

CITY OF BRENHAM, TEXAS

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2014



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PREPARED BY THE FINANCE DIVISION

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

**TABLE OF CONTENTS**  
**For The Fiscal Year Ended September 30, 2014**

**INTRODUCTORY SECTION**

Letter of Transmittal .....	1
Certificate of Achievement for Excellence in Financial Reporting .....	7
Organizational Chart .....	8
List of Principal Officials .....	9

**FINANCIAL SECTION**

Independent Auditor's Report .....	11
Management's Discussion and Analysis .....	13
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	27
Statement of Activities .....	29
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	30
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position .....	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	32
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities .....	33
Schedule of Revenues, Expenditures, and Changes in Fund Balances	
Budget and Actual - General Fund .....	34
Statement of Net Position – Proprietary Funds .....	35
Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Funds .....	37
Statement of Cash Flows – Proprietary Funds .....	38
Notes to the Financial Statements .....	41

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Funding Progress – Other Postemployment Benefit Plan (OPEB) .....	71
Schedule of Funding Progress – Texas Municipal Retirement System (TMRS) .....	73

**COMBINING FUND STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds	
Special Revenue Funds .....	75
Capital Projects Funds .....	75
Internal Service Funds .....	77
Debt Service Fund .....	77
Combining Balance Sheet – Other Governmental Funds .....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	
Other Governmental Funds .....	79
Combining Balance Sheet – Special Revenue Funds .....	80
Statement of Revenues, Expenditures, and Changes in Fund Balances –	
Special Revenue Funds .....	81
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	82
Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital	
Projects Funds .....	83
Internal Service Funds	
Combining Statement of Net Position .....	84
Statement of Revenues, Expenditures, and Changes in Fund Net Position .....	85
Combining Statement of Cash Flows – Internal Service Funds .....	86

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

**TABLE OF CONTENTS**  
**For The Fiscal Year Ended September 30, 2014**

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Debt Service Fund .....	87
Hotel/Motel Tax Fund .....	88
Hotel/Motel Fund - Washington County .....	89
PD Criminal Law Enforcement Fund .....	90
Courts Technology/Security Fund .....	91
Airport Capital Improvement Fund .....	92
Parks Capital Improvements Fund .....	93
Streets and Drainage Improvements Fund .....	94
US 290 Pass Thru Finance Fund .....	95
2014 Capital Projects Fund .....	96
Brenham Community Development Corporation Fund .....	97
Donations Fund .....	98
Emergency Management Fund .....	99
Equipment Fund .....	100
Fire Department Grant Fund .....	101

**REPORTS FOR MANAGEMENT SECTION**

Government-wide Expenses by Function .....	104
Government-wide Revenues .....	105
General Governmental Expenditures by Function .....	106
Reconciliation of Property Tax Receivable .....	107
Revenues by Source – Governmental Funds .....	108
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Governmental Expenditures .....	109
Property Value and Construction .....	110
Revenue by Source – Business Type Activities .....	111
Electric Customers, Consumption and Sales .....	112
Gas Customers, Consumption and Sales .....	113
Electric Rates .....	114
Gas Rates .....	115
Ten Largest Electric Customers .....	116
Ten Largest Gas Customers .....	117
The Water System - Utility Billing Statistics .....	118
The Wastewater System - Utility Billing Statistics .....	119
The Sanitation System - Utility Billing Statistics .....	120
Schedule of Expenditures of Federal and State Awards .....	121
Notes to Schedule of Expenditures of Federal and State Awards .....	123

**STATISTICAL SECTION**

**Financial Trends**

Net Position by Component .....	127
Changes in Net Position by Component .....	128
Fund Balances – Governmental Funds .....	130
Changes in Fund Balances – Governmental Funds .....	131

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

**TABLE OF CONTENTS  
For The Fiscal Year Ended September 30, 2014**

**Revenue Capacity**

Tax Revenues by Source – Governmental Funds .....	132
Assessed and Estimated Actual Value of Taxable Property .....	133
Sales Subject to Sales Tax by Industry.....	134
Direct and Overlapping Property and Sales Tax Rates .....	135
Ten Largest Property Taxpayers .....	136
Property Tax Levies and Collections .....	137
Principal Sales Taxpayers by Industry .....	138

**Debt Capacity**

Ratio of Outstanding Debt by Type .....	139
Ratio of Net General Obligation Bonded Debt .....	140
Direct and Overlapping Debt .....	141
Legal Debt Margin Information .....	142
Pledged-Revenue Coverage .....	143

**Demographics/Economics**

Demographic and Economic Information .....	144
Principal Employers.....	145

**Operating**

Full-time Equivalent Employees .....	146
Operations Indicators by Function/Program.....	147
Capital Assets by Function/Program .....	148

**AUDIT SECTION**

Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	149
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February 26, 2015

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, 2014. State law requires that all general-purpose local governments publish, within six months of the close of the fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. The purpose of the CAFR is to provide accurate and meaningful information concerning the City's financial condition and performance.

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

The City of Brenham's financial statements have been audited by Seidel Schroeder, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Brenham for the fiscal year ended September 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Brenham's financial statements for the fiscal year ended September 30, 2014, 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 property

## **THE CITY AND ITS ORGANIZATION (continued)**

### **Profile of the Government (continued)**

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 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 15<sup>th</sup> 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 basic financial statements.

## **ECONOMIC CONDITION AND OUTLOOK**

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

### **Local Economy**

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

- **Strong Sales Tax Revenue** – Sales tax which is the largest revenue source for funding General Fund operations and maintenance, was budgeted to increase by a solid 5% over the prior year. While we fell behind in the first six months, collections rebounded in the last half of the fiscal year and we ended the year at 99.70% of prior year actual.

## **ECONOMIC CONDITION AND OUTLOOK (continued)**

### **Local Economy (continued)**

- Growth in Property Valuations – The City of Brenham's certified taxable property valuations have grown from \$1,080,568,292 last year to \$1,102,575,469 for the 2015 tax year. This overall increase of 2% included over \$7.6 million in new improvements, and provided a small increase in tax revenues for FY15
- Unemployment Rate for the County – The unemployment rate for Washington County in September 2014 was 4.0 percent which compares favorably to the state's average unemployment rate of 5.0 percent.
- The City's Hotel Occupancy Tax Fund experienced substantial growth during FY14. The actual collections were higher than the original budgeted levels by over 23% 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 significant employers include the regional home office of a state-wide insurance provider, a regional food distributor and a regional health care facility. The state also has a major economic presence in the area thanks to Blinn College, the oldest junior college in the state, and to a major mental health facility, which together provide employment for nearly 1,800 educators, health care professionals and staff.

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

The City continues to experience stable economic development through annexations, growth in residential and commercial building permits and infrastructure improvements. Several highlights are noted below.

- Annexations – the City annexed 404 acres in four separate locations. Some were due to utility extensions for commercial businesses, expiration of development agreements, for protection of the Brenham Business Center, and for zoning protection.
- Residential building permits – In FY14, 79 residential building permits were issued for the year totaling \$8.4 million which is an increase from the previous year of 43 permits totaling \$3.1 million. The increase is directly related to the high demand for housing in the Ralston Creek and Highland Meadows subdivisions.
- Commercial building permits – The City issued 55 commercial building permits for FY14 totaling \$9.4 million as compared to 27 permits for \$25.8 million in FY13. The decrease is due to \$10.3 million for Blue Bell Creameries expansion and \$11 for the new elementary school in FY13 offset by the addition of \$2.8 million for Precision Polymers Engineering and \$2.9 million for Seidel Schroeder in FY14.
- The Ralston Creek Planned Development District phase 1 infrastructure improvements were complete and the City accepted streets, drainage, water and wastewater system improvements totaling over \$965,000. Also the City approved a development agreement related to a donation of over 100 acres for future park purposes.



## **ECONOMIC CONDITION AND OUTLOOK (continued)**

### **Economic Development (continued)**

A joint project with TxDOT Aviation and the City of Brenham for a \$1.695 million ten T-hangar development, access taxiway and new electrical vault project at the Brenham Municipal Airport was begun.

In partnership with the Texas Film Commission, Main Street Brenham, the City's downtown area, is facilitating the community's efforts in support of the production of a film version of the historical book *Burning of Brenham*, which captures how the citizens banded together to protect themselves and their property from the oppressive Union troops during Reconstruction.

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.

- Public parks are often the economic engine that drives tourism in many communities. The City of Brenham offers first class facilities that appeal to both residents and visitors. The recreational portion of this three-eight cent sales tax provided over \$79,000 for improvements to our existing park facilities and aquatic center during the FY14, and also funded the Parks and Recreation Master Plan which is being developed with the assistance of Texas State University.
- With the acceptance of the 100 acre site for future park purposes, the recreational portion also allocated \$663,877 for infrastructure improvements which did not commence until FY15.
- 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.

Another factor contributing to Brenham's economic success includes a tax abatement policy and establishment of Enterprise Zones to encourage employment and provide incentives for business development and expansion. The City has eight companies currently being monitored for tax phase-in compliance verifying that value creation and employment and payroll criteria are being met.

## **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 and the Downtown Master 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**

For several years now, the City Council has established transportation as a priority for our city. In FY13, the City issued \$1.85 million in Certificates of Obligation (2012 COs) for major collector street projects, one of which is connecting Chappell Hill Street and the new overpass on U.S. Highway 290. This project includes an Advanced Funding Agreement with TxDOT for the installation of a traffic signal on U.S. Highway 290 Business at Chappell Hill Street, which is estimated at \$285,000. Over \$1 million dollars of the 2012 COs have been allocated to this collector street project with completion expected in mid FY15.

## FINANCIAL INFORMATION (continued)

### Major Initiatives (continued)

The Brenham City Council and Washington County Commissioners Court approved a "Comprehensive Exchange of Services Interlocal Agreement" whereby the two governmental entities agreed upon delivery of "shared services" for citizens residing in the County regardless of whether they reside inside the city limits. The "shared services" provided by the City are animal control/shelter, fire protection/rescue and library services which are offset by the County providing EMS, jail services and emergency communications.

In support of this Interlocal Agreement and as identified in the five-year capital plans, the City issued \$4.075 million in Certificates of Obligation designated as follows: \$1.5 million for the acquisition of land for the construction of a fire substation and the purchase of a fire rescue truck and a fire pumper truck; \$1 million in matching funds for construction of an animal shelter; and \$1.5 million in matching funds for renovation and expansion of the library.

In FY14, architect and engineering costs were incurred for the new animal shelter and renovated/expanded library projects which will be funded through 50/50 public-private partnerships. Construction is expected to begin in early calendar 2015.

Since the General Fund is the chief operating fund of the City of Brenham, a significant Council priority is adherence to the General Fund 90 day unassigned fund balance reserve policy. With the implementation of *GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions*, seven (7) other governmental funds were combined with the General Fund. At the end of FY14, the unassigned fund balance had grown to over \$3.8 million or 104 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:

- Maintain Council established R&R Policy (renovations and replacements) for unplanned facilities and equipment needs with a target of five (5) days of reserves.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual report for the fiscal year ended September 30, 2013. This is the sixth 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.

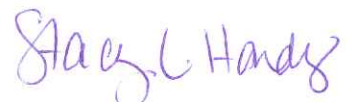
Respectfully submitted,



Terry K. Roberts  
City Manager



Carolyn D. Miller, CPA  
Chief Financial Officer



Stacy L. Hardy, CPA  
Controller

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Brenham  
Texas**

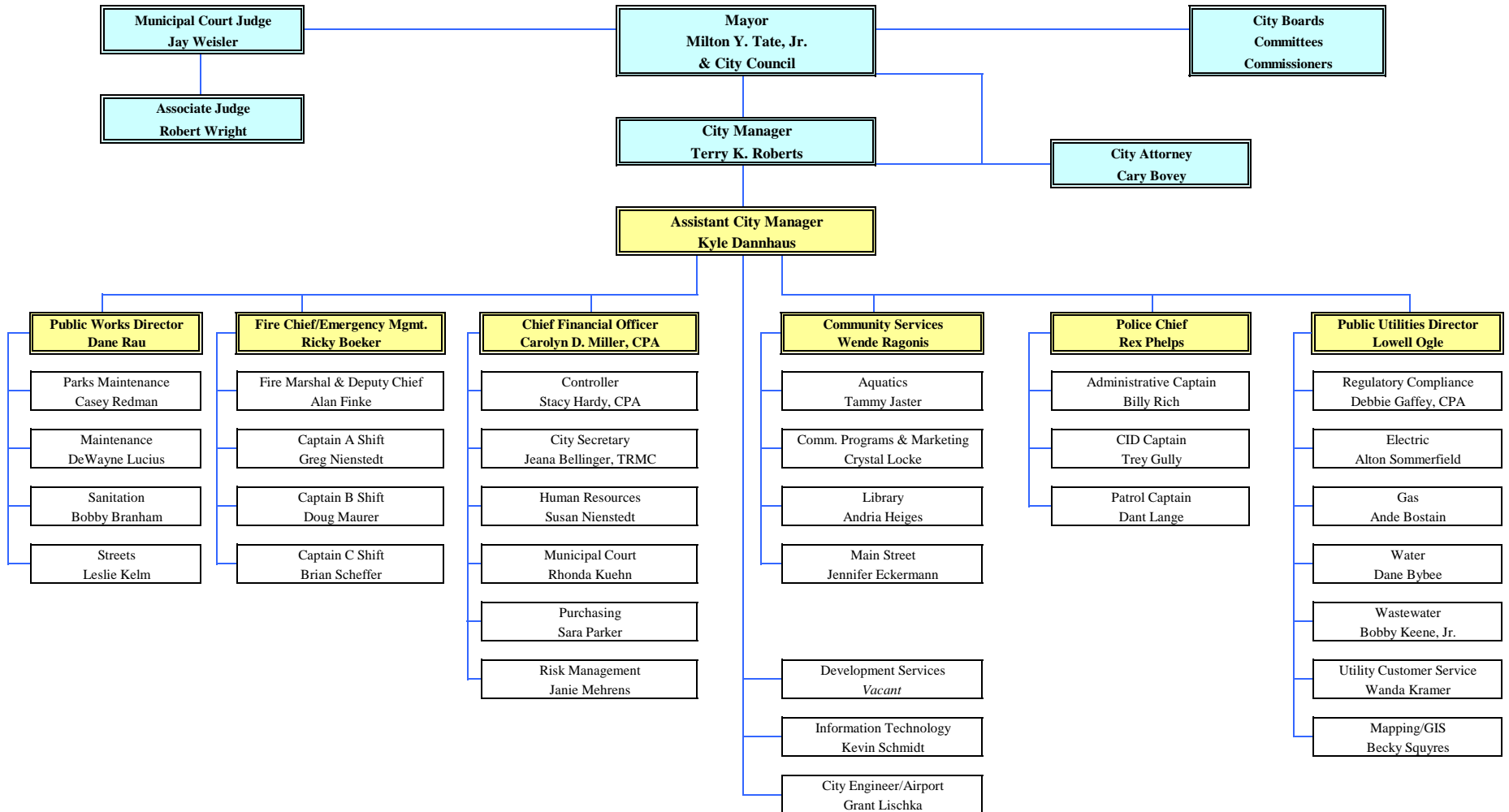
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**



Executive Director/CEO

***CITY OF BRENHAM - ORGANIZATIONAL CHART***  
***As of October 1, 2014***



**CITY OF BRENHAM  
PRINCIPAL OFFICERS  
SEPTEMBER 30, 2014**

**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

**CONTROLLER**

Stacy Hardy, CPA

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## 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Brenham, Texas' basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements, 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 and individual nonmajor fund financial statements and schedules and schedules within the reports for management are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2015 on our consideration of the City of Brenham, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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* in considering City of Brenham, Texas' internal control over financial reporting and compliance.

Brenham, Texas  
February 26, 2015

*Sidul Schneider*

**CITY OF BRENHAM, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2014**

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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, 2014. 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 \$96,993 (net position). Of this amount, \$22,805 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$5,053.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$18,203 an increase of \$8,502 in comparison with the prior year. Approximately \$3,861 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 \$4,861 or 29.8% of total general fund expenditures.
- The City of Brenham's total bonded debt decreased by \$457 or .9% during the current fiscal year.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements.** The GWFS, shown on pages 27-29, contain the Statement of Net Position and the Statement of Activities, which are described below, and are designed to provide readers with a broad overview of the City of Brenham's finances, in a manner similar to a private-sector business.

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

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

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

**Component Unit.** 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, 2014**

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**OVERVIEW OF THE FINANCIAL STATEMENTS – (Continued)**

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

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

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

The City of Brenham maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, US 290 Pass Thru Finance Fund, and 2014 Capital Projects 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 30-34 of the CAFR.

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

**Proprietary FFS.** The City of Brenham maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the GWFS. The City of Brenham uses enterprise funds to account for its water, wastewater, sanitation, gas, and electric distribution operations. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City of Brenham's various functions. The City of Brenham uses internal service funds to account for its risk management services and central fleet. At the government-wide level, the financial statements of the risk management and worker's compensation internal service fund are included in the governmental activities in the government-wide financial statements, while the fleet management internal service fund is presented in the business-type column.

Proprietary funds provide the same type of information as the GWFS, only in more detail. The proprietary FFS provide separate information for the water, wastewater, sanitation, gas, and electric distribution operations, which are considered to be major funds of the City of Brenham. The internal service funds are reported in a separate column in the proprietary fund financial statements. The proprietary FFS can be found on pages 35-39 of this report.

**Notes to Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS. The notes can be found on pages 41-70 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 78-101 of this report. Information relating to federal and state grant awards begins on page 121 of this report. The statistical section can be found on pages 125-148 of this report.

**CITY OF BRENHAM, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position serves as a useful indicator of the City's financial position. Assets exceeded liabilities by \$96,992 (net position) at the close of the fiscal year, compared to assets exceeding liabilities by \$92,555 (net position) at the end of the prior fiscal year. The City's total net position increased by \$4,437 during the period.

<b>City of Brenham, Texas</b>						
<b>Net Position</b>						
<b>(Amounts in Thousands)</b>						
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current and other assets	\$ 28,706	\$ 23,509	\$ 19,456	\$ 21,665	\$ 48,162	\$ 45,174
Capital assets	51,640	51,580	53,598	52,755	105,238	104,335
Total assets	80,346	75,089	73,054	74,420	153,400	149,509
<b>Deferred Outflows of Resources</b>						
Deferred amount from refundings	335,754	-	771,730	-	1,107,484	-
<b>Liabilities</b>						
Long-term debt outstanding	30,184	30,371	16,187	16,996	46,371	47,367
Other liabilities	5,713	3,960	5,320	5,627	11,033	9,587
Total liabilities	35,897	34,331	21,507	22,623	57,404	56,954
<b>Deferred Inflows of Resources</b>						
Deferred amount from refundings	-	-	110,349	-	110,349	-
<b>Net Position</b>						
Net invested in capital assets	36,830	35,548	36,724	36,082	73,554	71,630
Restricted	633	256	-	-	633	256
Unrestricted	7,321	4,954	15,484	15,715	22,805	20,669
Total net position	<u>\$ 44,784</u>	<u>\$ 40,758</u>	<u>\$ 52,208</u>	<u>\$ 51,797</u>	<u>\$ 96,992</u>	<u>\$ 92,555</u>

By far the largest portion of the City of Brenham's net position, \$73,554 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 position of \$633, less than 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$22,805 may be used to meet the government's ongoing obligations to citizens and creditors.

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

**CITY OF BRENHAM, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)**

<b>City of Brenham, Texas</b>						
<b>Changes in Net Position</b>						
<b>(Amounts in Thousands)</b>						
	Governmental		Business-type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,167	\$ 1,121	\$ 41,610	\$ 39,160	\$ 42,777	\$ 40,281
Operating grants and contributions	818	575	6	-	824	575
Capital grants and contributions	4,022	25	280	325	4,302	350
General revenues:						
Property taxes	6,146	5,647	-	-	6,146	5,647
Sales taxes	4,391	4,404	-	-	4,391	4,404
Franchise taxes	3,164	2,972	-	-	3,164	2,972
Hotel Occupancy taxes	705	659	-	-	705	659
Alcoholic Beverage taxes	24	27	-	-	24	27
Other	1,036	1,277	130	176	1,166	1,453
Total revenues	<u>21,473</u>	<u>16,707</u>	<u>42,026</u>	<u>39,661</u>	<u>63,499</u>	<u>56,368</u>
Expenses:						
General government	5,458	5,453	-	-	5,458	5,453
Public safety	7,105	6,900	-	-	7,105	6,900
Highway/streets	2,573	2,611	-	-	2,573	2,611
Interest on Long Term Debt	880	916	-	-	880	916
Culture and recreation	3,752	3,635	-	-	3,752	3,635
Health and welfare	317	319	-	-	317	319
Water	-	-	3,754	3,342	3,754	3,342
Wastewater	-	-	2,842	2,847	2,842	2,847
Electric	-	-	25,911	23,010	25,911	23,010
Gas	-	-	3,087	2,401	3,087	2,401
Sanitation	-	-	2,768	2,737	2,768	2,737
Total Expenses	<u>20,085</u>	<u>19,834</u>	<u>38,362</u>	<u>34,337</u>	<u>58,447</u>	<u>54,171</u>
Increase (decrease) in net position before transfers	1,388	(3,127)	3,664	5,324	5,052	2,197
Transfers	<u>3,035</u>	<u>2,893</u>	<u>(3,035)</u>	<u>(2,893)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	4,423	(234)	630	2,431	5,053	2,197
Net position - beginning	40,758	40,825	51,797	49,245	92,555	90,070
Restatement of net position	<u>(397)</u>	<u>167</u>	<u>(219)</u>	<u>121</u>	<u>(616)</u>	<u>288</u>
Net position - beginning as restated	40,361	40,992	51,578	49,366	91,939	90,358
Net position - ending	<u>\$44,784</u>	<u>\$ 40,758</u>	<u>\$ 52,208</u>	<u>\$ 51,797</u>	<u>\$ 96,992</u>	<u>\$ 92,555</u>

**CITY OF BRENHAM, TEXAS**  
***Management's Discussion and Analysis***  
**September 30, 2014**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)**

**Governmental activities.** Governmental activities increased the City of Brenham's net assets by \$4,423 compared to a decrease of \$234 in the prior fiscal year. Key elements of this increase are noted below.

