

CITY OF BRENHAM, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012



PREPARED BY THE FINANCE DIVISION

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

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March 1, 2013

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, 2012. 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, 2012 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE CITY AND ITS ORGANIZATION

Profile of the Government

The City of Brenham, incorporated in 1858, is located in central part of the state, between Houston and Austin. The City of Brenham currently occupies a land area of approximately ten square miles and serves a population of approximately 15,716. The City of Brenham is empowered to levy a

THE CITY AND ITS ORGANIZATION – (continued)

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 body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. The Mayor and Council members serve four-year terms. Four of the council members are elected by ward. The Mayor and the two remaining council members are elected at large.

City Services

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

Annual Budget Process

The annual budget serves as the foundation for the City of Brenham's financial planning and control. All agencies of the City of Brenham are required to submit requests for appropriations to the government's manager on or before the 15th of July each year. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the council for review prior to August 30. The council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Brenham's fiscal year. The appropriated budget is prepared by fund and department. While department heads may make transfers of appropriations within a department up to \$2,500, transfers over that amount require the approval of the City Manager or the Assistant City Manager. The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund. Budget-to-actual comparisons are provided in this report for the General Fund, which is presented on page 34 as part of the required supplementary information.

ECONOMIC CONDITION AND OUTLOOK

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

Local Economy

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

- Strong Growth in Sales Tax Revenue – Sales tax which is the largest revenue source for funding General Fund operations and maintenance, was budgeted to increase by 10% over the prior year. With falling fuel prices and lower utility bills, consumer spending is expected to increase.
- Growth in Property Valuations – The City of Brenham's certified taxable property valuations have grown from \$997,362,133 last year to \$1,029,487,756 for the 2012 tax year. This overall increase of 3.22% included over \$21 million in new improvements, and provided a small increase in tax revenues for FY13.

ECONOMIC CONDITION AND OUTLOOK – (continued)

- Unemployment Rate for the County – The unemployment rate for Washington County in September 2012 was 4.8%, which is lower than the rate of 6.4% one year ago. The current rate also compares favorably to the state's average unemployment rate of 6.3 percent.
- The City's Hotel Occupancy Tax (HOT) Fund experienced growth during FY12. The actual collections were higher than the original budgeted levels by 15% and also exceeded the three previous fiscal years.

Economic Development

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

The City benefitted from several major business relocations, adoption of Downtown Master Plan, and completion of the Southwest Industrial Park Phase 3 improvements. Highlights are noted below.

- Bliss Candy Company selected Brenham for its company relocation from Houston, Texas and began manufacturing and wholesaling gourmet toffee products in Brenham.
- The City Council adopted a Resolution to approve the Brenham Downtown Master Plan to address revitalization and economic growth with a focus on historical preservation.
- St. Joseph Regional Hospital, located in Bryan, Texas, constructed a new "Super Clinic" to boost Brenham's healthcare industry by incorporating a family medicine clinic, diagnostic center and weekend clinic.
- Streets and Drainage, street lighting, and water and wastewater infrastructure improvements in the Southwest Industrial Park, Phase 3 were completed. The first tenant, Bluebonnet Electric Cooperative purchased a 21 acre site for construction of a high-tech demonstration house as a focal point for energy management programs.
- The City of Brenham is one of five partners in a Retail Recruitment & Development Strategy to promote buying local by helping existing retailers expand product lines and attract new retailers to the Brenham area.
- An Ordinance was also approved for the establishment of a Planned Development District to accommodate the request from a developer for a master planned single family residential development with 274 lots.

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. A portion of this revenue is allocated to the Economic Development Foundation of Brenham (EDF) and they work closely with the City to promote growth within the existing business community and to market Brenham's competitive advantage as a location for new businesses. Brenham was recognized for the second year in a row as one of the "Top Micropolitans in Texas" by *Site Selection* magazine.

Another factor contributing to Brenham's economic success includes a tax abatement policy and establishment of Enterprise Zones to encourage employment and provide incentives for business development and expansion. During the year, four tax-phase-in agreements were approved with local companies for business expansions that include over \$25 million in capital investment and the creation of 170 new jobs.

ECONOMIC CONDITION AND OUTLOOK – (continued)

- Blue Bell Creameries is planning an estimated \$13 million capital investment to expand its production and warehousing operations to create 50 new jobs.
- Longwood Elastomers received the tax phase-in incentive for plans to expand its newest product group, with an estimated \$500,000 in new value and creation of 15 new jobs.
- MIC Company is planning an expansion which includes 15 new jobs and a capital investment of \$2.1 million.
- Valmont Industries will create 90 new jobs with its \$9.6 million capital investment.

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

FINANCIAL INFORMATION

Long-term Financial Planning

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

Major Initiatives

The City Council has established transportation as a priority for our City. The two-year construction of the US Highway 290 Transportation Project began in mid-2011. This project will aid mobility and safety for the 26,000 vehicles traveling US Highway 290, and is a joint project with the City, Washington County and the Texas Department of Transportation (TxDOT). Two ancillary projects related to the US Highway 290 project were substantially completed this year. One project, Westwood Lane, included installation of signal lights and widening and paving of the existing street. The other project was in response to the construction by TxDOT of an elevated portion of US Highway 290 to allow a turn-around at Stringer Street. The City worked to re-align Stringer for the underpass and turnaround lanes. Regarding street maintenance, we issued \$1.2 million in Limited Tax Notes this year to provide funding for asphalt overlay of many of our major collector streets. The project includes roughly 30,000 linear feet.

Another Council priority is adherence to the General Fund 90 day reserve policy. It is the City's policy to maintain an unassigned fund balance reserve sufficient to cover 90 days of operations. At the end of FY12, the unassigned fund balance had grown to over \$3.5 million or over 108 days coverage. For purposes of this calculation, we used total expenditures less other financing sources/(uses). However, the excess reserves above 90 days will be used for the following initiatives.

- During the FY12-13 budget process, the City Council established a new R&R Policy (renovations and replacements) for unplanned facilities and equipment needs with a target of five (5) days of reserves. With our healthy General Fund reserves of 108 days, this objective was met.
- A project for the asbestos abatement and demolition of the former City Hall structure was not completed during the fiscal year, leaving a carry-over balance of \$127,500. This amount (approximately 4 days) will be paid from the General Fund reserves.

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, 2011. This is the fourth consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

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

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

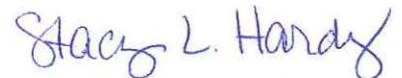
Respectfully submitted,



Terry K. Roberts
City Manager



Carolyn D. Miller, CPA
Chief Financial Officer



Stacy L. Hardy, CPA
Accounting Manager

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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, 2011

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.



Christopher P. Morille

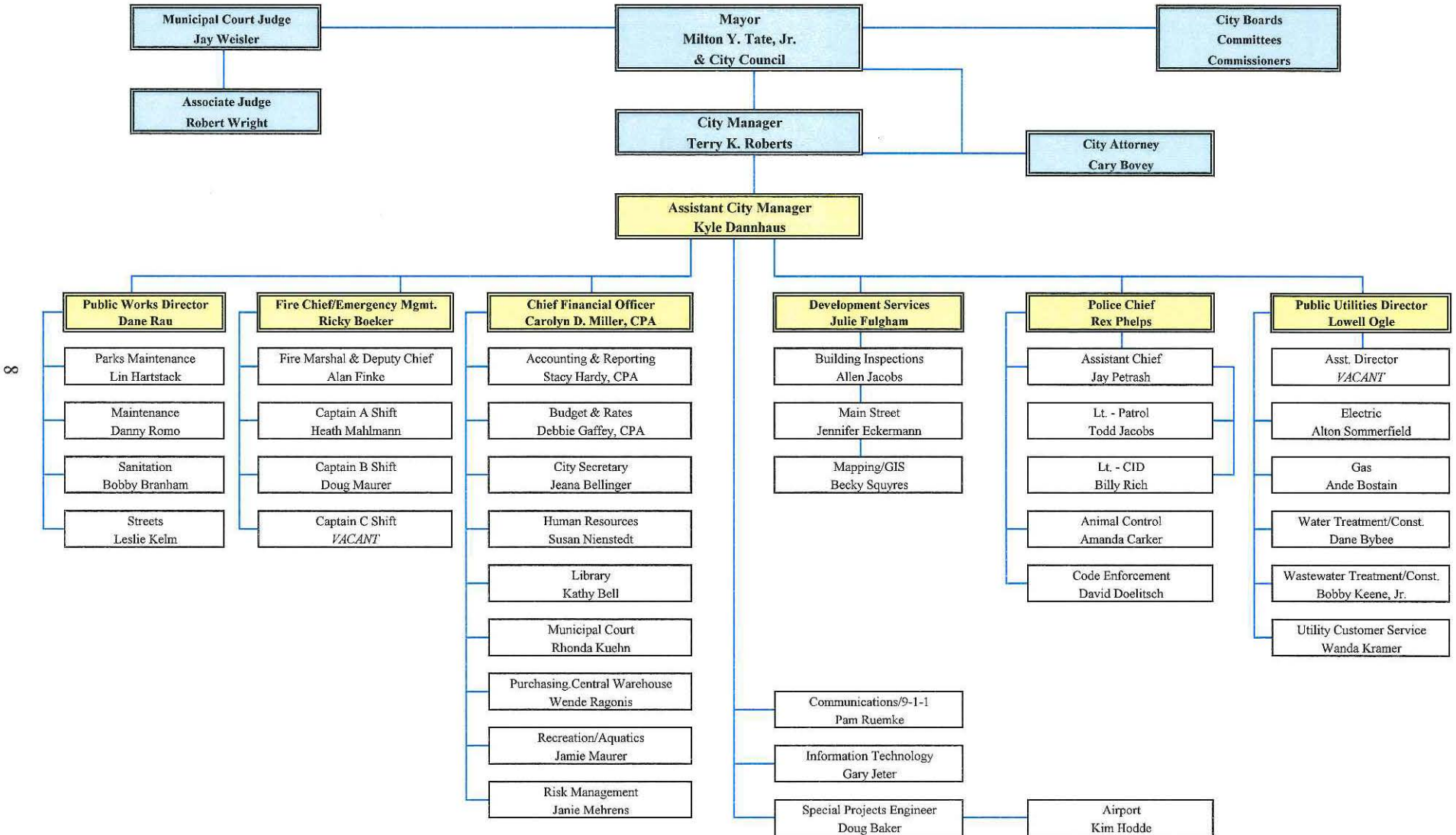
President

Jeffrey R. Emer

Executive Director

CITY OF BRENHAM - ORGANIZATIONAL CHART

As of October 1, 2012



**CITY OF BRENHAM
PRINCIPAL OFFICERS
SEPTEMBER 30, 2012**

MAYOR

Milton Y. Tate, Jr.

MAYOR PRO-TEM

Gloria Nix

CITY COUNCIL

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

CITY MANAGER

Terry K. Roberts

ASSISTANT CITY MANAGER

Kyle D. Dannhaus

CHIEF FINANCIAL OFFICER

Carolyn D. Miller, CPA

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, 2012, 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.

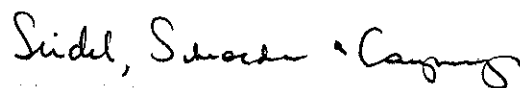
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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, 2013 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, the combining fund statements and schedules, reports for management and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and schedules and schedules within the reports for management are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



March 1, 2013
Brenham, Texas

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2012

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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

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

- The assets of the City of Brenham exceeded its liabilities at the close of the most recent fiscal year by \$90,070 (net assets). Of this amount, \$21,412 (*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 \$3,571.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$6,198 a decrease of \$3,745 in comparison with the prior year. Approximately \$3,505 is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, fund balance for the general fund was \$3,865 or 25.15% of total general fund expenditures.
- The City of Brenham's total bonded debt decreased by \$1,845 or 3.4% during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements. The GWFS, shown on pages 27-29, contain the Statement of Net 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, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS – (Continued)

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

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

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

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

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

Proprietary FFS. The City of Brenham maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the GWFS. The City of Brenham uses enterprise funds to account for its water, wastewater, sanitation, gas, and electric distribution operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Brenham's various functions. The City of Brenham uses 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 31-35 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes can be found on pages 41-69 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and additional supplementary information concerning the City of Brenham's operations. The combining statements referred to earlier in connection with nonmajor governmental funds are presented in these sections. Combining and individual fund statements can be found on pages 78-96 of this report. Information relating to federal and state grant awards begins on page 115 of this report. The statistical section can be found on pages 121-142 of this report.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets serve as a useful indicator of the City's financial position. Assets exceeded liabilities by \$90,070 (net assets) at the close of the fiscal year, compared to assets exceeding liabilities by \$86,499 (net assets) at the end of the prior fiscal year. The City's total assets increased by \$3,571 during the period.

City of Brenham, Texas						
Net Assets						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 23,309	\$ 21,823	\$ 20,945	\$ 22,191	\$ 44,254	\$ 44,014
Capital assets	52,039	52,699	51,736	50,677	103,775	103,376
Total assets	<u>75,348</u>	<u>74,522</u>	<u>72,681</u>	<u>72,868</u>	<u>148,029</u>	<u>147,390</u>
Long-term debt outstanding	31,767	32,433	18,361	19,743	50,128	52,176
Other liabilities	2,756	2,535	5,074	6,180	7,830	8,715
Total liabilities	<u>34,523</u>	<u>34,968</u>	<u>23,435</u>	<u>25,923</u>	<u>57,958</u>	<u>60,891</u>
Net assets:						
Invested in capital assets, net of related debt	34,415	35,294	33,977	31,846	68,392	67,140
Restricted	266	307	-	-	266	307
Unrestricted	6,144	3,953	15,268	15,099	21,412	19,052
Total net assets	<u>\$ 40,825</u>	<u>\$ 39,554</u>	<u>\$ 49,245</u>	<u>\$ 46,945</u>	<u>\$ 90,070</u>	<u>\$ 86,499</u>

By far the largest portion of the City of Brenham's net assets, \$68,392 or 76%, 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 of \$266, less than 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$21,412 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, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

City of Brenham, Texas						
Changes in Net Assets						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,364	\$ 1,390	\$ 38,102	\$ 41,952	\$ 39,466	\$ 43,342
Operating grants and contributions	628	627	7	16	635	643
Capital grants and contributions	1,495	610	117	600	1,612	1,210
General revenues:						
Property taxes	5,450	4,980	-	-	5,450	4,980
Sales taxes	4,107	3,775	-	-	4,107	3,775
Franchise taxes	2,889	3,152	-	-	2,889	3,152
Hotel Occupancy taxes	572	523	-	-	572	523
Alcoholic Beverage taxes	25	24	-	-	25	24
Other	1,003	394	171	117	1,174	511
Total revenues	17,533	15,475	38,397	42,685	55,930	58,160
Expenses:						
General government	5,230	5,177	-	-	5,230	5,177
Public safety	6,568	6,579	-	-	6,568	6,579
Highway/streets	2,600	2,629	-	-	2,600	2,629
Interest on Long Term Debt	887	939	-	-	887	939
Culture and recreation	3,407	3,514	-	-	3,407	3,514
Health and welfare	286	288	-	-	286	288
Water	-	-	3,282	3,430	3,282	3,430
Wastewater	-	-	2,692	2,861	2,692	2,861
Electric	-	-	22,896	23,963	22,896	23,963
Gas	-	-	1,908	2,603	1,908	2,603
Sanitation	-	-	2,603	2,707	2,603	2,707
Total Expenses	18,978	19,126	33,381	35,564	52,359	54,690
Increase (decrease) in net assets before transfers	(1,445)	(3,650)	5,016	7,121	3,571	3,471
Transfers	2,716	2,873	(2,716)	(2,873)	-	-
Increase (decrease) in net assets	1,271	(776)	2,300	4,248	3,571	3,472
Net assets - beginning	39,554	40,330	46,945	42,697	86,499	83,027
Net assets - ending	\$40,825	\$ 39,554	\$ 49,245	\$ 46,945	\$ 90,070	\$ 86,499

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

Governmental activities. Governmental activities increased the City of Brenham's net assets by \$1,271 compared to a decrease of \$776 in the prior fiscal year. Key elements of this increase are noted below.

Revenues increased \$2,058 (13.3%) during the year. This increase is attributable to several factors.

Program Revenues

- Charges for Services decreased \$26 (1.9%) due primarily to a decrease in concession stand revenues.
- Capital Grants and Contributions increased by \$885 (145.1%) due primarily to the Southwest Industrial Park, Section 3 paving and drainage improvements and park system improvements.

General Revenues

- Property Taxes increased \$470 due to an increase in taxable values of 2.4%% for the fiscal year.
- Sales Tax increased \$332 over the prior year due to increased consumer spending. With higher motor fuel costs, more consumers chose to limit their travel outside the City limits and shop locally.
- 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 \$263 which is directly attributable to decreased revenues in the Electric and Water Funds.
- Hotel Occupancy Taxes were higher by \$49 or 9.4% compared to the prior year. The combined 7% hotel occupancy tax for properties located in Washington County, both inside and outside the city limits continues to rise with the growth in tourism for our area.
- Other Revenues were higher than the prior year by \$609, and the components are noted below.
 - Payments from Component Unit were higher by \$572, because in the prior fiscal year, proceeds from issuance of Limited Tax Notes were transferred to the Component Unit for capital improvements at the business park, thereby offsetting (or lowering) the amount transferred from the Component Unit for debt service payments.
 - Interest income was lower by \$11, and the sale of assets increased by \$41 over the prior year.

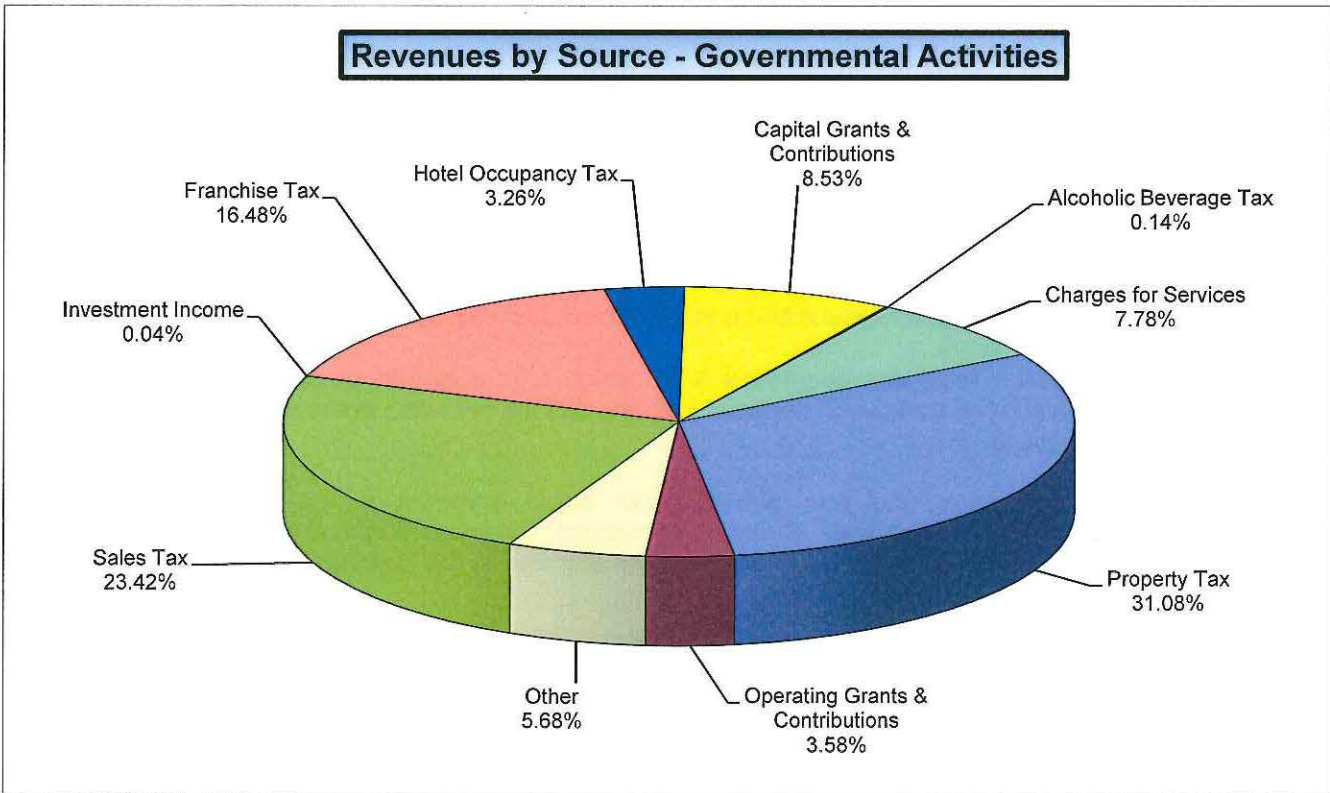
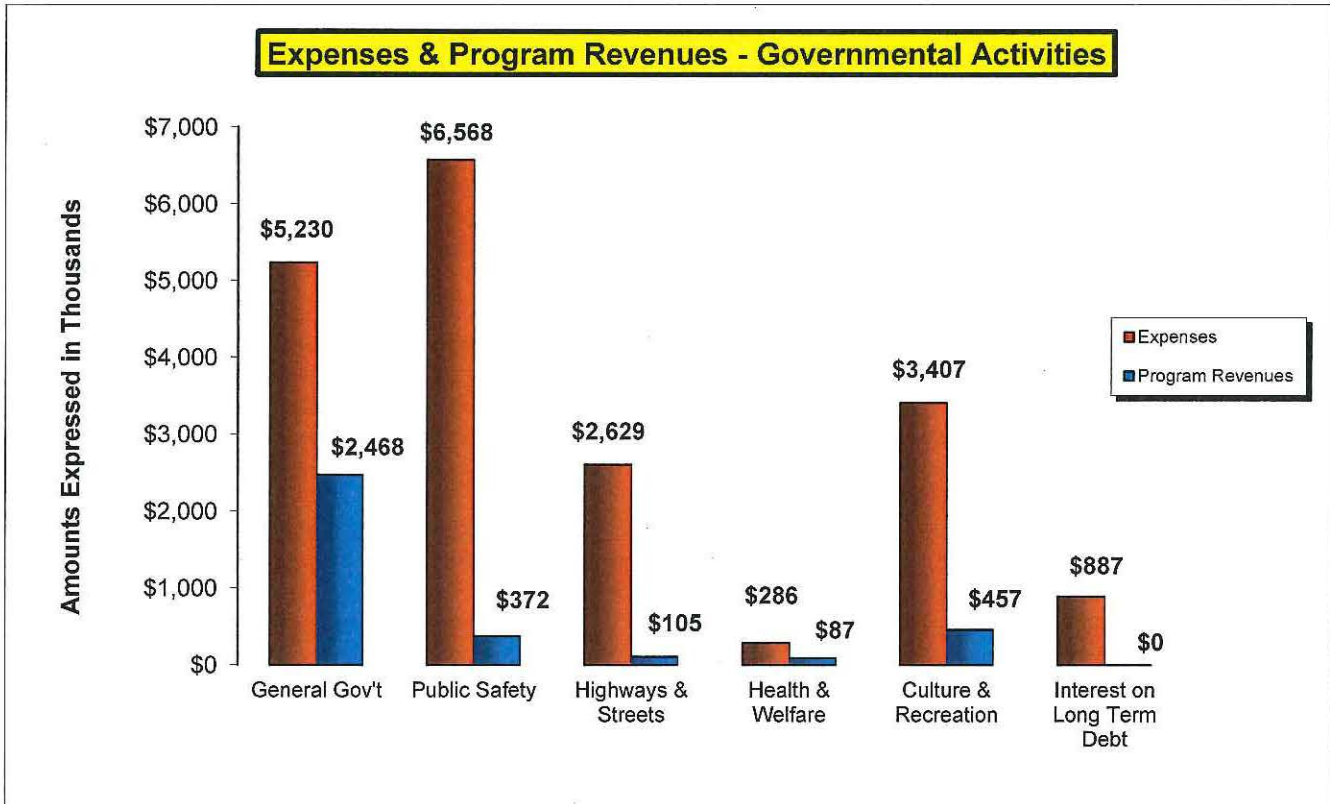
Expenses decreased \$148 or 0.8% during the year. This decrease is attributable to several factors.

- General Government expenses increased by \$53 due to the increased expenses of \$105 for the asbestos abatement and demolition of the former City Hall structure offset by a reduction of \$26 in consultant fees related to redistricting in FY11, lower attorney fees by \$13, and reduced liability/casualty insurance expense by \$17.
- Public Safety expenses decreased by \$11 which is due primarily to expenses for the relocation of the back-up radio system in the prior fiscal year.
- Highway & Streets expenses decreased by \$29 which is attributable to Railroad Quiet Zone expenses that were incurred in FY11 reduced funding for Phase II of the street rehabilitation project.
- Interest on Long Term Debt decreased \$52 primarily from combined lower interest rates due to refunded bonds issued in prior years.
- Culture & Recreation expenses decreased \$107 which is due to \$90 of capital improvements in Fireman's Park and Hohlt Park which occurred in FY11, and the reduction in expenses from outsourcing concession operations.

