372	6,211	6,134	6,124
Wastewater							
Effluent plant gallons processed	762,338,000	772,589,000	810,562,100	751,247,000	759,309,000	696,397,880	727,604,500
Commercial/industrial gallons processed	385,150,300	393,674,700	394,462,700	406,897,100	359,657,100	352,189,200	381,528,924
Customers served	6,284	6,198	6,073	5,839	5,766	5,722	5,719
Sanitation							
Customers served	5,468	5,299	5,168	5,065	4,979	4,949	5,158

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

(2) Tournament data for 2003 is not available.

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

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

CITY OF BRENHAM

TABLE 21

Function/program	Fiscal Year						
	2009	2008	2007	2006	2005	2004	2003
Recreation/Parks							
Park acreage	150	150	150	150	150	150	150
Parks	7	7	7	7	7	7	7
Aquatic centers	1	1	1	1	1	1	1
Baseball fields	8	8	8	8	8	8	8
Softball fields	9	9	9	9	9	9	9
Tennis courts	6	6	6	6	6	6	6
Soccer fields	12	12	12	12	12	12	12
Skateboard parks	1	1	1	1	1	1	1
Library							
Libraries	1	1	1	1	1	1	1
Airports	1	1	1	1	1	1	1
Police							
Stations	1	1	1	1	1	1	1
Police vehicles	43	40	38	33	34	33	33
Fire							
Fire stations	1	1	1	1	1	1	1
Fire trucks	5	5	5	5	5	5	5
Animal control/shelter/adoption							
Shelters	1	1	1	1	1	1	1
Electric							
Miles of service lines	118	118	116	115	113	112	110
Gas							
Miles of service lines	115	115	111	111	110	109	107
Water							
Miles of water mains	148	145	143	138	137	136	136
Wastewater							
Miles of sanitary mains	137	136	135	129	128	127	127
Sanitation							
Collection stations	1	1	1	1	1	1	1
Transfer stations	1	1	1	1	1	1	1
Recycling stations	1	1	1	1	1	1	1

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

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SEIDEL, SCHROEDER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2009, and have issued our report thereon dated March 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

Compliance and Other Matters

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

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

March 1, 2010
Brenham, Texas

Sindel, Schneider & Company



SEIDEL, SCHROEDER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of City of Brenham, Texas (the "City") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended September 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

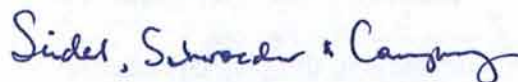
A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

March 1, 2010
Brenham, Texas



CITY OF BRENHAM, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Brenham, Texas (the "City").
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Brenham, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 to be reported in this Schedule.
7. The program tested as a major program was the

U.S. Department of Transportation/Texas Department of Transportation
CFDA No. 20.106
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City did not qualify as a low-risk auditee.

CITY OF BRENHAM, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CITY OF BRENHAM, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/08	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/09
U.S. DEPARTMENT OF JUSTICE								
Bulletproof Vest Partnership 2006 Grant	16.607		2,499	-	-	250	-	250
Bulletproof Vest Partnership 2007 Grant	16.607		1,248	996	(996)	-	-	-
C.O.P.S. Law Enforcement Technology Grant	16.710	2006CKWX0147	148,084	124,277	(124,277)	-	-	-
Recovery Act of 2009 Byrne Justice Assistance Grant	16.804	2009SBB91227	57,916	-	-	-	-	-
FY09 Byrne Justice Assistance Grant	16.738	2009DJBX1094	10,052	-	-	-	-	-
			\$ 219,799	\$ 125,273	\$ (125,273)	\$ 250	\$ -	\$ 250
U.S. DEPARTMENT OF HOMELAND SECURITY & FEMA								
FY2008 Assistance to Firefighters Grant	97.044	EMW-2008-FR-00220	362,880	-	-	-	-	-
FY2008 Staffing for Adequate Fire & Emergency Response Grant	97.044	EMW-2008-FR-00416	325,140	-	-	-	-	-
			\$ 688,020	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Texas Community Development Block Grant	14.228	729079	250,000	-	-	-	-	-
Henderson Park Lift Station Renovation								
			\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. DEPARTMENT OF TRANSPORTATION								
Texas Department of Transportation								
Selective Traffic Enforcement Program-2009 Comprehensive			55,299	-	(12,251)	20,187	-	7,936
Texas Department of Transportation								
Routine Airport Maintenance Program (RAMP)		M817 BRENM	50,000	26,393	(26,393)	-	-	-
Routine Airport Maintenance Program (RAMP)		M917 BRENM	50,000	-	-	9,461	-	9,461
Routine Airport Maintenance Program (RAMP)		M017 BRENM	60,000	-	-	-	-	-
			\$ 160,000	\$ 26,393	\$ (26,393)	\$ 9,461	\$ -	\$ 9,461
Texas State Library and Archives Commission								
Loan Star Libraries Grant - Fiscal Year 2009		442-08057	6,897	-	(6,897)	6,897	-	-
Loan Star Libraries Grant - Fiscal Year 2010		442-10239	9,415	-	-	-	-	-
			\$ 16,312	\$ -	\$ (6,897)	\$ 6,897	\$ -	\$ -
TOTAL FEDERAL AND STATE CASH AWARDS			\$ 1,389,429	\$ 151,666	\$ (170,815)	\$ 36,795	\$ -	\$ 17,647

CITY OF BRENHAM, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/08	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/09
U.S. DEPARTMENT OF TRANSPORTATION - FAA Texas Department of Transportation (1) Federally Assisted Airport Development Grant RUNWAY	20.106	0717BRENNM	\$ 2,015,170	\$ -	\$ (1,009,959)	\$ 1,009,959	\$ -	\$ -
TOTAL NON-CASH FEDERAL AND STATE AWARDS			<u>\$ 2,015,170</u>	<u>\$ -</u>	<u>\$ (1,009,959)</u>	<u>\$ 1,009,959</u>	<u>\$ -</u>	<u>\$ -</u>

(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.