Revenues increased \$4,766 or 28.5% during the year. This increase is attributable to several factors.

Program Revenues

- Charges for Services increased \$46 due to an increase in municipal court fees and fines, building permits and beer and wine licenses.
- Operating Grants and Contributions increased by \$243 related primarily to the operating subsidy for emergency communications department paid by Washington County.
- Capital Grants and Contributions increased by \$3,997 due from private donations for the 50/50 public-private partnerships for the new animal shelter and renovated/expanded library; donated land for a south-side family park; improvements at the municipal airport for a T-hangar and taxiway; and streets and drainage improvements in the Ralston Creek development.

General Revenues

- Property Taxes increased \$499 due to an increase in taxable values of 4.96% for the fiscal year.
- Sales Tax decreased \$13 over the prior year due to decreased consumer spending.
- Franchise Taxes are received from the enterprise funds and are budgeted at 7% of revenue. The franchise taxes were higher than the prior year by \$192 which is directly attributable to increased revenues in the Electric and Gas Funds.
- Hotel Occupancy Taxes were higher by \$46 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.
- Other Revenues were lower than the prior year by \$241 due primarily from payments from Component Unit which were higher in FY13 related to Linda Anderson Park improvements.

Expenses increased \$251 or 1.3% during the year. This increase is attributable to several factors.

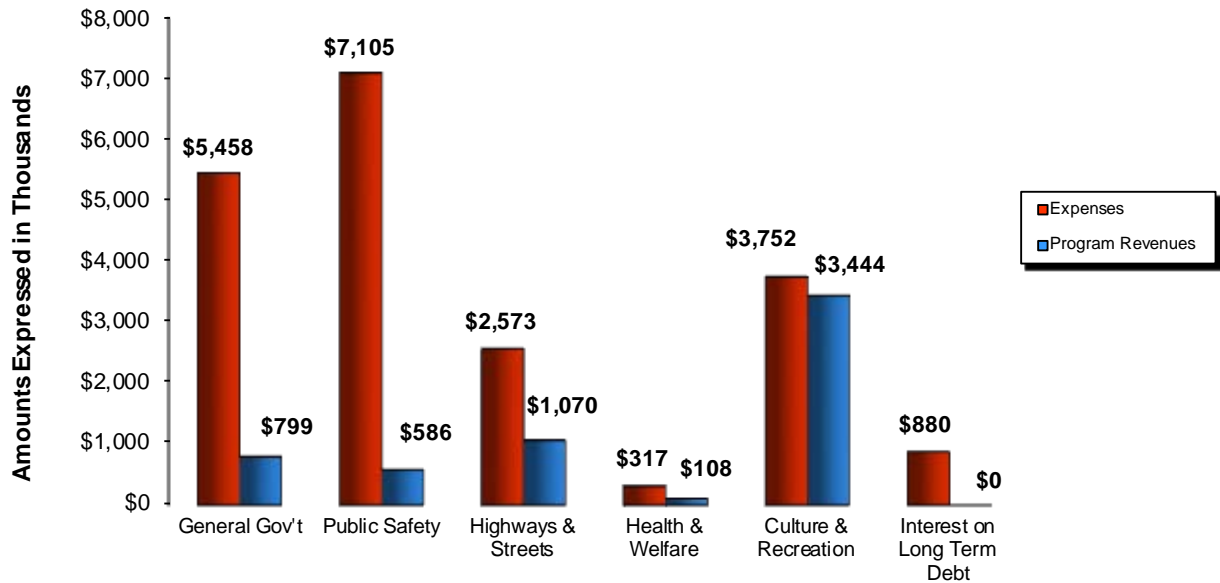
- Public Safety expenses increased by \$205 which is primarily due to the addition of two new police officers and a deputy fire marshal in FY14 along with additional medical insurance premium expense.
- Culture & Recreation expenses increased \$117 due to several items: tree trimming services for \$10; expenses for the library relocation to city hall \$34; new library ILS system, study carousels and outdoor book drop \$15; new park maintenance equipment of \$14; resurfacing of Jackson Street Park parking lot \$12; and additional depreciation expense.
- Highways/Streets decreased by \$38 due to the completion of the street overlay project.
- Interest on Long Term Debt decreased \$36 primarily from combined lower interest rates due to refunded bond issued in prior years.

Transfers increased \$142 during the year due to higher 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.

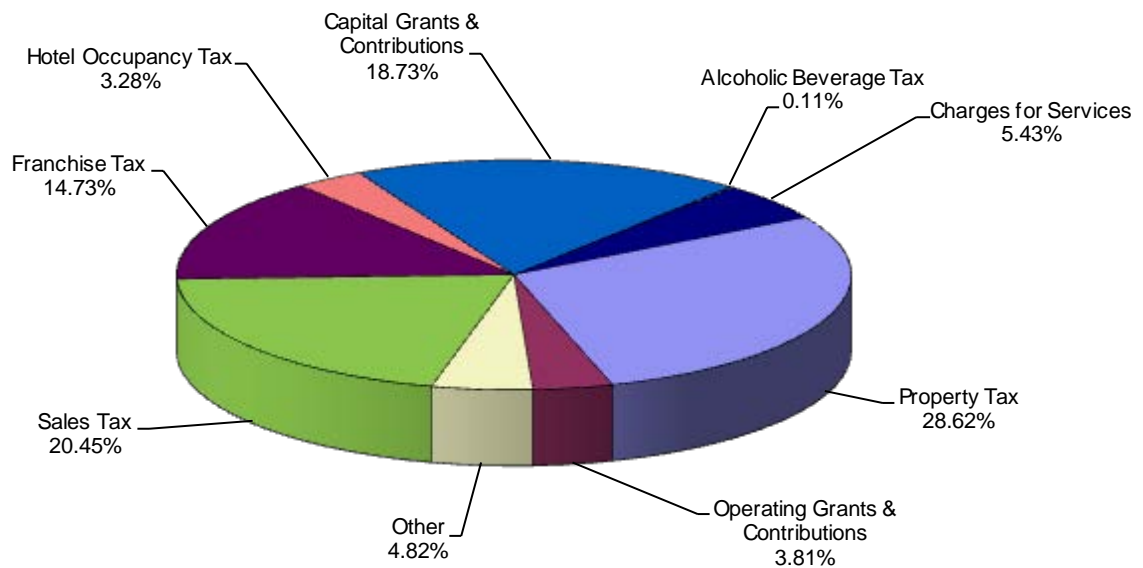
**CITY OF BRENHAM, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)**

**Expenses & Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**





**CITY OF BRENHAM, TEXAS**  
***Management's Discussion and Analysis***  
***September 30, 2014***

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)**

**Business-type activities.** Business-type activities increased the City of Brenham's net position by \$630 compared to an increase of \$2,431 in the prior fiscal year. Key elements of this increase are noted below.

Revenues increased \$2,365 or 6.0% during the year. This increase is attributable to several factors.

- The charges for services in the Electric Fund increased by \$1,781 due in part to rate increases for small and large industrial customers but primarily due to covering higher energy purchase costs.
- Gas Fund revenues increased \$939 which was mainly volume driven with higher winter consumption of over 17.8% above the prior fiscal year.
- The charges for services in the Water Fund decreased by \$351 during the year. With more normalized weather for three consecutive years following the drought of 2011, water consumption was down 83.4 million gallons or 9.8% over the prior fiscal year.
- Charges for services in the Wastewater Fund were higher by only \$2 and comparable to the prior year.
- The Sanitation Fund charges for services were higher by \$78 which is due from higher Transfer Station revenues of \$31 and higher Collection Station revenues of \$43.
- Capital grants and contributions experienced a decrease of \$45 for the year which is a combination of FY14 water and wastewater improvements for Ralston Creek of \$280, offset by \$325 of water system improvements done by Valmont Industries and deeded to the City in FY13.

Expenses increased \$4,025 or 11.7% during the year with specific changes presented below.

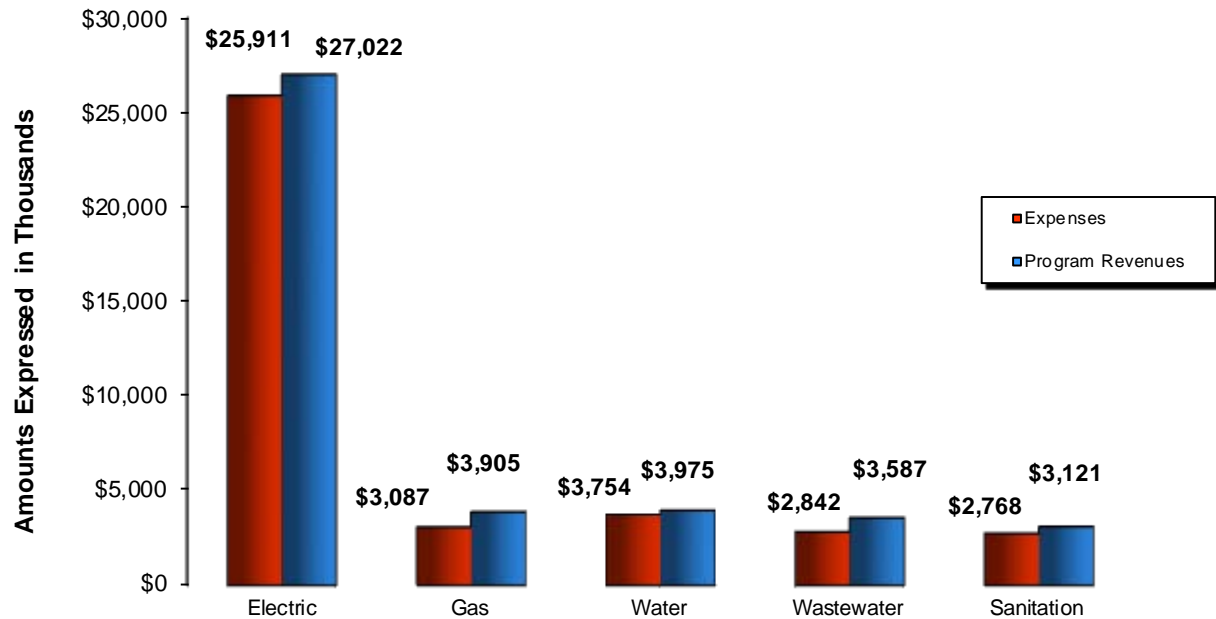
- Electric Fund expenses increased by \$2,901 due mainly to higher purchase costs from LCRA resulting from unfavorable LCRA generation rates and higher franchise taxes.
- The increase in Gas Fund expenses of \$686 is directly attributable to higher gas purchase costs driven by increased sales volume combined with higher franchise taxes.
- Although revenue decreased in the Water Fund, operating expenses increased by \$412 due to the loss of \$224 on disposal of water meters being replaced with new AMR meters, and higher maintenance costs at the water treatment plant and at the lake intake station.
- Wastewater Fund expenses decreased by \$5 and are comparable with the prior year.
- With four operational areas, the Sanitation Fund expenses increased by \$31 in several areas. Transfer Station fuel costs are higher with additional trips to the landfill, and vehicle equipment repairs were higher in the Transfer Station and Collection Station.

Net transfers out increased \$142 during the year due to higher 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.

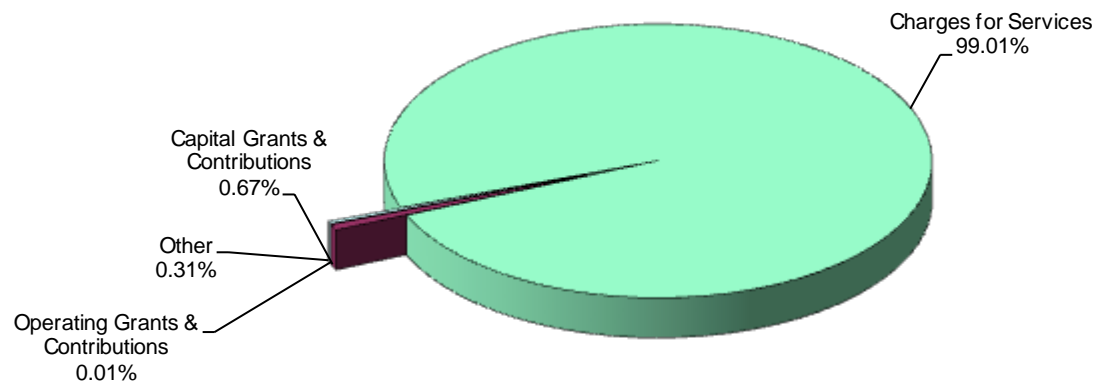
**CITY OF BRENHAM, TEXAS**  
*Management's Discussion and Analysis*  
**September 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)**

**Expenses & Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



**CITY OF BRENHAM, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2014**

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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 \$18,203 an increase of \$8,502 in comparison with the prior year.

The U.S. Hwy 290 Pass-Thru Finance Fund has a total fund balance of \$5,088 which is an increase of \$2,016 in comparison to the prior fiscal year. Pass-Through Toll Revenue Bonds in the amount of \$15,000 were issued in FY11 to fund a major transportation project with the Texas Department of Transportation. In accordance with the agreement, the City of Brenham is receiving semi-annual payments from TxDOT with two payments totaling \$3,210 being received in FY14 offset by one principal payment of \$1,195.

The 2014 Capital Projects Fund is being used to record construction activity for the new animal shelter and the expanded/renovated library. The fund balance total of \$5,374 is primarily from issuance of debt for \$4,075 and donations totaling \$1,465.

In Other Governmental Funds, the combined fund balance of \$2,326 decreased by \$212, which is comprised of activity in these funds:

- 1) Special Revenue Funds increased by \$4 with growth in the Hotel Occupancy Tax Fund of \$83, offset by capital outlays of \$35 in PD Law Enforcement Fund and \$25 in Court Technology/Security Fund and higher funding for tourism programs by \$18 in the Washington County HOT Tax Fund.
- 2) Nonmajor Capital Projects Funds decreased by \$216 including a decrease in Streets & Drainage Improvements Fund of \$197 due to the capital outlays for new thoroughfare projects and capital outlays of \$13 in Airport Capital Improvement Fund and \$5 in Parks Capital Improvements Fund.

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

Unrestricted net position of the Electric Fund at the end of the year amounted to \$8,709; those of the Gas Fund were \$1,440; the Water Fund \$2,661; the Wastewater Fund \$1,529 and the Sanitation Fund \$728. 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*, seven other governmental funds were combined with the General Fund.

The original revenue budget was \$13,081 and the final amended budget was \$13,125, an increase of \$44. Utility Franchise taxes were increased by \$39 due to increased revenue in the Gas Fund, and Payment from Component Unit was increased by \$5 to reflect additional revenues transferred to the General Fund for a state-wide softball tournament.

**CITY OF BRENHAM, TEXAS**  
***Management's Discussion and Analysis***  
**September 30, 2014**

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**GENERAL FUND BUDGETARY HIGHLIGHTS – (Continued)**

The original expenditure budget was \$15,739 and the final amended budget was \$15,488, a decrease of \$251 in the following categories:

- 1) Culture and Recreation increased by \$100 due to hosting a state-wide softball tournament; Aquatic Center rehab of lockers, purchase of pool and concession equipment, repairs to outdoor leisure pool features and tables and benches for outdoor use; parks master plan consultant; and non-capitalized improvements to All Sports Building and Henderson Park kitchen.
- 2) General Government decreased by \$79 mainly due to vacant positions.
- 3) Highways and Streets decreased by \$106 as funds were transferred to capital outlays for Wilkins drainage improvements and the reconstruction of Burleson Street.
- 4) Public Safety decreased by \$389 due primarily to the reimbursement from Washington County for 50% of the operating costs of Emergency Communications.
- 5) Capital Outlays increased by \$224 due to purchase of land in the downtown area, streets and drainage improvements and concession stand improvements.

The original budget for transfers-in was \$3,255 and the final amended budget was \$3,320, an increase of \$65. The increase is related to additional revenue from the Hotel Occupancy Tax Fund and BCDC for city parks, recreation and tourism programs, and from the Water Fund for materials for the Burleson Street reconstruction project.

The original budget for transfers-out was \$503 and the final amended budget was \$931, an increase of \$428. This increase is primarily due to the transfer of \$389 to the Debt Service Fund for the payment of the first three years of debt service on the bonds issued for the new animal shelter and renovated/expanded library. The City council approved this one-time transfer to offset the financial impact for these capital projects.

For fiscal year 2014, the General Fund's revenue came in \$205 under budget. This decrease is primarily related to lower sales tax revenue and lower municipal court fees and fines.

For fiscal year 2014, the General Fund's actual expenditures came in approximately \$427 lower than budget. This positive variance is mainly from lower personnel costs due to vacant positions.

**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, 2014 amounts to \$105,240 (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 \$905 or less than 1%. Changes in major capital asset expenditures during the current fiscal year included the following.

- Governmental Activities capital assets showed a net increase of \$60. Land and land improvements increased by \$1,005 primarily from the donation of 100 acres of park land on the south side of Brenham for \$859, the purchase of land for the Chappell Hill Street extension of \$81 and the purchase of a downtown property for \$76; although the City accepted streets and drainage improvements in the Ralston Creek development of \$687, infrastructure assets had a net decrease of \$214 due primarily to current year depreciation expense; construction-in-progress increased by \$549 mainly from the airport T-hangar capital project and architect fees related to the new animal shelter and renovated/expanded library.
- Business-type capital assets showed a net increase of \$845. Vehicles increased \$409 due to a digger truck for Electric utility and a sewer vacuum truck for Wastewater utility. The infrastructure category increase of \$1,275 is related to several utility items: Electric utility system improvements for Blue Bell Creameries, Blinn College, several residential areas and rotten pole change-out/upgrade; Water utility system improvements in the Ralston Creek development and other residential areas combined with the completion of the State Highway 36 North and Burleson Street project; and also Wastewater utility improvements in the Ralston Creek development.

**CITY OF BRENHAM, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2014**

**CAPITAL ASSET AND DEBT ADMINISTRATION – (Continued)**

<b>City of Brenham, Texas</b> <b>Capital Assets</b> <b>(Amounts in Thousands)</b> (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and Improvements	\$ 4,400	\$ 3,395	\$ 1,351	\$ 1,351	\$ 5,751	\$ 4,746
Buildings	16,734	17,329	422	419	17,156	17,748
Improvements other than buildings	5,062	5,587	20,237	20,904	25,299	26,491
Furniture, fixtures, and equipment	503	646	446	419	949	1,065
Machinery	147	135	-	-	147	135
Vehicles	2,452	2,473	1,475	1,066	3,927	3,539
Intangibles	143	151	149	71	292	222
Infrastructure	21,392	21,606	29,083	27,808	50,475	49,414
Construction in progress	807	258	437	717	1,244	975
Total	<u>\$ 51,640</u>	<u>\$ 51,580</u>	<u>\$ 53,600</u>	<u>\$ 52,755</u>	<u>\$ 105,240</u>	<u>\$ 104,335</u>

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, 2014**

**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 \$50,160. Of this amount, \$33,649 is tax-supported debt backed by the full faith and credit of the government, sales tax revenues of the BCDC (Component Unit) and toll revenue from the State of Texas. The remaining \$16,511 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 Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 6,938	\$ 7,845	\$ 11,277	\$ 12,715	\$ 18,215	\$ 20,560
Certificates of Obligation	12,175	8,670	5,770	5,835	17,945	14,505
Pass-Through Toll Revenue Bonds	12,970	14,165	-	-	12,970	14,165
Limited Tax Notes	1,040	1,315	-	-	1,040	1,315
Unamortized Credits/Charges	526	596	(536)	(524)	(10)	72
Total	<u>\$ 33,649</u>	<u>\$ 32,591</u>	<u>\$ 16,511</u>	<u>\$ 18,026</u>	<u>\$ 50,160</u>	<u>\$ 50,617</u>

The City of Brenham's total bonded debt decreased by \$457 or .9% during the current fiscal, with an increase of \$1,058 in governmental activities and a decrease of \$1,515 in business-type activities. The City issued Certificates of Obligation in the amount of \$4.075 million designated as follows: \$1.5 million for the acquisition of land for the construction of a fire substation and the purchase of a fire rescue truck and a fire pumper truck; \$1 million in matching funds for construction of an animal shelter; and \$1.5 million in matching funds for renovation and expansion of the library. Also the first principal payment of \$1,195 was made on the Pass-Through Toll Revenue Bonds. The City did not issue any new debt for the business-type activities in FY14.