Transfers decreased \$157 during the year due to lower actual expenses in the indirect departments (Administration, Community Services, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

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



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

Business-type activities. Business-type activities increased the City of Brenham's net assets by \$2,300 compared to an increase of \$4,248 in the prior fiscal year. Key elements of this increase are noted below.

Revenues decreased \$4,288 or 10% during the year. This decrease is attributable to several factors.

- The charges for services in the Electric Fund decreased by \$2,276. With the milder summer temperatures, our electric customers decreased their KWH consumption by 2.8% below FY11 consumption.
- Gas Fund revenues decreased \$741 resulting from a combination of lower winter gas sales which were 25,540 MCFs below the prior year and lower natural gas commodity costs which are a direct pass-through.
- The charges for services in the Water Fund decreased by \$709 during the year. Water consumption totaled 872 million gallons which was 12.4% or 123 million gallons lower than the previous year.
- Charges for services in the Wastewater Fund were lower by \$70 compared to the previous fiscal year. This decrease is due primarily to a lower level of commercial/industrial gallons processed which resulted in lower commercial and industrial surcharge revenue.
- The Sanitation Fund charges for services were lower by \$54 which is due primarily to a decrease in recycling center revenue which fell 27% from FY11 levels.
- Other Revenue experienced an increase from the prior year of \$54 comprised of an \$8 decrease in interest earnings, offset by an \$50 increase in disposal of surplus assets and a \$12 payment from the Component Unit for wastewater improvements in the Southwest Industrial Park, Section 3.
- Capital grants and contributions experienced a decrease of \$483 for the year. Current year improvements in the Southwest Industrial Park of \$87 and \$30 in the Timber Oaks project were offset by the prior fiscal year when we added \$348 for an emergency generator at the Water Treatment Plant and \$224 for Woodbridge Subdivision infrastructure improvements and \$28 for Henderson Park Lift Station.

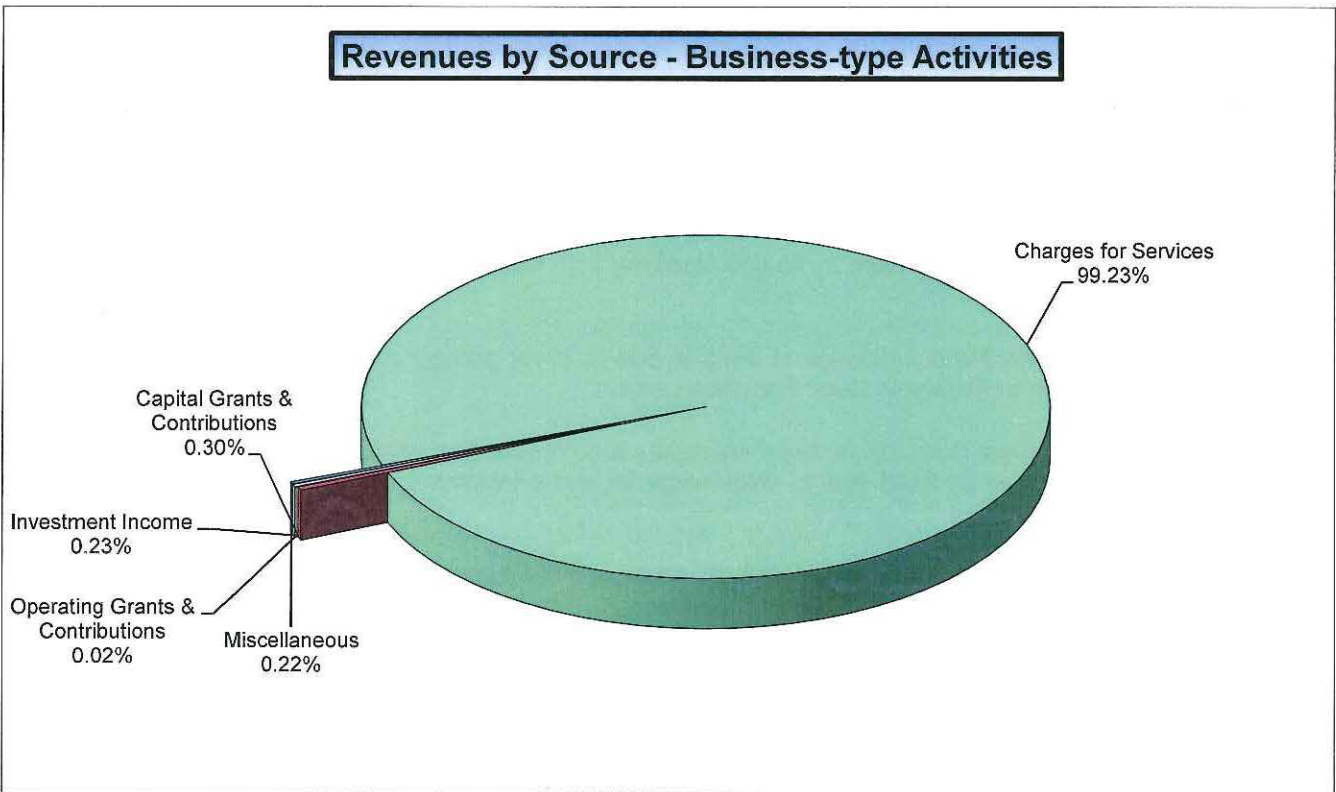
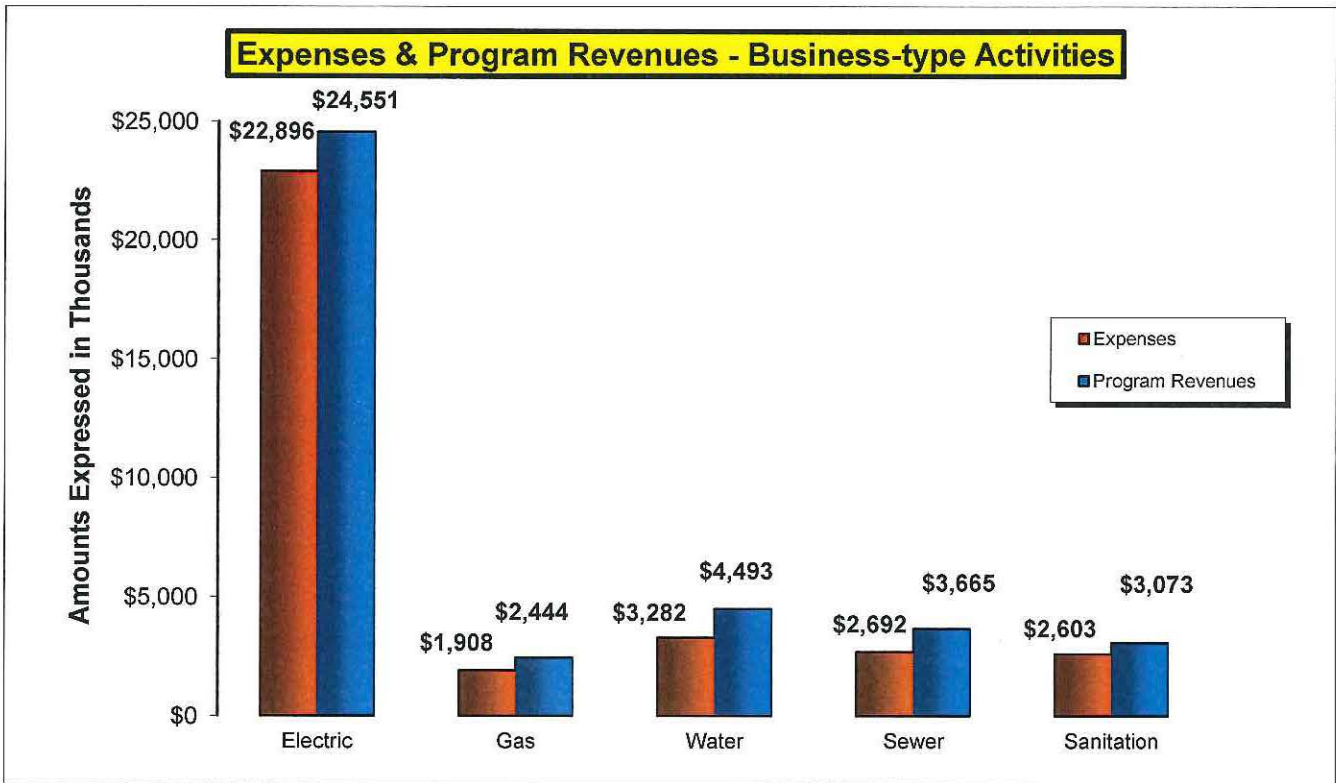
Expenses decreased \$2,183 or 6.1% during the year with specific changes presented below.

- Electric Fund expenses decreased by \$1,067 resulting from lower KWH consumption which also results in lower franchise taxes.
- The decrease in Gas Fund expenses of \$695 is due to lower gas purchase costs driven by reduced sales volume which translates to lower franchise taxes.
- The decreased revenue from higher water sales has a corresponding impact on expenses in the Water Fund which decreased by \$148 due to lower costs for water treatment chemicals, electrical costs and lower franchise taxes.
- Wastewater Fund expenses decreased by \$169 which is a combination of reduced plant operating costs from lower volumes processed, and fewer expenses for utility capital projects.
- With four operational areas, the Sanitation Fund expenses decreased by \$104 due primarily to lower vehicle maintenance due to the purchase of two used sanitation haul trucks.

Transfers decreased \$157 during the year due to lower actual expenses in the indirect departments (Administration, Community Services, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

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



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

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

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

As of the end of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$6,198 a decrease of \$3,745 in comparison with the prior year. The decrease is primarily related to the U.S. Hwy 290 Fund activity, which is described below.

The U.S. Hwy 290 Pass-Thru Finance Fund has a total fund balance of \$516 which is a decrease of \$4,887 in comparison to the prior fiscal year. Pass-Through Toll Revenue Bonds in the amount of \$15,000 were issued in FY11. The Bonds were issued to fund a major transportation project with the Texas Department of Transportation. In accordance with the TxDOT agreement, the final \$5,000 was paid in FY12.

The Debt Service Fund has a total fund balance of \$199 all of which is restricted for the payment of debt. The fund balance decreased during the current year by \$46 due to utilization of fund balance in order to maintain the current I&S tax rate of \$0.2012 deferring a tax increase.

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 \$9,052; those of the Gas Fund were \$931; the Water Fund \$2,728; the Wastewater Fund \$1,480 and the Sanitation Fund \$823. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brenham's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The original revenue budget was \$11,943 and the final amended budget was \$12,378, an increase of \$434. Revenues were amended by \$92 for the sale of surplus assets via an online auction, sales tax revenue \$309, and \$32 in sales proceeds of Fire Department Booster Truck.

The original expenditure budget was \$14,781 and the final amended budget was \$14,743 (a decrease of \$37) which is primarily due to decreased Culture and Recreation expenditures related to the outsourcing of concession operations.

The original budget for transfers-in was \$3,112 and the final amended budget was \$3,101 a decrease of \$11. This decrease is related to a transfer-out to the Airport Capital Improvement Fund. The TxDOT Aviation project to acquire land for a runway protection zone was cancelled deferring the General Fund match.

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

For fiscal year 2012, the General Fund's revenue came in \$113 under budget. This decrease is primarily related to lower utility franchise taxes which are paid to the General Fund from city-owned utility funds. Lower customer consumption and reduced wholesale power costs in the Electric and Gas Funds contributed to this variance.

For fiscal year 2012, the General Fund's actual expenditures came in approximately \$450 lower than budget. This positive variance is mainly due to the following:

- Personnel costs came in lower than expected
- Street maintenance costs were lower than budgeted due to street improvements being charged to capital outlays
- Capital outlays were higher than budgeted resulting from street improvements identified as capital improvements
- Services are lower due to favorable utility costs paid by city departments. With milder winter and summer temperatures, and with more normalized weather following with drought of 2011, consumption was lower for these services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Brenham's investment in capital assets for its governmental and business-type activities as of September 30, 2012 amounts to \$103,774 (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 \$398 or less than 1%.

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

- Land increased by \$269 from acquisitions related U.S. HWY 290 ancillary transportation projects; buildings decreased by \$985 primarily related to depreciation expense; improvements other than buildings had a net decreased of \$348 which is the combined total of increases for Toubin Park and Belle's Alley improvements of \$196 offset by depreciation expense of \$544; infrastructure assets had a net decrease of \$400 which is due to combined impact of capitalizing new paving and drainage improvements in the Southwest Industrial Park and Timber Oaks Subdivision of \$929 offset by removing existing streets which were re-constructed during the year in the net amount of \$362 and depreciation expense of \$995; construction-in-progress increased by \$354 which includes the re-construction costs for streets included in the asphalt overlay project.
- Business-type capital assets showed a net increase of \$1,059. A significant change in the Infrastructure category is due primarily to the AMR meter replacement project in which each utility operation is replacing the existing meters with a smart meter. Project completion varies between funds with the electric and gas being substantially complete, and water utility being almost 70% complete. Construction-in-progress increased due to various electric system upgrades and water system expansion.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION – (Continued)

City of Brenham, Texas						
Capital Assets						
(Amounts in Thousands)						
(net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and Improvements	\$ 3,317	\$ 3,048	\$ 1,313	\$ 1,313	\$ 4,630	\$ 4,361
Buildings	17,958	18,943	425	449	18,383	19,392
Improvements other than buildings	5,898	6,246	21,643	22,333	27,541	28,579
Furniture, fixtures, and equipment	823	986	449	570	1,272	1,556
Machinery	167	199	-	-	167	199
Vehicles	2,566	2,575	1,201	1,069	3,767	3,644
Intangibles	160	169	51	58	211	227
Infrastructure	20,427	20,827	25,962	24,688	46,389	45,515
Construction in progress	722	368	692	197	1,414	565
Impairment	0	(662)	-	-	0	(662)
Total	\$ 52,038	\$ 52,699	\$ 51,736	\$ 50,677	\$ 103,774	\$ 103,376

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

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2012

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 \$51,933. Of this amount, \$32,474 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 \$19,459 is self-supported debt that is to be repaid from system revenues.

City of Brenham, Texas						
Outstanding Debt						
General Obligation Bonds, Certificates of Obligation,						
Pass-Through Toll Revenue Bonds and Limited Tax Notes						
(Amounts in Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 8,626	\$ 9,383	\$ 13,859	\$ 14,972	\$ 22,485	\$ 24,355
Certificates of Obligation	7,427	7,949	6,193	6,536	13,620	14,485
Pass-Through Toll Revenue Bonds	14,165	14,165	-	-	14,165	14,165
Limited Tax Notes	1,585	655	-	-	1,585	655
Unamortized Credits/Charges	671	780	(593)	(662)	78	118
Total	\$ 32,474	\$ 32,932	\$ 19,459	\$ 20,846	\$ 51,933	\$ 53,778

The City of Brenham's total bonded debt decreased by \$1,845 or 3.4% during the current fiscal year. With transportation being a council priority, Limited Tax Notes in the amount of \$1.2 million were issued for street maintenance to asphalt overlay a portion of our major collector streets.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5% of its total assessed valuation. Additionally, the City's charter allows a rate not exceeding \$1.65 per \$100 valuation for any one year. The tax rate is \$.5432 for the year ended September 30, 2012 which is significantly below the \$1.65 allowed by the City's charter.

Additional information about the City's long-term debt can be found in note III.H through I on pages 56-60 of this report.

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

- The unemployment rate for Washington County as of September 2012 was 4.8%, which is lower than the rate of 6.4% one year ago. The current rate compares favorably to the state's average unemployment rate of 6.3%.
- Sales tax, which is the City's largest revenue source for funding general government operations, was higher than budgeted levels by 7.5%. We have included a 10% increase in our revenue budget for FY12-13.
- 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 2012 fiscal year.

CITY OF BRENHAM, TEXAS
Management's Discussion and Analysis
September 30, 2012

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

During the current fiscal year, unassigned fund balance in the General Fund, which excludes the other internal funds, grew from \$3,301 to over \$3,564. The City of Brenham's adopted budget for fiscal year 2013 is at a break-even level, so that General Fund expenditures do not utilize any fund balance. For FY13, the City's overall tax rate remained the same at \$0.5432. The M&O and I&S tax rates remained at \$0.3420 and \$0.2012 respectively.

Since the last cost-of-living adjustment was done in April 2010, the City approved a 3% pay-scale adjustment for all employees effective October 1, 2013. We will also be conducting a compensation study to assess the current pay scale in relation to the market.

With transportation improvements being a high priority, the City of Brenham issued \$1.85 million in Certificates of Obligation in December 2013 for capital construction of new thoroughfare projects.

Although we are continuing the AMR meter replacement project, no rate increases were necessary in the fiscal year 2013 operating budgets for the enterprise funds. We believe excess working capital from each of the funds is sufficient to cover meter replacement costs.

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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**BASIC FINANCIAL
STATEMENTS**

**City of Brenham
Statement of Net Assets
September 30, 2012**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Equivalents	\$ 3,564,568	\$ 10,296,633	\$ 13,861,201	\$ 1,157,949
Receivables - Property Tax (net)	195,245	-	195,245	-
Receivables - Sales Tax	707,516	-	707,516	235,839
Receivables - Occupancy Taxes	68,807	-	68,807	-
Receivables - Account (net)	413,936	4,508,641	4,922,577	-
Receivables - Interest	-	106,389	106,389	-
Internal Balances	(253,049)	253,049	-	-
Due from Component Unit	382,844	-	382,844	-
Due from Other Governments	15,174,746	26,449	15,201,195	-
Inventory at Cost	255,443	1,415,100	1,670,543	-
Notes Receivable, Current	-	54,023	54,023	-
Other Current Assets	116,899	95,502	212,401	-
Restricted Cash	2,258,006	2,616,583	4,874,589	-
Notes Receivable, Long Term	-	1,314,516	1,314,516	-
Unamortized Bond Issuance Costs, Net	425,078	257,827	682,905	-
Capital Assets, Not Being Depreciated	4,048,803	2,012,988	6,061,791	2,218,546
Other Capital Assets, Net	47,989,510	49,722,883	97,712,393	-
Total assets	<u>75,348,152</u>	<u>72,680,583</u>	<u>148,028,735</u>	<u>3,612,334</u>
LIABILITIES				
Accounts Payable and Other Current Liabilities	657,355	2,273,908	2,931,263	876
Due to Primary Government	-	-	-	382,844
Other Liabilities	167	4,303	4,470	-
Accrued Interest	148,809	89,712	238,521	106,389
Self Insurance Claims Payable	127,407	-	127,407	-
Compensated Absences, Current	136,538	73,816	210,354	-
Bonds Payable, Current	1,592,893	-	1,592,893	-
Lease Payable, Current	91,749	19,474	111,223	-
Revenue Bonds Payable, Current	-	1,502,106	1,502,106	-
Notes Payable, Current - Component Unit	-	-	-	54,023
Consumer Deposits	-	1,110,296	1,110,296	-
Compensated Absences, Long Term	159,016	59,335	218,351	-
Post Employment Benefits	383,645	272,356	656,001	-
Long Term Debt, Net	31,225,306	18,029,914	49,255,220	1,314,516
Total liabilities	<u>34,522,885</u>	<u>23,435,220</u>	<u>57,958,105</u>	<u>1,858,448</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	34,415,305	33,977,027	68,392,332	850,007
Restricted for Debt Service	266,119	-	266,119	-
Restricted for Economic Development	-	-	-	397,563
Restricted for Recreation	-	-	-	506,316
Restricted for Capital Improvements	-	-	-	-
Unrestricted	6,143,843	15,268,336	21,412,179	-
Total net assets	<u>\$ 40,825,267</u>	<u>\$ 49,245,363</u>	<u>\$ 90,070,630</u>	<u>\$ 1,753,886</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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General Government	\$ 5,230,134	\$ 936,160	\$ 80,421	\$ 1,451,476	\$ (2,762,077)	\$ -	\$ (2,762,077)	\$ -
Public Safety	6,567,832	5,971	365,859	-	(6,196,002)	-	(6,196,002)	-
Highways and Streets	2,599,723	51,616	53,185	-	(2,494,922)	-	(2,494,922)	-
Health and Welfare	285,870	29,507	57,137	-	(199,226)	-	(199,226)	-
Culture and Recreation	3,406,693	340,739	71,525	44,444	(2,949,985)	-	(2,949,985)	-
Interest on Long Term Debt	887,431	-	-	-	(887,431)	-	(887,431)	-
Total governmental activities	18,977,683	1,363,993	628,127	1,495,920	(15,489,643)	-	(15,489,643)	-
Business-type activities:								
Electric	22,895,981	24,538,200	-	13,286	-	1,655,505	1,655,505	-
Gas	1,908,278	2,437,314	-	7,129	-	536,165	536,165	-
Sanitation	2,603,144	3,065,318	7,435	-	-	469,609	469,609	-
Wastewater	2,692,136	3,647,923	-	16,766	-	972,553	972,553	-
Water	3,281,611	4,413,082	-	80,246	-	1,211,717	1,211,717	-
Total business-type activities	33,381,150	38,101,837	7,435	117,427	-	4,845,549	4,845,549	-
Total primary government	\$ 52,358,833	\$ 39,465,830	\$ 635,562	\$ 1,613,347	\$ (15,489,643)	\$ 4,845,549	\$ (10,644,094)	\$ -
Component unit:								
Brenham Community Devel Corp	\$ 1,107,871	-	-	-	-	-	-	(1,107,871)
Total component unit	\$ 1,107,871	-	-	-	-	-	-	(1,107,871)
		Property Taxes			5,449,748	-	5,449,748	-
		Sales Taxes			4,107,558	-	4,107,558	1,369,186
		Franchise Taxes			2,888,603	-	2,888,603	-
		Hotel Occupancy Taxes			571,918	-	571,918	-
		Alcoholic Beverage Taxes			25,265	-	25,265	-
		Investment Income not Restricted			6,817	87,517	94,334	1,434
		Miscellaneous			150,630	70,555	221,185	102,038
		Gain on Sale of Capital Assets			53,693	-	53,693	-
		Payments to/from Component Unit			791,218	11,956	803,174	(803,174)
		Transfers			2,715,519	(2,715,519)	-	-
		Total general revenues			16,760,969	(2,545,491)	14,215,478	669,484
		Change in net assets			1,271,326	2,300,058	3,571,384	(438,387)
		Net assets - beginning			39,553,941	46,945,305	86,499,246	2,192,273
		Net assets - ending			\$ 40,825,267	\$ 49,245,363	\$ 90,070,630	\$ 1,753,886

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

City of Brenham
Balance Sheet
Governmental Funds
September 30, 2012

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Equivalents	\$ 2,892,822	\$ -	\$ 342,751	\$ 328,996	\$ 3,564,569
Receivables (Net)					
Property Taxes	128,308	66,938	-	-	195,246
Sales Tax	707,516	-	-	-	707,516
Occupancy Tax	-	-	-	68,807	68,807
Accounts	394,562	-	19,294	80	413,936
Interfund Receivables	20,046	-	143,219	-	163,265
Due from Component Unit	382,644	-	-	-	382,644
Due from Other Governments	171,500	3,250	-	-	174,750
Inventory at Cost	255,443	-	-	-	255,443
Other Current Assets	1,000	-	-	-	1,000
Restricted Cash	-	197,431	13,380	1,251,766	1,462,577
Total Assets	\$ 4,953,841	\$ 267,619	\$ 518,644	\$ 1,649,649	\$ 7,389,753
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current Liabilities	\$ 641,390	\$ 1,500	\$ 2,139	\$ 12,327	\$ 657,356
Interfund Payables	-	-	-	20,046	20,046
Deferred Revenue	446,824	66,938	-	-	513,762
Other Liabilities	167	-	-	-	167
Total Liabilities	1,088,381	68,438	2,139	32,373	1,191,331
Fund Balances:					
Nonspendable	256,443	-	-	-	256,443
Restricted	103,959	199,181	13,380	1,581,035	1,897,555
Committed	-	-	-	15,689	15,689
Assigned	-	-	503,125	20,552	523,677
Unassigned	3,505,058	-	-	-	3,505,058
Total Fund Balances	3,865,460	199,181	516,505	1,617,276	6,198,422
Total Liabilities and Fund Balances	\$ 4,953,841	\$ 267,619	\$ 518,644	\$ 1,649,649	

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
September 30, 2012

Total fund balances - total governmental funds \$ 6,198,422

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. 52,038,313

Gross capital assets	89,724,212
Accumulated depreciation	(37,685,899)
	52,038,313

Certain long-term assets are not available to pay current period expenditures and therefore are not reported in the governmental funds balance sheet. 15,000,000

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (33,312,878)

Bonds payable	31,803,365
Less: Unamortized bond issue costs	(425,078)
Less: Issuance discount	(562)
Add: Issuance premium	1,069,877
Less: Unamortized deferred charges	(398,716)
Accrued interest payable	148,809
Capital lease payable	435,984
Compensated absences	295,554
Post retirement benefits	383,645
	33,312,878

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. 387,648

Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 513,762

Net assets of governmental activities \$ 40,825,267

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, 2012

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 10,455,787	\$ 2,011,361	\$ -	\$ 571,918	\$ 13,039,066
Licenses and Permits	72,425	-	-	-	72,425
Intergovernmental	545,942	-	-	-	545,942
Charges for Services	458,793	-	-	50,485	509,278
Fines and Forfeitures	782,276	-	-	-	782,276
Investment Income	3,395	1,249	774	1,186	6,604
Payment from Component Unit	200,000	573,218	-	18,000	791,218
Contributions and Donations	104,706	-	-	22,500	127,206
Miscellaneous	195,224	-	-	8,664	203,888
Total revenues	<u>12,818,548</u>	<u>2,585,828</u>	<u>774</u>	<u>672,753</u>	<u>16,077,903</u>
Expenditures					
Current:					
Culture and Recreation	2,328,006	-	-	450,848	2,778,854
General Government	4,819,086	-	-	30,231	4,849,317
Health and Welfare	280,468	-	-	-	280,468
Highways and Streets	1,061,296	-	5,000,000	-	6,061,296
Public Safety	5,869,733	-	-	1,188	5,870,921
Debt service:					
Interest & Fiscal Charges	-	967,466	-	-	967,466
Principal Retirement	-	1,664,835	-	-	1,664,835
Issuance Costs	-	-	-	15,550	15,550
Capital Outlay	1,007,855	-	156,500	138,903	1,303,258
Total expenditures	<u>15,366,444</u>	<u>2,632,301</u>	<u>5,156,500</u>	<u>636,720</u>	<u>23,791,965</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,547,896)</u>	<u>(46,473)</u>	<u>(5,155,726)</u>	<u>36,033</u>	<u>(7,714,062)</u>
Other Financing Sources (Uses)					
Transfers In	2,791,912	-	268,288	-	3,060,200
Transfers Out	(268,288)	-	-	(76,393)	(344,681)
Proceeds from Bonds	-	-	-	1,200,000	1,200,000
Insurance Proceeds	53,081	-	-	-	53,081
Total other financing sources and (uses)	<u>2,576,705</u>	<u>-</u>	<u>268,288</u>	<u>1,123,607</u>	<u>3,968,600</u>
Net change in Fund Balances	28,809	(46,473)	(4,887,438)	1,159,640	(3,745,462)
Fund balances - beginning	<u>3,836,651</u>	<u>245,654</u>	<u>5,403,943</u>	<u>457,636</u>	<u>9,943,884</u>
Fund balances - ending	<u>\$ 3,865,460</u>	<u>\$ 199,181</u>	<u>\$ 516,505</u>	<u>\$ 1,617,276</u>	<u>\$ 6,198,422</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, 2012

Net change in fund balances - total governmental funds \$ (3,745,462)

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. (660,706)

Capital outlay	1,303,258
Depreciation expense	(2,965,638)
Donation of capital asset	1,451,476
Proceeds from sale	(117,164)
Loss on disposal	(386,331)
Gain on disposal	53,693
	(660,706)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 14,350

Payments to the State of Texas for the Pass-Thru Financing Program are shown as expenditures in the governmental funds. However, since the state will subsequently repay these amounts, they are reflected as a receivable in the statement of net assets. 5,000,000

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. 590,322

Debt issued:	
Limited Tax Notes	(1,200,000)
Bond issue costs on new debt	15,550
Repayments:	
To bond, certificate, and note holders	1,664,835
Amortization of bond premiums, discounts, & charges	109,937
	590,322

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. (79,944)

Compensated absences	27,299
Accrued interest payable	3,018
Post retirement benefits	(110,261)
	(79,944)

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. 212,985

For government wide reporting, bond issue costs are deferred and amortized. (60,219)

Change in net assets of governmental activities \$ 1,271,326

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, 2012

	Budgeted Amounts		Actual	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Taxes	\$ 10,251,238	\$ 10,561,152	\$ 10,455,787	\$ -	\$ 10,455,787	\$ (105,365)
Licenses and Permits	72,175	72,175	72,425	-	72,425	250
Intergovernmental	100,726	100,726	545,942	(434,919)	111,023	10,297
Charges for Services	487,833	487,833	458,793	-	458,793	(29,040)
Fines and Forfeitures	746,518	746,518	782,276	-	782,276	35,758
Investment Income	6,400	6,400	3,395	(243)	3,152	(3,248)
Payment from Component Unit	200,000	200,000	200,000	-	200,000	-
Contributions and Donations	-	-	104,708	(104,706)	-	-
Miscellaneous	78,560	202,904	195,224	(14,119)	181,105	(21,799)
Total revenues	11,943,450	12,377,708	12,818,548	(553,987)	12,264,561	(113,147)
Expenditures						
Current:						
Culture and Recreation	2,394,139	2,325,139	2,328,008	(122,085)	2,205,921	119,218
General Government	4,956,189	5,013,829	4,819,086	(23,660)	4,795,426	218,403
Health and Welfare	254,998	244,998	280,468	(45,600)	234,868	10,130
Highways and Streets	1,397,030	1,473,090	1,051,296	(10,490)	1,050,806	422,284
Public Safety	5,778,658	5,686,558	5,869,733	(311,852)	5,557,881	128,677
	14,781,014	14,743,614	14,358,589	(513,687)	13,844,902	898,712
Capital Outlay	32,225	90,625	1,007,855	(468,630)	539,225	(448,600)
Total Expenditures	14,813,239	14,834,239	15,366,444	(982,317)	14,384,127	450,112
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,869,789)	(2,456,531)	(2,547,896)	428,330	(2,119,566)	336,965
Other Financing Sources (Uses)						
Transfers In	3,111,508	3,100,508	2,791,912	(5,483)	2,786,429	(314,079)
Transfers Out	(261,236)	(456,211)	(268,288)	(187,923)	(456,211)	-
Insurance Proceeds	20,000	53,081	53,081	-	53,081	-
Total other financing sources and (uses)	2,870,272	2,697,378	2,576,705	(193,406)	2,383,299	(314,079)
Net change in fund balance	463	240,847	28,809	234,924	263,733	22,886
Fund balance - beginning	3,300,731	3,300,731	3,836,651	(535,920)	3,300,731	-
Fund balance - ending	\$ 3,301,214	\$ 3,541,578	\$ 3,865,460	\$ (300,996)	\$ 3,564,464	\$ 22,886

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, 2012

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	\$ 5,512,281	\$ 668,729	\$ 1,957,269	\$ 1,361,559	\$ 796,795	\$ 10,296,633	\$ -
Interest Receivable	106,389	-	-	-	-	106,389	-
Receivables - Accounts, Net	2,983,057	222,725	608,953	447,581	246,325	4,508,641	-
Receivables - Interfund	439,972	66,674	-	-	-	506,646	-
Intergovernmental Receivable	15,147	-	-	-	11,302	26,449	-
Inventory at Cost	541,292	102,331	727,149	44,328	-	1,415,100	-
Other Current Assets	558	-	64,579	-	30,365	95,502	115,900
Notes Receivable, Net	54,023	-	-	-	-	54,023	-
Restricted Cash	1,239,099	-	1,377,484	-	-	2,616,583	795,429
Total current assets	10,891,818	1,060,459	4,735,434	1,853,468	1,084,787	19,625,968	911,329
Noncurrent assets:							
Capital Assets, Net	9,543,699	1,803,249	18,744,460	20,203,270	1,441,193	51,735,871	-
Unamortized Bond Issuance Cost	-	-	105,087	152,740	-	257,827	-
Notes Receivable, Long Term	1,314,516	-	-	-	-	1,314,516	-
Total noncurrent assets	10,858,215	1,803,249	18,849,547	20,356,010	1,441,193	53,308,214	-
Total assets	21,750,033	2,863,708	23,584,981	22,209,478	2,525,980	72,934,180	911,329
Liabilities							
Current liabilities:							
Accounts Payable & Other Current Liabilities	\$ 1,868,951	\$ 81,049	\$ 144,414	\$ 40,744	\$ 138,750	\$ 2,273,908	\$ -
Other Liabilities	-	900	2,353	1,050	-	4,303	7,016
Accrued Interest	92	19	48,756	40,811	34	89,712	-
Interfund Payable	-	-	205,603	234,369	66,674	506,646	143,219
Self Insurance Claims Payable	-	-	-	-	-	-	120,392
Compensated Absences, Current	33,058	7,157	11,320	10,933	11,348	73,816	-
Lease Payable, Current	8,372	1,780	2,881	3,334	3,107	19,474	-
Revenue Bonds Payable, Current	-	-	613,738	888,368	-	1,502,106	-
Consumer Deposits	1,110,296	-	-	-	-	1,110,296	-
Total current liabilities	3,020,769	90,905	1,029,065	1,219,609	219,913	5,580,261	270,627
Non current liabilities:							
Compensated Absences	33,462	7,598	8,233	3,635	6,407	59,335	-
Post Employment Benefits	108,050	32,643	51,542	42,009	38,112	272,356	-
Long Term Debt, Net	31,410	6,678	8,753,220	9,226,948	11,658	18,029,914	-
Total noncurrent liabilities	172,922	46,919	8,812,995	9,272,592	58,177	18,361,605	-
Total liabilities	3,193,691	137,824	9,842,060	10,492,201	278,090	23,941,866	270,627
Net Assets							
Invested in Capital Assets, Net of Related Debt	9,503,917	1,794,791	11,014,530	10,237,361	1,426,428	33,977,027	-
Unrestricted	9,052,425	931,093	2,728,391	1,479,916	823,462	15,015,267	640,702
Total net assets	\$ 18,556,342	\$ 2,725,884	\$ 13,742,921	\$ 11,717,277	\$ 2,249,890	\$ 48,992,314	\$ 640,702

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

253,049
\$ 49,245,363

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, 2012

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	\$ 24,538,196	\$ 2,437,313	\$ 4,413,080	\$ 3,647,921	\$ 3,065,317	\$ 38,101,827	\$ 2,593,484
Total Operating Revenues	24,538,196	2,437,313	4,413,080	3,647,921	3,065,317	38,101,827	2,593,484
Operating expenses:							
Cost of Sales and Services	18,403,423	1,197,194	265,650	-	-	19,866,267	-
Salaries	1,536,479	316,896	589,608	482,079	510,292	3,435,354	-
Supplies	173,905	25,049	394,521	161,726	336,380	1,091,581	-
Maintenance	23,317	16,874	179,888	110,824	103,031	433,934	-
Contractual Services	290,370	35,037	286,423	509,358	1,455,252	2,576,440	2,229,517
Depreciation	429,628	159,990	776,152	816,265	141,931	2,323,966	-
Gross Revenue Tax	1,679,772	169,580	301,052	247,088	57,790	2,455,282	-
Miscellaneous	87,899	5,167	26,685	26,045	16,377	162,173	-
Total operating expenses	22,624,793	1,925,787	2,819,979	2,353,385	2,621,053	32,344,997	2,229,517
Operating Income (loss)	1,913,403	511,526	1,593,101	1,294,536	444,264	5,756,830	363,967
Nonoperating revenues (expenses):							
Intergovernmental	-	-	-	-	7,435	7,435	-
Investment Income	79,756	770	4,108	1,790	939	87,363	368
Interest Expense & Fiscal Charges	(1,948)	(615)	(490,238)	(362,043)	(3,236)	(858,080)	-
Payment from Component Unit	-	-	-	11,956	-	11,956	-
Miscellaneous, Net	(297,985)	2,707	14,383	1,129	21,140	(258,626)	-
Total non operating revenue (expenses)	(220,177)	2,862	(471,747)	(347,168)	26,278	(1,009,952)	368
Income (loss) before contributions and transfers	1,693,226	514,388	1,121,354	947,368	470,542	4,746,878	364,335
Capital Contributions	13,286	7,129	80,246	16,766	-	117,427	-
Transfers in	432,260	-	-	-	-	432,260	-
Transfers Out	(1,535,782)	(445,806)	(427,083)	(422,561)	(316,547)	(3,147,779)	-
Total Transfers In/(Out)	(1,103,522)	(445,806)	(427,083)	(422,561)	(316,547)	(2,715,519)	-
Change in net assets	602,990	75,711	774,517	541,573	153,995	2,148,786	364,335
Total net assets - beginning	17,953,352	2,650,173	12,968,404	11,175,704	2,095,895		276,367
Total net assets - ending	\$ 18,556,342	\$ 2,725,884	\$ 13,742,921	\$ 11,717,277	\$ 2,249,890		\$ 640,702

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

	151,272
Change in net assets of business-type activities	\$ 2,300,058

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, 2012

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
Cash Flows from Operating Activities							
Receipts from customers and users	\$ 24,459,631	\$ 2,451,848	\$ 4,601,918	\$ 3,678,997	\$ 3,078,487	\$ 38,270,881	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	2,443,234
Gross revenue tax paid to General Fund	(1,679,772)	(169,580)	(301,052)	(247,088)	(57,790)	(2,455,282)	-
Payments to suppliers	(18,782,625)	(1,238,866)	(540,915)	(767,934)	(1,898,217)	(23,228,557)	(2,222,975)
Payments to employees	(1,508,171)	(306,874)	(582,380)	(474,929)	(503,384)	(3,375,738)	-
Net cash provided (used) by operating activities	<u>2,489,083</u>	<u>736,528</u>	<u>3,177,571</u>	<u>2,189,046</u>	<u>619,096</u>	<u>9,211,304</u>	<u>220,259</u>
Cash Flows from Non Capital Financing Activities							
Transfers in	432,260	-	-	-	-	432,260	-
Transfers out	(1,535,782)	(445,806)	(427,083)	(422,561)	(316,547)	(3,147,779)	-
Interest paid on consumer deposits	(503)	-	-	-	-	(503)	-
Net cash provided (used) by noncapital financing activities	<u>(1,104,025)</u>	<u>(445,806)</u>	<u>(427,083)</u>	<u>(422,561)</u>	<u>(316,547)</u>	<u>(2,716,022)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities							
Acquisition and construction of capital assets	(1,670,698)	(308,875)	(973,468)	(491,236)	(156,649)	(3,600,926)	-
Principal paid on bonds and capital leases	(8,100)	(9,566)	(603,017)	(859,508)	(71,829)	(1,552,020)	-
Insurance proceeds	1,831	-	-	-	-	1,831	-
Payment from Component Unit	-	-	-	11,956	-	11,956	-
Proceeds from sales of capital assets	9,957	175	8,681	-	7,650	26,463	-
Interest and fees paid on bonds and capital leases	(1,464)	(647)	(482,405)	(271,770)	(3,488)	(759,774)	-
Net cash provided (used) by capital and related financing activities	<u>(1,668,474)</u>	<u>(318,913)</u>	<u>(2,050,209)</u>	<u>(1,610,558)</u>	<u>(224,316)</u>	<u>(5,872,470)</u>	<u>-</u>
Cash Flows from Investing Activities							
Principal received on notes receivable	51,394	-	-	-	-	51,394	-
Investment income received	29,016	770	4,108	1,790	939	36,823	368
Net cash provided (used) by investing activities	<u>80,410</u>	<u>770</u>	<u>4,108</u>	<u>1,790</u>	<u>939</u>	<u>88,017</u>	<u>368</u>
Net increase (decrease) in cash and cash equivalents	(203,026)	(27,421)	704,387	157,717	79,172	710,829	220,627
Cash and cash equivalents, beginning of year	<u>6,954,406</u>	<u>696,150</u>	<u>2,630,366</u>	<u>1,203,842</u>	<u>717,623</u>	<u>12,202,387</u>	<u>574,802</u>
Cash and cash equivalents, end of year	<u>\$ 6,751,380</u>	<u>\$ 668,729</u>	<u>\$ 3,334,753</u>	<u>\$ 1,361,559</u>	<u>\$ 796,795</u>	<u>\$ 12,913,216</u>	<u>\$ 795,429</u>
Reconciliation of cash and cash equivalents to statement of net assets							
Cash and equivalents	\$ 5,512,281	\$ 668,729	\$ 1,957,269	\$ 1,361,559	\$ 796,795	\$ 10,296,633	\$ -
Restricted cash and equivalents	1,239,099	-	1,377,484	-	-	2,616,583	795,429
Cash and cash equivalents, end of year	<u>\$ 6,751,380</u>	<u>\$ 668,729</u>	<u>\$ 3,334,753</u>	<u>\$ 1,361,559</u>	<u>\$ 796,795</u>	<u>\$ 12,913,216</u>	<u>\$ 795,429</u>

Reconciliation of operating income to net cash provided

(used) by operating activities								
Operating income (loss)	\$ 1,913,403	\$ 511,526	\$ 1,593,101	\$ 1,294,536	\$ 444,264	\$ 5,756,830	\$ 363,967	
Adjustments to reconcile net cash provided (used) by operating activities								
Depreciation	429,628	159,990	776,152	816,265	141,931	2,323,966	-	
Provision for uncollectible accounts	27,087	162	6,532	3,069	1,282	38,132	-	
Other income (expense)	25,425	2,533	5,702	1,130	20,925	55,715	-	
Changes in assets and liabilities affecting cash provided by operations:								
(Increase) decrease in accounts receivable	425,250	11,842	176,602	26,876	(9,039)	631,531	-	
(Increase) decrease in inventory	213,139	126,960	111,143	(13,469)	-	437,773	-	
(Increase) decrease in interfund receivables	(66,664)	(66,674)	223,494	-	-	90,156	-	
(Increase) decrease in intergovernmental receivables	(15,147)	-	-	-	295	(14,852)	-	
Increase (decrease) in interfund payables	-	-	205,603	52,584	24,964	283,151	(40,149)	
Increase (decrease) in self insurance claims liability	-	-	-	-	-	-	(2,267)	
(Increase) decrease in other assets	630,205	-	(19,282)	1,906	(4,056)	608,773	(109,301)	
Increase (decrease) in accounts payable and other current liabilities	(565,243)	(19,833)	91,296	(1,001)	(8,378)	(503,159)	8,009	
Increase (decrease) in salaries & benefits payable	(1,740)	229	(1,485)	1,696	(1,372)	(2,672)	-	
Increase (decrease) in compensated absences	(3,534)	(1,285)	(5,534)	(7,326)	(2,337)	(20,016)	-	
Increase (decrease) in postemployment benefits	33,582	11,078	14,247	12,780	10,617	82,304	-	
Increase (decrease) in consumer deposits	(556,328)	-	-	-	-	(556,328)	-	
Net cash provided (used) by operating activities	<u>\$ 2,489,063</u>	<u>\$ 736,528</u>	<u>\$ 3,177,571</u>	<u>\$ 2,189,046</u>	<u>\$ 619,096</u>	<u>\$ 9,211,304</u>	<u>\$ 220,259</u>	
Noncash investing, capital and financing activities								
Contribution of capital assets	13,286	7,129	80,246	16,766	-	117,427	-	

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NOTES TO THE FINANCIAL
STATEMENTS

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

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 component unit has a single general fund which is discretely presented in the financial statements. The Corporation does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

The government reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds.
- The *US 290 Pass-Thru Finance Fund* accounts for pass-thru toll revenue bond proceeds and payments pursuant to the Pass-Thru Agreement with Texas Department of Transportation.

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

Internal Service Funds provide self-insured health insurance risk management services 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.

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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

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

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

D. Assets, Liabilities, and Net 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, 2012

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, 2012

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 back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

8. Fund equity

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

9. Post closure care cost

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

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

The City operates a waste transfer station for which it has demonstrated financial assurance of \$64,928 by meeting the financial assurance test. Estimated closure cost is \$15,000.

10. Post-employment benefits

The City provides the availability of post-retirement health care for certain retirees. Retirees whose sum of age and years of service was equal to or greater than 75 at the time of retirement may purchase group health until they and their covered spouses reach Medicare eligibility. As of September 30, 2012, 6 retirees/covered spouses meet those eligibility requirements and have elected to receive this benefit. The retiree/covered spouse pays the entire premium for group health coverage and claims are paid through the 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.

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 Development, Chief of Police and Fire Chief.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

1. Basis of accounting

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

2. Budgeted funds

Annual appropriated budgets are adopted for all governmental fund types.

For the year ended September 30, 2012, annual appropriated budgets were adopted by passage of a budget ordinance for the General Fund, Electric Fund, Gas Fund, Water Fund, Wastewater Fund, Sanitation Fund, Debt Service Fund and the US 290 Pass-Thru Finance Fund. Non major governmental funds for which budgets were adopted include the Hotel/Motel Tax, Washington County Hotel/Motel Tax, PD Criminal Law Enforcement Fund, Courts Technology/Security, Streets and Drainage Improvements Fund, Airport Capital Improvement Fund and Parks Capital Improvements Fund. Internal Service funds with budgets adopted include the Self-Insured Health 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.

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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Compliance with Finance Related Legal and Contractual Provisions

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

C. Deficit Fund Balances or Net Asset Balances

No fund had a deficit fund balance at year end.

D. Excess of Expenditures Over Appropriations

For fiscal year end September 30, 2012, all expenditures of the General Fund were within appropriations.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2012, the City had an investment in a State Money Pool (TexPool) which had a balance of \$6,720,530 which was included in cash and cash equivalents at September 30, 2012. "TexPool" is a local government investment pool created and managed by the Texas State Treasurer to invest funds on behalf of Texas political subdivisions. The pool seeks to maintain a \$1.00 value per share as required by the Texas Public Fund Investment Act. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was \$1.00 per share. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment is limited to 13 months. TexPool was rated AAAM by Standard & Poor's. Authorized investments for TexPool funds include government securities, repurchase and reverse repurchase agreements, certificates of deposit, money market mutual funds and commercial paper.

The City also had an investment in TexSTAR, another public funds investment pool, which had a balance of \$11,231,903 and was included in cash and cash equivalents and restricted cash at September 30, 2012. "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 \$1.0001 per share. The stated objective of TexSTAR is to maintain a stable \$1.00 net asset value per unit, and immediate action must be taken if the net asset value of the units of any fund falls below \$0.996 or rises above \$1.004. 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 and repurchase and reverse repurchase agreements.

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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

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 \$1,934,757 and the bank balances totaled \$2,648,567. As a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which provides unlimited FDIC insurance for non-interest bearing transaction accounts from December 31, 2010 through December 31, 2012, all non-interest bearing bank balances were covered by FDIC insurance. The remaining \$1,327,318 was being held at JP Morgan Chase Bank in an overnight investment sweep account. These funds, although not FDIC insured or collateralized with securities held by the pledging financial institution's trust department or agent in the government's name, were invested in a low risk U.S Treasury plus Money Market Fund. The primary investments of this fund are direct obligations of the U.S. Treasury including Treasury bills, bonds and other obligations issued or guaranteed by the U.S. Treasury and repurchase agreements collateralized by such obligations.