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 \$.5632 for the year ended September 30, 2014 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.

**CITY OF BRENHAM, TEXAS**  
***Management's Discussion and Analysis***  
***September 30, 2014***

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

- The unemployment rate for Washington County as of September 2014 was 4.0%, which is lower than the rate of 4.9% one year ago. The current rate compares favorably to the state's average unemployment rate of 5.0%.
- In FY13, sales tax, which is the City's largest revenue source for funding general government operations, was aggressively budgeted at 10% above prior year actual followed by a 5% budgeted growth in FY14. When developing the FY15 budget, a more modest approach was taken with a 3% growth rate above the FY14 expected actuals.
- Due to a modest decline in consumption across all utility funds in FY15, a 2.2% overall decrease in franchise tax revenue is budgeted.
- 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 2015 fiscal year.

During FY14, unassigned fund balance in the General Fund, which excludes the other internal funds, increased from \$3,362 to \$3,532. The City of Brenham's adopted budget for FY15 is at a break-even level, so that General Fund expenditures do not utilize any fund balance.

For FY15, the City's overall tax rate was decreased by \$0.072 per \$100 of property valuation as noted below.

- Overall tax rate changed from \$0.5632 to \$0.4912
- M&O tax rate changed from \$0.3579 to \$0.2890
- I&S tax rate changed from \$0.2053 to \$0.2022

This resulted from an October 1, 2014 implementation date of the "Comprehensive Exchange of Services Interlocal Agreement" with the County whereby the two governmental entities agreed upon delivery of "shared services" for citizens residing within the County regardless of whether they reside inside the city limits.

The "shared services" provided by the City are animal control, fire safety and library services which are offset by the County providing EMS, jail services and emergency communications. Historically, the City had provided emergency communications, but with the transfer of that department from the City to the County, the City removed the Emergency Communications Department from the FY15 budget. This transfer had a significant favorable impact on the City's General Fund budget of just over \$900 decrease. The Chief Appraiser calculated a lower tax rate for the City and a higher tax rate for the County in the FY15 budget.

Other FY15 budget items include implementation costs for a mid-year 2% pay scale adjustment for all employees, and a rate increase in the Wastewater Fund to cover the increase in bond payments.

**Requests for Information**

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

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**City of Brenham**  
**Statement of Net Position**  
**September 30, 2014**

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
<b>ASSETS</b>				
Cash and Equivalents	\$ 4,569,690	\$ 9,561,351	\$ 14,131,041	\$ 1,420,687
Receivables - Property Tax (net)	221,603	-	221,603	-
Receivables - Sales Tax	773,803	-	773,803	257,934
Receivables - Occupancy Taxes	64,208	-	64,208	-
Receivables - Account (net)	374,314	5,045,472	5,419,786	-
Receivables - Interest	-	215,301	215,301	-
Internal Balances	(164,356)	164,356	-	-
Due from Component Unit	31,745	-	31,745	-
Due from Other Governments	8,933,791	26,523	8,960,314	-
Inventory at Cost	187,412	1,191,415	1,378,827	-
Notes Receivable, Current	-	59,693	59,693	-
Prepaid Water Agreement	-	267,575	267,575	-
Other Current Assets	154,320	407,774	562,094	-
Restricted Cash	13,546,851	1,312,798	14,859,649	-
Notes Receivable, Long Term	-	1,198,035	1,198,035	-
Unamortized Bond Insurance Premiums, Net	12,423	6,332	18,755	-
Capital Assets, Not Being Depreciated	5,217,223	1,821,805	7,039,028	2,205,282
Other Capital Assets, Net	46,422,943	51,775,792	98,198,735	17,359
Total assets	80,345,970	73,054,222	153,400,192	3,901,262
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount from Refundings	\$ 335,754	\$ 771,730	\$ 1,107,484	\$ -
<b>LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	894,131	2,492,986	3,387,117	1,251
Due to Primary Government	-	-	-	31,745
Other Liabilities	167	4,303	4,470	36,968
Accrued Interest	147,628	75,000	222,628	215,301
Self Insurance Claims Payable	2,292	-	2,292	-
Compensated Absences, Current	131,881	85,807	217,688	-
Bonds Payable, Current	4,438,726	-	4,438,726	-
Lease Payable, Current	98,000	79,374	177,374	-
Revenue Bonds Payable, Current	-	1,501,274	1,501,274	-
Notes Payable, Current - Component Unit	-	-	-	59,693
Consumer Deposits	-	1,081,090	1,081,090	-
Compensated Absences, Long Term	163,923	65,657	229,580	-
Post Employment Benefits	322,721	235,996	558,717	-
Long Term Debt, Net	29,697,726	15,885,792	45,583,518	1,198,036
Total liabilities	35,897,195	21,507,279	57,404,474	1,542,994
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Amount from Refundings	-	110,349	110,349	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	36,830,206	36,724,082	73,554,288	964,912
Restricted for Debt Service	633,409	-	633,409	-
Restricted for Economic Development	-	-	-	530,965
Restricted for Recreation	-	-	-	862,391
Unrestricted	7,320,914	15,484,242	22,805,156	-
Total net position	\$ 44,784,529	\$ 52,208,324	\$ 96,992,853	\$ 2,358,268

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, 2014**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit	
					Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General Government	\$ 5,458,639	\$ 714,188	\$ 84,541	\$ -	\$ (4,659,910)	\$ -	\$ (4,659,910)	\$ -	
Public Safety	7,104,713	8,878	577,301	-	(6,518,534)	-	(6,518,534)	-	
Highways and Streets	2,572,715	68,300	31,369	970,277	(1,502,769)	-	(1,502,769)	-	
Health and Welfare	316,672	31,492	76,220	-	(208,960)	-	(208,960)	-	
Culture and Recreation	3,751,931	343,989	48,317	3,051,984	(307,641)	-	(307,641)	-	
Interest on Long Term Debt	880,199	-	-	-	(880,199)	-	(880,199)	-	
Total governmental activities	20,084,869	1,166,847	817,748	4,022,261	(14,078,013)	-	(14,078,013)	-	
Business-type activities:									
Electric	25,911,242	27,021,804	-	-	-	1,110,562	1,110,562	-	
Gas	3,087,321	3,905,007	-	-	-	817,686	817,686	-	
Sanitation	2,768,399	3,121,490	6,461	-	-	359,552	359,552	-	
Wastewater	2,841,457	3,586,878	-	137,996	-	883,417	883,417	-	
Water	3,753,663	3,974,875	-	142,505	-	363,717	363,717	-	
Total business-type activities	38,362,082	41,610,054	6,461	280,501	-	3,534,934	3,534,934	-	
Total primary government	\$ 58,446,951	\$ 42,776,901	\$ 824,209	\$ 4,302,762	\$ (14,078,013)	\$ 3,534,934	\$ (10,543,079)	\$ -	
Component unit:									
Brenham Community Devel Corp	\$ 245,479	-	-	-				(245,479)	
Total component unit	\$ 245,479	-	-	-				(245,479)	
		Property Taxes			6,145,913	-	6,145,913	-	
		Sales Taxes			4,391,151	-	4,391,151	1,463,717	
		Franchise Taxes			3,164,298	-	3,164,298	-	
		Hotel Occupancy Taxes			704,638	-	704,638	-	
		Alcoholic Beverage Taxes			23,859	-	23,859	-	
		Investment Income not Restricted			3,947	74,935	78,882	282	
		Miscellaneous			128,809	55,515	184,324	3,232	
		Gain on Sale of Capital Assets			75,275	-	75,275	74,567	
		Payments to/from Component Unit			828,247	-	828,247	(828,247)	
		Transfers			3,034,718	(3,034,718)	-	-	
		Total general revenues			18,500,855	(2,904,268)	15,596,587	713,551	
		Change in net position			4,422,842	630,666	5,053,508	468,072	
		Net position - beginning as previously reported			40,758,391	51,796,850	92,555,241	1,890,196	
		Restatement of net position			(396,704)	(219,192)	(615,896)	-	
		Net position - beginning as restated			40,361,687	51,577,658	91,939,345	1,890,196	
		Net position - ending			\$ 44,784,529	\$ 52,208,324	\$ 96,992,853	\$ 2,358,268	

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

City of Brenham  
Balance Sheet  
Governmental Funds  
September 30, 2014

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	2014 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Equivalents	\$ 4,403,957	\$ -	\$ -	\$ -	\$ 165,733	\$ 4,569,690
Receivables (Net)						
Property Taxes	142,997	78,606	-	-	-	221,603
Sales Tax	773,803	-	-	-	-	773,803
Occupancy Tax	-	-	-	-	64,208	64,208
Accounts	346,747	-	-	-	27,566	374,313
Interfund Receivables	-	-	-	-	-	-
Due from Component Unit	31,745	-	-	-	-	31,745
Due from Other Governments	167,105	1,555	-	-	-	168,660
Inventory at Cost	187,412	-	-	-	-	187,412
Other Current Assets	1,000	-	-	-	153,220	154,220
Restricted Cash	-	553,248	5,087,945	5,456,354	1,958,241	13,055,788
Restricted Investments	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 6,054,766</u>	<u>\$ 633,409</u>	<u>\$ 5,087,945</u>	<u>\$ 5,456,354</u>	<u>\$ 2,368,968</u>	<u>\$ 19,601,442</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
Liabilities:						
Accounts Payable & Other Current Liabilities	\$ 768,234	\$ -	\$ -	\$ 82,521	\$ 43,375	\$ 894,130
Interfund Payables	-	-	-	-	-	-
Other Liabilities	167	-	-	-	-	167
<b>Total Liabilities</b>	<u>768,401</u>	<u>-</u>	<u>-</u>	<u>82,521</u>	<u>43,375</u>	<u>894,297</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable Revenues	425,082	78,606	-	-	-	503,688
<b>Total Deferred Inflows of Resources</b>	<u>425,082</u>	<u>78,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>503,688</u>
<b>Total Liabilities and Deferred Inflows of of Resources</b>	<u>1,193,483</u>	<u>78,606</u>	<u>-</u>	<u>82,521</u>	<u>43,375</u>	<u>1,397,985</u>
<b>Fund Balances:</b>						
Nonspendable	188,412	-	-	-	-	188,412
Restricted	801,061	183,444	5,087,945	5,373,833	2,163,343	13,609,626
Committed	10,304	371,359	-	-	154,092	535,755
Assigned	-	-	-	-	8,158	8,158
Unassigned	3,861,506	-	-	-	-	3,861,506
<b>Total Fund Balances</b>	<u>4,861,283</u>	<u>554,803</u>	<u>5,087,945</u>	<u>5,373,833</u>	<u>2,325,593</u>	<u>18,203,457</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 6,054,766</u>	<u>\$ 633,409</u>	<u>\$ 5,087,945</u>	<u>\$ 5,456,354</u>	<u>\$ 2,368,968</u>	

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

**City of Brenham**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**September 30, 2014**

Total fund balances - total governmental funds	\$ 18,203,457
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	51,640,166
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Gross capital assets	94,646,735
Accumulated depreciation	(43,006,569)
	51,640,166

Certain long-term assets are not available to pay current period expenditures and therefore are not reported in the governmental funds balance sheet.	8,765,130
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Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(34,652,428)
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Bonds payable	33,123,268
Less: Unamortized bond insurance premiums	(12,422)
Add: Issuance premium	861,769
Less: Unamortized deferred charges	(335,754)
Accrued interest payable	147,628
Capital lease payable	249,414
Compensated absences	295,804
Post retirement benefits	322,721
	34,652,428

Internal service funds are used by management to charge the costs of risk management services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	324,513
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Other long term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	503,691
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Net position of governmental activities	\$ 44,784,529
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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, 2014**

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	2014 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 11,474,469	\$ 2,230,264	\$ -	\$ -	\$ 704,638	\$ 14,409,371
Licenses and Permits	76,379	-	-	-	-	76,379
Intergovernmental	766,638	-	3,209,811	-	283,553	4,260,002
Charges for Services	471,776	-	-	-	45,338	517,114
Fines and Forfeitures	573,355	-	-	-	-	573,355
Investment Income	933	401	1,375	459	716	3,884
Payment from Component Unit	179,789	569,110	-	-	79,348	828,247
Contributions and Donations	777,862	-	-	1,464,647	5,989	2,248,498
Miscellaneous	118,584	-	-	-	23,327	141,911
<b>Total revenues</b>	<b>14,439,785</b>	<b>2,799,775</b>	<b>3,211,186</b>	<b>1,465,106</b>	<b>1,142,909</b>	<b>23,058,761</b>
<b>Expenditures</b>						
Current:						
Culture and Recreation	2,467,184	-	-	-	614,609	3,081,793
General Government	5,044,515	-	-	-	22,769	5,067,284
Health and Welfare	305,008	-	-	-	-	305,008
Highways and Streets	1,334,834	-	-	-	44,527	1,379,361
Public Safety	6,382,845	-	-	-	-	6,382,845
Debt service:						
Interest & Fiscal Charges	-	926,007	-	-	-	926,007
Principal Retirement	-	3,090,133	-	-	-	3,090,133
Issuance Costs	-	-	-	95,731	-	95,731
Capital Outlay	773,334	-	-	142,361	604,709	1,520,404
<b>Total expenditures</b>	<b>16,307,720</b>	<b>4,016,140</b>	<b>-</b>	<b>238,092</b>	<b>1,286,614</b>	<b>21,848,566</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,867,935)</b>	<b>(1,216,365)</b>	<b>3,211,186</b>	<b>1,227,014</b>	<b>(143,705)</b>	<b>1,210,195</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	3,120,374	1,566,359	-	-	17,752	4,704,485
Transfers Out	(389,111)	-	(1,195,000)	-	(85,656)	(1,669,767)
Refunding Bonds Issued	-	1,509,201	-	-	-	1,509,201
Payment to Refunded Bond Escrow Agent	-	(1,490,242)	-	-	-	(1,490,242)
Issuance of Debt	-	-	-	4,075,000	-	4,075,000
Premium on Debt Issued	-	-	-	71,819	-	71,819
Insurance Proceeds	91,357	-	-	-	-	91,357
<b>Total other financing sources and (uses)</b>	<b>2,822,620</b>	<b>1,585,318</b>	<b>(1,195,000)</b>	<b>4,146,819</b>	<b>(67,904)</b>	<b>7,291,853</b>
<b>Net change in Fund Balances</b>	<b>954,685</b>	<b>368,953</b>	<b>2,016,186</b>	<b>5,373,833</b>	<b>(211,609)</b>	<b>8,502,048</b>
<b>Fund balances - beginning</b>	<b>3,906,598</b>	<b>185,850</b>	<b>3,071,759</b>	<b>-</b>	<b>2,537,202</b>	<b>9,701,409</b>
<b>Fund balances - ending</b>	<b>\$ 4,861,283</b>	<b>\$ 554,803</b>	<b>\$ 5,087,945</b>	<b>\$ 5,373,833</b>	<b>\$ 2,325,593</b>	<b>\$ 18,203,457</b>

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, 2014**

Net change in fund balances - total governmental funds \$ 8,502,048

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. 32,723

Capital outlay	1,520,404
Depreciation expense	(2,984,739)
Donation of capital assets	1,545,373
Proceeds from sale	(50,136)
Insurance proceeds	(61,631)
Loss on disposal	(11,822)
Gain on disposal	75,274
	<u>32,723</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 27,795

Repayments from the State of Texas for the Pass-Thru Financing Program are shown as revenues in the governmental funds. However, since the state is repaying these amounts, they are reflected as a reduction of the intergovernmental receivable in the statement of net position. (3,209,811)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long term liabilities in the statement of net position. Bond principal payments are expenditures in the governmental funds, but they reduce long term liabilities in the statement of net position. (963,114)

Debt issued:	
2014 General Obligation Refunding Bonds	(1,509,201)
2014 Certificates of Obligation	(4,075,000)
Bond premium on new debt	(71,819)
Repayments:	
To Paying Agent:	
For certificate principal	1,490,242
To bond, certificate, and note holders	3,090,133
Amortization of bond premiums, discounts, & charges	112,531
	<u>(963,114)</u>

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. (18,250)

Compensated absences	3,800
Accrued interest payable	32,146
Post retirement benefits	(54,196)
	<u>(18,250)</u>

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. 54,589

For government wide reporting, bond insurance costs are deferred and amortized. (3,138)

Change in net position of governmental activities \$ 4,422,842

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, 2014**

	Budgeted Amounts		Actual	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
<b>Revenues</b>						
Taxes	\$ 11,576,547	\$ 11,615,495	\$ 11,474,469	\$ -	\$ 11,474,469	\$ (141,026)
Licenses and Permits	66,950	66,950	76,379	-	76,379	9,429
Intergovernmental	30,000	34,944	766,638	(725,378)	41,260	6,316
Charges for Services	474,732	469,072	471,776	-	471,776	2,704
Fines and Forfeitures	646,363	646,363	573,355	-	573,355	(73,008)
Investment Income	3,220	3,220	933	(55)	878	(2,342)
Payment from Component Unit	178,000	183,000	179,789	-	179,789	(3,211)
Contributions and Donations	-	-	777,862	(777,862)	-	-
Miscellaneous	105,572	105,572	118,584	(17,252)	101,332	(4,240)
<b>Total revenues</b>	<u>13,081,384</u>	<u>13,124,616</u>	<u>14,439,785</u>	<u>(1,520,547)</u>	<u>12,919,238</u>	<u>(205,378)</u>
<b>Expenditures</b>						
Current:						
Culture and Recreation	2,366,062	2,465,823	2,467,184	(79,487)	2,387,697	78,126
General Government	5,278,938	5,200,345	5,044,515	(31,658)	5,012,857	187,488
Health and Welfare	276,123	276,123	305,008	(78,655)	226,353	49,770
Highways and Streets	1,476,385	1,369,991	1,334,834	-	1,334,834	35,157
Public Safety	6,230,409	5,840,785	6,382,845	(600,366)	5,782,479	58,306
	<u>15,627,917</u>	<u>15,153,067</u>	<u>15,534,386</u>	<u>(790,166)</u>	<u>14,744,220</u>	<u>408,847</u>
Capital Outlay	111,000	335,377	773,334	(456,466)	316,868	18,509
<b>Total Expenditures</b>	<u>15,738,917</u>	<u>15,488,444</u>	<u>16,307,720</u>	<u>(1,246,632)</u>	<u>15,061,088</u>	<u>427,356</u>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over (Under) Expenditures</b>	<u>(2,657,533)</u>	<u>(2,363,828)</u>	<u>(1,867,935)</u>	<u>(273,915)</u>	<u>(2,141,850)</u>	<u>221,978</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	3,255,196	3,320,452	3,120,374	-	3,120,374	(200,078)
Transfers Out	(503,522)	(931,082)	(389,111)	(534,928)	(924,039)	7,043
Insurance Proceeds	20,000	81,631	91,357	-	91,357	9,726
<b>Total other financing sources and (uses)</b>	<u>2,771,674</u>	<u>2,471,001</u>	<u>2,822,620</u>	<u>(534,928)</u>	<u>2,287,692</u>	<u>(183,309)</u>
<b>Net change in fund balance</b>	<u>114,141</u>	<u>107,173</u>	<u>954,685</u>	<u>(808,843)</u>	<u>145,842</u>	<u>38,669</u>
<b>Fund balance - beginning</b>	<u>3,574,960</u>	<u>3,574,960</u>	<u>3,906,598</u>	<u>(331,638)</u>	<u>3,574,960</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 3,689,101</u>	<u>\$ 3,682,133</u>	<u>\$ 4,861,283</u>	<u>\$ (1,140,481)</u>	<u>\$ 3,720,802</u>	<u>\$ 38,669</u>

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

**City of Brenham, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2014**

	Business-type Activities - Enterprise Funds						
	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Internal Service Funds
<b>Assets</b>							
Current assets:							
Cash and Equivalents	\$ 4,510,320	\$ 1,260,660	\$ 1,378,362	\$ 1,435,786	\$ 797,618	\$ 9,382,746	\$ 178,605
Interest Receivable	215,301	-	-	-	-	215,301	-
Receivables - Accounts, Net	3,444,290	256,225	626,161	456,284	262,512	5,045,472	-
Receivables - Interfund	275,009	-	154,162	-	-	429,171	50,590
Intergovernmental Receivable	13,351	-	-	-	13,172	26,523	-
Inventory at Cost	618,708	98,032	427,005	46,125	-	1,189,870	1,545
Prepaid Water Agreement	-	-	267,575	-	-	267,575	-
Other Current Assets	389,472	-	-	-	18,302	407,774	100
Notes Receivable, Net	59,693	-	-	-	-	59,693	-
Restricted Cash	1,211,269	-	101,529	-	-	1,312,798	491,061
Total current assets	10,737,413	1,614,917	2,954,794	1,938,195	1,091,604	18,336,923	721,901
Noncurrent assets:							
Capital Assets, Net	11,073,822	1,725,778	19,745,643	19,487,034	1,490,533	53,522,810	74,787
Prepays	-	-	1,900	4,432	-	6,332	-
Notes Receivable, Long Term	1,198,036	-	-	-	-	1,198,036	-
Total noncurrent assets	12,271,858	1,725,778	19,747,543	19,491,466	1,490,533	54,727,178	74,787
Total assets	23,009,271	3,340,695	22,702,337	21,429,661	2,582,137	73,064,101	796,688
<b>Deferred Outflows of Resources</b>							
Deferred Amount from Refundings	-	-	117,313	654,417	-	771,730	-
<b>Liabilities</b>							
Current liabilities:							
Accounts Payable & Other Current Liabilities	\$ 1,974,371	\$ 128,466	\$ 184,788	\$ 48,554	\$ 155,225	\$ 2,491,404	\$ 3,874
Other Liabilities	-	900	2,353	1,050	-	4,303	-
Accrued Interest	53	11	43,480	31,437	19	75,000	-
Interfund Payable	-	-	-	275,009	154,162	429,171	50,590
Compensated Absences, Current	42,919	8,497	13,235	9,815	11,341	85,807	-
Lease Payable, Current	8,942	1,901	3,077	62,135	3,319	79,374	-
Revenue Bonds Payable, Current	-	-	479,962	1,021,312	-	1,501,274	-
Consumer Deposits	1,081,090	-	-	-	-	1,081,090	-
Total current liabilities	3,107,375	139,775	726,895	1,449,312	324,066	5,747,423	54,464
Noncurrent liabilities:							
Compensated Absences	29,662	8,103	10,349	6,744	10,799	65,657	-
Post Employment Benefits	98,026	29,267	39,920	36,506	32,277	235,996	-
Long Term Debt, Net	13,816	2,938	7,582,593	8,281,317	5,128	15,885,792	-
Total noncurrent liabilities	141,504	40,308	7,632,862	8,324,567	48,204	16,187,445	-
Total liabilities	3,248,879	180,083	8,359,757	9,773,879	372,270	21,934,868	54,464
<b>Deferred Outflows of Resources</b>							
Deferred Amount from Refundings	-	-	110,349	-	-	110,349	-
<b>Net Position</b>							
Net Investment in Capital Assets	11,051,064	1,720,939	11,688,874	10,781,119	1,482,086	36,724,082	74,787
Unrestricted	8,709,328	1,439,673	2,660,670	1,529,080	727,781	15,066,532	667,437
Total net position	\$ 19,760,392	\$ 3,160,612	\$ 14,349,544	\$ 12,310,199	\$ 2,209,867	\$ 51,790,614	\$ 742,224
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.						417,710	
Net Position of business-type activities						\$ 52,208,324	

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 Position**  
**Proprietary Funds**  
**For the Year ended September 30, 2014**

Business-type Activities - Enterprise Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Internal Service Funds
Operating revenues:							
Charges for Services	\$ 27,021,804	\$ 3,905,007	\$ 3,974,875	\$ 3,586,878	\$ 3,121,490	\$ 41,610,054	\$ 296,639
Total Operating Revenues	27,021,804	3,905,007	3,974,875	3,586,878	3,121,490	41,610,054	296,639
Operating expenses:							
Cost of Sales and Services	21,317,464	2,235,522	277,078	-	-	23,830,064	-
Salaries	1,675,082	342,360	679,586	499,988	571,341	3,768,357	-
Supplies	179,212	28,598	384,852	145,419	367,016	1,105,097	2,355
Maintenance	60,888	18,404	278,184	151,621	146,171	655,268	17,599
Contractual Services	288,378	45,322	362,653	615,746	1,504,007	2,816,106	78,744
Depreciation	484,324	147,370	853,232	866,836	121,959	2,473,721	16,198
Gross Revenue Tax	1,856,760	272,857	271,081	243,131	58,045	2,701,874	-
Miscellaneous	79,680	9,880	39,525	26,914	16,846	172,845	5,386
Total operating expenses	25,941,788	3,100,313	3,146,191	2,549,655	2,785,385	37,523,332	120,282
Operating Income (loss)	1,080,016	804,694	828,684	1,037,223	336,105	4,086,722	176,357
Nonoperating revenues (expenses):							
Intergovernmental	-	-	-	-	6,461	6,461	-
Investment Income	72,718	330	906	667	268	74,889	109
Interest Expense & Fiscal Charges	(1,000)	(190)	(408,881)	(313,439)	(331)	(723,841)	-
Miscellaneous, Net	28,843	243	(216,124)	801	5,012	(181,225)	-
Total non operating revenue (expenses)	100,561	383	(624,099)	(311,971)	11,410	(823,716)	109
Income (loss) before contributions and transfers	1,180,577	805,077	204,585	725,252	347,515	3,263,006	176,466
Capital Contributions	-	-	142,505	137,996	-	280,501	-
Transfers In	539,855	-	-	-	-	539,855	2,276
Transfers Out	(1,694,616)	(508,206)	(526,040)	(471,829)	(373,882)	(3,574,573)	(30,000)
Total Transfers In/(Out)	(1,154,761)	(508,206)	(526,040)	(471,829)	(373,882)	(3,034,718)	(27,724)
Change in net position	25,816	296,871	(178,950)	391,419	(26,367)	508,789	148,742
Total net position - beginning as previously reported	19,734,576	2,863,741	14,621,528	12,044,938	2,236,234		593,482
Restatement of net position	-	-	(93,034)	(126,158)	-		-
Total net position - beginning as restated	19,734,576	2,863,741	14,528,494	11,918,780	2,236,234		-
Total net position - ending	\$ 19,760,392	\$ 3,160,612	\$ 14,349,544	\$ 12,310,199	\$ 2,209,867		\$ 742,224

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

Change in net position of business-type activities	121,877
	<u>\$ 630,666</u>

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2014**

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
<b>Cash Flows from Operating Activities</b>							
Receipts from customers and users	\$ 26,820,032	\$ 3,910,628	\$ 3,913,704	\$ 3,595,436	\$ 3,119,276	\$ 41,359,076	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	254,049
Gross revenue tax paid to General Fund	(1,856,760)	(272,857)	(271,081)	(243,131)	(58,045)	(2,701,874)	-
Payments to suppliers	(22,354,438)	(2,057,448)	(1,774,146)	(1,037,387)	(1,971,383)	(29,194,802)	(103,529)
Payments to employees	(1,636,151)	(336,356)	(674,572)	(491,474)	(562,400)	(3,700,953)	-
Net cash provided (used) by operating activities	<u>972,683</u>	<u>1,243,967</u>	<u>1,193,905</u>	<u>1,823,444</u>	<u>527,448</u>	<u>5,761,447</u>	<u>150,520</u>
<b>Cash Flows from Non Capital Financing Activities</b>							
Transfers in	539,855	-	-	-	-	539,855	-
Transfers out	(1,694,616)	(508,206)	(526,040)	(471,829)	(373,882)	(3,574,573)	-
Interest paid on consumer deposits	(109)	-	-	-	-	(109)	-
Net cash provided (used) by noncapital financing activities	<u>(1,154,870)</u>	<u>(508,206)</u>	<u>(526,040)</u>	<u>(471,829)</u>	<u>(373,882)</u>	<u>(3,034,827)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Acquisition and construction of capital assets	(1,483,997)	(114,658)	(1,034,121)	(471,530)	(150,017)	(3,254,323)	(61,926)
Principal paid on bonds and capital leases	(8,652)	(1,840)	(706,832)	(986,729)	(3,211)	(1,707,264)	-
Insurance proceeds	1,543	-	613	-	-	2,156	-
Proceeds from sales of capital assets	3,447	92	13,140	-	-	16,679	-
Interest and fees paid on bonds and capital leases	(912)	(194)	(399,644)	(220,830)	(338)	(621,918)	-
Net cash provided (used) by capital and related financing activities	<u>(1,488,571)</u>	<u>(116,600)</u>	<u>(2,126,844)</u>	<u>(1,679,089)</u>	<u>(153,566)</u>	<u>(5,564,670)</u>	<u>(61,926)</u>
<b>Cash Flows from Investing Activities</b>							
Principal received on notes receivable	56,787	-	-	-	-	56,787	-
Investment income received	16,982	332	907	668	268	19,157	109
Net cash provided (used) by investing activities	<u>73,769</u>	<u>332</u>	<u>907</u>	<u>668</u>	<u>268</u>	<u>75,944</u>	<u>109</u>
Net increase (decrease) in cash and cash equivalents	(1,596,989)	619,493	(1,458,072)	(326,806)	268	(2,762,106)	88,703
Cash and cash equivalents, beginning of year	<u>7,318,578</u>	<u>641,167</u>	<u>2,937,963</u>	<u>1,762,592</u>	<u>797,350</u>	<u>13,457,650</u>	<u>580,963</u>
Cash and cash equivalents, end of year	<u>\$ 5,721,589</u>	<u>\$ 1,260,660</u>	<u>\$ 1,479,891</u>	<u>\$ 1,435,786</u>	<u>\$ 797,618</u>	<u>\$ 10,695,544</u>	<u>\$ 669,666</u>
Reconciliation of cash and cash equivalents to statement of net assets							
Cash and equivalents	\$ 4,510,320	\$ 1,260,660	\$ 1,378,362	\$ 1,435,786	\$ 797,618	\$ 9,382,746	\$ 178,605
Restricted cash and equivalents	1,211,269	-	101,529	-	-	1,312,798	491,061
Cash and cash equivalents, end of year	<u>\$ 5,721,589</u>	<u>\$ 1,260,660</u>	<u>\$ 1,479,891</u>	<u>\$ 1,435,786</u>	<u>\$ 797,618</u>	<u>\$ 10,695,544</u>	<u>\$ 669,666</u>

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

Operating income (loss)	\$ 1,080,016	\$ 804,694	\$ 828,684	\$ 1,037,223	\$ 336,105	\$ 4,086,722	\$ 176,357
Adjustments to reconcile net cash provided (used) by operating activities							-
Depreciation	484,324	147,370	853,232	866,836	121,959	2,473,721	16,198
Provision for uncollectible accounts	58,903	4,446	7,493	6,338	4,440	81,620	-
Other income (expense)	23,856	152	6,863	800	11,473	43,144	-
Changes in assets and liabilities affecting cash provided by operations:							
(Increase) decrease in accounts receivable	(271,130)	1,023	(75,527)	1,420	(18,127)	(362,341)	-
(Increase) decrease in inventory	(6,847)	25,203	4,845	(2,751)	-	20,450	1,380
(Increase) decrease in interfund receivables	175,665	232,140	(154,162)	-	-	253,643	(50,590)
(Increase) decrease in intergovernmental receivables	2,036	-	-	-	(241)	1,795	-
Increase (decrease) in interfund payables	-	-	(232,140)	(103,692)	82,188	(253,644)	5,506
Increase (decrease) in self insurance claims liability	-	-	-	-	-	-	(1,690)
(Increase) decrease in other assets	(390,932)	-	(14,823)	-	(7,940)	(413,695)	2,494
Increase (decrease) in accounts payable and other current liabilities	(208,738)	22,935	(35,574)	8,756	(11,350)	(223,971)	865
Increase (decrease) in salaries & benefits payable	13,216	219	(1,570)	1,029	2,431	15,325	-
Increase (decrease) in compensated absences	4,543	277	3,560	669	1,389	10,438	-
Increase (decrease) in postemployment benefits	21,172	5,508	3,024	6,816	5,121	41,641	-
Increase (decrease) in consumer deposits	(13,401)	-	-	-	-	(13,401)	-
Net cash provided (used) by operating activities	<u>\$ 972,683</u>	<u>\$ 1,243,967</u>	<u>\$ 1,193,905</u>	<u>\$ 1,823,444</u>	<u>\$ 527,448</u>	<u>\$ 5,761,447</u>	<u>\$ 150,520</u>

**Noncash investing, capital and financing activities**

Contribution of capital assets	-	-	142,505	137,996	-	280,501	-
Transfer in/(out) of capital assets	-	-	-	-	-	-	23,546

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

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**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**A. Reporting Entity**

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

**1. Discretely presented component unit**

The City has included the Brenham Community Development Corporation (BCDC) in its financial statements as a discretely presented component unit since the City is financially accountable for the entity and a financial benefit or burden relationship exists between the City and the BCDC. The BCDC is a legally separate entity from the City and is governed by a board appointed by City Council. The BCDC was formed to oversee revenues and expenditures of a special three-eighth cent sales tax for economic development and community recreational development. The City's council approves the BCDC budget and the City Manager serves as its Chief Executive Officer. For financial reporting purposes, the BCDC is reported as a governmental fund. The component unit has a single general fund which is discretely presented in the financial statements. The Corporation does not issue separate financial statements.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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, 2014**

**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 *2014 Capital Projects Fund* accounts for the resources used for the acquisition of land for the construction of a fire substation; the acquisition of two fire trucks; the construction and equipping of a new City animal shelter; and the expansion, renovation and equipping of the City library. The resources for these improvements are derived from the proceeds of certificates of obligation.

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

*Internal Service Funds* provide self-insured health insurance risk management services (fund will be closed out in FY15 due to transition to a fully funded plan in FY13), a zero deductible plan for workers' compensation and fleet management services to other funds of the City on a cost reimbursement basis. These funds are presented in detail in the Supplementary Information Section and in summary form as part of the proprietary fund financial statements. At the government-wide level, the financial statements of the risk management and workers' compensation Internal Service Funds are included in the governmental activities column while the fleet management Internal Service Fund is presented in the business-type column.

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**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 Position**

**1. Deposits and investments**

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

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

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

**2. Receivables and payables**

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

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.

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

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

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

**3. Inventories and prepaid items**

All inventories are valued at 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.

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

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

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

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

**6. *Compensated absences***

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

**7. *Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Per GASB Statement No. 65, bond issuance costs should no longer be recorded as an asset and amortized over the life of the bonds. Therefore, all bond issuance costs (other than bond insurance premiums) on the balance sheet as of October 1, 2013 were removed as prior period adjustments.

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

**8. *Fund equity***

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

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)**

**9. Post closure care cost**

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

The City stopped accepting waste at its landfill in November, 1990. State and federal laws and regulations require the City to place a final cover on the site and perform maintenance and monitoring functions at the site for five years after closure. 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 \$67,088 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, 2014, 7 retirees/covered spouses meet those eligibility requirements and have elected to receive this benefit. The retiree/covered spouse pay the entire premium for group health coverage and claims are paid through the City's third party provider.

Employees who terminate employment because of a disability may qualify for life insurance and long term disability benefits until reaching age 65 or the end of the disability eligibility, whichever comes first. Premiums for those qualifying are waived and there is no further cost to the City or the former employee. Currently, 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. In addition to the Assistant City Manager, six director positions report to the City Manager and oversee the individual departmental budgets within their area of responsibility. These positions include the Director of Public Works, Director of Public Utilities, Chief Financial Officer, Director of Community Services, Chief of Police and Fire Chief.

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**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*, seven 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, 2014, annual appropriated budgets were adopted by passage of a budget ordinance for the General Fund, Electric Fund, Gas Fund, Water Fund, Wastewater Fund, Sanitation Fund, Debt Service Fund, US 290 Pass-Thru Finance Fund, and the 2014 Capital Projects Fund. Non major governmental funds for which budgets were adopted include the Hotel/Motel Tax, Washington County Hotel/Motel Tax, PD Criminal Law Enforcement Fund, Courts Technology/Security, Airport Capital Improvements Fund, Streets and Drainage Improvements Fund and Parks Capital Improvements Fund. Internal Service funds with budgets adopted include the Workers’ Compensation Fund and the Central Fleet Fund. All annual budget appropriations lapse at the end of the fiscal year.

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

**3. Legal level of control**

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

**4. Budget amendments**

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

**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, 2014**

**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, 2014, all expenditures of the General Fund were within appropriations.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2014, the City had an investment in a State Money Pool (TexPool) which had a balance of \$6,853,618 which was included in cash and cash equivalents at September 30, 2014. "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 \$20,739,221 and was included in cash and cash equivalents and restricted cash at September 30, 2014. "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 \$1.00007 per share. The stated objective of TexSTAR is to maintain a stable \$1.00 net asset value per unit, and immediate action must be taken if the net asset value of the units of any fund falls below \$0.996 or rises above \$1.004. The fund maintains a weighted average maturity of less than 60 days and was rated AAAm by Standard and Poor's. Authorized investments for TexSTAR funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

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

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

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



**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**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 \$2,812,139 and the bank balances totaled \$3,074,609. Of the bank balances, \$500,000 was covered by federal depository insurance and \$2,574,609 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

**B. Receivables - Account**

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

**Governmental Funds**

	<b>General Fund</b>
Accounts	\$ 240,891
Assessments	113,356
	<u>354,247</u>
Less Allowance for Uncollectibles	<u>(7,500)</u>
Accounts Receivable, Net	<u><u>\$ 346,747</u></u>

**Proprietary Funds**

	<b>Electric Fund</b>	<b>Gas Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Sanitation Fund</b>	<b>Total</b>
Accounts	\$ 3,504,290	\$ 261,225	\$ 638,161	\$ 464,284	\$ 266,512	\$5,134,472
Less Allowance for Uncollectibles	<u>(60,000)</u>	<u>(5,000)</u>	<u>(12,000)</u>	<u>(8,000)</u>	<u>(4,000)</u>	<u>(89,000)</u>
Accounts Receivable, Net	<u><u>\$ 3,444,290</u></u>	<u><u>\$ 256,225</u></u>	<u><u>\$ 626,161</u></u>	<u><u>\$ 456,284</u></u>	<u><u>\$ 262,512</u></u>	<u><u>\$5,045,472</u></u>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

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

<b>Components</b>	<b>Unavailable</b>	<b>Unearned</b>	<b>Total</b>
Delinquent property taxes receivable (General Fund)	\$ 142,997	\$ -	\$ 142,997
Delinquent property taxes receivable (Debt Service Fund)	78,606	-	78,606
Franchise fees receivable	174,561	-	174,561
Lien assessments and pending seizures	107,524	-	107,524
Total deferred/unearned revenue for governmental funds	<u>\$ 503,688</u>	<u>\$ -</u>	<u>\$ 503,688</u>
Balances not expected to be collected within one year	\$ 107,524	\$ -	\$ 107,524

**C. Receivables – Property Taxes**

The following information relates to property taxes receivable for the year ended September 30, 2014:

Original Certified Tax Roll	\$ 1,081,012,583
Approved Rate (Per \$100 Valuation)	0.5632
Original Levy	6,088,263
Supplements	6,288
Adjusted Levy	<u>\$ 6,094,551</u>
Collections on Current Tax Roll	6,001,567
Total Collections/Refunds/Adjustments	6,068,876
Property Taxes Receivable	\$ 221,603

**D. Notes Receivable**

Notes receivable at September 30, 2014 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	\$ 257,728
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>
	\$ 1,257,728
Less Current Portion	<u>(59,693)</u>
	<u>\$ 1,198,035</u>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Capital Assets**