B. Receivables - Account

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

Governmental Funds

	General Fund	US 290 Pass Thru Finance Fund	Other Governmental Funds
Accounts	\$ 258,581	\$ 19,294	\$ 80
Assessments	140,481	-	-
	<u>399,062</u>	<u>19,294</u>	<u>80</u>
Less Allowance for Uncollectibles	(4,500)	-	-
Accounts Receivable, Net	<u>\$ 394,562</u>	<u>\$ 19,294</u>	<u>\$ 80</u>

Proprietary Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total
Accounts	\$ 3,033,057	\$ 225,725	\$ 618,953	\$ 457,581	\$ 250,325	\$4,585,641
Less Allowance for Uncollectibles	(50,000)	(3,000)	(10,000)	(10,000)	(4,000)	(77,000)
Accounts Receivable, Net	<u>\$ 2,983,057</u>	<u>\$ 222,725</u>	<u>\$ 608,953</u>	<u>\$ 447,581</u>	<u>\$ 246,325</u>	<u>\$4,508,641</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Components</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes receivable (General Fund)	\$ 128,307	\$ -	\$ 128,307
Delinquent property taxes receivable (Debt Service Fund)	66,938	-	66,938
Franchise fees receivable	180,797	-	180,797
Lien assessments and pending seizures	137,719	-	137,719
Total deferred/unearned revenue for governmental funds	<u>\$ 513,761</u>	<u>\$ -</u>	<u>\$ 513,761</u>
 Balances not expected to be collected within one year	 \$ 137,719	 \$ -	 \$ 137,719

C. Receivables – Property Taxes

The following information relates to property taxes receivable for the year ended September 30, 2012:

Original Certified Tax Roll	\$ 997,362,133
Approved Rate (Per \$100 Valuation)	0.5432
Original Levy	5,417,671
Supplements	(7,888)
Adjusted Levy	<u>\$ 5,409,783</u>
 Collections on Current Tax Roll	 5,320,079
Total Collections	5,387,057
Property Taxes Receivable	\$ 195,245

D. Notes Receivable

Notes receivable at September 30, 2012 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	\$ 368,539
Note receivable from component unit Brenham Community Development Corporation, principal amount \$1,000,000; interest payable at 4.750% with the first payment due September 30, 2017; maturing September 2029, unsecured	<u>1,000,000</u>
	\$ 1,368,539
Less Current Portion	<u>(54,023)</u>
	<u>\$ 1,314,516</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2012 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclass/CIP to Complete</u>	<u>Donations</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated:						
Land	\$ 3,004,344	\$ 118,349	\$ -	\$ 150,000	\$ -	\$ 3,272,693
Land Improvements	43,667	-	-	-	-	43,667
Intangibles-Easements	10,593	-	-	-	-	10,593
Construction in Progress	367,656	540,163	(185,969)	-	-	721,850
Total Not Being Depreciated	\$ 3,426,260	658,512	(185,969)	150,000	-	4,048,803
Capital Assets, Being Depreciated:						
Buildings	24,891,703	120,363	15,426	267,799	(1,674,641)	23,620,650
Improvements Other Than Buildings	11,144,152	26,040	170,543	-	-	11,340,735
Furniture, Fixtures and Equipment	1,374,862	49,487	-	-	-	1,424,349
Machinery	326,141	-	-	-	-	326,141
Vehicles	6,580,665	421,713	-	103,940	(527,807)	6,578,511
Radios	645,621	-	-	-	-	645,621
Intangibles-Software	181,891	-	-	-	-	181,891
Infrastructure	41,931,632	607,540	167,401	181,936	(1,330,998)	41,557,511
Total Being Depreciated	87,076,667	1,225,143	353,370	553,675	(3,533,448)	85,675,409
Less Impairment	(862,343)	-	-	-	662,343	-
Less Accumulated Depreciation for:						
Buildings	(5,948,541)	(725,810)	-	-	1,012,299	(5,662,052)
Improvements Other Than Bldgs.	(4,898,101)	(544,368)	-	-	-	(5,442,469)
Furniture, Fixtures and Equipment	(965,546)	(148,313)	-	-	-	(1,113,859)
Machinery	(126,953)	(32,278)	-	-	-	(159,231)
Vehicles	(4,006,533)	(446,525)	-	-	439,710	(4,013,348)
Radios	(67,858)	(64,614)	-	-	-	(132,472)
Intangibles-Software	(23,969)	(8,465)	-	-	-	(32,434)
Infrastructure	(21,104,064)	(995,264)	-	-	969,294	(21,130,034)
Total Accumulated Depreciation	(37,141,565)	(2,965,637)	-	-	2,421,303	(37,685,899)
Total Being Depreciated, Net	49,272,759	(1,740,494)	353,370	553,675	(449,800)	47,989,510
Capital Assets, Net	\$52,699,019	\$ (1,081,982)	\$ 167,401	\$ 703,675	\$ (449,800)	\$ 52,038,313
Business-type Activities						
Capital Assets, Not Being Depreciated:						
Land	\$ 1,313,153	\$ -	\$ -	\$ -	\$ -	\$ 1,313,153
Intangibles-Easements	7,437	-	-	-	-	7,437
Construction in Progress	197,264	595,730	(83,019)	-	(17,576)	692,399
Total Not Being Depreciated	1,517,854	595,730	(83,019)	-	(17,576)	2,012,989
Capital Assets, Being Depreciated:						
Buildings	753,912	-	-	-	-	753,912
Improvements Other Than Buildings	32,440,824	59,177	-	-	-	32,500,001
Furniture, Fixtures and Equipment	1,641,585	15,905	-	-	-	1,657,490
Vehicles	3,415,529	342,022	-	-	(151,691)	3,605,860
Intangibles-Software	68,898	-	-	-	-	68,898
Infrastructure	48,659,880	2,605,670	83,019	117,427	(724,984)	50,741,012
Total Being Depreciated	86,960,628	3,022,774	83,019	117,427	(876,675)	89,327,173
Less Accumulated Depreciation for:						
Buildings	(305,306)	(23,914)	-	-	-	(329,220)
Improvements Other Than Bldgs.	(10,107,944)	(749,991)	-	-	-	(10,857,935)
Furniture, Fixtures and Equipment	(1,072,037)	(135,465)	-	-	-	(1,207,502)
Vehicles	(2,346,129)	(210,388)	-	-	151,691	(2,404,826)
Intangibles-Software	(18,341)	(6,700)	-	-	-	(25,041)
Infrastructure	(23,972,045)	(1,197,508)	-	-	389,786	(24,779,767)
Total Accumulated Depreciation	(37,821,802)	(2,323,966)	-	-	541,477	(39,604,291)
Total Being Depreciated, Net	49,158,826	698,808	83,019	117,427	(335,198)	49,722,862
Capital Assets, Net	\$50,676,680	\$ 1,294,538	\$ -	\$ 117,427	\$ (352,774)	\$ 51,735,871

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

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	\$ 646,309
General Government	395,439
Health and Welfare	8,385
Highways and Streets	1,164,726
Public Safety	750,778
Total Governmental Activities	\$ 2,965,637
<u>Business-type Activities</u>	
Electric	\$ 429,628
Gas	159,990
Water	776,152
Sewer	816,265
Sanitation	141,931
Total Business-type Activities	\$ 2,323,966

As of September 30, 2012, capital assets of the component unit consists of land (not being depreciated) with a balance of \$2,048,890 and land improvements (not being depreciated) with a balance of \$143,721. The Construction in Progress has a balance of \$25,935 for engineering for wastewater system improvements.

F. Contractual Commitments

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

A joint gas purchase contract to purchase natural gas at a price equal to an agreed index, less a discount, under a balancing and supply agreement. The contract will expire in 2026. Also, a contract with a supplier to provide natural gas at a rate based on inside FERC Gas Market report index plus \$0.35 per MMBTU. This contract expired November 1, 2010 and continues thereafter on a year to year basis, until terminated. For the year ending September 30, 2012, \$1,197,194 was paid under these contracts.

A contract with a supplier to provide the City's current and future water supply. The contract will expire in 2047. The amount paid under this contract for the year ending September 30, 2012 was \$265,650.

A contract with a supplier to provide electric power and energy, expiring June 25, 2041, renewable for successive twenty-five year periods. Contract rates are established by the supplier's wholesale power rate tariff. The amount paid under this contract for the year ending September 30, 2012 was \$18,403,423.

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. As of September 30, 2012, \$15 million has been advanced to TxDOT. In January 2013, the City received its first repayment from TXDOT in the amount of \$1,517,094. Future repayments will continue to be received during the years 2014 to 2020.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

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 issued debt to finance the \$15 million required local contribution. The City and County are responsible for 50% each of the annual debt service on this debt, net of the annual payment received by the City from TxDOT. On October 7, 2010, an ordinance was approved for the issuance of \$14.18 Million Pass-Through Toll Revenue and Limited Tax Notes pursuant to the interlocal agreement.

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 in 2011-12 was \$21,450 per quarter (\$85,801 annually).

The City has the following active construction projects as of September 30, 2012:

General Government Projects

	Contract Amount	Spent-to-Date	Remaining Commitment
Fire Substation - Architect	\$ 191,500	\$ 140,625	\$ 50,875
Westwood Dr. Improvements			
Contractor	263,966	-	263,966
US 290 Frontage Road/Stringer Street Intersection			
Contractor	199,758	-	199,758
Demolition & Asbestos Removal			
Contractor	184,031	73,411	110,620
2012 Water Distribution System Improvements			
Contractor	336,871	135,091	201,780
12" Water Line Hwy 36 and Burleson Street			
Engineer	69,023	2,372	66,651
Utility Cost of Service and Rate Design Study			
Professional Fees	72,500	21,802	50,698
	<u>\$ 1,317,649</u>	<u>\$ 373,301</u>	<u>\$ 944,348</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

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, 2012 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Electric Fund	Water Fund	\$ 205,603
	Wastewater Fund	234,369
		<u>\$ 439,972</u>
Gas Fund	Sanitation Fund	\$ 66,674
		<u>\$ 66,674</u>
General Fund	Other Governmental Funds	20,046
		<u>\$ 20,046</u>
Hwy 290 Pass Thru Fund	Internal Service Funds	
	Workers' Comp Fund	\$ 37,009
	Medical Self Insurance Fund	106,210
		<u>\$ 143,219</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, 2012:

Transfers From:	Transfers To:			Net Transfers From
	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>General</u>	<u>US 290 Pass Thru Finance</u>	<u>Electric</u>	
Governmental Activities				
General Fund	-	268,288	-	268,288
Other Govtl Funds	76,393	-	-	76,393
Business-type Activities				
Major Funds				
Electric	1,535,782	-	-	1,535,782
Gas	323,572	-	122,234	445,806
Water	299,384	-	127,699	427,083
Wastewater	295,523	-	127,038	422,561
Sanitation	261,258	-	55,289	316,547
Total Transfers To	<u>\$ 2,791,912</u>	<u>\$ 268,288</u>	<u>\$ 432,260</u>	<u>\$ 3,492,460</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

Payments from the Brenham Community Development Corporation (BCDC) component unit consist of debt service payments on the Series 2009 General Obligation Refunded bonds (original Series 1998 which were issued in part to fund construction of a business center and recreational facilities). Also payment was made on the 2010 Tax Notes that were issued to fund improvements in the Southwest Industrial Business Park. Funding for the construction of these facilities is provided by a 3/8 cent sales tax collected and administered by the BCDC. During the year, BCDC provided \$18,000 to the Parks Special Revenue Fund for improvements to the Henderson Park Parking Lot and \$200,000 for Aquatic Center operations, accounted for in the General Fund. Also classified as a payment from the component unit is a \$11,956 transfer to the Wastewater Fund to cover business park infrastructure improvement costs. The following schedule shows payments to and from the component unit for the year ended September 30, 2012:

Payments From:	Payments To:				
	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Proprietary Wastewater</u>	<u>Total Pymts From</u>
Component Unit					
Brenham Community Development Corp	\$ 200,000	\$ 573,218	\$ 18,000	\$ 11,956	\$ 803,174

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2012:

	Balance 9/30/2011	Additions	FY12 Retirements	Balance 9/30/2012	Due Within One Year	Long Term
Governmental Activities						
2002 COB - Gen	\$ 278,585	\$ -	\$ (136,312)	\$ 142,273	\$ 142,273	\$ -
2006 COB - Gen	7,670,000	-	(385,000)	7,285,000	400,000	6,885,000
2007 GOB Ref - Gen	1,484,460	-	(6,872)	1,477,588	8,247	1,469,341
2009 GOB Ref - Gen	4,937,339	-	(491,695)	4,445,644	505,882	3,939,762
2010 PTT-Hwy 290 - Gen	14,165,000	-	-	14,165,000	-	14,165,000
2010 Ltd Tax Notes - Gen	655,000	-	(105,000)	550,000	105,000	445,000
2010 GOB Ref - Gen	966,274	-	(202,052)	764,222	208,924	555,298
2011 GOB Ref - Gen	1,995,195	-	(56,557)	1,938,638	57,567	1,881,071
2011 Ltd Tax Notes - Gen	-	1,200,000	(165,000)	1,035,000	165,000	870,000
	<u>32,151,853</u>	<u>1,200,000</u>	<u>(1,548,488)</u>	<u>31,803,365</u>	<u>1,592,893</u>	<u>30,210,472</u>
Unamort Bond Premium	1,226,875	-	(156,998)	1,069,877	NA	1,069,877
Unamort Bond Discount	(942)	-	380	(562)	NA	(562)
Ref Deferred Charges - '07 Ref COB	(50,602)	-	4,707	(45,895)	NA	(45,895)
Ref Deferred Charges - '09 Ref GOB	(129,335)	-	18,590	(110,745)	NA	(110,745)
Ref Deferred Charges - '10 Ref GOB	(36,863)	-	4,134	(32,729)	NA	(32,729)
Ref Deferred Charges - '11 Ref GOB	(228,597)	-	19,250	(209,347)	NA	(209,347)
	<u>32,932,389</u>	<u>1,200,000</u>	<u>(1,658,425)</u>	<u>32,473,964</u>	<u>1,592,893</u>	<u>30,881,071</u>
Chase '08 Vehicle/Equip Lease	27,572	-	(27,572)	-	-	-
Chase BVWACS Radio Lease	524,759	-	(88,775)	435,984	91,749	344,235
	<u>552,331</u>	<u>-</u>	<u>(116,347)</u>	<u>435,984</u>	<u>91,749</u>	<u>344,235</u>
Compensated Absences ⁽¹⁾	322,853	-	(27,299)	295,554	136,538	159,016
Total Governmental	<u><u>\$ 33,807,573</u></u>	<u><u>\$ 1,200,000</u></u>	<u><u>\$ (1,802,071)</u></u>	<u><u>\$ 33,205,502</u></u>	<u><u>\$ 1,821,180</u></u>	<u><u>\$ 31,384,322</u></u>

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance 9/30/2011	Additions	FY 12 Retirements	Balance 9/30/2012	Due Within One Year	Long Term
Business Type Activities						
2002 COB -Wastewater Impr	621,415	-	(303,688)	317,727	317,727	-
2007 GOB Ref - Water	1,174,500	-	(5,437)	1,169,063	6,525	1,162,538
2007 GOB Ref - Wastewater	2,741,040	-	(12,690)	2,728,350	15,228	2,713,122
2008 COB - Water	5,915,000	-	(40,000)	5,875,000	40,000	5,835,000
2009 GOB Ref - Water	863,180	-	(17,489)	845,691	17,733	827,958
2009 GOB Ref - Wastewater	2,014,482	-	(40,816)	1,973,666	41,384	1,932,282
2010 GOB Ref - Water	764,512	-	(159,863)	604,649	165,300	439,349
2010 GOB Ref - Wastewater	1,784,214	-	(373,086)	1,411,128	385,776	1,025,352
2011 GOB Ref - Water	1,184,728	-	(377,440)	807,288	384,180	423,108
2011 GOB Ref - Wastewater	4,445,075	-	(126,003)	4,319,072	128,253	4,190,819
	<u>21,508,146</u>	<u>-</u>	<u>(1,456,512)</u>	<u>20,051,634</u>	<u>1,502,106</u>	<u>18,549,528</u>
Unamort Bond Discount-Wastewater	(1,218)	-	771	(447)	NA	(447)
Unamort Bond Premium-Water	56,059	-	(6,806)	49,253	NA	49,253
Unamort Bond Premium-Wastewater	139,751	-	(16,631)	123,120	NA	123,120
07 Ref Deferred Chrg-Water	(40,036)	-	3,724	(36,312)	NA	(36,312)
07 Ref Deferred Chrg-Wastewater	(93,434)	-	8,691	(84,743)	NA	(84,743)
09 Ref Deffered Chrg-Water	(79,175)	-	11,378	(67,797)	NA	(67,797)
09 Ref Deffered Chrg-Wastewater	(184,781)	-	26,554	(158,227)	NA	(158,227)
10 Ref Deferred Chrg-Water	(29,166)	-	3,271	(25,895)	NA	(25,895)
10 Ref Deferred Chrg-Waterwater	(68,067)	-	7,633	(60,434)	NA	(60,434)
11 Ref Deferred Chrg-Water	147,643	-	(12,431)	135,212	NA	135,212
11 Ref Deferred Chrg-Waterwater	(509,291)	-	42,885	(466,406)	NA	(466,406)
Sub Total Bonds Payable	<u>20,846,431</u>	<u>-</u>	<u>(1,387,473)</u>	<u>19,458,958</u>		<u>17,956,852</u>
Compensated Absences	153,165	-	(20,014)	133,151	73,816	59,335
Chase '08 Vehicle/Equip Lease - Gas	7,844	-	(7,844)	-	-	-
Chase '08 Vehicle/Equip Lease - Sanitation	68,822	-	(68,822)	-	-	-
Chase BVWACS Radio Lease-Electric	47,882	-	(8,100)	39,782	8,372	31,410
Chase BVWACS Radio Lease-Gas	10,181	-	(1,722)	8,459	1,780	6,679
Chase BVWACS Radio Lease-Water	16,477	-	(2,788)	13,689	2,881	10,808
Chase BVWACS Radio Lease-Wastewater	19,066	-	(3,226)	15,840	3,334	12,506
Chase BVWACS Radio Lease-Sanitation	17,772	-	(3,006)	14,766	3,107	11,659
Total Proprietary	<u>\$ 21,187,640</u>	<u>\$ -</u>	<u>\$ (1,502,995)</u>	<u>\$ 19,684,645</u>	<u>\$ 1,595,396</u>	<u>\$ 18,089,249</u>
Component Unit Governmental Activities						
Note Payable-BCDC to City Elec Fund	\$ 419,933	\$ -	\$ (51,394)	\$ 368,539	\$ 54,023	\$ 314,516
Note Payable-BCDC to City Elec Fund-FY 10	1,000,000	-	-	1,000,000	-	1,000,000
Total Governmental - BCDC	<u>\$ 1,419,933</u>	<u>\$ -</u>	<u>\$ (51,394)</u>	<u>\$ 1,368,539</u>	<u>\$ 54,023</u>	<u>\$ 1,314,516</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

The annual debt service requirement to maturity for all outstanding debt as of September 30, 2012 follows:

FISCAL YEAR ENDING 9/30	PRIMARY GOVERNMENT									
	GENERAL OBLIGATION		TAX NOTES		PTT REVENUE & TAX BONDS		CERTIFICATES OF OBLIGATION		TOTAL REQUIREMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	\$1,925,000	\$ 737,362	\$ 270,000	\$ 30,105	\$ -	\$ 554,650	\$ 900,000	\$ 576,317	\$3,095,000	\$1,898,434
2014	2,440,000	692,616	275,000	25,183	1,195,000	554,650	480,000	540,931	4,390,000	1,813,380
2015	2,355,000	637,469	280,000	20,162	2,480,000	518,800	550,000	521,590	5,665,000	1,698,021
2016	2,425,000	563,146	280,000	14,780	2,575,000	419,600	580,000	498,569	5,880,000	1,496,095
2017	2,505,000	477,350	295,000	9,260	2,680,000	316,600	610,000	474,297	6,090,000	1,277,506
2018-2022	10,155,000	1,069,027	185,000	3,164	5,235,000	307,200	4,080,000	1,952,737	19,655,000	3,332,128
2023-2027	680,000	21,250	-	-	-	-	5,725,000	862,343	6,405,000	903,593
2028	-	-	-	-	-	-	695,000	33,360	695,000	33,360
	<u>\$ 22,485,000</u>	<u>\$ 4,198,220</u>	<u>\$ 1,585,000</u>	<u>\$ 102,653</u>	<u>\$ 14,165,000</u>	<u>\$ 2,671,500</u>	<u>\$ 13,620,000</u>	<u>\$ 5,480,144</u>	<u>\$ 51,855,000</u>	<u>\$ 12,452,516</u>

Debt outstanding at September 30, 2012 for the primary government is comprised of the following:

\$9,245,000, 2002 Combination Tax and Revenue Certificates of Obligation Post-Refunding Debt due in installments of \$425,000 to \$460,000 through August 15, 2013; interest rates 3.875 to 4.0%	\$ 460,000
\$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%	7,285,000
\$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%	5,375,000
\$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%	5,875,000
\$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%	7,265,000
\$760,000; 2010 Limited Tax Notes due in annual installments of \$105,000 to \$115,000 through August 15, 2017; interest rate 2.0-2.625%	550,000
\$14,180,000; 2010 Pass-Through Toll Revenue and Limited Tax Bonds with an installment of \$15,000 August 15, 2011 and annual installments of \$1,195,000 to \$2,790,000 from August 15, 2014 through August 15, 2019; interest rate 3.0-4.0%	14,165,000
\$3,600,000; 2010 General Obligation Refunding Bonds due in annual installments of \$85,000 to \$800,000 through August 15, 2014 and a final installment of \$1,220,000 on August 15, 2020; interest rate 2.0-4.0%	2,780,000
\$7,730,000; 2011 General Obligation Refunding Bonds due in annual installments of \$105,000 to \$1,035,000 through August 15, 2023; interest rate 1.0-3.125%	7,065,000
\$1,200,000; 2011 Limited Tax Notes due in annual installments of \$165,000 to \$185,000 through August 15, 2018; interest rate 1.71%	1,035,000
\$782,650 lease payable dated February 16, 2010 due in monthly payments of \$10,589 including interest, through March, 2017 (BWWACS Radios)	528,522
Compensated Absences for accrued vacation	428,705
	<u>\$52,812,227</u>
Unamortized Bond Premium	1,242,247
Unamortized Bond Discount	(1,009)
Deferred Charges on Bonds	(1,163,318)
	<u>\$52,890,147</u>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2012 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	\$ 368,539
\$1,000,000 note payable to primary government dated August 6, 2010, interest payable at 4.75%, unsecured, annual payments 2017 through 2029	1,000,000
	\$ 1,368,539

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2013	\$ 54,023
2014	56,787	14,436
2015	59,693	11,531
2016	62,747	8,477
2017	145,737	40,487
2018-2022	503,750	290,334
2023-2027	362,881	396,945
2028-2029	122,922	181,009
	\$ 1,368,539	\$ 960,419

1. Prior Year Refunding

In 2011, the City issued \$7,730,000 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 2001 certificates maturing 2012 through 2014 and August 15, 2012 for 2002 certificates maturing 2014 through 2023. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. At September 30, 2012, the outstanding principal on the defeased debt was \$0.

I. Capital Leases

The city entered into a lease agreement to finance the acquisitions of radios for proprietary and government funds. This lease commitment qualifies as a capital leases for accounting purposes, and therefore have been recorded at the present value of their future minimum lease payments as of inception date.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

The assets acquired through the capital lease are as follows:

<u>Asset Class</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Radios	\$ 644,714	\$ 137,029
Less: Accumulated Depreciation	(132,472)	(27,317)
Total Net Asset	<u>\$ 512,242</u>	<u>\$ 109,712</u>

The total future minimum lease payments and the net present value of these minimum payments as of September 30, 2012 were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2013	\$ 104,816	\$ 22,246
2014	104,816	22,246
2015	104,816	22,246
2016	104,816	22,246
2017	50,629	10,749
Total Minimum Lease Payments	\$ 469,893	\$ 99,733
Less: Amount Representing Interest	(31,430)	(9,674)
Present Value of Minimum Payments	<u>\$ 438,463</u>	<u>\$ 90,059</u>

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, 2012 the primary government had no liability for rebtable arbitrage.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

K. Restricted Cash and Investments:

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

	Governmental Activities	Business-type Activities
Capital Projects	\$ -	\$ 1,377,484
Customer Deposits	-	1,239,099
Debt Service	197,431	-
Hotel/Motel Tax	28,108	-
PD Criminal Law Enforcement	38,087	-
Streets/Drainage Improvements	1,185,571	-
Worker's compensation and health insurance account	795,429	-
Pass Thru Toll Agreement	13,380	-
	\$ 2,258,006	\$ 2,616,583

L. Classification of Net Assets

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

M. Classification of Fund Balance:

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

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

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

Committed Fund Balance – Amounts that can only be used for a specific purpose because they are constrained by limitations that the government imposes upon itself through formal action by the City Council. These restraints remain binding unless removed in the same manner.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

Assigned Fund Balance – Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

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

The following schedule presents details of fund balance components at September 30, 2012:

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 255,443	\$ -	\$ -	\$ -	\$ 255,443
Prepaid Assets	1,000	-	-	-	1,000
Restricted for:					
Court Technology and Security	-	-	-	126,020	126,020
Debt Service	-	199,181	-	-	199,181
Grantor and Contributor Purposes	103,959	-	-	-	103,959
Public Safety	-	-	-	32,604	32,604
Transportation and Aviation Projects	-	-	13,380	1,166,401	1,179,781
Tourism Promotion	-	-	-	256,010	256,010
Committed to:					
Park Capital Improvements	-	-	-	15,689	15,689
Assigned to:					
Culture and Recreation	-	-	-	3,948	3,948
Transportation and Aviation Projects	-	-	503,125	16,604	519,729
Unassigned:	3,505,058	-	-	-	3,505,058
Total Fund Balances:	<u>\$ 3,865,460</u>	<u>\$ 199,181</u>	<u>\$ 516,505</u>	<u>\$ 1,617,276</u>	<u>\$ 6,198,422</u>

N. Due from Other Governments

The government-wide statement of Net Assets shows an amount of \$15,174,748 as Due from Other Governments. \$15,000,000 of this amount is related to the Pass-Through Toll Agreement with TxDOT. The City received the first reimbursement payment from TxDOT in January 2013 in the amount of \$1,517,000, based on 21,719 vehicles per day. Future payments are anticipated to occur through fiscal year 2020.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

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.

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 \$120,392 at September 30, 2012 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, 2012, the various funds paid into the risk management internal service fund \$1,629,992 of premiums. Net assets as of September 30, 2012 totaled \$640,702. Changes in the balances of claims liabilities for the year ended September 30 are as follows:

	<u>2012</u>	<u>2011</u>
Unpaid Claims, Beginning of Year	\$ 122,661	\$ 131,883
Claims Incurred (including IBNR)	1,740,415	1,742,338
Payments on Claims	(1,742,684)	(1,751,560)
Other, net	-	-
Unpaid Claims, End of Year	<u>\$ 120,392</u>	<u>\$ 122,661</u>

B. Contingent Liabilities

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Audits for some of these federal programs for the year ended September 30, 2012 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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

IV. OTHER INFORMATION (Continued)

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.