Capital asset activity for the year ended September 30, 2014 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>
<b>Capital Assets, Not Being Depreciated:</b>						
Land	\$ 3,303,243	\$ 218,674	\$ 600	\$ 809,637	\$ (24,323)	\$ 4,307,831
Land Improvements	91,559	-	-	-	-	91,559
Intangibles-Easements	10,593	-	-	-	-	10,593
Construction in Progress	257,618	550,222	(600)	-	-	807,240
Total Not Being Depreciated	<u>\$ 3,663,013</u>	<u>768,896</u>	<u>-</u>	<u>809,637</u>	<u>(24,323)</u>	<u>5,217,223</u>
<b>Capital Assets, Being Depreciated:</b>						
Buildings	23,714,808	146,642	-	-	(26,446)	23,835,004
Improvements Other Than Buildings	11,580,264	34,457	-	-	-	11,614,721
Furniture, Fixtures and Equipment	1,426,851	59,861	-	-	(43,330)	1,443,382
Machinery	326,141	49,556.00	-	-	-	375,697
Vehicles	6,626,181	408,000	-	-	(270,367)	6,763,814
Radios	645,621	-	-	-	-	645,621
Intangibles-Software	181,891	-	-	-	-	181,891
Infrastructure	43,738,024	95,378	-	735,980	-	44,569,382
Total Being Depreciated	88,239,781	793,894	-	735,980	(340,143)	89,429,512
Less Impairment	-	-	-	-	-	-
<b>Less Accumulated Depreciation for:</b>						
Buildings	(6,385,792)	(726,071)	-	-	10,794	(7,101,069)
Improvements Other Than Bldgs.	(5,993,369)	(559,673)	-	-	-	(6,553,042)
Furniture, Fixtures and Equipment	(1,228,864)	(138,662)	-	-	43,330	(1,324,196)
Machinery	(191,200)	(36,615)	-	-	-	(227,815)
Vehicles	(4,153,088)	(406,551)	-	-	247,121	(4,312,518)
Radios	(197,086)	(64,614)	-	-	-	(261,700)
Intangibles-Software	(40,899)	(8,465)	-	-	-	(49,364)
Infrastructure	(22,132,777)	(1,044,088)	-	-	-	(23,176,865)
Total Accumulated Depreciation	<u>(40,323,075)</u>	<u>(2,984,739)</u>	<u>-</u>	<u>-</u>	<u>301,245</u>	<u>(43,006,569)</u>
Total Being Depreciated, Net	<u>47,916,706</u>	<u>(2,190,845)</u>	<u>-</u>	<u>735,980</u>	<u>(38,898.00)</u>	<u>46,422,943</u>
Capital Assets, Net	<u>\$51,579,719</u>	<u>\$ (1,421,949)</u>	<u>\$ -</u>	<u>\$1,545,617</u>	<u>\$ (63,221)</u>	<u>\$ 51,640,166</u>
<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclass/CIP to Complete</u>	<u>Contributed Capital</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets, Not Being Depreciated:</b>						
Land	\$ 1,351,401	\$ -	\$ -	\$ -	\$ -	1,351,401
Intangibles-Easements	33,811	-	-	-	-	33,811
Construction in Progress	717,277	390,330	(671,014)	-	-	436,593
Total Not Being Depreciated	<u>2,102,489</u>	<u>390,330</u>	<u>(671,014)</u>	<u>-</u>	<u>-</u>	<u>1,821,805</u>
<b>Capital Assets, Being Depreciated:</b>						
Buildings	772,754	27,747	-	-	-	800,501
Improvements Other Than Buildings	32,508,118	63,395	15,518	-	(7,144)	32,579,887
Furniture, Fixtures and Equipment	1,719,696	117,555	-	-	(154,625)	1,682,626
Vehicles	3,525,567	692,377	-	45,530	(45,810)	4,217,664
Intangibles-Software	68,898	83,685	-	-	-	152,583
Infrastructure	53,836,168	1,941,160	655,496	280,501	(651,334)	56,061,991
Total Being Depreciated	92,431,201	2,925,919	671,014	326,031	(858,913)	95,495,252
<b>Less Accumulated Depreciation for:</b>						
Buildings	(353,565)	(24,673)	-	-	-	(378,238)
Improvements Other Than Bldgs.	(11,603,902)	(743,553)	-	-	3,963	(12,343,492)
Furniture, Fixtures and Equipment	(1,300,653)	(90,679)	-	-	154,625	(1,236,707)
Vehicles	(2,459,737)	(256,254)	-	(43,254)	15,810	(2,743,435)
Intangibles-Software	(31,741)	(6,700)	-	-	-	(38,441)
Infrastructure	(26,028,862)	(1,368,060)	-	-	417,775	(26,979,147)
Total Accumulated Depreciation	<u>(41,778,460)</u>	<u>(2,489,919)</u>	<u>-</u>	<u>(43,254)</u>	<u>592,173</u>	<u>(43,719,460)</u>
Total Being Depreciated, Net	<u>50,652,741</u>	<u>436,000</u>	<u>671,014</u>	<u>282,777</u>	<u>(266,740)</u>	<u>51,775,792</u>
Capital Assets, Net	<u>\$52,755,230</u>	<u>\$ 826,330</u>	<u>\$ -</u>	<u>\$ 282,777</u>	<u>\$ (266,740)</u>	<u>53,597,597</u>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

Depreciation expense was charged to function/programs of the primary government as follows:

<b><u>Governmental Activities</u></b>	
Culture and Recreation	\$ 661,127
General Government	391,328
Health and Welfare	11,319
Highways and Streets	1,207,548
Public Safety	713,417
Total Governmental Activities	<u>\$ 2,984,739</u>
<b><u>Business-type Activities</u></b>	
Electric	\$ 484,324
Gas	147,370
Water	853,232
Sewer	866,836
Sanitation	121,959
Total Business-type Activities	<u>\$ 2,473,721</u>
<b><u>Internal Service Funds</u></b>	
Central Fleet	\$ 16,198
Total Internal Service Funds	<u>\$ 16,198</u>

As of September 30, 2014, capital assets of the component unit consists of land (not being depreciated) with a balance of \$2,035,626, land improvements (not being depreciated) with a balance of \$143,721 and other improvements (being depreciated) with a balance of \$17,359. 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 current contract evergreens each year for a rolling 20 year period and will expire in 2033. 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, 2014, \$2,235,522 was paid under these contracts.

A contract with a supplier to provide the City's current and future water supply. The contract will expire in 2047. The amount expensed under this contract for the year ending September 30, 2014 was \$277,078.

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, 2014 was \$21,706,936.

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

On June 17, 2008, a Pass Thru Financing agreement with the Texas Department of Transportation (TxDOT) was approved for transportation improvements on US 290. Under this agreement, the City was responsible for providing TxDOT a maximum of \$15 million over the course of one year in \$5 million increments. 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, the \$15 million had been advanced to TxDOT. In 2013, the City received repayments from TxDOT in the amount of \$3,057,482 and in 2014 the City received \$3,209,811 in repayments from TxDOT. Future repayments will continue to be received during the years 2015 to 2020.

Also on June 17, 2008, an interlocal agreement with the County to share costs related to the US 290 Pass Thru Financing project was approved. Under this agreement, the City issued debt to finance the \$15 million required local contribution. The City and County are responsible for 50% each of the annual debt service on this debt. On October 7, 2010, an ordinance was approved for the issuance of \$14.18 Million Pass-Through Toll Revenue and Limited Tax Notes pursuant to the interlocal agreement.

In March 2013, the City entered into a lease agreement for office equipment. Monthly payments are \$3,971 and the lease expires in March 2016. Minimum payments total \$47,657 for fiscal year 2015 and total \$23,829 for fiscal year 2016.

The City has the following active construction projects as of September 30, 2014:

**General Government Projects**

	Contract Amount	Spent-to-Date	Remaining Commitment
Fire Substation - Architect	\$ 191,500	\$ 141,245	\$ 50,255
Chappell Hill Street Extension			
Engineer	172,190	102,634	69,556
Contractor	2,085,846	-	2,085,846
TxDot Grant-10 Unit T Hangar			
City's Share	187,262	34,042	153,220
Library Renovation & Expansion - Architect	296,087	104,381	191,706
Animal Shelter			
Engineer	16,000	4,800	11,200
Architect	86,000	50,290	35,710
2014 Water Distribution System Improvements			
Engineer	50,000	27,774	22,226
Contractor	267,153	92,200	174,953
	<u>\$ 3,352,038</u>	<u>\$ 557,366</u>	<u>\$ 2,794,672</u>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**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, 2014 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Electric Fund</b>	Wastewater Fund	\$ 275,009
		<b>\$ 275,009</b>
<b>Water Fund</b>	Sanitation Fund	\$ 154,162
		<b>\$ 154,162</b>

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, 2014:

Transfers From:	Transfers To:					
	Governmental Activities			Business Type Activities	Internal Service Funds	Net Transfers From
	General	Debt Service	Other Governmental	Electric		
Governmental Activities						
Major Funds						
General Fund	\$ -	\$ 371,359	\$ 17,752	\$ -	\$ 2,276	\$ 391,387
Hwy 290 Pass Through	-	1,195,000	-	-	-	1,195,000
Other Gov'tl Funds	85,656	-	-	-	-	85,656
Business-type Activities						
Major Funds						
Electric	1,694,616	-	-	-	-	1,694,616
Gas	348,762	-	-	159,444	-	508,206
Water	371,947	-	-	154,093	-	526,040
Wastewater	318,527	-	-	153,302	-	471,829
Sanitation	300,866	-	-	73,016	-	373,882
Total Transfers To	\$ 3,120,374	\$ 1,566,359	\$ 17,752	\$ 539,855	\$ 2,276	\$ 5,246,616

Note: Not included in this schedule is a \$30,000 transfer out from Internal Service Funds (Central Fleet Fund) to governmental activities for the transfer of a capital asset.

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**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 \$79,348 to the Parks Capital Improvement Fund for capital improvements to four different city parks and to the General Fund, \$120,000 for Aquatic Center operations and \$59,789 for various other aquatic and recreation projects. The following schedule shows payments to and from the component unit for the year ended September 30, 2014:

<b>Payments From:</b>	<b>Payments To:</b>			
	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total Pymts From</u>
<b>Component Unit</b>				
Brenham Community Development Corp	\$ 179,789	\$ 569,110	\$ 79,348	\$ 828,247

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**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, 2014:

	Balance 9/30/2013	Refunding	Additions	FY 14 Retirements	Balance 9/30/2014	Due Within One Year	Long Term
<b>Governmental Activities</b>							
2006 COB - Gen	\$ 6,885,000	-	\$ -	\$ (415,000)	\$ 6,470,000	\$ 345,000	\$ 6,125,000
2007 GOB Ref - Gen	1,469,341	(1,461,094)	-	(8,247)	-	-	-
2009 GOB Ref - Gen	3,939,761	-	-	(515,587)	3,424,174	905,467	2,518,707
2010 PTT-Hwy 290 - Gen	14,165,000	-	-	(1,195,000)	12,970,000	2,480,000	10,490,000
2010 Ltd Tax Notes - Gen	445,000	-	-	(110,000)	335,000	110,000	225,000
2010 GOB Ref - Gen	555,298	-	-	(219,920)	335,378	-	335,378
2011 GOB Ref - Gen	1,881,071	-	-	(189,564)	1,691,507	170,390	1,521,117
2011 Ltd Tax Notes - Gen	870,000	-	-	(165,000)	705,000	170,000	535,000
2012 COB -Gen	1,785,000	-	-	(65,000)	1,720,000	75,000	1,645,000
2014 COB-Gen	-	-	4,075,000	(90,000)	3,985,000	165,000	3,820,000
2014 GOB Ref-Gen	-	1,509,201	-	(21,992)	1,487,209	17,869	1,469,340
	<b>31,995,471</b>	<b>48,107</b>	<b>4,075,000</b>	<b>(2,995,310)</b>	<b>33,123,268</b>	<b>4,438,726</b>	<b>28,684,542</b>
Unamort Bond Premium	947,911	-	71,819	(157,961)	861,769	NA	861,769
Ref Deferred Charges - '07 Ref COB	(41,188)	40,957	-	231	-	NA	-
Ref Deferred Charges - '09 Ref GOB	(92,156)	-	-	18,589	(73,567)	NA	(73,567)
Ref Deferred Charges - '10 Ref GOB	(28,595)	-	-	4,134	(24,461)	NA	(24,461)
Ref Deferred Charges - '11 Ref GOB	(190,097)	-	-	19,251	(170,846)	NA	(170,846)
Ref Deferred Charges - '14 Ref GOB	-	(70,105)	-	3,225	(66,880)	NA	(66,880)
	<b>32,591,346</b>	<b>18,959</b>	<b>4,146,819</b>	<b>(3,107,841)</b>	<b>33,649,283</b>	<b>4,438,726</b>	<b>29,210,557</b>
Chase BVWACS Radio Lease	344,237	-	-	(94,823)	249,414	98,000	151,414
	<b>344,237</b>	<b>-</b>	<b>-</b>	<b>(94,823)</b>	<b>249,414</b>	<b>98,000</b>	<b>151,414</b>
Compensated Absences <sup>(1)</sup>	299,604	-	263,763	(267,563)	295,804	131,881	163,923
<b>Total Governmental</b>	<b>\$ 33,235,187</b>	<b>\$ 18,959</b>	<b>\$ 4,410,582</b>	<b>\$ (3,470,227)</b>	<b>\$ 34,194,501</b>	<b>\$ 4,668,607</b>	<b>\$ 29,525,894</b>

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



**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

	Balance 9/30/2013	Refunding	Additions	FY 14 Retirements	Balance 9/30/2014	Due Within One Year	Long Term
<b>Business Type Activities</b>							
2007 GOB Ref - Water	1,162,538	(1,156,013)	-	(6,525)	-	-	-
2007 GOB Ref - Wastew ater	2,713,122	(2,697,894)	-	(15,228)	-	-	-
2008 COB - Water	5,835,000	-	-	(65,000)	5,770,000	205,000	5,565,000
2009 GOB Ref - Water	827,958	-	-	(17,822)	810,136	260,824	549,312
2009 GOB Ref - Wastew ater	1,932,282	-	-	(41,591)	1,890,691	608,709	1,281,982
2010 GOB Ref - Water	439,349	-	-	(174,000)	265,349	-	265,349
2010 GOB Ref - Wastew ater	1,025,352	-	-	(406,080)	619,272	-	619,272
2011 GOB Ref - Water	423,108	-	-	(423,108)	-	-	-
2011 GOB Ref - Wastew ater	4,190,819	-	-	(422,329)	3,768,490	379,610	3,388,880
2014 GOB Ref -Water	-	1,194,075	-	(17,400)	1,176,675	14,138	1,162,537
2014 GOB Ref -Wastew ater	-	2,786,724	-	(40,608)	2,746,116	32,993	2,713,123
	18,549,528	126,892	-	(1,629,691)	17,046,729	1,501,274	15,545,455
Unamort Bond Premium-Water	42,447	-	-	(6,806)	35,641	NA	35,641
Unamort Bond Premium-Wastew ater	106,489	-	-	(16,631)	89,858	NA	89,858
07 Ref Deferred Chrg-Water	(32,588)	32,405	-	183	-	NA	-
07 Ref Deferred Chrg-Wastew ater	(76,052)	75,626	-	426	-	NA	-
09 Ref Deffered Chrg-Water	(56,419)	-	-	11,378	(45,041)	NA	(45,041)
09 Ref Deffered Chrg-Wastew ater	(131,673)	-	-	26,554	(105,119)	NA	(105,119)
10 Ref Deferred Chrg-Water	(22,624)	-	-	3,271	(19,353)	NA	(19,353)
10 Ref Deferred Chrg-Waterw ater	(52,801)	-	-	7,633	(45,168)	NA	(45,168)
11 Ref Deferred Chrg-Water	122,781	-	-	(12,431)	110,350	NA	110,350
11 Ref Deferred Chrg-Waterw ater	(423,521)	-	-	42,885	(380,636)	NA	(380,636)
14 Ref Deferred Chrg-Water	-	(55,467)	-	2,550	(52,917)	NA	(52,917)
14 Ref Deferred Chrg-Wastew ater	-	(129,449)	-	5,952	(123,497)	NA	(123,497)
<b>Sub Total Bonds Payable</b>	<b>18,025,567</b>	<b>50,007</b>	<b>-</b>	<b>(1,564,727)</b>	<b>16,510,847</b>		<b>15,009,573</b>
Compensated Absences	141,027	-	171,614	(161,177)	151,464	85,807	65,657
Chase BVWACS Radio Lease-Electric	31,410	-	-	(8,652)	22,758	8,942	13,816
Chase BVWACS Radio Lease-Gas	6,678	-	-	(1,840)	4,838	1,901	2,937
Chase BVWACS Radio Lease-Water	10,808	-	-	(2,977)	7,831	3,077	4,754
Chase BVWACS Radio Lease-Wastew ater	12,506	-	-	(3,445)	9,061	3,561	5,500
Chase BVWACS Radio Lease-Sanitation	11,660	-	-	(3,211)	8,449	3,319	5,130
Chase Sewer Vacuum Truck Lease	298,723	-	-	(57,448)	241,275	58,574	182,701
<b>Total Proprietary</b>	<b>\$ 18,538,379</b>	<b>\$ 50,007</b>	<b>\$ 171,614</b>	<b>\$ (1,803,477)</b>	<b>\$ 16,956,523</b>	<b>\$ 1,666,455</b>	<b>\$ 15,290,068</b>
<b>Component Unit Governmental Activities</b>							
Note Payable-BCDC to City Elec Fund	\$ 314,516	\$ -	\$ -	\$ (56,787)	\$ 257,729	\$ 59,693	\$ 198,036
Note Payable-BCDC to City Elec Fund-FY10	1,000,000	-	-	-	1,000,000	-	1,000,000
<b>Total Governmental - BCDC</b>	<b>\$ 1,314,516</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (56,787)</b>	<b>\$ 1,257,729</b>	<b>\$ 59,693</b>	<b>\$ 1,198,036</b>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

The annual debt service requirement to maturity for all outstanding debt as of September 30, 2014 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
2015	\$ 2,390,000	\$ 538,471	\$ 280,000	\$ 20,162	\$ 2,480,000	\$ 518,800	\$ 790,000	\$ 666,490	\$ 5,940,000	\$ 1,743,923
2016	2,460,000	463,985	280,000	14,780	2,575,000	419,600	820,000	639,417	6,135,000	1,537,782
2017	2,540,000	378,028	295,000	9,260	2,680,000	316,600	795,000	610,908	6,310,000	1,314,796
2018	2,650,000	289,064	185,000	3,164	2,790,000	209,400	830,000	582,289	6,455,000	1,083,917
2019	2,225,000	221,084	-	-	2,445,000	97,800	930,000	552,290	5,600,000	871,174
2020-2024	5,950,000	330,678	-	-	-	-	6,475,000	2,179,163	12,425,000	2,509,841
2025-2029	-	-	-	-	-	-	5,625,000	810,724	5,625,000	810,724
2030-2034	-	-	-	-	-	-	1,680,000	159,275	1,680,000	159,275
	<u>\$ 18,215,000</u>	<u>\$ 2,221,310</u>	<u>\$ 1,040,000</u>	<u>\$ 47,365</u>	<u>\$ 12,970,000</u>	<u>\$ 1,562,200</u>	<u>\$ 17,945,000</u>	<u>\$ 6,200,556</u>	<u>\$ 50,170,000</u>	<u>\$ 10,031,431</u>

Debt outstanding at September 30, 2014 for the primary government is comprised of the following:

\$9,000,000; 2006 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$155,000 to \$740,000 through August 15, 2026; interest rate 3.940%	\$ 6,470,000
\$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%	5,770,000
\$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%	6,125,000
\$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%	335,000
\$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%	12,970,000
\$3,600,000; 2010 General Obligation Refunding Bonds due in annual installments of \$85,000 to \$800,000 through August 15, 2014 and a final installment of \$1,220,000 on August 15, 2020; interest rate 2.0-4.0%	1,220,000
\$7,730,000; 2011 General Obligation Refunding Bonds due in annual installments of \$105,000 to \$1,035,000 through August 15, 2023; interest rate 1.0-3.125%	5,460,000
\$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%	705,000
\$1,850,000; 2012 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$65,000 to \$120,000 through August 15, 2032; interest rate 1.0-2.5%	1,720,000
\$4,075,000; 2014 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$90,000 to \$285,000 through August 15, 2034; interest rate 2.0-3.5%	3,985,000
\$5,490,000; 2014 General Obligation Refunding Bonds due in annual installments of \$65,000 to \$1,730,000 through August 15, 2021; interest rate 2.09%	5,410,000
\$782,650 lease payable dated February 16, 2010 due in monthly payments of \$10,589 including interest, through March, 2017 (BWWACS Radios)	302,351
\$298,723 lease payable dated May 10, 2013 due in annual payments of \$63,303 including interest, through May, 2018 (Sewer Vacuum Truck Lease)	241,275
Compensated Absences for accrued vacation	447,268
	<u>\$51,160,894</u>
Unamortized Bond Premium	987,267
Unamortized Bond Discount	-
Deferred Charges on Bonds	(997,135)
	<u>\$51,151,026</u>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2014 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	\$ 257,729
\$1,000,000 note payable to primary government dated August 6, 2010, interest payable at 4.75%, unsecured, annual payments 2017 through 2029	<u>1,000,000</u>
	<u><u>\$ 1,257,729</u></u>

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
2015	\$ 59,693	\$ 11,531
2016	62,747	8,477
2017	148,478	37,746
2018	148,069	38,154
2019	99,274	52,691
2020-2024	432,114	327,711
2025-2029	307,354	368,376
	<u>\$ 1,257,729</u>	<u>\$ 844,686</u>

**1. Advance Refunding of Debt.**

In 2014, the City issued \$5,490,000 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, 2014 for 2007 Certificates maturing 2015 through 2021. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. At September 30, 2014, the outstanding principal on the defeased debt was \$0.

**I. Capital Leases**

In FY10, the city entered into a lease agreement to finance the acquisition of radios for proprietary and government funds. In FY13, the city entered into a lease agreement to finance the acquisition of a vacuum truck for the wastewater proprietary fund. These two lease commitments qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of their future minimum lease payments as of their inception dates.

The assets acquired through the capital lease are as follows:

<u>Asset Class</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Vehicles/Large Equipment	\$ -	\$ 298,723
Radios	644,714	137,029
Less: Accumulated Depreciation	(261,701)	(77,149)
Total Net Asset	<u>\$ 383,013</u>	<u>\$ 358,603</u>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

The total future minimum lease payments and the net present value of these minimum payments as of September 30, 2014 were as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2015	\$ 104,816	\$ 85,549
2016	104,816	85,549
2017	50,632	74,049
2018	-	63,303
Total Minimum Lease Payments	\$ 260,264	\$ 308,450
Less: Amount Representing Interest	(10,850)	(14,238)
Present Value of Minimum Payments	<u>\$ 249,414</u>	<u>\$ 294,212</u>

**J. Rebatable Arbitrage**

As defined in the federal tax code, governments are not permitted to reinvest the proceeds of tax-exempt debt in higher yielding securities. The liability to the federal government for any excess earnings is known as "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, 2014 the primary government had no liability for rebtable arbitrage.

**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	\$ 5,456,354	\$ 101,529
Customer Deposits	-	1,211,269
Debt Service	553,248	-
Hotel/Motel Tax	260,289	-
PD Criminal Law Enforcement	11,473	-
Streets/Drainage Improvements	1,686,479	-
Worker's compensation and health insurance account	491,061	-
Pass Thru Toll Agreement	5,087,945	-
	<u>\$ 13,546,849</u>	<u>\$ 1,312,798</u>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

**L. Classification of Net Position**

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted. Net position 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, the government's highest level of decision making authority. Formal action consists of either Council resolution or the approval of a council meeting agenda item. These restraints remain binding unless removed by formal action of City Council.

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

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

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Similarly, committed fund balances are reduced first followed by assigned amounts then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications are available.

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**III. DETAILED NOTES ON ALL FUNDS (Continued)**

The following schedule presents details of fund balance components at September 30, 2014:

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	2014 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Inventory	\$ 187,412	\$ -	\$ -	\$ -	\$ -	\$ 187,412
Prepaid Assets	1,000	-	-	-	-	1,000
Restricted for:						
Court Technology and Security	-	-	-	-	97,376	97,376
Debt Service	-	183,444	5,072,294	-	-	5,255,738
Grantor and Contributor Purposes	801,061	-	-	1,377,376	-	2,178,437
Health & Welfare	-	-	-	945,011	-	945,011
Public Safety	-	-	-	1,551,246	11,473	1,562,719
Culture & Recreation	-	-	-	1,500,200	-	1,500,200
Transportation and Aviation Projects	-	-	15,651	-	1,643,104	1,658,755
Tourism Promotion	-	-	-	-	411,390	411,390
Committed to:						
Debt Service	-	371,359 (1)	-	-	-	371,359
Culture & Recreation	10,304	-	-	-	-	10,304
Park Capital Improvements	-	-	-	-	882	882
Transportation and Aviation Projects	-	-	-	-	153,210	153,210
Assigned to:						
Culture and Recreation	-	-	-	-	8,158	8,158
Unassigned:	3,861,506	-	-	-	-	3,861,506
Total Fund Balances:	<u>\$ 4,861,283</u>	<u>\$ 554,803</u>	<u>\$ 5,087,945</u>	<u>\$ 5,373,833</u>	<u>\$ 2,325,593</u>	<u>\$ 18,203,457</u>

Note 1: Per FY14 Budget Amendment #2, City Council approved the transfer of \$371,359 from the General Fund to the Debt Service Fund for the specific purpose of funding the first 2 years' debt service payments on the 2014 Certificates of Obligation.

**N. Due from Other Governments**

The government-wide statement of Net Position shows an amount of \$8,933,791 as Due from Other Governments. \$8,732,705 of this amount is related to the Pass-Through Toll Agreement with TxDOT. Pursuant to the Agreement, the City received two reimbursement payments from TxDOT in FY13 totaling \$3,057,482 and two reimbursement payments in FY14 totaling \$3,209,811. Future payments are anticipated to occur through fiscal year 2020.

**IV. OTHER INFORMATION**

**A. Risk Management**

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

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**IV. OTHER INFORMATION (Continued)**

In December 2013, the City's established risk management program for medical insurance benefits transitioned from a partially self-funded group medical plan to a fully funded plan. In past years, premiums were paid into an internal service fund by all other funds to be used to pay medical claims and administrative costs. The City maintains its established risk management program for workers' compensation.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Up until the transition to a fully funded group medical plan, to prevent incurring unexpected losses, the City had excess insurance coverage in the event abnormally large claims occurred. Incurred but not reported claims (IBNR) were \$0 at September 30, 2014. Interfund premiums were based upon the insured funds' historical claims experience and recorded as quasi-external interfund transactions in the Proprietary Fund statements. Net position of the risk management internal service funds as of September 30, 2014 totaled \$488,869. Changes in the balances of claims liabilities for the year ended September 30 are as follows:

	<b>2014</b>	<b>2013</b>
Unpaid Claims, Beginning of Year	\$ 1,690	\$ 120,392
Claims Incurred (including IBNR)	0	907,466
Payments on Claims	0	(1,026,168)
Other, net	(1,690)	-
Unpaid Claims, End of Year	<u>\$ -</u>	<u>\$ 1,690</u>

**B. Contingent Liabilities**

The City is a defendant in a lawsuit filed on July 5, 2013 relating to an injury claim which occurred in the city limits and on a City owned utility pole. Although the outcome of the lawsuit is not presently determinable, in the event of an unfavorable outcome, any claims against the City related to this matter would be covered by insurance subject to a deductible. Therefore, in the opinion of the City's counsel the resolution of this matter will not have a material adverse effect on the financial condition of the government.

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, 2014 and for several prior years have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**C. Deferred Compensation Plans and Retirement**

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

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**IV. OTHER INFORMATION (Continued)**

**1. Plan description**

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), 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](http://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 2013</i>	<i>Plan Year 2014</i>
<i>Employee Deposit Rate</i>	<i>5%</i>	<i>5%</i>
<i>Matching Ratio (City to Employee)</i>	<i>2 to 1</i>	<i>2 to 1</i>
<i>Years Required for Vesting</i>	<i>5</i>	<i>5</i>
<i>Service Retirement Eligibility (Expressed as Age/Years of Service)</i>	<i>60/5, 0/20</i>	<i>60/5, 0/20</i>
<i>Updated Service Credit</i>	<i>100%, Transfers</i>	<i>100%, Transfers</i>
<i>Annuity Increase (To Retirees)</i>	<i>70% of CPI</i>	<i>70% of CPI</i>

**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, 2014**

**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:

<b>Fiscal Year End</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution Made</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
2012	\$698,787	\$698,787	100%	\$ -
2013	\$694,276	\$694,276	100%	\$ -
2014	\$726,981	\$726,981	100%	\$ -

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

<i>Valuation Date</i>	<i>12/31/2011</i>	<i>12/31/2012</i>	<i>12/31/2013</i>
<i>Actuarial Cost Method</i>	<i>Projected Unit Credit</i>	<i>Projected Unit Credit</i>	<i>Entry Age Normal</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>11.4 years; closed period</i>	<i>9.4 years; closed period</i>	<i>10.1 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>7.0%</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>0.0%</i>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**IV. OTHER INFORMATION (Continued)**

**3. Funded Status and Funding Progress**

The funded status as of December 31, 2013, 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)
12/31/2013	\$ 34,117,371	\$ 36,520,795	93.4%	\$ 2,403,424	\$ 10,158,757	23.7%

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. Restatements**

The net position of the City's governmental activities, business-type activities, Water Fund and Wastewater Fund as previously reported, as of September 30, 2013, have been restated to give effect to the following:

During the year, the City implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." With the implementation of GASB 65, debt issue costs should no longer be considered an asset and amortized but should be recognized as an expense in the period incurred. Therefore, an adjustment was made to the beginning net position for the balance of unamortized bond issue costs as of October 1, 2013.

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

	<b>Water Fund</b>	<b>Wastewater Fund</b>
Net position as previously reported	\$ 14,621,528	\$ 12,044,938
Increase(decrease) due to unamortized bond issue costs	(93,034)	(126,158)
Net Position as restated	<u>\$ 14,528,494</u>	<u>\$ 11,918,780</u>

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**IV. OTHER INFORMATION (Continued)**

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

	Governmental Activities	Business-Type Activities	Total
Beginning net position as previously stated	\$ 40,758,391	\$ 51,796,850	\$ 92,555,241
1. Unamortized Bond Issue Costs	(396,704)	(219,192)	(615,896)
Beginning net position as restated	<u>\$ 40,361,687</u>	<u>\$ 51,577,658</u>	<u>\$ 91,939,345</u>

The effect of these changes on operations for the year ended September 30, 2013 is an increase in net position (assets) of \$7,737 for governmental activities and \$31,043 for the business type activities.

**E. Other Post-Employment Benefits**

Plan Description. Prior to 2013, the City of Brenham provided post-employment medical care (OPEB) for employees through a single-employer defined benefit plan. During 2013, the City entered into an interlocal agreement with the Texas Municipal League Intergovernmental Employee Benefits Pool (TML IEBP) to provide medical benefits to eligible City employees and their eligible dependents and retirees and their eligible dependents through a fully-funded plan. Plan benefits include medical and prescription coverage.

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.

As of October 1, 2013, the effective date of the most recent OPEB valuation, 9 retirees and two spouses meet plan eligibility requirements and have elected to receive this benefit. The retiree pays the established monthly premium for group health care coverage less the City supplement of \$100 for retiree only and \$200 for retiree and spouse.

<u>Coverage</u>	<u>Premium(less supplement)</u>
Retiree Only	\$6,794.34
Retiree & Spouse	\$18,354.24

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 193 active members as of October 1, 2013, the effective date of this OPEB valuation. For FY14, the City paid 95.1% of monthly premiums (\$565.46) for active members, 83.3% of premiums (\$1,274.06) for member and spouse, 81.2% of premiums (\$853.91) for member and child, and 75.9% for family coverage (\$1,336.67).

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, 2013.

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**IV. OTHER INFORMATION (Continued)**

**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 09/30/2014	FY Ending 09/30/2013	FY Ending 09/30/2012
<b><i>Determination of Annual Required Contribution</i></b>			
Normal Cost at fiscal year end	\$ 83,411	\$ 83,411	\$ 99,378
Amortization of UAAL	<u>77,380</u>	<u>71,861</u>	<u>95,589</u>
Annual Required Contribution (ARC)	\$ 160,791	\$ 155,272	\$ 194,967
<b><i>Determination of Net OPEB Obligation</i></b>			
Annual Required Contribution	\$ 160,791	\$ 155,272	\$ 194,967
Interest on prior year Net OPEB Obligation	18,515	14,545	9,544
Adjustment to ARC	<u>(25,739)</u>	<u>(20,220)</u>	<u>(13,267)</u>
Annual OPEB Cost	\$ 153,567	\$ 149,597	\$ 191,244
Contributions made	<u>(57,730)</u>	<u>(50,348)</u>	<u>(66,203)</u>
Estimated increase in Net OPEB Obligation	\$ 95,837	\$ 99,249	\$ 125,041
<b><i>Estimated Net OPEB Obligation - begin of year</i></b>	\$ 462,879	\$ 363,630	\$ 238,589
<b><i>Estimated Net OPEB Obligation - end of year</i></b>	\$ 558,716	\$ 462,879	\$ 363,630

**Funded Status and Funding Progress.** As of October 1, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,242,624, and the actuarial value of the assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,242,624. The covered payroll (annual payroll of active employees covered by the plan) was \$9,056,146 and the ratio of the UAAL to the covered payroll was 13.7%.

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.

**City of Brenham, Texas**  
**Notes to Basic Financial Statements**  
**September 30, 2014**

**IV. OTHER INFORMATION (Continued)**

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 2014 and the three preceding years:

<b>Fiscal Year Ended</b>	<b>Discount Rate</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/2011	4.0%	\$ 187,311	47.51%	\$ 238,589
9/30/2012	4.0%	\$ 191,244	34.62%	\$ 363,630
9/30/2013	4.0%	\$ 149,597	33.66%	\$ 462,879
9/30/2014	4.0%	\$ 153,567	37.59%	\$ 558,716

Actuarial Methods and Assumptions. The following assumptions were used in the October 1, 2012 actuarial valuation:

<b>Actuarial Valuation Information</b>	
	<b>10/01/12</b>
Asset valuation method	market value
Actuarial cost method	projected unit credit
Inflation rate	2.5%
Investment rate of return	4%
Projected salary increases	N/A
Healthcare cost trend rate	Initial rate of 5.7% declining to an ultimate rate of 4.5% after 69 years
Amortization method	level dollar
Amortization period in years	30 - open

The actuarial assumptions also included 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>
50	-2%	-4%
55	12%	4%
60	23%	15%
64	25%	16%

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, 2014**

**IV. OTHER INFORMATION (Continued)**

**F. Subsequent Events**

On October 1, 2014, the City's Emergency Communications department was transferred to Washington County as approved in the Comprehensive Exchange of Services Interlocal Agreement dated December 2013. Per the Interlocal Agreement, the City will provide services related to animal control/shelter, library and fire protection in exchange for the County provided services of emergency communications, emergency medical services and jail.

On October 9, 2014, the City Council approved a lease purchase agreement for \$138,000 with JPMorgan Chase Bank for the lease purchase of an asphalt zipper for the City's Street Department. The lease term is for 5 years and bears a 2.164% interest rate.

On October 10, 2014, proceeds of \$1.4 million from the sale of 204.923 acres of land in Chappell Hill, Texas were received. The sale of the land, originally purchased for a potential landfill site, was approved by the City Council on June 26, 2014.

On January 21, 2015, payment in the amount of \$1,283,022 was made to Siddons Martin Energy Group, LLC for the purchase of a Pierce pumper truck and Pierce rescue truck for the City's fire department. The purchase of these fire trucks were authorized in the fiscal year 2014 budget utilizing proceeds from the 2014 Certificates of Obligation.

On February 5, 2015, the City Council approved the purchase of an electric department bucket truck in the amount of \$187,715. This purchase was approved in the fiscal year 2015 budget.

On February 19, 2015, the City Council authorized the issuance and sale of \$4,300,000 General Obligation Refunding Bonds, Series 2015 which refunded certain previously issued 2010 Pass-Through Toll Revenue and Limited Tax Bonds.

**G. New Pronouncements**

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

- 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.
- Statement No. 69, "Government Combinations and Disposals of Government Operations." The requirements for this statement are effective for FY15.
- Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date", an amendment of GASB Statement No. 68. The requirements of this statement are effective for FY15.



**City of Brenham, Texas**  
**Required Supplementary Information**  
**September 30, 2014**

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liabilities (AAL) <sup>(1)</sup></b>	<b>Unfunded Actuarial Accrued Liabilities (UAAL) <sup>(2)</sup></b>	<b>Funded Ratio</b>	<b>Covered Payroll <sup>(3)</sup></b>	<b>UAAL as a % of Covered Payroll</b>
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
October 1, 2012	-	\$ 1,242,624	\$ 1,242,624	0%	\$ 9,056,146	14%
October 1, 2013	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, 2014**

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

	<b>12/31/2013</b>	<b>12/31/2012</b>	<b>12/31/2011</b>
Actuarial Value of Assets	\$ 34,117,371	\$ 32,677,524	\$ 30,755,197
Actuarial Accrued Liability	36,520,795	33,272,792	31,362,391
Percentage Funded	93.4%	98.2%	98.1%
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	2,403,424	595,268	607,194
Annual Covered Payroll	10,158,757	9,933,343	9,856,804
UAAL as a Percentage of Covered Payroll	23.7%	6.0%	6.2%
Net Pension Obligation (NPO)			
Beginning of Period	-	-	-
Annual Pension Cost:			
Annual Required Contribution (ARC)	726,981	694,276	698,787
Interest on NPO	-	-	-
Adjustment to ARC	-	-	-
	<u>726,981</u>	<u>694,276</u>	<u>698,787</u>
Contributions Made	726,981	694,276	698,787
Increase in NPO	-	-	-
NPO at the end of the period	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

A summary of actuarial assumptions and definitions can be found in the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

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## **CITY OF BRENHAM, TEXAS**

### **Special Revenue Funds**

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

#### **Hotel/Motel Tax Fund**

This fund is used to account for a 7% occupancy tax assessed on hotel and motel occupants, 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.

#### **Central Fleet Fund**

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

### **Debt Service Fund**

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

**City of Brenham**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**September 30, 2014**

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
<b>Assets</b>			
Cash and Equivalents	\$ 156,703	\$ 9,030	\$ 165,733
Receivables (Net)			
Occupancy Tax	64,208	-	64,208
Accounts	27,566	-	27,566
Interfund Receivables	-	-	-
Other Current Assets	-	153,220	153,220
Restricted Cash	271,762	1,686,479	1,958,241
<b>Total Assets</b>	<u>\$ 520,239</u>	<u>\$ 1,848,729</u>	<u>\$ 2,368,968</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable & Other Current	\$ -	\$ 43,375	\$ 43,375
Interfund Payables	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>43,375</u>	<u>43,375</u>
<b>Fund Balances:</b>			
Restricted	520,239	1,643,104	2,163,343
Committed	-	154,092	154,092
Assigned	-	8,158	8,158
<b>Total Fund Balances</b>	<u>520,239</u>	<u>1,805,354</u>	<u>2,325,593</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 520,239</u>	<u>\$ 1,848,729</u>	<u>\$ 2,368,968</u>



**City of Brenham**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended September 30, 2014**

	<b>Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 704,638	\$ -	\$ 704,638
Intergovernmental	-	283,553	283,553
Charges for Services	45,338	-	45,338
Investment Income	102	614	716
Payment from Component Unit	-	79,348	79,348
Contributions and Donations	-	5,989	5,989
Program Revenue/Restitution	3,659	-	3,659
Miscellaneous	19,668	-	19,668
<b>Total revenues</b>	<u>773,405</u>	<u>369,504</u>	<u>1,142,909</u>
<b>Expenditures</b>			
Current:			
Culture and Recreation	590,153	24,456	614,609
General Government	22,769	-	22,769
Highways and Streets	-	44,527	44,527
Capital Outlay	70,105	534,604	604,709
<b>Total expenditures</b>	<u>683,027</u>	<u>603,587</u>	<u>1,286,614</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>90,378</u>	<u>(234,083)</u>	<u>(143,705)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	17,752	17,752
Transfers Out	(85,656)	-	(85,656)
<b>Total other financing sources and (uses)</b>	<u>(85,656)</u>	<u>17,752</u>	<u>(67,904)</u>
<b>Net change in Fund Balances</b>	4,722	(216,331)	(211,609)
<b>Fund balances - beginning</b>	<u>515,517</u>	<u>2,021,685</u>	<u>2,537,202</u>
<b>Fund balances - ending</b>	<u><u>\$ 520,239</u></u>	<u><u>\$ 1,805,354</u></u>	<u><u>\$ 2,325,593</u></u>

City of Brenham  
Combining Balance Sheet  
Other Governmental Funds - Special Revenue Funds  
September 30, 2014

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Total Special Revenue Funds
<b>Assets</b>					
Cash and Equivalents	\$ 55,723	\$ 3,604	\$ -	\$ 97,376	\$ 156,703
Receivables (Net)					
Occupancy Tax	64,208	-	-	-	64,208
Accounts	27,566	-	-	-	27,566
Interfund Receivables	-	-	-	-	-
Restricted Cash	260,289	-	11,473	-	271,762
<b>Total Assets</b>	<u>\$ 407,786</u>	<u>\$ 3,604</u>	<u>\$ 11,473</u>	<u>\$ 97,376</u>	<u>\$ 520,239</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts Payable & Other Current	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	407,786	3,604	11,473	97,376	520,239
<b>Total Fund Balances</b>	<u>407,786</u>	<u>3,604</u>	<u>11,473</u>	<u>97,376</u>	<u>520,239</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 407,786</u>	<u>\$ 3,604</u>	<u>\$ 11,473</u>	<u>\$ 97,376</u>	<u>\$ 520,239</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, 2014**

	<b>Hotel/Motel Tax Fund</b>	<b>Hotel/Motel Tax Fund- Washington County</b>	<b>PD Crim. Law Enforcement Fund</b>	<b>Courts Tech./Security Fund</b>	<b>Total Special Revenue Funds</b>
<b>Revenues</b>					
Taxes	\$ 629,638	\$ 75,000	\$ -	\$ -	\$ 704,638
Charges for Services	-	-	-	45,338	45,338
Investment Income	88	-	14	-	102
Miscellaneous	19,668	-	-	-	19,668
Program Revenue/Restitution	-	-	3,659	-	3,659
<b>Total revenues</b>	<u>649,394</u>	<u>75,000</u>	<u>3,673</u>	<u>45,338</u>	<u>773,405</u>
<b>Expenditures</b>					
Current:					
Culture and Recreation	497,102	93,051	-	-	590,153
General Government	-	-	-	22,769	22,769
Capital Outlay	-	-	38,985	31,120	70,105
<b>Total expenditures</b>	<u>497,102</u>	<u>93,051</u>	<u>38,985</u>	<u>53,889</u>	<u>683,027</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>152,292</u>	<u>(18,051)</u>	<u>(35,312)</u>	<u>(8,551)</u>	<u>90,378</u>
<b>Other Financing Sources (Uses)</b>					
Transfers Out	(69,000)	-	-	(16,656)	(85,656)
<b>Total other financing sources and (uses)</b>	<u>(69,000)</u>	<u>-</u>	<u>-</u>	<u>(16,656)</u>	<u>(85,656)</u>
<b>Net change in Fund Balances</b>	83,292	(18,051)	(35,312)	(25,207)	4,722
<b>Fund balances - beginning</b>	<u>324,494</u>	<u>21,655</u>	<u>46,785</u>	<u>122,583</u>	<u>515,517</u>
<b>Fund balances - ending</b>	<u>\$ 407,786</u>	<u>\$ 3,604</u>	<u>\$ 11,473</u>	<u>\$ 97,376</u>	<u>\$ 520,239</u>