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

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

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

	<i>Plan Year 2011</i>	<i>Plan Year 2012</i>
<i>Employee Deposit Rate</i>	5%	5%
<i>Matching Ratio (City to Employee)</i>	2 to 1	2 to 1
<i>Years Required for Vesting</i>	5	5
<i>Service Retirement Eligibility (Expressed as Age/Years of Service)</i>	60/5, 0/20	60/5, 0/20
<i>Updated Service Credit</i>	100%, Transfers	100%, Transfers
<i>Annuity Increase (To Retirees)</i>	70% of CPI	70% of CPI

2. Contributions

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

IV. OTHER INFORMATION (Continued)

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. As determined by the actuarial valuation performed by TMRS, the City funds the annual required contribution amount for retirement benefits as follows:

Fiscal Year End	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation (Asset)
2010	\$833,706	\$833,706	100%	\$ -
2011	\$904,116	\$904,116	100%	\$ -
2012	\$698,787	\$698,787	100%	\$ -

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, as follows:

Valuation Date	12/31/2009	12/31/2010	12/31/2011
<i>Actuarial Cost Method</i>	<i>Projected Unit Credit</i>	<i>Projected Unit Credit</i>	<i>Projected Unit Credit</i>
<i>Amortization Method</i>	<i>Level Percent of Payroll</i>	<i>Level Percent of Payroll</i>	<i>Level Percent of Payroll</i>
<i>GASB 25 Equivalent Single Amortization Period</i>	<i>23.0 years; closed period</i>	<i>14.1 years; closed period</i>	<i>11.1 years; closed period</i>
<i>Amortization Period for new Gains/Losses</i>	<i>25 years</i>	<i>25 years</i>	<i>25 years</i>
<i>Asset Valuation Method</i>	<i>10-year Smoothed Market</i>	<i>10-year Smoothed Market</i>	<i>10-year Smoothed Market</i>
<i>Actuarial Assumptions</i>			
<i>Investment Rate of Return *</i>	<i>7.5%</i>	<i>7.0%</i>	<i>7.0%</i>
<i>Projected Salary Increases *</i>	<i>Varies by age and service</i>	<i>Varies by age and service</i>	<i>Varies by age and service</i>
<i>* Includes Inflation at</i>	<i>3.00%</i>	<i>3.00%</i>	<i>3.00%</i>
<i>Cost-Of-Living Adjustments</i>	<i>2.1%</i>	<i>2.1%</i>	<i>2.1%</i>

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

IV. OTHER INFORMATION (Continued)

3. Funded Status and Funding Progress

The funded status as of December 31, 2011, under the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2011	\$ 30,755,197	\$ 31,362,391	98.1%	\$ 607,194	\$ 9,856,804	6.2%

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

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

D. 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.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

IV. OTHER INFORMATION (Continued)

As of October 1, 2011, the effective date of the most recent OPEB valuation, six retirees and two spouses meet plan eligibility requirements and have elected to receive this benefit. The retiree pays 100% of the premium for group health care coverage, and the annual required medical contributions are shown below:

<u>Coverage</u>	<u>Premium</u>
Retiree Only	\$5,632.92
Retiree & Spouse	\$11,493.12

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 211 active members as of October 1, 2011, the effective date of this OPEB valuation. The City pays 95% of monthly premiums (\$469.41) for active members, 77.5% of premiums (\$741.81) for member and spouse, 80.1% of premiums (\$669.86) for member and child, and 72.5% for family coverage (\$943.97).

Employees who retire because of a disability may qualify for life insurance and long term disability benefits until reaching age 65 or the end of the disability eligibility, whichever comes first. Premiums for qualifying retirees are waived and there is no further cost to the City or the retiree. Two persons qualify for long term disability as of October 1, 2011.

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

	FY Ending 09/30/2012	FY Ending 09/30/2011	FY Ending 09/30/2010
<i>Determination of Annual Required Contribution</i>			
Normal Cost at fiscal year end	\$ 99,378	\$ 99,378	\$ 69,731
Amortization of UAAL	100,418	90,122	70,504
Annual Required Contribution (ARC)	\$ 199,796	\$ 189,500	\$ 140,235
<i>Determination of Net OPEB Obligation</i>			
Annual Required Contribution	\$ 199,796	\$ 189,500	\$ 140,235
Interest on prior year Net OPEB Obligation	18,538	11,131	5,609
Adjustment to ARC	(25,770)	(15,474)	(7,798)
Annual OPEB Cost	\$ 192,564	\$ 185,157	\$ 138,046
Contributions made	-	-	-
Estimated increase in Net OPEB Obligation	\$ 192,564	\$ 185,157	\$ 138,046
<i>Estimated Net OPEB Obligation - begin of year</i>	\$ 463,438	\$ 278,281	\$ 140,235
<i>Estimated Net OPEB Obligation - end of year</i>	\$ 656,002	\$ 463,438	\$ 278,281

Funded Status and Funding Progress. As of October 1, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,558,393, and the actuarial value of the assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,558,393. The covered payroll (annual payroll of active employees covered by the plan) was \$10,139,094 and the ratio of the UAAL to the covered payroll was 15%.

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

IV. OTHER INFORMATION (Continued)

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.

The following table shows the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the three preceding years:

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	4.0%	\$ 140,235	0.00%	\$ 140,235
9/30/2010	4.0%	\$ 138,046	0.00%	\$ 278,281
9/30/2011	4.0%	\$ 185,157	0.00%	\$ 463,438
9/30/2012	4.0%	\$ 192,564	0.00%	\$ 656,002

Actuarial Methods and Assumptions. The following assumptions were used in the October 1, 2010 actuarial valuation:

Actuarial Valuation Information	
10/01/10	
Actuarial cost method	projected unit credit
Amortization method	level dollar
Amortization period in years	30 - closed
Asset valuation method	fair value

The actuarial assumptions also included a 4% discount rate without prefunding, an annual healthcare cost trend rate of 7.7% for 2011 and then reduced by decrements to a rate of 5.8% 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	27%	10%
50	27%	15%
55	22%	10%
60	25%	14%

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

City of Brenham, Texas
Notes to Basic Financial Statements
September 30, 2012

IV. OTHER INFORMATION (Continued)

E. Subsequent Events

At the October 18, 2012 City Council meeting, a contract was awarded in the amount of \$1,107,054 for the 2012 Collector Street HMAC Overlay Project.

On December 6, 2012, the City Council authorized the issuance and sale of \$1,850,000 in Combination Tax and Revenue Certificates of Obligation, Series 2012, to be used to construct city-wide road and street improvements, including acquisition of rights-of-way and professional services.

At the December 6, 2012 Council meeting, City Council approved the transition from a partially self-funded group medical plan to a fully funded group medical plan for calendar year 2013.

F. New Pronouncements

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

- Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The requirements of this statement are effective for FY13.
- Statement No. 65, "Items Previously Reported as Assets and Liabilities." The requirements for this statement are effective for FY14.
- Statement No. 68, "Accounting and Financial Reporting for Pensions", an amendment of GASB Statement No. 27. The requirements of this statement are effective for FY15.

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REQUIRED SUPPLEMENTARY
INFORMATION

City of Brenham, Texas
Required Supplementary Information
September 30, 2012

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

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

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

(2) Actuarial Accrued Liability less Actuarial Value of Assets

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

* Health Care Insurance Plan

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City of Brenham, Texas
Required Supplementary Information
September 30, 2012

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

	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>12/31/2009</u>
Actuarial Value of Assets	\$ 30,755,197	\$ 28,437,560	\$ 18,760,400
Actuarial Accrued Liability	31,362,391	29,272,502	22,545,959
Percentage Funded	98.1%	97.1%	83.2%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	607,194	834,942	3,785,559
Annual Covered Payroll	9,856,804	9,567,491	9,171,150
UAAL as a Percentage of Covered Payroll	6.2%	8.7%	41.3%
Net Pension Obligation (NPO)			
Beginning of Period	-	-	-
Annual Pension Cost:			
Annual Required Contribution (ARC)	698,787	904,116	833,706
Interest on NPO	-	-	-
Adjustment to ARC	-	-	-
	<u>698,787</u>	<u>904,116</u>	<u>833,706</u>
Contributions Made	698,787	904,116	833,706
Increase in NPO	-	-	-
NPO at the end of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A summary of actuarial assumptions and definitions can be found in the December 31, 2011 TMRS Comprehensive Annual Financial Report (CAFR).

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COMBINING FUND STATEMENTS
AND SCHEDULES

CITY OF BRENHAM, TEXAS

Special Revenue Funds

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

Hotel/Motel Tax Fund

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

Hotel/Motel Tax Fund – Washington County

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

PD Criminal Law Enforcement Fund

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

Courts Technology/Security Fund

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

Capital Projects Funds

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

Airport Capital Improvement Fund

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

Parks Capital Improvements Fund

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

Streets and Drainage Improvements Fund

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

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CITY OF BRENHAM, TEXAS

Internal Service Funds

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

Workers' Compensation Fund

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

Self-Insured Health Insurance Fund

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

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, 2012

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Assets			
Cash and Equivalents	\$ 292,755	\$ 36,241	\$ 328,996
Receivables (Net)			
Occupancy Tax	68,807	-	68,807
Accounts	80	-	80
Restricted Cash	66,195	1,185,571	1,251,766
Total Assets	<u>\$ 427,837</u>	<u>\$ 1,221,812</u>	<u>\$ 1,649,649</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current	\$ 7,640	\$ 4,687	\$ 12,327
Interfund Payables	5,563	14,483	20,046
Total Liabilities	<u>13,203</u>	<u>19,170</u>	<u>32,373</u>
Fund Balances:			
Restricted	414,634	1,166,401	1,581,035
Committed	-	15,689	15,689
Assigned	-	20,552	20,552
Total Fund Balances	<u>414,634</u>	<u>1,202,642</u>	<u>1,617,276</u>
Total Liabilities and Fund Balances	<u>\$ 427,837</u>	<u>\$ 1,221,812</u>	<u>\$ 1,649,649</u>

City of Brenham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended September 30, 2012

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	\$ 571,918	\$ -	\$ 571,918
Charges for Services	50,485	-	50,485
Investment Income	65	1,121	1,186
Payment from Component Unit	-	18,000	18,000
Contributions and Donations	-	22,500	22,500
Program Revenue/Restitution	8,664	-	8,664
Total revenues	<u>631,132</u>	<u>41,621</u>	<u>672,753</u>
Expenditures			
Current:			
Culture and Recreation	434,346	16,502	450,848
General Government	30,231	-	30,231
Public Safety	1,188	-	1,188
Capital Outlay	-	138,903	138,903
Debt Service:			
Issuance Costs	-	15,550	15,550
Total expenditures	<u>465,765</u>	<u>170,955</u>	<u>636,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>165,367</u>	<u>(129,334)</u>	<u>36,033</u>
Other Financing Sources (Uses)			
Transfers Out	(76,393)	-	(76,393)
Proceeds from Bonds	-	1,200,000	1,200,000
Total other financing sources and (uses)	<u>(76,393)</u>	<u>1,200,000</u>	<u>1,123,607</u>
Net change in Fund Balances	88,974	1,070,666	1,159,640
Fund balances - beginning	<u>325,660</u>	<u>131,976</u>	<u>457,636</u>
Fund balances - ending	<u>\$ 414,634</u>	<u>\$ 1,202,642</u>	<u>\$ 1,617,276</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
September 30, 2012

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Total Special Revenue Funds
Assets					
Cash and Equivalents	\$ 141,789	\$ 24,946	\$ -	\$ 126,020	\$ 292,755
Receivables (Net)					
Occupancy Tax	68,807	-	-	-	68,807
Accounts	-	-	80	-	80
Restricted Cash	28,108	-	38,087	-	66,195
Total Assets	<u>\$ 238,704</u>	<u>\$ 24,946</u>	<u>\$ 38,167</u>	<u>\$ 126,020</u>	<u>\$ 427,837</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current	\$ 7,640	\$ -	\$ -	\$ -	\$ 7,640
Interfund Payables	-	-	5,563	-	5,563
Total Liabilities	<u>7,640</u>	<u>-</u>	<u>5,563</u>	<u>-</u>	<u>13,203</u>
Fund Balances:					
Restricted	231,064	24,946	32,604	126,020	414,634
Total Fund Balances	<u>231,064</u>	<u>24,946</u>	<u>32,604</u>	<u>126,020</u>	<u>414,634</u>
Total Liabilities and Fund Balances	<u>\$ 238,704</u>	<u>\$ 24,946</u>	<u>\$ 38,167</u>	<u>\$ 126,020</u>	<u>\$ 427,837</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, 2012

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Total Special Revenue Funds
Revenues					
Taxes	\$ 484,502	\$ 87,416	\$ -	\$ -	\$ 571,918
Charges for Services	-	-	-	50,485	50,485
Investment Income	32	-	33	-	65
Program Revenue/Restitution	-	-	8,664	-	8,664
Total revenues	<u>484,534</u>	<u>87,416</u>	<u>8,697</u>	<u>50,485</u>	<u>631,132</u>
Expenditures					
Current:					
Culture and Recreation	370,480	63,866	-	-	434,346
General Government	-	-	-	30,231	30,231
Public Safety	-	-	1,188	-	1,188
Total expenditures	<u>370,480</u>	<u>63,866</u>	<u>1,188</u>	<u>30,231</u>	<u>465,765</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>114,054</u>	<u>23,550</u>	<u>7,509</u>	<u>20,254</u>	<u>165,367</u>
Other Financing Sources (Uses)					
Transfers Out	(52,000)	-	(5,483)	(18,910)	(76,393)
Total other financing sources and (uses)	<u>(52,000)</u>	<u>-</u>	<u>(5,483)</u>	<u>(18,910)</u>	<u>(76,393)</u>
Net change in Fund Balances	62,054	23,550	2,026	1,344	88,974
Fund balances - beginning	<u>169,010</u>	<u>1,396</u>	<u>30,578</u>	<u>124,676</u>	<u>325,660</u>
Fund balances - ending	<u>\$ 231,064</u>	<u>\$ 24,946</u>	<u>\$ 32,604</u>	<u>\$ 126,020</u>	<u>\$ 414,634</u>

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Nonmajor Capital Projects Funds
September 30, 2012

	Airport Capital Impr. Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	Total Nonmajor Capital Projects Funds
Assets				
Cash and Cash Equivalents	\$ 16,604	\$ 19,637	\$ -	\$ 36,241
Restricted Cash	-	-	1,185,571	1,185,571
Total Assets	\$ 16,604	\$ 19,637	\$ 1,185,571	\$ 1,221,812
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable & Other Current	-	-	4,687	\$ 4,687
Interfund Payables	-	-	14,483	14,483
Total Liabilities	-	-	19,170	19,170
Fund Balances:				
Restricted	-	-	1,166,401	1,166,401
Committed	-	15,689	-	15,689
Assigned	16,604	3,948	-	20,552
Total Fund Balances	16,604	19,637	1,166,401	1,202,642
Total Liabilities and Fund Balances	\$ 16,604	\$ 19,637	\$ 1,185,571	\$ 1,221,812

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, 2012

	Airport Capital Impr. Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues				
Investment Income	\$ -	\$ -	\$ 1,121	\$ 1,121
Payment from Component Unit	-	18,000	-	18,000
Contributions and Donations	-	22,500	-	22,500
Total revenues	-	40,500	1,121	41,621
Expenditures				
Current:				
Culture and Recreation	-	16,502	-	16,502
Capital Outlay	-	119,733	19,170	138,903
Debt Service:				
Issuance Costs	-	-	15,550	15,550
Total expenditures	-	136,235	34,720	170,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(95,735)	(33,599)	(129,334)
Other Financing Sources (Uses)				
Bond Proceeds	-	-	1,200,000	1,200,000
Total other financing sources and (uses)	-	-	1,200,000	1,200,000
Net change in Fund Balances	-	(95,735)	1,166,401	1,070,666
Fund balances (deficit) - beginning	16,604	115,372	-	131,976
Fund balances - ending	\$ 16,604	\$ 19,637	\$ 1,166,401	\$ 1,202,642

City of Brenham
Internal Service Funds
Combining Statement of Net Assets
September 30, 2012

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Total
Assets			
Other Current Assets	\$ 200	\$ 115,700	\$ 115,900
Restricted Cash	324,103	471,326	795,429
Total Assets	\$ 324,303	\$ 587,026	\$ 911,329
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current Liabilities	\$ -	\$ 7,016	\$ 7,016
Interfund Payable	37,009	106,210	143,219
Self Insurance Claims Payable	-	120,392	120,392
Total Liabilities	37,009	233,618	270,627
Net Assets			
Unrestricted	287,294	353,408	640,702
Total Net Assets	\$ 287,294	\$ 353,408	\$ 640,702

City of Brenham, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year ended September 30, 2012

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Total
Operating revenues:			
Charges for Services	\$ 131,288	\$ 2,462,196	\$ 2,593,484
Total operating revenues	<u>131,288</u>	<u>2,462,196</u>	<u>2,593,484</u>
Operating expenses:			
Contractual Services	101,814	2,127,703	2,229,517
Total operating expenses	<u>101,814</u>	<u>2,127,703</u>	<u>2,229,517</u>
Operating Income (loss)	<u>29,474</u>	<u>334,493</u>	<u>363,967</u>
Nonoperating revenues (expenses):			
Investment Income	368	-	368
Total Nonoperating revenues (expenses):	<u>368</u>	<u>-</u>	<u>368</u>
Change in net assets	29,842	334,493	364,335
Total net assets - beginning	257,452	18,915	276,367
Total net assets - ending	<u>\$ 287,294</u>	<u>\$ 353,408</u>	<u>\$ 640,702</u>

City of Brenham, Texas
Internal Service Funds
Combining Statement of Cash Flows
For the Year ended September 30, 2012

	<u>Workers' Compensation Fund</u>	<u>Self-insured Health Ins. Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 101,014	\$ 2,342,220	\$ 2,443,234
Payments to suppliers	(101,014)	(2,121,961)	(2,222,975)
Net cash provided (used) by operating activities	<u>-</u>	<u>220,259</u>	<u>220,259</u>
Cash Flows from Investing Activities			
Investment income received	\$ 368	\$ -	\$ 368
Net cash provided (used) by investing activities	<u>368</u>	<u>-</u>	<u>368</u>
Net increase in cash and cash equivalents	368	220,259	220,627
Cash and cash equivalents, beginning of the year	<u>323,735</u>	<u>251,067</u>	<u>574,802</u>
Cash and cash equivalents, end of the year	<u>\$ 324,103</u>	<u>\$ 471,326</u>	<u>\$ 795,429</u>
Reconciliation of cash and cash equivalents to statement of net assets			
Restricted cash and equivalents	\$ 324,103	\$ 471,326	\$ 795,429
Cash and cash equivalents, end of year	<u>\$ 324,103</u>	<u>\$ 471,326</u>	<u>\$ 795,429</u>
 Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 29,474	\$ 334,493	\$ 363,967
Changes in assets and liabilities affecting cash provided by operations:			
Increase (decrease) in interfund payables	(30,274)	(9,875)	(40,149)
Increase (decrease) in self insurance claims liability	-	(2,267)	(2,267)
(Increase) decrease in other assets	800	(110,101)	(109,301)
Increase (decrease) in accounts payable and other current liabilities	-	8,009	8,009
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ 220,259</u>	<u>\$ 220,259</u>

City of Brenham
Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,029,232	\$ 2,029,232	\$ 2,011,361	\$ (17,871)
Investment Income	55,850	55,850	1,249	(54,601)
Payments from Other Governments	250,000	250,000	-	(250,000)
Payment from Component Unit	573,217	573,217	573,218	1
Total revenues	<u>2,908,299</u>	<u>2,908,299</u>	<u>2,585,828</u>	<u>(322,471)</u>
Expenditures				
Debt Service:				
Interest and Fiscal Charges	1,243,463	1,243,463	967,466	275,997
Principal Retirement	1,664,836	1,664,836	1,664,835	1
Total Expenditures	<u>2,908,299</u>	<u>2,908,299</u>	<u>2,632,301</u>	<u>275,998</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(46,473)</u>	<u>(46,473)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(46,473)</u>	<u>(46,473)</u>
Fund balance - beginning	<u>245,654</u>	<u>245,654</u>	<u>245,654</u>	<u>-</u>
Fund balance - ending	<u>\$ 245,654</u>	<u>\$ 245,654</u>	<u>\$ 199,181</u>	<u>(\$ 46,473)</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Hotel/Motel Occupancy Tax	\$ 420,000	\$ 484,502	\$ 484,502	\$ -
Investment Income	-	-	32	32
Total revenues	<u>420,000</u>	<u>484,502</u>	<u>484,534</u>	<u>32</u>
Expenditures				
Current:				
Culture and Recreation	368,000	371,417	370,480	937
Total Expenditures	<u>368,000</u>	<u>371,417</u>	<u>370,480</u>	<u>937</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>52,000</u>	<u>113,085</u>	<u>114,054</u>	<u>969</u>
Other Financing Sources (Uses)				
Transfers Out	(52,000)	(52,000)	(52,000)	-
Total other financing sources and (uses)	<u>(52,000)</u>	<u>(52,000)</u>	<u>(52,000)</u>	<u>-</u>
Net change in fund balance	-	61,085	62,054	969
Fund balance - beginning	169,010	169,010	169,010	-
Fund balance - ending	<u>\$ 169,010</u>	<u>\$ 230,095</u>	<u>\$ 231,064</u>	<u>\$ 969</u>

City of Brenham
Hotel/Motel Fund - Washington County
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Hotel/Motel Occupancy Tax	\$ 64,000	\$ 87,416	\$ 87,416	\$ -
Total revenues	<u>64,000</u>	<u>87,416</u>	<u>87,416</u>	<u>-</u>
Expenditures				
Current:				
Culture and Recreation	\$ 64,000	\$ 64,000	\$ 63,866	\$ 134
Total Expenditures	<u>64,000</u>	<u>64,000</u>	<u>63,866</u>	<u>134</u>
Net change in fund balance	-	23,416	23,550	134
Fund balance - beginning	1,396	1,396	1,396	-
Fund balance - ending	<u>\$ 1,396</u>	<u>\$ 24,812</u>	<u>\$ 24,946</u>	<u>\$ 134</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Income	\$ 40	\$ 40	\$ 33	\$ (7)
Program Income/Restitution	5,000	5,000	8,664	3,664
Total revenues	<u>5,040</u>	<u>5,040</u>	<u>8,697</u>	<u>3,657</u>
Expenditures				
Current:				
Public Safety	<u>1,200</u>	<u>1,200</u>	<u>1,188</u>	<u>12</u>
Total Expenditures	<u>1,200</u>	<u>1,200</u>	<u>1,188</u>	<u>12</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,840</u>	<u>3,840</u>	<u>7,509</u>	<u>3,669</u>
Other Financing Sources (Uses)				
Transfer Out	<u>-</u>	<u>(5,483)</u>	<u>(5,483)</u>	<u>-</u>
Total other financing sources and (uses)	<u>-</u>	<u>(5,483)</u>	<u>(5,483)</u>	<u>-</u>
Net change in fund balance	3,840	(1,643)	2,026	3,669
Fund balance - beginning	30,578	30,578	30,578	-
Fund balance - ending	<u>\$ 34,418</u>	<u>\$ 28,935</u>	<u>\$ 32,604</u>	<u>\$ 3,669</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 63,100	\$ 63,100	\$ 50,485	\$ (12,615)
Total revenues	<u>63,100</u>	<u>63,100</u>	<u>50,485</u>	<u>(12,615)</u>
Expenditures				
Current:				
General Government	50,600	50,600	30,231	20,369
Total Expenditures	<u>50,600</u>	<u>50,600</u>	<u>30,231</u>	<u>20,369</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,500</u>	<u>12,500</u>	<u>20,254</u>	<u>7,754</u>
Other Financing Sources (Uses)				
Transfers Out	(24,000)	(24,000)	(18,910)	5,090
Total other financing sources and (uses)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(18,910)</u>	<u>5,090</u>
Net change in fund balance	(11,500)	(11,500)	1,344	12,844
Fund balance - beginning	124,676	124,676	124,676	-
Fund balance - ending	<u>\$ 113,176</u>	<u>\$ 113,176</u>	<u>\$ 126,020</u>	<u>\$ 12,844</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant Revenues	\$ 247,500	\$ -	\$ -	\$ -
Total revenues	<u>247,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Capital Outlay	\$ 275,000	\$ -	\$ -	\$ -
Total Expenditures	<u>275,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In	14,000	-	-	-
Total other financing sources and (uses)	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(13,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - beginning	<u>16,604</u>	<u>16,604</u>	<u>16,604</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,104</u>	<u>\$ 16,604</u>	<u>\$ 16,604</u>	<u>-</u>

City of Brenham
Parks Capital Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$ -	\$ 22,500	\$ 22,500	\$ -
Payment from Component Unit	18,000	18,000	18,000	-
Total revenues	<u>18,000</u>	<u>40,500</u>	<u>40,500</u>	<u>-</u>
Expenditures				
Current:				
Culture and Recreation	-	-	16,502	(16,502)
Capital Outlay	109,957	132,457	119,733	12,724
Total Expenditures	<u>109,957</u>	<u>132,457</u>	<u>136,235</u>	<u>(3,778)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(91,957)</u>	<u>(91,957)</u>	<u>(95,735)</u>	<u>(3,778)</u>
Net change in fund balance	(91,957)	(91,957)	(95,735)	(3,778)
Fund balance - beginning	115,372	115,372	115,372	-
Fund balance - ending	<u>\$ 23,415</u>	<u>\$ 23,415</u>	<u>\$ 19,637</u>	<u>\$ (3,778)</u>