**City of Brenham**  
**Combining Balance Sheet**  
**Other Governmental Funds - Nonmajor Capital Projects Funds**  
**September 30, 2014**

	<b>Airport Capital Impr. Fund</b>	<b>Parks Capital Improvements Fund</b>	<b>Streets &amp; Drainage Improvements Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 9,030	\$ -	\$ 9,030
Interfund Receivable	-	10	-	10
Other Current Assets	153,220	-	-	153,220
Restricted Cash	-	-	1,686,479	1,686,479
<b>Total Assets</b>	<b>\$ 153,220</b>	<b>\$ 9,040</b>	<b>\$ 1,686,479</b>	<b>\$ 1,848,739</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable & Other Current Liabilities	\$ -	\$ -	\$ 43,375	\$ 43,375
Interfund Payables	10	-	-	10
<b>Total Liabilities</b>	<b>10</b>	<b>-</b>	<b>43,375</b>	<b>43,385</b>
<b>Fund Balances:</b>				
Restricted	-	-	1,643,104	1,643,104
Committed	153,210	882	-	154,092
Assigned	-	8,158	-	8,158
<b>Total Fund Balances</b>	<b>153,210</b>	<b>9,040</b>	<b>1,643,104</b>	<b>1,805,354</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 153,220</b>	<b>\$ 9,040</b>	<b>\$ 1,686,479</b>	<b>\$ 1,848,739</b>

**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, 2014**

	<b>Airport Capital Impr. Fund</b>	<b>Parks Capital Improvements Fund</b>	<b>Streets &amp; Drainage Improvements Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>Revenues</b>				
Intergovernmental	\$ 283,553	\$ -	\$ -	\$ 283,553
Investment Income	-	-	614	614
Payment from Component Unit	-	79,348	-	79,348
Contributions and Donations	-	5,989	-	5,989
<b>Total revenues</b>	<b>283,553</b>	<b>85,337</b>	<b>614</b>	<b>369,504</b>
<b>Expenditures</b>				
Current:				
Culture and Recreation	-	24,456	-	24,456
Highways and Streets	-	-	44,527	44,527
Capital Outlay	315,059	66,011	153,534	534,604
<b>Total expenditures</b>	<b>315,059</b>	<b>90,467</b>	<b>198,061</b>	<b>603,587</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(31,506)</b>	<b>(5,130)</b>	<b>(197,447)</b>	<b>(234,083)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	17,752	-	-	17,752
<b>Total other financing sources and (uses)</b>	<b>17,752</b>	<b>-</b>	<b>-</b>	<b>17,752</b>
<b>Net change in Fund Balances</b>	<b>(13,754)</b>	<b>(5,130)</b>	<b>(197,447)</b>	<b>(216,331)</b>
<b>Fund balances - beginning</b>	<b>166,964</b>	<b>14,170</b>	<b>1,840,551</b>	<b>2,021,685</b>
<b>Fund balances - ending</b>	<b>\$ 153,210</b>	<b>\$ 9,040</b>	<b>\$ 1,643,104</b>	<b>\$ 1,805,354</b>

**City of Brenham**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2014**

	<b>Workers'</b> <b>Compensation</b> <b>Fund</b>	<b>Self-Insured</b> <b>Health Ins.</b> <b>Fund</b>	<b>Central</b> <b>Fleet</b> <b>Fund</b>	<b>Total</b>
<b>Assets</b>				
Current assets:				
Cash and Cash Equivalents	\$ -	\$ -	\$ 178,605	\$ 178,605
Interfund Receivable	50,590	-	-	50,590
Inventory at Cost	-	-	1,545	1,545
Other Current Assets	100	-	-	100
Restricted Cash	350,596	140,465	-	491,061
Total current assets	<u>401,286</u>	<u>140,465</u>	<u>180,150</u>	<u>721,901</u>
Noncurrent assets:				
Capital Assets, Net	-	-	74,787	74,787
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>74,787</u>	<u>74,787</u>
<b>Total Assets</b>	<u>\$ 401,286</u>	<u>\$ 140,465</u>	<u>\$ 254,937</u>	<u>\$ 796,688</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable & Other Current Liabilities	\$ 57	\$ 2,235	\$ 1,582	\$ 3,874
Interfund Payable	-	50,590	-	50,590
Self Insurance Claims Payable	-	-	-	-
<b>Total Liabilities</b>	<u>57</u>	<u>52,825</u>	<u>1,582</u>	<u>54,464</u>
<b>Net Position</b>				
Invested in Capital Assets, Net of Related Debt	-	-	74,787	74,787
Unrestricted	401,229	87,640	178,568	667,437
<b>Total Net Position</b>	<u>\$ 401,229</u>	<u>\$ 87,640</u>	<u>\$ 253,355</u>	<u>\$ 742,224</u>

**City of Brenham, Texas**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year ended September 30, 2014**

	<b>Workers' Compensation Fund</b>	<b>Self-Insured Health Ins. Fund</b>	<b>Central Fleet Fund</b>	<b>Total</b>
Operating revenues:				
Charges for Services	\$ 136,644	\$ -	\$ 159,995	\$ 296,639
Total operating revenues	<u>136,644</u>	<u>-</u>	<u>159,995</u>	<u>296,639</u>
Operating expenses:				
Supplies	-	-	2,355	2,355
Maintenance	-	-	17,599	17,599
Contractual Services	78,642	102	-	78,744
Depreciation	-	-	16,198	16,198
Miscellaneous	-	-	5,386	5,386
Total operating expenses	<u>78,642</u>	<u>102</u>	<u>41,538</u>	<u>120,282</u>
Operating Income (loss)	<u>58,002</u>	<u>(102)</u>	<u>118,457</u>	<u>176,357</u>
Nonoperating revenues (expenses):				
Investment Income	109	-	-	109
Total non-operating revenue (expenses):	<u>109</u>	<u>-</u>	<u>-</u>	<u>109</u>
Income (loss) before contributions and transfers	58,111	(102)	118,457	176,466
Transfers In	-	-	2,276	2,276
Transfers Out	-	-	(30,000)	(30,000)
Total Transfers In/(Out)	<u>-</u>	<u>-</u>	<u>(27,724)</u>	<u>(27,724)</u>
Change in net position	58,111	(102)	90,733	148,742
Total net position - beginning	343,118	87,742	162,622	593,482
Total net position - ending	<u>\$ 401,229</u>	<u>\$ 87,640</u>	<u>\$ 253,355</u>	<u>\$ 742,224</u>

**City of Brenham, Texas**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year ended September 30, 2014**

	<b>Workers' Compensation Fund</b>	<b>Self-Insured Health Ins. Fund</b>	<b>Central Fleet Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>				
Receipts from interfund services provided	\$ 86,054	\$ 8,000	\$ 159,995	\$ 254,049
Payments to suppliers	(78,679)	(852)	(23,998)	\$ (103,529)
Net cash provided (used) by operating activities	<u>7,375</u>	<u>7,148</u>	<u>135,997</u>	<u>150,520</u>
<b>Cash Flows from Non Capital Financing Activities</b>				
Transfers in (out)	\$ -	\$ -	\$ -	\$ -
Net cash provided (used) by non capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and Construction of Capital Assets	\$ -	\$ -	\$ (61,926)	\$ (61,926)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(61,926)</u>	<u>(61,926)</u>
<b>Cash Flows from Investing Activities</b>				
Investment income received	\$ 109	\$ -	\$ -	\$ 109
Net cash provided (used) by investing activities	<u>109</u>	<u>-</u>	<u>-</u>	<u>109</u>
Net increase (decrease) in cash and cash equivalents	7,484	7,148	74,071	88,703
Cash and cash equivalents, beginning of the year	343,112	133,317	104,534	580,963
Cash and cash equivalents, end of the year	<u>\$ 350,596</u>	<u>\$ 140,465</u>	<u>\$ 178,605</u>	<u>\$ 669,666</u>
Reconciliation of cash and cash equivalents to statement of net position				
Cash and equivalents	\$ -	\$ -	\$ 178,605	\$ 178,605
Restricted cash and equivalents	350,596	140,465	-	491,061
Cash and cash equivalents, end of year	<u>\$ 350,596</u>	<u>\$ 140,465</u>	<u>\$ 178,605</u>	<u>\$ 669,666</u>
				-
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 58,002	\$ (102)	\$ 118,457	\$ 176,357
Adjustments to reconcile net cash provided (used) by operating activities				
Depreciation	-	-	16,198	16,198
Changes in assets and liabilities affecting cash provided by operations:				
(Increase) decrease in interfund receivables	(50,590)	-	-	(50,590)
(Increase) decrease in inventory	-	-	1,380	1,380
Increase (decrease) in interfund payables	-	5,506	-	5,506
Increase (decrease) in self insurance claims liability	-	(1,690)	-	(1,690)
(Increase) decrease in other assets	-	2,494	-	2,494
Increase (decrease) in accounts payable and other current liabilities	(37)	940	(38)	865
Net cash provided (used) by operating activities	<u>\$ 7,375</u>	<u>\$ 7,148</u>	<u>\$ 135,997</u>	<u>\$ 150,520</u>



City of Brenham  
Debt Service  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
<b>Revenues</b>				
Taxes	\$ 2,236,619	\$ 2,236,619	\$ 2,230,264	\$ (6,355)
Investment Income	1,200	1,200	401	(799)
Payments from Other Governments	277,325	277,325	-	(277,325)
Payment from Component Unit	569,110	569,110	569,110	-
<b>Total revenues</b>	<u>3,084,254</u>	<u>3,084,254</u>	<u>2,799,775</u>	<u>(284,479)</u>
<b>Expenditures</b>				
Debt Service:				
Interest and Fiscal Charges	1,211,113	1,230,072	926,007	304,065
Principal Retirement	3,068,141	3,068,141	3,090,133	(21,992)
<b>Total Expenditures</b>	<u>4,279,254</u>	<u>4,298,213</u>	<u>4,016,140</u>	<u>282,073</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,195,000)</u>	<u>(1,213,959)</u>	<u>(1,216,365)</u>	<u>(2,406)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer In	1,195,000	1,566,359	1,566,359	-
Refunding bonds issued	-	1,509,201	1,509,201	-
Payment to refunded bond escrow agent	-	(1,490,242)	(1,490,242)	-
<b>Total other financing sources and (uses)</b>	<u>1,195,000</u>	<u>1,585,318</u>	<u>1,585,318</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>371,359</u>	<u>368,953</u>	<u>(2,406)</u>
<b>Fund balance - beginning</b>	<u>185,850</u>	<u>185,850</u>	<u>185,850</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 185,850</u>	<u>\$ 557,209</u>	<u>\$ 554,803</u>	<u>(\$ 2,406)</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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Hotel/Motel Occupancy Tax	\$ 510,000	\$ 629,638	\$ 629,638	\$ -
Investment Income	40	40	88	48
Miscellaneous Revenue	-	19,668	19,668	-
<b>Total revenues</b>	<b>510,040</b>	<b>649,346</b>	<b>649,394</b>	<b>48</b>
<b>Expenditures</b>				
Current:				
Culture and Recreation	457,040	512,540	497,102	15,438
<b>Total Expenditures</b>	<b>457,040</b>	<b>512,540</b>	<b>497,102</b>	<b>15,438</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>53,000</b>	<b>136,806</b>	<b>152,292</b>	<b>15,486</b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(53,000)	(69,000)	(69,000)	-
<b>Total other financing sources and (uses)</b>	<b>(53,000)</b>	<b>(69,000)</b>	<b>(69,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>67,806</b>	<b>83,292</b>	<b>15,486</b>
<b>Fund balance - beginning</b>	<b>324,494</b>	<b>324,494</b>	<b>324,494</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 324,494</b>	<b>\$ 392,300</b>	<b>\$ 407,786</b>	<b>\$ 15,486</b>

**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, 2014**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Hotel/Motel Occupancy Tax	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
<b>Total revenues</b>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	93,814	93,814	93,051	763
<b>Total Expenditures</b>	<u>93,814</u>	<u>93,814</u>	<u>93,051</u>	<u>763</u>
<b>Net change in fund balance</b>	(18,814)	(18,814)	(18,051)	763
<b>Fund balance - beginning</b>	21,655	21,655	21,655	-
<b>Fund balance - ending</b>	<u>\$ 2,841</u>	<u>\$ 2,841</u>	<u>\$ 3,604</u>	<u>\$ 763</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, 2014**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget</u>
<b>Revenues</b>				
Investment Income	\$ 45	\$ 45	\$ 14	\$ (31)
Program Income/Restitution	7,000	7,000	3,659	(3,341)
<b>Total revenues</b>	<u>7,045</u>	<u>7,045</u>	<u>3,673</u>	<u>(3,372)</u>
<b>Expenditures</b>				
Current:				
Capital Outlay	<u>37,500</u>	<u>37,500</u>	<u>38,985</u>	<u>(1,485)</u>
<b>Total Expenditures</b>	<u>37,500</u>	<u>37,500</u>	<u>38,985</u>	<u>(1,485)</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(30,455)</u>	<u>(30,455)</u>	<u>(35,312)</u>	<u>(4,857)</u>
<b>Net change in fund balance</b>	<u>(30,455)</u>	<u>(30,455)</u>	<u>(35,312)</u>	<u>(4,857)</u>
<b>Fund balance - beginning</b>	<u>46,785</u>	<u>46,785</u>	<u>46,785</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 16,330</u>	<u>\$ 16,330</u>	<u>\$ 11,473</u>	<u>\$ (4,857)</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, 2014**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Charges for Services	\$ 40,500	\$ 40,500	\$ 45,338	\$ 4,838
<b>Total revenues</b>	<u>40,500</u>	<u>40,500</u>	<u>45,338</u>	<u>4,838</u>
<b>Expenditures</b>				
Current:				
General Government	52,000	20,000	22,769	(2,769)
Capital Outlay	<u>-</u>	<u>32,000</u>	<u>31,120</u>	<u>880</u>
<b>Total Expenditures</b>	<u>52,000</u>	<u>52,000</u>	<u>53,889</u>	<u>(1,889)</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(11,500)</u>	<u>(11,500)</u>	<u>(8,551)</u>	<u>2,949</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(16,656)</u>	<u>(1,656)</u>
<b>Total other financing sources and (uses)</b>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(16,656)</u>	<u>(1,656)</u>
<b>Net change in fund balance</b>	<u>(26,500)</u>	<u>(26,500)</u>	<u>(25,207)</u>	<u>1,293</u>
<b>Fund balance - beginning</b>	<u>122,583</u>	<u>122,583</u>	<u>122,583</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 96,083</u>	<u>\$ 96,083</u>	<u>\$ 97,376</u>	<u>\$ 1,293</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, 2014**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Grant Revenues	\$ 1,525,500	\$ 283,553	\$ 283,553	\$ -
<b>Total revenues</b>	<u>1,525,500</u>	<u>283,553</u>	<u>283,553</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Capital Outlay	1,695,000	315,059	315,059	-
<b>Total Expenditures</b>	<u>1,695,000</u>	<u>315,059</u>	<u>315,059</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(169,500)</u>	<u>(31,506)</u>	<u>(31,506)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	17,752	17,752	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>17,752</u>	<u>17,752</u>	<u>-</u>
<b>Net change in fund balance</b>	(169,500)	(13,754)	(13,754)	-
<b>Fund balance - beginning</b>	166,964	166,964	166,964	-
<b>Fund balance - ending</b>	<u>\$ (2,536)</u>	<u>\$ 153,210</u>	<u>\$ 153,210</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, 2014**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget</u>
<b>Revenues</b>				
Contributions and Donations	\$ -	\$ -	\$ 5,989	\$ 5,989
Payment from Component Unit	87,000	89,889	79,348	(10,541)
<b>Total revenues</b>	<u>87,000</u>	<u>89,889</u>	<u>85,337</u>	<u>(4,552)</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	12,000	26,889	24,456	2,433
Capital Outlay	<u>87,000</u>	<u>75,000</u>	<u>66,011</u>	<u>8,989</u>
<b>Total Expenditures</b>	<u>99,000</u>	<u>101,889</u>	<u>90,467</u>	<u>11,422</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(12,000)</u>	<u>(12,000)</u>	<u>(5,130)</u>	<u>6,870</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(12,000)</u>	<u>(12,000)</u>	<u>(5,130)</u>	<u>6,870</u>
<b>Fund balance - beginning</b>	<u>14,170</u>	<u>14,170</u>	<u>14,170</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,170</u>	<u>\$ 2,170</u>	<u>\$ 9,040</u>	<u>\$ 6,870</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, 2014**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Investment Income	\$ 600	\$ 600	\$ 614	\$ 14
<b>Total revenues</b>	<u>600</u>	<u>600</u>	<u>614</u>	<u>14</u>
<b>Expenditures</b>				
Current:				
Highways and Streets	-	36,956	44,527	(7,571)
Capital Outlay	760,721	153,534	153,534	-
<b>Total Expenditures</b>	<u>760,721</u>	<u>190,490</u>	<u>198,061</u>	<u>(7,571)</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(760,121)</u>	<u>(189,890)</u>	<u>(197,447)</u>	<u>(7,557)</u>
<b>Net change in fund balance</b>	(760,121)	(189,890)	(197,447)	(7,557)
<b>Fund balance - beginning</b>	1,840,551	1,840,551	1,840,551	-
<b>Fund balance - ending</b>	<u>\$ 1,080,430</u>	<u>\$ 1,650,661</u>	<u>\$ 1,643,104</u>	<u>\$ (7,557)</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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment Income	\$ 1,000	\$ 1,000	\$ 1,375	\$ 375
Intergovernmental	3,000,000	3,000,000	3,209,811	209,811
<b>Total revenues</b>	<u>3,001,000</u>	<u>3,001,000</u>	<u>3,211,186</u>	<u>210,186</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>3,001,000</u>	<u>3,001,000</u>	<u>3,211,186</u>	<u>210,186</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(1,195,000)	(1,195,000)	(1,195,000)	-
<b>Total other financing sources and (uses)</b>	<u>(1,195,000)</u>	<u>(1,195,000)</u>	<u>(1,195,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	1,806,000	1,806,000	2,016,186	210,186
<b>Fund balance - beginning</b>	3,071,759	3,071,759	3,071,759	-
<b>Fund balance - ending</b>	<u>\$ 4,877,759</u>	<u>\$ 4,877,759</u>	<u>\$ 5,087,945</u>	<u>\$ 210,186</u>

**City of Brenham**  
**2014 Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Investment Income	\$ 1,200	\$ 1,200	\$ 459	\$ (741)
Contributions and Donations	-	1,464,647	1,464,647	-
<b>Total revenues</b>	<u>1,200</u>	<u>1,465,847</u>	<u>1,465,106</u>	<u>(741)</u>
<b>Expenditures</b>				
Current:				
Capital Outlay	1,486,200	278,561	142,361	136,200
Debt Service:				
Issuance Costs	15,000	95,731	95,731	-
<b>Total Expenditures</b>	<u>1,501,200</u>	<u>374,292</u>	<u>238,092</u>	<u>136,200</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(1,500,000)</u>	<u>1,091,555</u>	<u>1,227,014</u>	<u>135,459</u>
<b>Other Financing Sources (Uses)</b>				
Issuance of Debt	1,500,000	4,075,000	4,075,000	-
Premium on Debt Issued	-	71,818	71,819	1
<b>Total other financing sources and (uses)</b>	<u>1,500,000</u>	<u>4,146,818</u>	<u>4,146,819</u>	<u>1</u>
<b>Net change in fund balance</b>	-	5,238,373	5,373,833	135,460
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ 5,238,373</u>	<u>\$ 5,373,833</u>	<u>\$ 135,460</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, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 1,557,362	\$ 1,557,362	\$ 1,463,717	\$ (93,645)
Investment Income	1,000	1,000	282	(718)
Miscellaneous	3,376	98,084	97,940	(144)
<b>Total revenues</b>	<u>1,561,738</u>	<u>1,656,446</u>	<u>1,561,939</u>	<u>(94,507)</u>
<b>Expenditures</b>				
Current:				
Economic Development	324,358	306,853	175,163	131,690
Debt Service:				
Interest and Fiscal Charges	14,436	14,436	14,436	-
Principal Retirement	56,787	56,787	56,787	-
Capital Outlay	657,000	24,382	24,382	-
<b>Total Expenditures</b>	<u>1,052,581</u>	<u>402,458</u>	<u>270,768</u>	<u>131,690</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>509,157</u>	<u>1,253,988</u>	<u>1,291,171</u>	<u>37,183</u>
<b>Other Financing Sources (Uses)</b>				
Payment to Primary Government	(834,110)	(841,999)	(828,247)	13,752
<b>Total other financing sources and (uses)</b>	<u>(834,110)</u>	<u>(841,999)</u>	<u>(828,247)</u>	<u>13,752</u>
<b>Net change in fund balance</b>	<u>(324,953)</u>	<u>411,989</u>	<u>462,924</u>	<u>50,935</u>
<b>Fund balance - beginning</b>	<u>1,145,735</u>	<u>1,145,735</u>	<u>1,145,735</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 820,782</u>	<u>\$ 1,557,724</u>	<u>\$ 1,608,659</u>	<u>\$ 50,935</u>