City of Brenham
Streets and Drainage Improvements Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment Income	\$ -	\$ -	\$ 1,121	\$ 1,121
Total revenues	<u>-</u>	<u>-</u>	<u>1,121</u>	<u>1,121</u>
Expenditures				
Current:				
Capital Outlay	1,200,000	1,200,000	19,170	1,180,830
Debt Service:				
Issuance Costs	-	-	15,550	(15,550)
Total Expenditures	<u>1,200,000</u>	<u>1,200,000</u>	<u>34,720</u>	<u>1,165,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(33,599)</u>	<u>1,166,401</u>
Other Financing Sources (Uses)				
Bond Proceeds	1,200,000	1,200,000	1,200,000	-
Total other financing sources and (uses)	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>
Net change in fund balance	-	-	1,166,401	1,166,401
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,166,401</u>	<u>\$ 1,166,401</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Investment Income	\$ 4,000	\$ 4,000	\$ 774	\$ (3,226)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>774</u>	<u>(3,226)</u>
Expenditures				
Current:				
Highways and Streets	5,000,000	5,000,000	5,000,000	-
Capital Outlay	<u>325,000</u>	<u>325,000</u>	<u>156,500</u>	<u>168,500</u>
Total Expenditures	<u>5,325,000</u>	<u>5,325,000</u>	<u>5,156,500</u>	<u>168,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,321,000)</u>	<u>(5,321,000)</u>	<u>(5,155,726)</u>	<u>165,274</u>
Other Financing Sources (Uses)				
Transfers In	-	<u>288,288</u>	<u>288,288</u>	-
Total other financing sources and (uses)	<u>-</u>	<u>288,288</u>	<u>288,288</u>	<u>-</u>
Net change in fund balance	(5,321,000)	(5,052,712)	(4,887,438)	165,274
Fund balance - beginning	5,403,943	5,403,943	5,403,943	-
Fund balance - ending	<u>\$ 82,943</u>	<u>\$ 351,231</u>	<u>\$ 516,505</u>	<u>\$ 165,274</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,265,881	\$ 1,369,186	\$ 1,369,186	\$ -
Investment Income	2,500	2,500	1,434	(1,066)
Miscellaneous	-	98,662	102,038	3,376
Total revenues	<u>1,268,381</u>	<u>1,470,348</u>	<u>1,472,658</u>	<u>2,310</u>
Expenditures				
Current:				
Economic Development	1,199,558	1,145,739	834,410	311,329
Debt Service:				
Interest and Fiscal Charges	19,830	19,830	19,829	1
Principal Retirement	51,394	51,394	51,394	-
Capital Outlay	158,476	158,476	163,055	(4,579)
Total Expenditures	<u>1,429,258</u>	<u>1,375,439</u>	<u>1,068,688</u>	<u>306,751</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(160,877)</u>	<u>94,909</u>	<u>403,970</u>	<u>309,061</u>
Other Financing Sources (Uses)				
Payment to Primary Government	(791,218)	(803,174)	(803,174)	-
Total other financing sources and (uses)	<u>(791,218)</u>	<u>(803,174)</u>	<u>(803,174)</u>	<u>-</u>
Net change in fund balance	(952,095)	(708,265)	(399,204)	309,061
Fund balance - beginning	1,409,473	1,409,473	1,409,473	-
Fund balance - ending	<u>\$ 457,378</u>	<u>\$ 701,208</u>	<u>\$ 1,010,269</u>	<u>\$ 309,061</u>

Net change in fund balance - component unit \$ (399,204)

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

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

Capital Outlay	143,721
Purchase of Land	19,334
Contribution of Infrastructure Assets to Primary Government	(202,892)

Bond principal payments are expenditures in the component unit, but they reduce long term liabilities in the statement of net assets.	51,394
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Some expenses reported in the statement of activities do not require the use of current
 financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	<u>(50,740)</u>
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Change in net assets of component unit	<u><u>(\$ 438,387)</u></u>
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REPORTS FOR
MANAGEMENT

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

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

GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Economic Development	Culture and Recreation	Interest on Long-term Debt	Electric	Gas	Water	Wastewater	Sanitation
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	3,286,770	2,464,142
2010	5,755,450	6,831,143	2,679,468	299,216	-	3,676,194	855,569	22,259,716	3,198,740	3,088,039	2,979,406	2,669,678
2011	5,177,514	6,579,061	2,628,682	288,699	-	3,513,628	938,663	23,962,803	2,602,842	3,430,862	2,860,922	2,706,750
2012	5,230,134	6,567,832	2,599,723	285,870	-	3,406,693	887,431	22,895,981	1,908,278	3,281,611	2,692,136	2,603,144

GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Unrestricted Grants and Contributions	Investment Earnings	Miscellaneous	Gain/(Loss) on Sale of Capital Assets	Payments from Component Unit		
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	
2010	39,840,742	865,607	1,442,512	12,034,031	-	63,631	150,906	7,879	850,941	55,256,249	
2011	43,342,287	643,492	1,209,944	12,455,139	-	114,299	165,034	12,771	219,526	58,162,492	
2012	39,465,830	635,562	1,613,347	13,043,092	-	94,334	221,185	53,693	803,174	55,930,217	

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

CITY OF BRENHAM

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture & Recreation	Economic Development	Debt Service	Capital Outlay	Totals
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
2010	4,987,652	5,977,319	1,535,385	281,388	2,985,738	-	2,111,683	2,002,664	19,881,829
2011	4,814,955	5,801,959	11,426,323	278,258	2,860,841	-	2,887,548	1,203,378	29,273,262
2012	4,849,317	5,870,921	6,061,296	280,468	2,778,854	-	2,647,851	1,303,258	23,791,965

NOTE:

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

RECONCILIATION OF PROPERTY TAX RECEIVABLES
 Last Ten Fiscal Years

CITY OF BRENHAM

Fiscal Year	Beginning Balance	Additions Net of Adjustments	Total Collections	Ending Balance
2003	\$ 96,272	\$ 2,648,925	\$ (2,613,184)	\$ 132,013
2004	132,013	2,800,016	(2,797,899)	134,130
2005	134,130	3,079,637	(3,092,399)	121,368
2006	121,368	3,466,184	(3,445,005)	142,546
2007	142,546	4,105,907	(4,086,359)	162,094
2008	162,094	4,488,860	(4,510,087)	140,868
2009	140,868	4,737,395	(4,717,579)	160,684
2010	160,684	4,956,620	(4,936,188)	181,117
2011	181,117	4,924,126	(4,914,024)	191,219
2012	191,219	5,391,084	(5,387,057)	195,245

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
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
2010	12,013,599	76,999	1,817,216	603,568	668,762	1,149,059	16,329,203
2011	12,445,035	64,465	696,256	558,484	766,908	1,216,432	15,747,580
2012	13,039,066	72,425	545,942	509,278	782,276	1,128,916	16,077,903

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

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

CITY OF BRENHAM

Last Ten Fiscal Years

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST AND FISCAL CHARGES</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL GOVERNMENTAL EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES</u>
2003	\$ 779,940	\$ 705,872	\$ 1,485,812	\$ 14,058,583	10.57
2004	857,158	717,105	1,574,263	15,495,961	10.16
2005	920,031	689,865	1,609,896	12,776,981	12.60
2006	1,014,256	647,046	1,661,302	13,968,525	11.89
2007	841,734	908,768	1,750,502	15,871,822	11.03
2008	955,912	900,024	1,855,936	15,499,499	11.97
2009	1,319,200	816,482	2,135,682	26,246,374	8.14
2010	1,291,944	819,739	2,111,683	19,881,829	10.62
2011	1,623,452	932,687	2,556,139	29,273,262	8.73
2012	1,664,835	967,466	2,632,301	23,791,965	11.06

NOTES:

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

PROPERTY VALUE AND CONSTRUCTION

CITY OF BRENHAM

Last Ten Fiscal Years

FISCAL YEAR	NET TAXABLE PROPERTY VALUE	RESIDENTIAL		COMMERCIAL		DEMOLITION		RELOCATION		TOTAL	
		NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE	NUMBER OF UNITS	VALUE
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	742,477,961	212	13,094,207	136	13,189,145	12	95,875	13	65,980	373	26,445,207
2007	797,156,826	215	13,832,035	137	12,817,681	7	198,800	8	71,500	367	26,920,016
2008	879,817,843	224	11,320,174	135	18,898,102	7	110,673	18	22,800	384	30,351,749
2009	945,811,445	241	12,664,897	101	16,088,855	4	5,500	8	44,000	354	28,803,252
2010	982,776,938	218	18,814,016	136	26,768,176	7	84,485	1	15,000	362	45,681,677
2011	975,919,507	210	19,274,211	146	15,613,921	9	36,800	2	39,000	367	34,963,932
2012	997,362,133	164	5,141,225	114	30,891,830	10	759,666	3	165,000	291	36,957,721

REVENUES BY SOURCE - BUSINESS TYPE ACTIVITIES
Last Ten Fiscal Years

CITY OF BRENHAM

FISCAL YEAR	ELECTRIC	GAS	WATER	WASTEWATER	SANITATION	TOTAL REVENUES
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
2010	24,387,110	3,740,131	3,898,316	3,552,059	2,913,756	38,491,372
2011	26,814,022	3,178,809	5,122,167	3,717,881	3,119,513	41,952,392
2012	24,538,196	2,437,313	4,413,080	3,647,921	3,065,317	38,101,827

ELECTRIC CUSTOMERS, CONSUMPTION AND SALES
Last Ten Fiscal Years

CITY OF BRENHAM

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Number of customers										
Residential	5,450	5,357	5,337	5,273	5,184	5,061	4,925	4,844	4,828	4,852
Commercial	1,132	1,178	1,154	1,146	1,165	1,191	1,138	1,124	1,111	1,100
Large commercial	309	317	308	303	294	288	282	276	274	273
Industrial	21	21	23	23	22	20	26	26	28	29
Street lights	1,257	1,248	1,238	1,228	1,218	1,205	1,175	1,137	1,135	1,126
Security lights	176	165	175	176	177	182	182	178	180	184
Total	8,345	8,286	8,235	8,150	8,060	7,947	7,728	7,585	7,556	7,564
Consumption (in KWH)										
Residential	75,853,482	80,534,797	76,664,387	74,039,837	73,296,005	70,267,796	73,781,005	71,200,173	67,146,651	70,366,417
Commercial	15,607,437	16,835,349	16,364,454	16,334,810	17,061,350	17,089,919	17,756,825	17,639,335	17,006,158	17,616,182
Large commercial	65,687,242	68,446,624	65,006,673	64,052,067	65,162,802	64,226,951	64,242,555	63,440,681	61,690,946	60,934,736
Industrial	122,894,960	122,217,940	111,567,780	115,129,160	133,073,570	148,939,620	157,358,022	154,601,347	146,081,323	152,368,023
Street lights	1,447,560	1,437,576	1,426,728	1,414,248	1,403,016	1,388,136	1,353,480	1,309,704	1,308,072	1,296,802
Security lights	295,488	296,472	289,440	278,448	276,192	277,728	280,800	276,576	279,264	284,736
Total	281,786,199	289,768,758	271,319,462	271,248,570	290,272,935	302,190,150	314,772,687	308,467,816	293,512,414	302,866,896
Sales (1)										
Residential	\$ 7,636,392	\$ 8,477,097	\$ 7,861,811	\$ 8,077,592	\$ 7,909,221	\$ 6,419,733	\$ 7,118,275	\$ 5,985,305	\$ 5,686,795	\$ 5,436,951
Commercial	1,628,597	1,829,938	1,727,624	1,838,138	1,877,315	1,607,902	1,760,370	1,526,577	1,478,458	1,393,007
Large commercial	5,623,885	6,195,255	5,662,262	6,055,319	5,979,719	4,867,798	5,253,311	4,388,473	4,270,913	3,784,246
Industrial	9,139,115	9,683,819	8,461,265	9,322,374	10,135,546	9,842,065	11,814,007	9,679,213	8,574,419	8,106,613
Street lights	95,163	101,171	95,651	106,217	92,907	81,595	81,238	76,322	76,337	71,278
Security lights	41,522	41,660	40,639	39,090	38,696	39,011	39,525	38,901	39,114	38,603
Total	\$ 24,164,675	\$ 26,328,940	\$ 23,849,252	\$ 25,438,730	\$ 26,033,404	\$ 22,858,104	\$ 26,066,726	\$ 21,694,791	\$ 20,126,036	\$ 18,830,698
Annual average consumption per customer (in KWH)										
Residential	13,918	15,034	14,365	14,041	14,138	13,884	14,981	14,699	13,908	14,503
Commercial	13,782	14,291	14,181	14,254	14,651	14,349	15,604	15,693	15,307	16,015
Large commercial	212,408	215,920	211,061	211,393	221,642	223,010	227,810	229,858	225,149	223,204
Industrial	5,783,292	5,819,902	4,850,773	5,005,616	6,048,799	7,446,981	6,052,232	5,946,206	5,217,190	5,254,070
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Security lights	1,684	1,797	1,654	1,582	1,562	1,526	1,543	1,554	1,551	1,547
Monthly average bill per customer										
Residential	\$ 117	\$ 132	\$ 123	\$ 128	\$ 127	\$ 106	\$ 120	\$ 103	\$ 98	\$ 93
Commercial	120	129	125	134	134	113	129	113	111	106
Large commercial	1,515	1,629	1,532	1,665	1,695	1,409	1,552	1,325	1,299	1,155
Industrial	35,840	38,428	30,657	33,777	38,392	41,009	37,865	31,023	25,519	23,295
Street lights	6	7	6	7	6	6	6	6	6	5
Security lights	20	21	19	19	18	18	18	18	18	17
Average price per KWH purchased	0.0613	0.0656	0.0637	0.0626	0.0691	0.0557	0.0650	0.0501	0.0480	0.0441
Average price per KWH sold	0.0858	0.0909	0.0879	0.0938	0.0896	0.0756	0.0828	0.0703	0.0686	0.0622
% line loss	5.71%	5.83%	5.83%	5.14%	5.32%	4.52%	4.06%	5.19%	5.33%	5.37%

(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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Number of customers										
Residential	3,733	3,686	3,653	3,611	3,562	3,490	3,443	3,423	3,417	3,448
Small commercial	348	363	368	350	357	369	345	344	329	314
Large commercial	129	129	126	125	122	124	127	128	129	127
Governmental	68	65	64	63	63	64	64	66	65	63
Industrial	1	1	1	2	3	3	3	4	4	4
Total	4,279	4,244	4,212	4,151	4,106	4,050	3,982	3,965	3,944	3,956
Consumption (in mcf)										
Residential	81,402	100,773	133,709	93,011	97,885	112,591	89,134	94,947	101,988	126,301
Small commercial	20,938	24,741	27,617	20,183	22,379	24,202	21,183	18,386	18,501	21,078
Large commercial	152,527	152,773	153,974	135,470	149,571	168,806	164,018	153,229	160,421	180,596
Governmental	42,938	40,885	46,813	41,174	42,332	43,576	40,741	42,915	43,974	49,862
Industrial	71,218	75,391	81,232	131,013	210,244	253,544	248,432	233,585	232,906	267,083
Total	369,023	394,563	443,345	420,851	522,411	602,719	563,508	543,062	557,790	644,920
Sales (1)										
Residential	\$ 831,794	\$ 1,095,738	\$ 1,430,671	\$ 1,036,495	\$ 1,386,177	\$ 1,414,718	\$ 1,227,469	\$ 1,044,382	\$ 1,036,421	\$ 1,271,425
Small commercial	154,636	215,979	253,361	181,313	280,878	261,881	247,547	180,366	166,469	191,032
Large commercial	847,219	1,077,654	1,141,328	964,811	1,656,716	1,501,897	1,653,440	1,306,104	1,223,093	1,337,093
Governmental	242,614	293,843	351,882	295,795	465,583	403,126	431,779	374,630	349,391	399,995
Industrial	355,647	489,495	542,846	884,593	2,254,059	2,058,256	2,250,948	1,845,221	1,631,185	1,729,332
Total	\$ 2,431,910	\$ 3,172,709	\$ 3,720,088	\$ 3,363,007	\$ 6,043,413	\$ 5,639,878	\$ 5,811,183	\$ 4,750,703	\$ 4,406,559	\$ 4,928,877
Annual average consumption per customer (in mcf)										
Residential	22	27	37	26	27	32	26	28	30	37
Small commercial	60	68	75	58	63	66	61	53	56	67
Large commercial	1,182	1,184	1,222	1,084	1,223	1,361	1,291	1,197	1,244	1,422
Governmental	631	629	731	654	676	681	637	650	677	791
Industrial	71,218	75,391	81,232	65,507	70,081	84,515	82,811	58,396	58,227	66,771
Monthly average bill per customer										
Residential	19	25	33	24	32	34	30	25	25	31
Small commercial	37	50	57	43	66	59	60	44	42	51
Large commercial	547	696	755	643	1,129	1,009	1,085	850	790	877
Governmental	297	377	458	391	619	525	562	473	448	529
Industrial	29,637	40,791	45,237	36,858	62,613	57,174	62,526	38,442	33,983	36,028
Average price per mcf purchased	3.1400	4.4400	5.2824	4.8929	8.3838	6.4885	8.1660	7.2225	5.9204	5.7464
Average price per mcf sold	6.5900	8.0400	8.3910	7.9910	11.5683	9.3524	10.3125	8.7480	7.9000	7.6426
% line loss (gain)	1.47%	1.47%	2.72%	0.85%	0.04%	1.94%	-0.21%	0.18%	-0.85%	0.35%

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

ELECTRIC RATES (1)
Impacting Last Ten Fiscal Years

CITY OF BRENHAM

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL	LARGE INDUSTRIAL
		SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE		
Sep-25-1995	Customer charge	\$11.59	\$20.05	\$15.00	\$25.95	\$40.36	\$69.83	\$100.00	\$100.00
	Demand charge	-	-	-	-	\$6.30	\$6.30	-	-
	Non-coincident demand charge	-	-	-	-	-	-	\$1.7930	\$1.7930
	On peak demand charge	-	-	-	-	-	-	\$9.0610	\$9.0610
	Off peak demand charge	-	-	-	-	-	-	\$6.4650	\$6.4650
	KVA	-	-	-	-	-	-	\$0.240	\$0.181
Apr-01-2002	Customer charge	\$11.60	\$20.00	\$15.00	\$26.00	\$40.00	\$70.00	\$100.00	\$100.00
	Wires charge (per KWH)	\$0.02290	\$0.02290	\$0.02200	\$0.02200	\$0.01510	\$0.01510	\$0.00896	\$0.00636
Sep-22-2002	Customer charge	\$11.60	\$20.00	\$15.00	\$26.00	\$40.00	\$70.00	\$100.00	\$100.00
	Wires charge (per KWH)	\$0.02510	\$0.02510	\$0.02420	\$0.02420	\$0.01640	\$0.01640	\$0.00993	\$0.00700
Jan-01-2003	Customer charge	\$11.60	\$20.00	\$15.00	\$26.00	\$40.00	\$70.00	\$100.00	\$100.00
	Wires charge (per KWH)	\$0.02520	\$0.02520	\$0.02430	\$0.02430	\$0.01650	\$0.01650	\$0.00993	\$0.00700

(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	GOVERNMENTAL
		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)	\$5.30	\$7.95	\$5.30	\$7.95	\$28.80	\$43.20	\$28.80	\$43.20	-	-
	First 30 mcf (Min) (1)	-	-	-	-	\$1.01	\$43.20	\$1.01	\$43.20	-	-
	All mcf (1)	-	-	-	-	-	-	-	-	\$0.69	-
	All mcf - urban (1) All mcf - rural (1)	-	-	-	-	-	-	-	-	-	\$1.01 \$1.51
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

2012			2003		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	\$ 3,474,456	14.38%	Mount Vernon Mills, Inc.	\$ 2,348,783	12.47%
Blinn College	1,186,325	4.91%	Blue Bell Creameries	2,280,841	12.11%
Valmont/Als - Abated	1,073,806	4.44%	Blinn College	754,752	4.01%
City of Brenham	1,027,812	4.25%	City of Brenham	697,842	3.71%
Brenham I.S.D.	734,720	3.04%	Valmont/Als	519,140	2.76%
StanPac USA	733,741	3.04%	Brenham I.S.D.	479,301	2.55%
Brenham State Supported Living Ctr	567,873	2.35%	Cleaners Hanger Company	391,283	2.08%
Scott & White Hospital - Brenham	462,759	1.92%	Brenham State Supported Living Ctr	390,240	2.07%
Brenham Wholesale Grocery	354,130	1.47%	Brenham Wholesale Grocery	278,281	1.48%
Germania Insurance	316,580	1.31%	Germania Insurance	215,487	1.14%
Total	\$ 9,932,203	41.10%	Total	\$ 8,355,949	44.37%

2012 Total Electric Charges \$ 24,164,675

2003 Total Electric Charges \$ 18,830,698

TEN LARGEST GAS CUSTOMERS
Current Year and Nine Years Ago

CITY OF BRENHAM

2012			2003		
NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES	NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES
Blue Bell Creameries	\$ 392,168	16.13%	Mount Vernon Mills, Inc.	\$ 1,121,999	22.76%
Blinn College	183,921	7.56%	Blue Bell Creameries	508,939	10.33%
Valmont/Als	175,339	7.21%	Blinn College	294,188	5.97%
Longwood Elastomers	174,903	7.19%	Tuscarora	163,176	3.31%
Scott & White Hospital - Brenham	75,399	3.10%	Longwood Elastomers	161,684	3.28%
Brenham I.S.D.	41,547	1.71%	Cleaners Hanger Co.	148,562	3.01%
Brenham Housing Authority	29,868	1.23%	Brenham Housing Authority	106,739	2.17%
City of Brenham	20,118	0.83%	Brenham I.S.D.	80,581	1.63%
Germania Insurance	14,892	0.61%	Valmont/Als	77,399	1.57%
StanPac USA	12,980	0.53%	Trinity Medical Center	71,248	1.45%
Total	\$ 1,121,137	46.10%	Total	\$ 2,734,516	55.48%

2012 Total Gas Charges \$ 2,431,910

2003 Total Gas Charges \$ 4,928,877

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

CITY OF BRENHAM

	FISCAL YEAR		
	2012	2011	(DEC)/INC
<u>NUMBER OF CUSTOMERS</u>			
Residential	5,535	5,408	127
Commercial	1,197	1,248	(51)
Meter on Fire Hydrant	16	14	2
Sprinkler	523	494	29
TOTAL	7,271	7,164	107
<u>CONSUMPTION (in gallons)</u>			
Residential	398,831,200	469,200,500	(70,369,300)
Commercial	304,591,600	330,640,800	(26,049,200)
Meter on Fire Hydrant	5,445,600	6,296,600	(851,000)
Sprinkler	163,512,900	190,224,900	(26,712,000)
TOTAL	872,381,300	996,362,800	(123,981,500)
<u>SALES (in dollars)</u>			
Residential	\$ 2,110,913	2,410,428	\$ (299,515)
Commercial	1,303,671	1,401,245	(97,574)
Meter on Fire Hydrant	39,871	46,548	(6,677)
Sprinkler	917,913	1,075,276	(157,363)
TOTAL	\$ 4,372,368	4,933,497	\$ (561,129)
<u>ANNUAL AVERAGE CONSUMPTION PER CUSTOMER</u>			
Residential (in gallons)	72,056	86,760	(14,704)
Commercial	254,462	264,937	(10,475)
Meter on Fire Hydrant	340,350	449,757	(109,407)
Sprinkler	312,644	385,071	(72,427)
<u>MONTHLY AVERAGE BILL PER CUSTOMER</u>			
Residential	\$ 32	37	\$ (5)
Commercial	91	94	(3)
Meter on Fire Hydrant	208	277	(69)
Sprinkler	146	181	(35)
AVERAGE PRICE PER 1000 GALLONS PURCHASED	0.305	0.267	0.038
AVERAGE PRICE PER 1000 GALLONS SOLD	5.012	4.952	0.060
% LINE LOSS	-2.02% *	3.53% *	-5.55%

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

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

CITY OF BRENHAM

	FISCAL YEAR		
	2012	2011	(DEC)/INC
<u>NUMBER OF CUSTOMERS</u>			
Residential	5,503	5,332	171
Commercial	1,026	1,095	(69)
Industrial	6	6	-
Oak Hill Acres Flow Meter	1	1	-
TOTAL	6,536	6,434	102
<u>SALES (in dollars)</u>			
Residential	\$ 1,785,725	\$ 1,544,959	\$ 240,766
Commercial	1,070,521	1,325,173	(254,652)
Industrial	667,884	711,605	(43,721)
Oak Hill Acres Flow Meter	41,471	43,379	(1,908)
TOTAL	\$ 3,565,602	\$ 3,625,117	\$ (59,515)
<u>MONTHLY AVERAGE BILL PER CUSTOMER</u>			
Residential	\$ 27	\$ 24	\$ 3
Commercial	87	101	(14)
Industrial	9,276	9,883	(607)
Oak Hill Acres Flow Meter	3,456	3,615	(159)

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

CITY OF BRENHAM

	FISCAL YEAR		
	2012	2011	(DEC)/INC
<u>NUMBER OF CUSTOMERS</u>			
Residential	5,265	5,180	85
Residential - Rural	6	5	1
Commercial	541	543	(2)
Dumpster	-	-	-
TOTAL	5,812	5,728	84
<u>SALES (in dollars)</u>			
Residential	\$ 887,288	\$ 874,859	\$ 12,429
Residential - Rural	1,342	1,216	126
Commercial	951,061	946,008	5,053
Dumpster	-	-	-
TOTAL	\$ 1,839,691	\$ 1,822,083	\$ 17,608
<u>MONTHLY AVERAGE BILL PER CUSTOMER</u>			
Residential	\$ 14	\$ 14	\$ -
Residential - Rural	19	20	(1)
Commercial	146	145	1

CITY OF BRENHAM, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/11	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/12
U.S. DEPARTMENT OF JUSTICE								
Bulletproof Vest Partnership 2011 Grant	16.607		\$ 3,150	\$ -	\$ -	\$ 3,150	\$ -	\$ 3,150
Bulletproof Vest Partnership 2012 Grant	16.607		3,975	-	-	-	-	-
			<u>\$ 7,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,150</u>	<u>\$ -</u>	<u>\$ 3,150</u>
U.S. DEPARTMENT OF HOMELAND SECURITY & FEMA								
FY2008 Staffing for Adequate Fire & Emergency Response Grant	97.083	EMW-2008-FR-00416	\$ 325,140	\$ 25,337	\$ (83,550)	\$ 73,053	\$ -	\$ 14,840
Homeland Security Grant Prgm(HSGP)/State Homeland Security Prgm(SHSP)	97.067	EMW-2011-SS-00019	13,500	-	(12,958)	12,958	-	-
			<u>\$ 338,640</u>	<u>\$ 25,337</u>	<u>\$ (96,508)</u>	<u>\$ 86,011</u>	<u>\$ -</u>	<u>\$ 14,840</u>
Texas Department of Transportation								
Routine Airport Maintenance Program (RAMP)		M117 BRENH	\$ 50,000	\$ 29,819	\$ (29,819)	\$ -	\$ -	\$ -
Routine Airport Maintenance Program (RAMP)		M217 BRENH	50,000	-	-	28,185	-	28,185
Routine Airport Maintenance Program (RAMP)		M317 BRENH	50,000	-	-	-	-	-
			<u>\$ 150,000</u>	<u>\$ 29,819</u>	<u>\$ (29,819)</u>	<u>\$ 28,185</u>	<u>\$ -</u>	<u>\$ 28,185</u>
TOTAL FEDERAL AND STATE CASH AWARDS			<u>\$ 495,765</u>	<u>\$ 55,156</u>	<u>\$ (126,327)</u>	<u>\$ 117,346</u>	<u>\$ -</u>	<u>\$ 46,175</u>

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

CITY OF BRENHAM, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/11	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/12
<u>U.S. DEPARTMENT OF COMMERCE</u>								
ARRA Broadband Technology Opportunities Program		48-42-B10557	\$ 10,450	\$ -	\$ (10,450)	\$ 10,450	\$ -	\$ -
TOTAL NON-CASH FEDERAL AND STATE AWARDS			<u>\$ 10,450</u>	<u>\$ -</u>	<u>\$ (10,450)</u>	<u>\$ 10,450</u>	<u>\$ -</u>	<u>\$ -</u>

City of Brenham, Texas
Notes to Federal Awards Section
September 30, 2012

Note 1: Basis of Presentation

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

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STATISTICAL
SECTION

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

Contents

	<u>Tables</u>
Financial Trends	1-4
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	5-11
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.	
Debt Capacity	12-16
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.	
Demographic and Economic Information	17-18
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	19-21
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.	

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.

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

CITY OF BRENHAM

TABLE 1

Description	FISCAL YEAR									
	2012	2011	2010	2009 (4)	2008	2007	2006 (1)	2005	2004 (2)	2003
Governmental activities:										
Invested in capital assets, net of related debt	\$ 34,415,305	\$ 35,294,268	\$ 35,289,795	\$ 35,421,458	\$ 33,407,787	\$ 32,212,469	\$ 32,062,294	\$ 12,937,041	\$ 11,978,324	\$ 8,599,427
Restricted	266,119	307,292	537,786	391,469	470,187	333,943	1,439,731	3,145,253	3,059,760	4,328,818
Unrestricted	6,143,843	3,952,381	4,502,834	5,227,975	6,649,435	4,764,217	2,336,891	846,738	790,615	595,910
Subtotal governmental activities net assets	40,825,267	39,553,941	40,330,415	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	33,977,027	31,846,549	29,364,559	28,504,390	28,296,722	27,082,608	27,842,335	27,560,970	26,087,722	21,635,027
Restricted	-	-	-	-	809	538,822	243,547	1,550,431	2,000,995	5,615,238
Unrestricted	15,268,336	15,098,756	13,332,206	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	49,245,363	46,945,305	42,696,765	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	68,392,332	67,140,817	64,654,354	63,925,848	61,704,509	59,295,077	59,904,629	40,498,011	38,066,046	30,234,454
Restricted	266,119	307,292	537,786	391,469	470,996	872,765	1,683,278	4,695,684	5,060,755	9,944,056
Unrestricted	21,412,179	19,051,138	17,835,040	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 (3)	\$ 90,070,630	\$ 86,499,247	\$ 83,027,180	\$ 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	\$ 850,007	\$ 838,450	\$ 867,353	\$ 135,227	\$ 223,467	\$ 163,683	\$ 163,683	\$ 85,538	\$ 134,928	\$ 35,537
Restricted	903,879	1,353,823	551,160	1,110,691	890,106	782,051	513,699	-	-	-
Unrestricted	-	-	-	-	-	-	-	279,770	102,795	108,916
Total component unit net assets (3)	\$ 1,753,886	\$ 2,192,273	\$ 1,418,513	\$ 1,245,918	\$ 1,113,573	\$ 945,734	\$ 677,382	\$ 365,308	\$ 237,723	\$ 144,453

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

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

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

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

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

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Program expenses										
Governmental activities:										
General government	\$ 5,230,134	\$ 5,177,514	\$ 5,755,450	\$ 5,241,430	\$ 2,001,542	\$ 1,888,188	\$ 1,993,032	\$ 1,930,824	\$ 1,071,441	\$ 1,099,474
Public safety	6,567,832	6,579,061	6,831,143	5,414,488	5,235,849	5,028,102	4,719,613	4,174,264	4,399,037	4,255,750
Highways and streets	2,599,723	2,628,682	2,679,468	2,410,013	2,302,230	2,279,505	1,637,165	1,569,656	1,544,154	1,548,837
Health and welfare	285,870	288,699	299,216	271,509	545,485	580,118	624,350	218,987	569,459	554,797
Economic development	-	-	-	-	-	-	-	-	3,417	269,685
Culture and recreation	3,406,693	3,513,628	3,676,194	3,585,647	3,607,684	3,264,409	3,047,778	2,903,509	2,802,023	2,897,340
Debt service	887,431	938,663	855,569	918,260	952,463	991,486	709,650	743,699	758,226	686,557
Total governmental activities program expenses	18,977,683	19,126,247	20,097,040	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	22,895,981	23,962,803	22,259,716	22,428,215	26,690,324	23,342,221	25,991,891	20,843,491	19,621,793	18,431,275
Gas	1,908,278	2,602,842	3,198,740	2,905,012	5,975,923	5,646,666	6,027,066	5,225,571	4,537,389	5,023,642
Sanitation	2,603,144	2,706,750	2,669,678	2,464,142	2,621,538	2,331,316	2,309,317	2,062,243	2,007,536	1,669,275
Wastewater	2,692,136	2,860,922	2,979,406	3,286,770	3,803,759	3,559,574	3,544,654	2,944,784	2,656,350	2,559,845
Water	3,281,611	3,430,862	3,089,039	3,316,393	3,405,073	3,164,010	3,162,284	2,732,815	2,557,248	2,439,366
Total business-type activities program expenses	33,361,150	35,564,179	34,195,579	34,400,532	42,496,617	38,043,787	41,035,212	33,808,904	31,380,316	30,143,403
Total primary government expenses	52,358,833	54,690,426	54,292,619	52,241,859	57,141,870	52,075,595	53,766,800	45,349,843	42,528,073	41,465,843
Program revenues										
Governmental activities:										
Charges for services:										
General government	936,160	934,808	866,090	782,976	652,831	482,252	423,312	450,653	405,857	284,763
Public safety	5,971	6,258	8,548	5,446	6,138	2,321	34,020	28,641	25,130	30,798
Highways and streets	51,616	51,666	51,996	44,094	38,284	13	14	15	59	59
Health and welfare	29,507	32,452	35,606	47,472	37,566	30,290	32,094	7,179	11,299	13,245
Economic development	-	-	-	-	-	-	-	-	25	25
Culture and recreation	340,739	364,696	387,113	348,065	275,555	271,842	267,813	314,012	316,720	241,706
Operating grants and contributions	628,127	626,870	865,607	469,206	678,485	915,090	678,830	933,651	968,117	965,931
Capital grants and contributions	1,495,920	610,145	1,213,423	1,467,320	1,415,745	1,081,668	1,120,556	704,478	2,192,208	542,589
Total governmental activities program revenues	3,488,040	2,626,895	3,428,383	3,164,579	3,104,604	2,783,476	2,566,639	2,438,629	3,919,415	2,079,116
Business-type activities:										
Charges for services:										
Electric	24,538,200	26,814,028	24,387,117	26,016,817	26,539,793	23,184,463	26,440,575	22,138,695	20,468,491	19,230,844
Gas	2,437,314	3,178,811	3,740,133	3,372,455	6,061,128	5,639,536	5,768,269	4,803,557	4,412,178	4,945,353
Sanitation	3,065,318	3,119,515	2,913,758	2,767,713	2,731,314	2,468,172	2,427,160	2,171,215	1,981,540	1,667,958
Wastewater	3,647,923	3,717,883	3,552,062	4,104,465	4,119,867	3,798,212	2,934,281	2,377,633	1,953,816	1,756,712
Water	4,413,082	5,122,170	3,898,319	4,688,689	3,719,257	3,254,617	3,718,368	2,944,790	2,690,075	2,563,880
Operating grants and contributions	7,435	16,622	-	8,316	5,000	-	-	100	12,281	33,195
Capital grants and contributions	117,427	599,799	229,089	115,539	240,481	-	10,160	-	-	275,531
Total business-type activities program revenues	38,226,699	42,568,828	38,720,478	41,073,994	43,416,841	38,345,000	41,298,813	34,435,990	31,518,379	30,473,473
Total primary government program revenues	41,714,739	45,195,723	42,148,861	44,238,573	46,521,445	41,128,476	43,855,452	38,874,619	35,437,794	32,552,589
Net (expense)/revenue										
Governmental activities	(15,489,643)	(16,499,352)	(16,668,657)	(14,676,748)	(11,540,649)	(11,248,332)	(10,174,949)	(9,102,310)	(7,228,342)	(9,243,324)
Business-type activities	4,845,549	7,004,649	4,524,899	6,673,462	920,224	301,213	263,601	627,086	138,063	330,070
Total primary government net expense	(10,644,094)	(9,494,703)	(12,143,758)	(8,003,286)	(10,620,425)	(10,947,119)	(9,911,348)	(8,475,224)	(7,090,279)	(8,913,254)

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

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	5,449,748	4,980,377	5,011,013	4,787,893	4,547,830	4,152,080	3,505,543	3,091,085	2,899,464	2,680,158
Sales taxes	4,107,558	3,774,894	3,678,707	3,727,329	3,698,762	3,524,009	3,280,760	2,910,902	2,610,841	2,588,412
Other taxes	3,465,786	3,699,868	3,344,311	3,501,962	3,511,940	3,524,583	2,956,555	2,960,726	2,744,151	2,587,861
Grants and contributions not restricted	-	-	-	-	-	-	-	-	16,624	28,348
Investment income not restricted	6,817	18,501	12,790	181,281	460,201	587,125	281,901	143,000	138,952	111,107
Miscellaneous	150,630	143,988	105,935	120,375	208,690	55,483	120,666	119,836	134,188	103,857
Gain (loss) on sale of capital assets	53,693	12,771	7,879	5,482	37,643	9,508	5,458	(58,343)	21,536	(51,110)
Payments from component Unit	791,218	219,626	850,941	931,773	927,717	770,877	681,417	661,407	622,061	675,704
Transfers	2,715,519	2,872,953	2,836,566	3,146,621	154,171	96,380	239,378	374,031	645,069	1,671,039
Total government activities	16,760,969	15,722,878	15,848,142	16,402,716	13,544,954	12,720,045	11,041,678	10,202,644	9,832,886	10,395,376
Business-type activities:										
Investment income not restricted	87,517	95,798	50,841	129,159	348,525	462,286	312,516	227,280	272,546	314,044
Miscellaneous	70,555	21,046	44,971	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	-	-
Payments from component Unit	11,956	-	-	-	-	-	-	-	-	-
Transfers	(2,715,519)	(2,872,953)	(2,836,566)	(3,146,621)	(154,171)	(96,380)	(239,378)	(374,031)	(645,069)	(1,671,039)
Total business-type activities	(2,545,491)	(2,756,109)	(2,740,754)	(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	14,215,478	12,966,769	13,107,388	13,577,982	13,865,661	13,215,162	11,143,660	10,079,601	9,492,313	9,069,275
Change in net assets										
Governmental activities, as previously reported										
Restatement in capital assets (1)	-	-	-	-	-	-	17,915,958	-	-	-
Restatement in deferred revenue (2)	-	-	-	-	-	-	127,197	-	-	-
Restatement in bonds (3)	-	-	-	-	-	-	-	-	(300,000)	-
Restatement in capital assets (4)	-	-	110,028	-	-	-	-	-	-	-
Governmental activities, restated	1,271,326	(776,474)	(820,515)	1,725,968	2,004,305	1,471,713	866,729	1,100,334	2,804,544	1,152,052
Business-type activities, as previously reported										
Restatement in capital assets (1)	-	-	-	-	-	-	113,453	-	-	-
Restatement in bonds (3)	-	-	-	-	-	-	-	-	300,000	-
Restatement in charges for services (5)	-	-	556,324	-	-	-	-	-	-	-
Business-type activities, restated	2,300,058	4,248,540	1,784,145	3,292,404	1,240,931	796,330	365,583	504,043	(202,510)	(996,031)
Total primary government change in net assets	\$ 3,671,384	\$ 3,472,066	\$ 1,629,982	\$ 5,018,373	\$ 3,245,236	\$ 2,268,044	\$ 19,988,921	\$ 1,604,377	\$ 2,402,034	\$ 156,021
Component unit										
Program expenses										
Program revenues	\$ 1,107,871	\$ 269,757	\$ 205,065	\$ 190,761	\$ 191,425	\$ 163,868	\$ 137,649	\$ 154,949	\$ 157,137	\$ 145,353
Brenham Community Development Corporation	-	-	-	-	-	-	-	-	-	-
Net expenses	(1,107,871)	(269,757)	(205,065)	(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	1,369,186	1,258,298	1,226,236	1,242,443	1,232,254	1,174,670	1,096,920	970,301	870,280	862,804
Investment income not restricted	1,434	1,645	2,365	7,088	24,727	28,427	14,220	1,275	1,344	4,704
Miscellaneous	102,038	-	-	-	30,000	-	-	560	844	25,201
Gain (loss) on sale of capital assets	0	3,100	-	5,348	-	-	-	(28,194)	-	-
Payments from component unit	(803,174)	(219,525)	(850,941)	(931,773)	(927,717)	(770,877)	(661,417)	(661,407)	(622,061)	(675,704)
Transfers	-	-	-	-	-	-	-	-	-	-
Total component unit activities	669,484	1,043,517	377,660	323,106	359,264	432,220	449,723	282,534	250,407	217,005
Component unit change in assets	\$ (438,387)	\$ 773,760	\$ 172,595	\$ 132,345	\$ 167,839	\$ 268,352	\$ 312,074	\$ 127,585	\$ 93,270	\$ 71,652

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

FUND BALANCES - GOVERNMENTAL FUNDS

CITY OF BRENHAM

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 3

	FISCAL YEAR									
	2012	2011 (2)	2010	2009	2008	2007	2006	2005	2004 (1)	2003
General fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,908	\$ 40,578	\$ 35,748	\$ 41,038
Unreserved	-	-	2,764,850	2,764,850	2,687,654	2,251,108	1,661,118	1,217,177	632,990	363,249
Nonspendable	256,443	204,230	-	-	-	-	-	-	-	-
Restricted	103,959	103,052	-	-	-	-	-	-	-	-
Unassigned	3,505,058	3,529,369	-	-	-	-	-	-	-	-
Total general fund	\$ 3,865,460	\$ 3,836,651	\$ 2,764,850	\$ 2,764,850	\$ 2,687,654	\$ 2,251,108	\$ 1,699,026	\$ 1,257,755	\$ 668,738	\$ 404,287
All other governmental funds:										
Reserved, reported in:										
Debt service fund	\$ -	\$ -	\$ 481,884	\$ 337,949	\$ 418,335	\$ 333,943	\$ 200,931	\$ 146,770	\$ 177,877	\$ 295,934
Unreserved reported in:										
Special revenue funds	-	-	1,829,883	1,400,880	1,126,499	700,725	170,553	220,271	161,873	201,107
Capital projects funds	-	-	77,479	699,191	7,787,965	8,722,314	10,196,685	1,738,329	2,348,041	3,638,494
Restricted	1,793,596	5,600,913	-	-	-	-	-	-	-	-
Committed	15,689	111,424	-	-	-	-	-	-	-	-
Assigned	523,677	394,896	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 2,332,962	\$ 6,107,233	\$ 2,389,246	\$ 2,438,020	\$ 9,332,799	\$ 9,756,982	\$ 10,568,169	\$ 2,105,370	\$ 2,687,791	\$ 4,135,535

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

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

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

CITY OF BRENHAM

TABLE 4

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes	\$ 13,039,066	\$ 12,445,035	\$ 12,013,599	\$ 12,006,792	\$ 11,770,388	\$ 11,181,972	\$ 9,728,777	\$ 9,013,770	\$ 8,233,000	\$ 7,832,788
Licenses and permits	72,425	64,465	76,999	61,989	58,260	54,487	56,146	57,846	57,574	43,572
Intergovernmental	545,942	696,256	1,817,216	1,462,232	769,904	1,648,201	1,656,366	1,596,241	2,094,325	1,269,907
Charges for services	509,278	558,484	603,568	571,177	458,378	368,861	363,984	396,353	401,130	331,505
Fines and forfeitures	782,276	766,908	668,762	594,840	493,664	363,253	337,014	344,076	300,235	216,255
Investment income	6,604	18,259	12,428	179,685	457,112	572,336	246,716	137,011	138,952	111,107
Payment from component unit	791,218	970,989	850,941	931,773	927,717	770,877	661,417	661,407	622,061	675,704
Contributions and donations	127,206	111,254	174,272	39,833	176,900	124,608	176,214	44,895	1,084,504	-
Miscellaneous	203,888	115,930	111,418	149,984	151,892	85,405	117,772	157,948	139,505	303,328
Total revenues	16,077,903	15,747,580	16,329,203	15,998,305	15,264,215	15,170,000	13,344,406	12,409,547	13,071,286	10,784,146
Expenditures										
Current:										
Culture and recreation	2,778,854	2,860,841	2,985,738	2,963,083	2,993,583	2,611,013	2,467,861	2,374,455	2,267,690	2,366,423
Economic development	-	-	-	-	-	-	-	-	3,417	275,531
General government	4,849,317	4,814,955	4,987,652	4,793,575	1,491,349	1,383,100	1,270,288	1,560,873	974,771	980,100
Health and welfare	280,468	278,258	281,388	262,880	535,818	562,579	614,794	214,873	571,160	556,746
Highways and streets	6,061,296	11,428,323	1,535,385	1,317,966	1,240,278	1,153,897	1,085,298	1,046,654	1,070,642	1,032,007
Public safety	5,870,921	5,801,959	5,977,319	5,055,235	4,801,776	4,634,054	4,179,268	4,053,844	4,164,948	4,021,661
Debt service:										
Interest & fiscal charges	967,466	932,687	818,939	816,482	929,359	938,159	664,571	724,066	739,385	716,629
Principal retirement	1,664,835	1,623,452	1,291,944	1,319,200	1,165,767	1,070,825	1,138,070	1,038,665	927,215	848,102
Issuance costs	15,550	331,409	800	132,893	1,069	21,072	72,468	-	-	62,692
Capital outlay	1,303,258	1,203,378	2,002,664	9,585,060	2,340,500	3,497,123	2,475,907	1,763,551	4,780,081	3,198,692
Total expenditures	23,791,965	29,273,262	19,881,829	26,246,374	15,499,499	15,871,822	13,968,525	12,776,981	15,499,309	14,058,583
Excess (deficiency) of revenues over(under) expenditures	(7,714,062)	(13,525,682)	(3,552,626)	(10,248,069)	(235,284)	(701,822)	(624,119)	(367,434)	(2,428,023)	(3,274,437)
Other financing sources (uses)										
Transfers in	3,060,200	3,091,370	3,849,305	4,092,165	1,036,319	723,787	802,738	609,424	1,088,710	1,892,850
Transfers out	(344,681)	(218,417)	(1,012,739)	(945,544)	(882,148)	(848,384)	(563,360)	(235,394)	(293,904)	(221,812)
Payment to Component Unit	-	(751,463)	-	-	-	-	-	-	-	-
Proceeds from bonds	1,200,000	16,097,674	-	-	-	-	9,000,000	-	-	3,043,442
Refunding bonds issued	-	3,060,619	-	5,941,995	-	1,524,321	-	-	-	-
Gain on settlement	-	-	-	-	-	-	-	-	-	-
Bond premium	-	-	-	194,962	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(3,004,387)	-	(6,004,364)	-	(1,501,306)	-	-	-	-
Proceeds from capital lease	-	-	645,621	131,933	-	544,300	288,810	-	449,924	-
Miscellaneous	53,081	40,074	21,665	19,339	93,476	-	-	-	-	-
Total other financing sources (uses)	3,968,600	18,315,470	3,503,852	3,430,486	247,647	442,718	9,528,188	374,030	1,244,730	4,714,480
Net change in fund balance	\$ (3,745,462)	\$ 4,789,788	\$ (48,774)	\$ (6,817,583)	\$ 12,363	\$ (259,104)	\$ 8,904,069	\$ 6,596	\$ (1,183,293)	\$ 1,440,043
Debt service as a percentage of non-capital expenditures	11.70%	9.11%	11.81%	12.82%	15.92%	16.23%	15.69%	16.01%	15.55%	14.41%

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
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
2010	3,678,707	4,990,580	2,879,641	434,330	24,642	5,698	12,013,599
2011	3,774,894	4,970,273	3,145,892	523,605	24,247	6,124	12,445,035
2012	4,107,558	5,445,722	2,888,603	571,918	25,265	-	13,039,066

(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
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
2010	518,208,990	327,644,944	307,326,105	1,153,180,039	170,403,101	982,776,938	0.50420
2011	531,338,057	330,838,349	276,091,085	1,138,267,491	162,347,984	975,919,507	0.50420
2012	543,733,871	339,233,301	284,765,763	1,167,732,935	170,370,802	997,362,133	0.54320

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

SALES SUBJECT TO SALES TAX BY INDUSTRY
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 7

	CALENDAR YEAR (1)									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Sales subject to sales tax										
Retail trade	\$ 185,802,982	\$ 184,434,383	\$ 185,958,779	\$ 184,899,069	\$ 176,374,582	\$ 165,564,470	\$ 154,723,485	\$ 128,219,315	\$ 126,258,311	\$ 123,089,392
Accommodation/food services	36,325,964	36,298,144	35,547,090	34,609,238	31,635,974	28,528,631	25,761,532	22,784,614	21,939,466	21,527,867
Manufacturing	15,277,547	14,031,339	15,744,268	25,038,093	16,522,060	16,115,966	14,012,727	11,181,932	12,941,111	14,551,417
Wholesale trade	13,899,176	12,950,217	13,395,632	16,490,784	16,316,965	17,216,891	14,364,045	13,550,787	9,870,736	10,151,093
Mining/quarrying/oil/gas extraction	2,999,333	3,152,929	4,229,845	9,146,075	7,752,965	5,464,529	2,019,117	2,128,802	411,837	384,445
Other services	7,857,511	8,264,050	7,646,118	7,642,688	7,529,497	6,339,914	6,837,315	6,295,677	6,175,297	5,925,060
Admin/support/waste mgmt/remediation services	6,229,057	5,490,493	5,511,221	7,191,225	6,385,434	6,511,431	6,535,273	6,196,661	5,487,051	4,881,149
Real estate/rental/leasing	4,700,160	4,675,387	4,934,661	7,408,045	5,840,137	4,927,370	4,082,531	3,112,151	3,379,402	3,195,265
Information	3,924,959	3,403,518	3,293,086	2,587,597	6,743,249	1,662,880	2,743,990	45,820,215	40,204,429	2,949,226
Construction	4,250,898	4,864,757	5,485,705	4,183,561	5,313,078	4,009,748	3,529,516	3,919,448	4,807,705	3,240,315
Professional/scientific/technical services	2,112,551	1,661,032	1,773,675	2,931,954	2,202,976	2,250,152	2,294,657	1,958,581	2,058,213	1,790,163
Educational services	2,157,955	1,886,553	1,759,260	1,767,263	1,815,152	1,585,995	1,270,482	1,537,769	1,740,983	57,479
Finance/insurance	1,904,981	2,399,368	2,649,199	1,399,762	1,074,663	1,182,103	1,263,093	800,927	1,073,465	1,228,011
Arts/entertainment/recreation	1,135,531	1,098,302	1,135,902	1,016,048	664,880	428,104	401,372	360,305	451,220	331,400
Agriculture/forestry/fishing hunting	171,394	136,705	116,141	163,971	367,864	338,068	130,726	309,314	125,257	105,119
Transportation/warehousing	246,296	223,081	225,203	273,397	111,957	27,959	33,263	10,417	-	-
Health care/social assistance	114,402	47,212	37,369	52,738	34,638	33,136	39,545	29,011	25,904	41,728
Public administration	-	-	-	-	-	1,778,439	-	-	-	-
Management of companies/enterprises	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	110	18,250	155,206	726,073
All industries (2)	\$ 296,623,369	\$ 292,177,360	\$ 297,373,449	\$ 314,645,173	\$ 293,550,391	\$ 269,363,326	\$ 246,650,161	\$ 254,318,729	\$ 243,969,795	\$ 202,874,609
City sales tax rate (3)	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500	0.01500

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

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

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

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

CITY OF BRENHAM

TABLE 8

Fiscal Year	PROPERTY TAX RATES (per \$100 of assessed value) (1)							SALES TAX RATES (2)		
	City Direct Rates			Brenham Independent School District	Blinn College	Washington County	Total Overlapping Governments	City of Brenham	Washington County	Total Overlapping Governments
	General Fund	Debt Service	Total							
2003	0.28750	0.12410	0.41160	1.59900	0.05490	0.45160	2.51710	0.01500	0.00500	0.02000
2004	0.30000	0.11160	0.41160	1.59900	0.05670	0.45160	2.51890	0.01500	0.00500	0.02000
2005	0.30510	0.13110	0.43620	1.56900	0.05520	0.44350	2.50390	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
2007	0.31650	0.18980	0.50630	1.44500	0.05130	0.43350	2.43610	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
2009	0.34200	0.16220	0.50420	1.08840	0.05320	0.42600	2.07180	0.01500	0.00500	0.02000
2010	0.34200	0.16220	0.50420	1.08840	0.05450	0.42600	2.07310	0.01500	0.00500	0.02000
2011	0.34200	0.16220	0.50420	1.11840	0.05590	0.43580	2.11430	0.01500	0.00500	0.02000
2012	0.34200	0.20120	0.54320	1.13500	0.05660	0.44080	2.17560	0.01500	0.00500	0.02000

(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

2012			2003		
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	\$ 45,365,063	4.55%	Mount Vernon Mills, Inc.	\$ 21,742,160	3.38%
Valmont/Ais	26,447,080	2.65%	Blue Bell Creameries	19,148,670	2.98%
MIC Group LLC (West)	19,562,210	1.96%	Valmont Industries	12,586,647	1.96%
Germania Farm Mutual Aid Assoc	11,971,980	1.20%	Blue Bell Creameries	9,519,000	1.48%
Moore Wallace North America	11,920,850	1.20%	Germania Farm Mutual Aid Assoc	8,046,120	1.25%
MIC LLC (East)	11,801,300	1.18%	Wallace Computer Services	7,924,870	1.23%
PI Components Corp.	9,986,800	1.00%	Cleaners Hangers Co.	6,794,390	1.06%
Lowe's Home Centers, Inc. #2521	9,568,730	0.96%	P I Components	6,155,540	0.96%
Wal-Mart Real Estate Business Trust	8,393,960	0.84%	Wal-Mart Properties #32	6,002,665	0.93%
Longwood Elastomers, Inc.	8,030,980	0.81%	Southwestern Bell Tele Co.	4,821,320	0.75%
Total	\$ 163,048,953	16.35%	Total	\$ 102,741,382	15.97%

(1) Data is from Washington County Appraisal District.

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 10

Fiscal Year	Total Tax Levy Net of Adjustments	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2003	\$ 2,648,320	\$ 2,586,868	97.68%	\$ 59,389	\$ 2,646,257	99.92%
2004	2,799,036	2,745,544	98.09%	50,596	2,796,140	99.90%
2005	3,078,639	3,029,961	98.42%	44,856	3,074,817	99.88%
2006	3,487,833	3,410,719	97.79%	72,173	3,482,892	99.86%
2007	4,092,721	4,020,713	98.24%	66,780	4,087,493	99.87%
2008	4,493,216	4,424,623	98.47%	59,641	4,484,264	99.80%
2009	4,739,089	4,666,545	98.47%	61,531	4,728,077	99.77%
2010	4,952,291	4,866,421	98.27%	60,707	4,927,128	99.49%
2011	4,919,473	4,840,737	98.40%	39,154	4,879,891	99.20%
2012	5,409,783	5,320,079	98.34%	-	5,320,079	98.34%

PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)
 Calendar Years 2011 and 2002 (2)

CITY OF BRENHAM

TABLE 11

2011				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	\$ 185,802,982	62.64%	401	Retail trade	\$ 123,089,392	60.67%	378
Accommodation/food services	36,325,964	12.25%	93	Accommodation/food services	21,527,867	10.61%	67
Manufacturing	15,277,547	5.15%	90	Manufacturing	14,551,417	7.17%	65
Wholesale trade	13,899,176	4.69%	52	Wholesale trade	10,151,093	5.00%	29
Mining/quarrying/oil/gas extraction	2,999,333	1.01%	6	Other services	384,445	0.19%	104
Other services	7,857,511	2.65%	111	Admin/support/waste mgmt/remediation services	5,925,060	2.92%	62
Admin/support/waste mgmt/remediation services	6,229,057	2.10%	62	Construction	4,881,149	2.41%	81
Real estate/rental/leasing	4,700,160	1.58%	17	Real estate/rental/leasing	3,195,265	1.57%	10
Information	3,924,959	1.32%	8	Information	2,949,226	1.45%	12
Construction	4,250,898	1.43%	82	Professional/scientific/technical services	3,240,315	1.60%	39
Professional/scientific/technical services	2,112,551	0.71%	71	Finance/insurance	1,790,163	0.88%	13
Educational services	2,157,995	0.73%	13	Other	57,479	0.03%	48
Finance/insurance	1,904,981	0.64%	18	Mining/quarrying/oil/gas extraction	1,228,011	0.61%	4
Arts/entertainment/recreation	1,135,531	0.38%	13	Arts/entertainment/recreation	331,400	0.16%	11
Agriculture/forestry/fishing hunting	171,394	0.06%	12	Agriculture/forestry/fishing hunting	105,119	0.05%	10
Transportation/warehousing	246,296	0.08%	8	Educational services	-	0.00%	9
Health care/social assistance	114,402	0.04%	8	Health care/social assistance	41,728	0.02%	4
Public administration	-	0.00%	2	Public administration	-	0.00%	3
Management of companies/enterprises	-	0.00%	1	Transportation/warehousing	-	0.00%	3
Other	-	0.00%	13	Management of companies/enterprises	726,073	0.36%	0
All industries (3)	\$ 296,623,369	100.00%	1,081	All industries (3)	\$ 202,874,609	100.00%	952

(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 2012 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	Revenue Bonds	Limited Tax Notes	Capital Leases	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding	Capital Leases	Settlement			
2003	\$ 1,340,000	\$ 14,433,034	\$ -	\$ -	\$ -	\$ 171,514	\$ 585,000	\$ 18,181,966	\$ 3,885,000	\$ 217,454	\$ 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	166,807	54,689	37,847,877	8.87%	2,692
2005	475,000	13,817,497	-	-	-	432,747	-	17,432,503	3,885,000	113,759	40,586	36,197,092	7.85%	2,542
2006	-	22,278,242	-	-	-	597,743	-	17,086,758	3,530,000	138,387	25,614	43,656,744	8.69%	3,036
2007	-	19,848,522	1,511,950	-	-	878,321	-	12,826,478	7,133,050	417,259	9,719	42,625,299	8.15%	2,960
2008	-	18,899,484	1,505,078	-	-	636,451	-	12,125,517	6,714,923	335,720	-	40,216,173	7.11%	2,681
2009	-	12,019,923	7,371,700	-	-	471,085	-	14,680,078	9,273,300	250,733	-	44,066,819	7.43%	2,886
2010	-	11,407,845	6,906,103	-	-	866,584	-	13,892,156	8,763,898	291,763	-	42,128,349	6.90%	2,681
2011	-	7,948,585	9,383,268	14,165,000	655,000	552,333	-	6,536,415	14,971,731	188,043	-	54,400,376	8.02%	3,427
2012	-	7,427,273	8,626,092	14,165,000	1,585,000	435,986	-	6,192,727	13,858,907	92,535	-	52,383,521	7.28%	3,268

(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	Revenue Bonds	Limited Tax Notes	Gross Bonded Debt	Less Debt Service Funds Available	Net Bonded Debt	Taxable Assessed Value	Ratio of Net Bonded Debt to Assessed Values	Net Bonded Debt Per Capita (1)
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
2010	-	11,407,845	6,906,103	-	-	18,313,948	481,884	17,832,064	982,776,938	1.81%	1,135
2011	-	7,948,585	9,383,268	14,165,000	655,000	32,151,853	245,654	31,906,199	975,919,507	3.27%	2,010
2012	-	7,427,273	8,626,092	14,165,000	1,585,000	31,803,365	199,181	31,604,184	997,362,133	3.17%	1,971

(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	2011 TAX ROLL TAXABLE VALUE	PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)	CITY OF BRENHAM'S SHARE OF DEBT
City of Brenham	\$ 31,604,184	\$ 997,362,133	100.0%	\$ 31,604,184
Total direct debt	<u>31,604,184</u>	<u>997,362,133</u>		<u>31,604,184</u>
Brenham I. S. D.	41,152,099	1,857,217,863	53.7%	22,099,478
Washington County	4,460,000	2,283,008,885	43.7%	1,948,409
Blinn Junior College	<u>-</u>	<u>2,287,574,836</u>	-	<u>-</u>
Total overlapping debt	<u>45,612,099</u>	<u>6,427,801,584</u>		<u>24,047,887</u>
Total direct and overlapping debt	\$ <u>77,216,283</u>	\$ <u>7,425,163,717</u>		\$ <u>55,652,071</u>

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation 0.75%

Per capita consolidated overlapping tax supported debt (based on population of 16,031) \$3,472

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Taxable assessed valuations	\$ 997,362,133	\$ 975,919,507	\$ 982,776,938	\$ 945,811,445	\$ 879,817,843	\$ 797,156,826	\$ 742,477,961	\$ 705,780,613	\$ 686,861,013	\$ 643,396,615
Tax limit per \$100 valuation	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000
O&M tax rate per \$100 valuation	0.34200	0.34200	0.34200	0.34200	0.32450	0.31650	0.31650	0.30510	0.30000	0.28750
Debt limit per \$100 valuation	1.30800	1.30800	1.30800	1.30800	1.32550	1.33350	1.33350	1.34490	1.35000	1.36250
Debt limit	13,045,497	12,765,027	12,854,722	12,371,214	11,661,986	10,630,086	9,900,944	9,492,043	9,272,624	8,766,279
Total net debt applicable to limit	2,632,301	2,611,307	2,107,581	2,219,350	2,046,971	1,980,831	1,754,883	1,655,433	1,574,263	1,485,812
Legal debt margin	\$ 10,413,196	\$ 10,153,720	\$ 10,747,141	\$ 10,151,864	\$ 9,615,015	\$ 8,649,255	\$ 8,146,061	\$ 7,838,610	\$ 7,698,361	\$ 7,280,467
Total net debt applicable to the limit as a percentage of debt limit	20.18%	20.46%	16.40%	17.94%	17.55%	18.63%	17.72%	17.44%	16.98%	16.95%

PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 16

Water Fund (1)							Wastewater Fund - Self-Supporting Debt (2)						
Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest (3)						Principal	Interest (3)	
2003	\$ 2,563,788	\$ 2,022,318	\$ 541,470	\$ 311,230	\$ 393,136	0.77	2003	\$ 2,032,243	\$ 1,964,495	\$ 67,748	\$ 88,830	\$ 561,089	0.10
2004	2,690,050	2,161,268	528,782	328,586	377,209	0.75	2004	1,953,796	2,005,729	(51,933)	164,256	653,379	(0.06)
2005	2,944,778	2,376,870	567,908	341,325	346,490	0.83	2005	2,377,615	2,315,795	61,820	203,644	648,215	0.07
2006	3,718,352	2,797,111	921,241	397,213	328,534	1.27	2006	2,934,264	2,895,413	38,851	303,332	640,901	0.04
2007	3,254,601	2,784,247	470,354	522,026	303,652	0.57	2007	3,798,195	2,888,251	909,944	571,241	617,220	0.77
2008	3,719,245	3,088,309	630,936	537,025	281,166	0.77	2008	4,119,856	3,191,900	927,956	582,064	592,494	0.79
2009	4,606,941	2,835,706	1,771,235	569,498	426,689	1.78	2009	4,045,839	2,639,477	1,406,362	633,196	544,878	1.19
2010	3,898,316	2,509,163	1,389,153	629,780	492,080	1.24	2010	3,552,059	2,406,199	1,145,860	667,545	497,324	0.98
2011	5,122,167	2,969,660	2,152,507	690,635	430,063	1.92	2011	3,717,881	2,396,120	1,321,761	790,302	375,458	1.13
2012	4,413,080	2,819,979	1,593,101	600,229	481,901	1.47	2012	3,647,921	2,353,385	1,294,536	856,283	271,196	1.15

Total Water and Wastewater Funds						
Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest (3)	
2003	\$ 4,596,031	\$ 3,986,813	\$ 609,218	\$ 400,060	\$ 954,225	0.45
2004	4,643,846	4,166,997	476,849	492,842	1,030,588	0.31
2005	5,322,393	4,692,665	629,728	544,969	994,705	0.41
2006	6,652,616	5,692,524	960,092	700,545	969,435	0.57
2007	7,052,796	5,672,498	1,380,298	1,093,267	920,872	0.69
2008	7,839,101	6,280,209	1,558,892	1,119,089	873,860	0.78
2009	8,652,780	5,475,183	3,177,597	1,202,694	971,567	1.46
2010	7,450,375	4,915,362	2,535,013	1,297,325	989,404	1.11
2011	8,840,048	5,365,780	3,474,268	1,480,937	805,522	1.52
2012	8,061,001	5,173,364	2,887,637	1,456,512	753,097	1.31

(1) Water fund-supported debt includes 2001 general obligation refunding bonds, 2001 and 2008 certificates of obligation, and 2007, 2009, 2010, 2011 general obligation refunding bonds.

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

(3) Interest is represented on a cash basis.

TABLE 17

Fiscal Year	Population (1)	Total Personal Income (000's) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2003	14,171	404,299	28,530	5.1
2004	14,407	436,921	30,327	5.2
2005	14,484	473,004	32,657	4.6
2006	14,614	495,239	33,888	4.4
2007	14,873	531,516	35,737	3.8
2008	15,049	555,248	36,896	3.8
2009	15,270	591,797	38,756	5.3
2010	15,716	639,780	40,709	5.9
2011	15,872	678,703	42,761	6.0
2012	16,031	720,038	44,916	4.8

(1) Population data for 2003 to 2009 are projections provided by the Population Division of the U.S. Census Bureau. The results of the 2010 Census supply the data for 2010. Data for 2011 to 2012 is estimated based on prior percent increase.

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

(3) Data for years 2003 to 2008, is for Washington County and comes from the Bureau of Economic Analysis. Years 2009 to 2012 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 2012 are for Washington County.

PRINCIPAL EMPLOYERS
Current Year and Ten Years Ago

CITY OF BRENHAM

TABLE 18

2012			2003		
Employer (1)	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Brenham St Supported Living Ctr	1,033	14.88%	Brenham St Supported Living Ctr	944	15.30%
Blue Bell Creameries	874	12.59%	Blue Bell Creameries	757	12.27%
Brenham I.S.D.	732	10.55%	Brenham I.S.D.	712	11.54%
Blinn College	542	7.81%	Blinn College	585	9.48%
MIC Group	419	6.04%	Wal-Mart Supercenter	308	4.99%
Valmont	419	6.04%	Mt. Vernon Mills	305	4.94%
Wal-Mart Supercenter	385	5.55%	Trinity Medical Center	300	4.86%
City of Brenham	314	4.52%	Sealy Mattress Company	267	4.33%
Scott & White Hospital	292	4.21%	City of Brenham	250	4.05%
Germania Insurance	289	4.16%	Germania Insurance	249	4.04%
Total	5,299	76.35%	Total	4,677	75.80%
Employment (2)	6,940		Employment	6,170	

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

(2) Employment is taken from U.S. Bureau of Labor Statistic reports. A city must have a population of at least 25,000 for city-level estimates. Employment shown for 2012 is an estimate based on Washington County employment estimates reported by the U.S. Bureau of Labor Statistics for 2011. City employment is an allocation using the proportion of City to County estimated populations.

FULL-TIME EQUIVALENT EMPLOYEES
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 19

Function/program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Streets/Drainage	16.46	16.90	16.90	16.90	17.50	17.50	17.88	18.28	18.31	18.28
Parks/Recreation	23.28	25.80	25.80	27.38	20.10	20.10	20.08	20.23	20.23	20.48
Aquatic Center	13.92	15.04	15.04	15.04	20.19	20.19	22.50	23.12	22.25	24.37
Library	7.41	8.14	8.14	8.03	8.92	8.92	7.88	6.84	7.36	7.84
Central Communication	16.92	17.16	17.16	13.13	14.17	13.17	13.19	14.22	14.70	12.72
Police	38.00	38.00	37.00	34.00	34.00	33.00	32.00	32.75	32.00	32.00
Fire	15.00	15.00	15.00	12.13	12.00	11.00	11.00	10.50	10.50	10.50
Animal Shelter/Control	4.00	4.00	3.00	4.00	4.40	3.40	3.00	3.00	3.00	3.00
Municipal Court	4.80	4.60	4.60	4.75	4.60	4.60	4.60	3.60	3.60	3.60
Public Works	5.50	6.00	6.00	6.00	6.14	6.14	6.14	5.89	5.64	5.64
Administration	5.00	6.28	8.08	8.08	7.00	10.00	8.00	8.25	6.50	6.50
Main St/Community Development	2.00	3.00	2.00	2.00	2.00	-	-	-	-	-
Utility Billing/Customer Service	9.00	10.00	10.00	10.00	10.00	10.00	10.00	10.73	9.73	10.73
Finance	8.08	9.39	10.39	10.45	10.00	10.00	11.00	10.00	12.00	12.00
HR/Risk Management	2.80	2.80	-	-	-	-	-	-	-	-
Purchasing/Warehouse	3.47	-	-	-	-	-	-	-	-	-
Public Information	-	-	2.00	2.00	2.00	2.00	2.00	2.00	4.00	3.00
Public Utilities	7.50	7.00	7.00	7.00	6.00	6.00	6.00	8.00	9.33	9.00
Central Warehouse/Maintenance	8.00	8.00	8.00	8.00	8.38	9.38	9.38	9.40	8.37	6.40
Information Technology	6.00	5.00	5.00	5.00	4.50	3.50	4.50	4.50	3.00	3.00
Electric	12.00	13.00	12.00	12.00	11.00	11.00	11.00	11.00	12.00	12.00
Gas	5.00	5.00	5.00	5.00	5.00	5.33	5.33	5.33	5.33	5.33
Water Treatment	6.50	6.50	6.50	5.50	7.00	6.00	6.00	6.00	7.00	7.00
Water Construction	5.00	5.00	5.50	5.50	5.50	5.34	5.34	5.34	5.34	5.34
Wastewater Treatment	4.50	4.50	4.50	5.50	7.00	7.00	7.00	7.00	8.00	8.00
Wastewater Construction	5.00	5.00	5.50	5.50	5.50	5.33	5.33	5.33	5.33	5.33
Transfer Station	2.75	2.75	2.75	3.08	3.08	3.08	3.08	5.14	3.99	4.56
Collection Station	2.83	2.83	2.83	1.39	1.08	1.08	1.08	-	-	-
Recycling Center	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.33	3.33	3.25
Collection	2.75	2.75	2.75	3.59	4.03	5.03	4.59	5.84	7.17	8.50
Special Revenues/Grants	-	-	-	-	-	-	-	2.25	3.00	4.00
Total	245.72	251.69	250.69	243.20	243.34	240.34	240.15	246.87	251.01	252.37

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 20

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Recreation/Parks										
Number of athletic tournaments (1)	45	41	36	33	31	32	38	35	31	NA
Aquatic Center										
Number of Visitors	65,703	68,997	67,000	67,526	73,506	66,793	70,363	67,914	58,627	49,089
Number of Annual Passes	132	87	97	145	143	137	140	140	159	239
Number of Monthly Passes	991	1,156	962	930	927	907	878	913	814	615
Number of Summer Passes	80	84	-	-	-	-	-	-	-	-
Streets										
Road maintenance in linear feet	8,796	16,430	33,958	11,186	9,376	11,738	16,393	12,967	7,750	7,955
Library										
Circulation	63,737	73,288	75,174	73,700	70,174	44,933	49,004	47,545	49,754	51,204
Central Communications										
Number of Incoming Calls	36,181	759,065	712,766	749,499	682,254	561,436	519,038	503,992	481,609	436,210
Number of 9-1-1 Calls	663,531	34,924	30,388	30,594	30,001	30,702	27,263	20,496	17,928	16,075
Police										
Traffic Citations	4,081	5,240	6,230	8,036	6,445	3,593	2,988	3,186	4,513	2,506
Traffic Warning Tickets Issued	4,964	9,740	7,493	4,274	3,426	3,536	4,188	5,297	8,516	4,237
Mileage on Police units	443,909	401,630	422,313	382,597	296,682	296,422	299,527	295,602	300,602	312,246
Fire (2)										
Fire Responses	547	570	429	352	376	401	402	502	454	399
Rescues	36	18	17	52	36	46	34	30	32	30
Animal Control/Shelter/Adoption (3)										
Number of Incoming Animals	1,906	1,611	1,760	1,455	1,723	1,846	1,464	1,784	1,876	1,812
Animals Adopted	263	336	343	300	365	401	343	342	304	301
Municipal Court										
Traffic dispositions	5,186	4,270	5,703	5,582	4,444	5,614	5,132	4,232	4,429	3,388
Other dispositions	4,302	2,458	1,527	1,603	1,647	1,413	1,505	1,953	1,790	1,850
Public Works										
Building Inspection Visits	1,621	1,835	1,956	1,818	1,936	1,742	1,692	1,779	1,552	1,536
Electric										
kWh delivered	281,490,681	289,472,286	271,319,462	271,248,570	290,272,935	302,190,150	314,772,687	308,467,816	293,512,414	302,866,896
Customers served	8,200	8,120	8,235	8,150	8,060	7,947	7,728	7,585	7,556	7,564
Gas										
mcf delivered	369,024	394,563	443,345	420,851	522,411	602,719	563,508	543,062	557,790	644,920
Customers served	4,283	4,244	4,212	4,151	4,106	4,050	3,982	3,965	3,944	3,956
Water										
Gallons delivered	872,381,300	996,362,800	752,748,100	926,510,200	883,015,900	799,546,600	956,383,100	811,893,100	736,565,100	782,517,000
Customers served	7,303	7,164	7,077	6,946	6,816	6,654	6,372	6,211	6,134	6,124
Wastewater										
Effluent plant gallons processed	704,378,000	657,568,000	727,301,000	762,338,000	772,589,000	810,562,100	751,247,000	759,309,000	666,397,880	727,604,500
Commercial/Industrial gallons processed	340,551,800	351,747,400	327,125,800	385,150,300	393,674,700	394,462,700	406,897,100	359,657,100	352,189,200	381,528,924
Customers served	6,570	6,434	6,373	6,284	6,198	6,073	5,839	5,766	5,722	5,719
Sanitation										
Customers served	5,827	5,728	5,610	5,468	5,299	5,168	5,065	4,979	4,949	5,158

(1) Tournament data for 2003 is not available.

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

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

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 21

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Recreation/Parks										
Park acreage	191	191	150	150	150	150	150	150	150	150
Parks	7	7	7	7	7	7	7	7	7	7
Amphitheatre	1	1	-	-	-	-	-	-	-	-
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Baseball fields	8	8	8	8	8	8	8	8	8	8
Softball fields	9	9	9	9	9	9	9	9	9	9
Tennis courts	6	6	6	6	6	6	6	6	6	6
Soccer fields	12	12	12	12	12	12	12	12	12	12
Skateboard parks	1	1	1	1	1	1	1	1	1	1
Library										
Libraries	1	1	1	1	1	1	1	1	1	1
Airports	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	43	43	43	43	40	38	33	34	33	33
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	6	5	5	5	5	5	5	5	5	5
Animal control/shelter/adoption										
Shelters	1	1	1	1	1	1	1	1	1	1
Electric										
Miles of service lines	118	118	118	118	118	116	115	113	112	110
Gas										
Miles of service lines	118	118	116	115	115	111	111	110	109	107
Water										
Miles of water mains	153	153	149	148	145	143	138	137	136	136
Wastewater										
Miles of sanitary mains	138	138	137	137	136	135	129	128	127	127
Sanitation										
Collection stations	1	1	1	1	1	1	1	1	1	1
Transfer stations	1	1	1	1	1	1	1	1	1	1
Recycling stations	1	1	1	1	1	1	1	1	1	1





SEIDEL, SCHROEDER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

**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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 1, 2013. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, detected or corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or 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*.

We noted certain matters that we reported to management of City of Brenham, Texas, in a separate letter dated March 1, 2013.

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, 2013
Brenham, Texas

Slide, S. Moore & Company