Net change in fund balance - component unit \$ 462,924

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	17,505
Depreciation Expense	(146)
Purchase of Land	6,877

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

Sale of land	(20,141)
--------------	----------

Bond principal payments are expenditures in the component unit, but they reduce  
long term liabilities in the statement of net position. 56,787

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	(55,734)
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Change in net position of component unit \$ 468,072

**City of Brenham**  
**Donations Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Investment Income	\$ 120	\$ 120	\$ 55	\$ (65)
Contributions and Donations	59,000	787,318	776,862	(10,456)
<b>Total revenues</b>	<u>59,120</u>	<u>787,438</u>	<u>776,917</u>	<u>(10,521)</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	2,300	2,300	4,611	(2,311)
Health and Welfare	-	-	2,435	(2,435)
Public Safety	11,000	11,000	17,892	(6,892)
Capital Outlay	25,000	25,000	-	25,000
<b>Total Expenditures</b>	<u>38,300</u>	<u>38,300</u>	<u>24,938</u>	<u>13,362</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>20,820</u>	<u>749,138</u>	<u>751,979</u>	<u>2,841</u>
<b>Net change in fund balance</b>	20,820	749,138	751,979	2,841
<b>Fund balance - beginning</b>	318,054	318,054	318,054	-
<b>Fund balance - ending</b>	<u>\$ 338,874</u>	<u>\$ 1,067,192</u>	<u>\$ 1,070,033</u>	<u>\$ 2,841</u>

**City of Brenham**  
**Emergency Management Grants Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Final Budget</b>
<b>Revenues</b>				
Contributions and Donations	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
<b>Total revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Public Safety	5,000	5,000	491	4,509
<b>Total Expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>491</u>	<u>4,509</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<u>(4,000)</u>	<u>(4,000)</u>	<u>509</u>	<u>4,509</u>
<b>Net change in fund balance</b>	<u>(4,000)</u>	<u>(4,000)</u>	<u>509</u>	<u>4,509</u>
<b>Fund balance - beginning</b>	<u>11,193</u>	<u>11,193</u>	<u>11,193</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 7,193</u>	<u>\$ 7,193</u>	<u>\$ 11,702</u>	<u>\$ 4,509</u>

**City of Brenham**  
**Equipment Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures</b>				
Current:				
Culture & Recreation	\$ 44,042	\$ 58,542	\$ 20,240	\$ 38,302
General Government	7,500	-	-	-
Public Safety	34,480	-	-	-
Capital Outlay	417,500	483,429	456,466	26,963
<b>Total Expenditures</b>	<u>503,522</u>	<u>541,971</u>	<u>476,706</u>	<u>65,265</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(503,522)</u>	<u>(541,971)</u>	<u>(476,706)</u>	<u>65,265</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	503,522	541,971	534,928	(7,043)
<b>Total other financing sources and (uses)</b>	<u>503,522</u>	<u>541,971</u>	<u>534,928</u>	<u>(7,043)</u>
<b>Net change in fund balance</b>	-	-	58,222	58,222
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,222</u>	<u>\$ 58,222</u>

**City of Brenham**  
**Fire Department Grant Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Grant Revenues	\$ 1,000	\$ 1,000	\$ 2,075	\$ 1,075
<b>Total revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>2,075</u>	<u>1,075</u>
<b>Expenditures</b>				
Current:				
Public Safety	\$ 1,000	\$ 1,000	\$ 2,075	\$ (1,075)
<b>Total Expenditures</b>	<u>1,000</u>	<u>1,000</u>	<u>2,075</u>	<u>(1,075)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	-	-
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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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**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Highways and Streets</b>	<b>Health and Welfare</b>	<b>Culture and Recreation</b>	<b>Interest on Long-term Debt</b>	<b>Electric</b>	<b>Gas</b>	<b>Water</b>	<b>Wastewater</b>	<b>Sanitation</b>
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
2013	5,453,313	6,899,558	2,611,294	318,672	3,635,589	916,548	23,009,788	2,401,303	3,342,073	2,846,895	2,737,307
2014	5,458,639	7,104,713	2,572,715	316,672	3,751,931	880,199	25,911,242	3,087,321	3,753,663	2,841,457	2,768,399

**GOVERNMENT-WIDE REVENUES**  
*Last Ten Fiscal Years*

**CITY OF BRENHAM**

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Investment Earnings	Miscellaneous	Gain/(Loss) on Sale of Capital Assets	Payments from Component Unit	Total
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
2013	40,281,661	574,798	350,672	13,709,048	91,138	194,593	67,395	1,099,836	56,369,141
2014	42,776,901	824,209	4,302,762	14,429,859	78,882	184,324	75,275	828,247	63,500,459

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
***Last Ten Fiscal Years***

**CITY OF BRENHAM**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Highways and Streets</b>	<b>Health and Welfare</b>	<b>Culture &amp; Recreation</b>	<b>Debt Service</b>	<b>Capital Outlay</b>	<b>Totals</b>
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
2013	5,038,077	6,091,109	1,444,078	302,547	2,965,441	2,765,982	2,476,074	21,083,308
2014	5,067,284	6,382,845	1,379,361	305,008	3,081,793	4,111,871	1,520,404	21,848,566

**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**

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<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Additions Net of Adjustments</b>	<b>Total Collections</b>	<b>Ending Balance</b>
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)	140,867
2009	140,867	4,737,395	(4,717,579)	160,684
2010	160,684	4,956,620	(4,936,188)	181,116
2011	181,116	4,924,126	(4,914,024)	191,219
2012	191,219	5,391,084	(5,387,057)	195,245
2013	195,245	5,589,907	(5,584,038)	201,115
2014	201,115	6,089,364	(6,068,876)	221,603

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

**CITY OF BRENHAM**

<b>FISCAL YEAR</b>	<b>TAXES</b>	<b>LICENSES &amp; PERMITS</b>	<b>INTER- GOVERNMENTAL</b>	<b>CHARGES FOR SERVICES</b>	<b>FINES &amp; FORFEITURES</b>	<b>MISCEL- LANEOUS</b>	<b>TOTAL REVENUES</b>
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
2013	13,703,177	59,826	3,595,065	512,012	549,460	1,336,467	19,756,007
2014	14,409,371	76,379	4,260,002	517,114	573,355	3,222,540	23,058,761

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

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION DEBT TO  
GENERAL GOVERNMENTAL EXPENDITURES**  
*Last Ten Fiscal Years*

**CITY OF BRENHAM**

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST AND FISCAL CHARGES</b>	<b>TOTAL DEBT SERVICE</b>	<b>TOTAL GENERAL GOVERNMENTAL EXPENDITURES</b>	<b>RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES</b>
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
2013	1,749,643	964,850	2,714,493	21,083,308	12.88
2014	3,090,133	926,007	4,016,140	21,848,566	18.38

**NOTES:**

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



**PROPERTY VALUE AND CONSTRUCTION**  
*Last Ten Fiscal Years*

**CITY OF BRENHAM**

FISCAL YEAR	NET TAXABLE PROPERTY VALUE	RESIDENTIAL		COMMERCIAL		DEMOLITION		RELOCATION		TOTAL	
		NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE
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
2013	1,029,480,016	156	5,146,739	108	26,579,908	15	260,216	0	0	279	31,986,863
2014	1,080,568,292	205	9,983,223	152	13,902,008	8	174,666	1	100	366	24,059,997

**REVENUES BY SOURCE - BUSINESS TYPE ACTIVITIES**  
***Last Ten Fiscal Years***

**CITY OF BRENHAM**

<b>FISCAL YEAR</b>	<b>ELECTRIC</b>	<b>GAS</b>	<b>WATER</b>	<b>WASTEWATER</b>	<b>SANITATION</b>	<b>TOTAL REVENUES</b>
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
2013	25,240,840	2,965,796	4,326,320	3,584,026	3,043,375	39,160,357
2014	27,021,804	3,905,007	3,974,875	3,586,878	3,121,490	41,610,054

**ELECTRIC CUSTOMERS, CONSUMPTION AND SALES**  
*Last Ten Fiscal Years*

**CITY OF BRENHAM**

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b><u>Number of customers</u></b>										
Residential	5,646	5,642	5,450	5,357	5,337	5,273	5,184	5,061	4,925	4,844
Commercial	1,010	1,000	1,132	1,178	1,154	1,146	1,165	1,191	1,138	1,124
Large commercial	292	301	309	317	308	303	294	288	282	276
Industrial	21	21	21	21	23	23	22	20	26	26
Street lights	1,272	1,263	1,257	1,248	1,238	1,228	1,218	1,205	1,175	1,137
Security lights	179	178	176	165	175	176	177	182	182	178
Total	8,420	8,405	8,345	8,286	8,235	8,150	8,060	7,947	7,728	7,585
<b><u>Consumption (in KWH)</u></b>										
Residential	78,361,082	75,322,524	75,853,482	80,534,797	76,664,387	74,039,837	73,296,005	70,267,796	73,781,005	71,200,173
Commercial	16,475,538	15,150,052	15,607,437	16,835,349	16,364,454	16,334,810	17,061,350	17,089,919	17,756,825	17,639,335
Large commercial	63,647,041	64,393,979	65,687,242	68,446,624	65,006,673	64,052,067	65,162,802	64,226,951	64,242,555	63,440,681
Industrial	128,179,180	124,709,000	122,894,960	122,217,940	111,567,780	115,129,160	133,073,570	148,939,620	157,358,022	154,601,347
Street lights	1,465,225	1,454,952	1,447,560	1,437,576	1,426,728	1,414,248	1,403,016	1,388,136	1,353,480	1,309,704
Security lights	299,040	298,608	295,488	296,472	289,440	278,448	276,192	277,728	280,800	276,576
Total	288,427,106	281,329,115	281,786,169	289,768,758	271,319,462	271,248,570	290,272,935	302,190,150	314,772,687	308,467,816
<b><u>Sales (\$)</u></b>										
Residential	\$ 8,325,945	\$ 7,783,426	\$ 7,636,392	\$ 8,477,097	\$ 7,861,811	\$ 8,077,592	\$ 7,909,221	\$ 6,419,733	\$ 7,118,275	\$ 5,985,305
Commercial	1,778,764	1,600,573	1,628,597	1,829,938	1,727,624	1,838,138	1,877,315	1,607,902	1,760,370	1,526,577
Large commercial	5,788,208	5,632,488	5,623,885	6,195,255	5,662,262	6,055,319	5,979,719	4,867,798	5,253,311	4,388,473
Industrial	10,410,691	9,518,295	9,139,115	9,683,819	8,461,265	9,322,374	10,135,546	9,842,065	11,814,007	9,679,213
Street lights	104,046	98,050	95,163	101,171	95,651	106,217	92,907	81,595	81,238	76,322
Security lights	42,021	41,920	41,522	41,660	40,639	39,090	38,696	39,011	39,525	38,901
Total	\$26,449,675	\$24,674,752	\$24,164,675	\$26,328,940	\$23,849,252	\$25,438,730	\$26,033,404	\$22,858,104	\$26,066,726	\$21,694,791
<b><u>Annual average consumption per customer (in KWH)</u></b>										
Residential	13,879	13,350	13,918	15,034	14,365	14,041	14,138	13,884	14,981	14,699
Commercial	16,312	15,150	13,782	14,291	14,181	14,254	14,651	14,349	15,604	15,693
Large commercial	217,969	213,933	212,408	215,920	211,061	211,393	221,642	223,010	227,810	229,858
Industrial	6,103,770	5,938,524	5,783,292	5,819,902	4,850,773	5,005,616	6,048,799	7,446,981	6,052,232	5,946,206
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Security lights	1,671	1,678	1,684	1,797	1,654	1,582	1,562	1,526	1,543	1,554
<b><u>Monthly average bill per customer</u></b>										
Residential	\$ 123	\$ 115	\$ 117	\$ 132	\$ 123	\$ 128	\$ 127	\$ 106	\$ 120	\$ 103
Commercial	147	133	120	129	125	134	134	113	129	113
Large commercial	1,652	1,559	1,515	1,629	1,532	1,665	1,695	1,409	1,552	1,325
Industrial	41,312	37,771	35,840	38,428	30,657	33,777	38,392	41,009	37,865	31,023
Street lights	7	6	6	7	6	7	6	6	6	6
Security lights	20	20	20	21	19	19	18	18	18	18
<b><u>Average price per KWH purchased</u></b>										
Average price per KWH purchased	\$ 0.0718	\$ 0.0632	\$ 0.0613	\$ 0.0656	\$ 0.0637	\$ 0.0626	\$ 0.0691	\$ 0.0557	\$ 0.0650	\$ 0.0501
<b><u>Average price per KWH sold</u></b>										
Average price per KWH sold	\$ 0.0917	\$ 0.0877	\$ 0.0858	\$ 0.0909	\$ 0.0879	\$ 0.0938	\$ 0.0896	\$ 0.0756	\$ 0.0828	\$ 0.0703
<b><u>% line loss</u></b>										
% line loss	4.74%	5.12%	5.71%	5.83%	5.83%	5.14%	5.32%	4.52%	4.06%	5.19%

(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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b><u>Number of customers</u></b>										
Residential	3,815	3,808	3,733	3,686	3,653	3,611	3,562	3,490	3,443	3,423
Small commercial	315	310	348	363	368	350	357	369	345	344
Large commercial	125	128	129	129	126	125	122	124	127	128
Governmental	70	69	68	65	64	63	63	64	64	66
Industrial	1	1	1	1	1	2	3	3	3	4
Total	4,326	4,316	4,279	4,244	4,212	4,151	4,106	4,050	3,982	3,965
<b><u>Consumption (in mcf)</u></b>										
Residential	137,391	91,677	81,402	100,773	133,709	93,011	97,885	112,591	89,134	94,947
Small commercial	30,292	22,104	20,938	24,741	27,617	20,183	22,379	24,202	21,183	18,386
Large commercial	165,196	153,111	152,527	152,773	153,974	135,470	149,571	168,806	164,018	153,229
Governmental	52,724	48,692	42,938	40,885	46,813	41,174	42,332	43,576	40,741	42,915
Industrial	88,727	87,072	71,218	75,391	81,232	131,013	210,244	253,544	248,432	233,585
Total	474,330	402,656	369,023	394,563	443,345	420,851	522,411	602,719	563,508	543,062
<b><u>Sales (1)</u></b>										
Residential	\$ 1,496,320	\$ 965,455	\$ 831,794	\$ 1,095,738	\$ 1,430,671	\$ 1,036,495	\$ 1,386,177	\$ 1,414,718	\$ 1,227,469	\$ 1,044,382
Small commercial	264,724	176,043	154,636	215,979	253,361	181,313	280,878	261,881	247,547	180,366
Large commercial	1,179,110	975,201	847,219	1,077,654	1,141,328	964,811	1,656,716	1,501,897	1,653,440	1,306,104
Governmental	388,039	311,526	242,614	293,843	351,882	295,795	465,583	403,126	431,779	374,630
Industrial	573,525	508,802	355,647	489,495	542,846	884,593	2,254,059	2,058,256	2,250,948	1,845,221
Total	\$3,901,718	\$2,937,027	\$2,431,910	\$3,172,709	\$3,720,088	\$3,363,007	\$6,043,413	\$5,639,878	\$5,811,183	\$4,750,703
<b><u>Annual average consumption per customer (in mcf)</u></b>										
Residential	36	24	22	27	37	26	27	32	26	28
Small commercial	96	71	60	68	75	58	63	66	61	53
Large commercial	1,322	1,196	1,182	1,184	1,222	1,084	1,223	1,361	1,291	1,197
Governmental	753	706	631	629	731	654	676	681	637	650
Industrial	88,727	87,072	71,218	75,391	81,232	65,507	70,081	84,515	82,811	58,396
<b><u>Monthly average bill per customer</u></b>										
Residential	\$ 33	\$ 21	\$ 19	\$ 25	\$ 33	\$ 24	\$ 32	\$ 34	\$ 30	\$ 25
Small commercial	70	47	37	50	57	43	66	59	60	44
Large commercial	786	635	547	696	755	643	1,129	1,009	1,085	850
Governmental	462	376	297	377	458	391	619	525	562	473
Industrial	47,794	42,400	29,637	40,791	45,237	36,858	62,613	57,174	62,526	38,442
<b>Average price per mcf purchased</b>	\$ 4.6500	\$ 3.9000	\$ 3.1400	\$ 4.4400	\$ 5.2824	\$ 4.8929	\$ 8.3838	\$ 6.4885	\$ 8.1660	\$ 7.2225
<b>Average price per mcf sold</b>	\$ 8.2300	\$ 7.2900	\$ 6.5900	\$ 8.0400	\$ 8.3910	\$ 7.9910	\$ 11.5683	\$ 9.3524	\$ 10.3125	\$ 8.7480
<b>% line loss (gain)</b>	1.36%	0.93%	1.47%	1.47%	2.72%	0.85%	0.04%	1.94%	-0.21%	0.18%

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

**ELECTRIC RATES**  
*Impacting Last Ten Fiscal Years*

**CITY OF BRENHAM**

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

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

**GAS RATES**  
*Impacting Last Ten Fiscal Years*

**CITY OF BRENHAM**

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL		LARGE INDUSTRIAL	GOVERN- MENTAL
		URBAN	RURAL	URBAN	RURAL	URBAN	RURAL	URBAN	RURAL		
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 (1)	\$ 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 (1)	\$ 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 (1)	\$10.53100	\$10.93000	\$10.53100	\$10.93000	\$9.79100	\$10.07900	\$9.79100	\$10.07900	\$ 9.68500	\$9.52300
Oct-01-2013	Customer charge	\$ 10.00	\$ 11.50	\$ 10.00	\$ 11.50	\$ 56.25	\$ 64.69	\$ 56.25	\$ 64.69	\$ 56.25	\$ 56.25
	Gas charge per mcf (1)	\$ 7.66100	\$ 8.06000	\$ 7.66100	\$ 8.06000	\$6.92100	\$ 7.20900	\$6.92100	\$ 7.20900	\$ 6.81500	\$6.65300

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

**TEN LARGEST ELECTRIC CUSTOMERS**  
*Current Year and Nine Years Ago*

**CITY OF BRENHAM**

2014			2005		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	\$ 4,357,556	16.47%	Blue Bell Creameries	\$ 2,729,490	12.58%
Valmont/Als	1,247,996	4.72%	Mount Vernon Mills, Inc.	2,603,769	12.00%
City of Brenham	1,118,081	4.23%	City of Brenham	992,539	4.58%
Blinn College	1,022,810	3.87%	Blinn College	934,208	4.31%
Brenham I.S.D.	741,363	2.80%	Valmont/Als	664,084	3.06%
StanPac USA	719,906	2.72%	Brenham I.S.D.	577,967	2.66%
Brenham State Supported Living Center	571,130	2.16%	Brenham State Supported Living Center	447,555	2.06%
Scott & White Hospital - Brenham	497,693	1.88%	Brenham Wholesale Grocery	317,219	1.46%
Brenham Wholesale Grocery	381,680	1.44%	Scott & White Hospital - Brenham	297,085	1.37%
Germania Insurance	338,183	1.28%	Navisa, Inc.	273,167	1.26%
Total	<u>\$10,996,399</u>	<u>41.57%</u>	Total	<u>\$ 9,837,082</u>	<u>45.34%</u>
2014 Total Electric Charges			2005 Total Electric Charges		
	\$26,449,675			\$21,694,791	

**TEN LARGEST GAS CUSTOMERS**  
*Current Year and Nine Years Ago*

**CITY OF BRENHAM**

2014			2005		
NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES	NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES
Blue Bell Creameries	\$ 638,133	16.36%	Mount Vernon Mills, Inc.	\$ 1,234,653	25.99%
Blinn College	252,391	6.47%	Blue Bell Creameries	665,130	14.00%
Longwood Elastomers	237,589	6.09%	Blinn College	288,156	6.07%
Valmont/Als	183,457	4.70%	Longwood Elastomers	188,279	3.96%
Scott & White Hospital - Brenham	86,545	2.22%	Valmont/Als	127,265	2.68%
Brenham I.S.D.	86,450	2.22%	Navisa, Inc.	102,931	2.17%
Brenham Housing Authority	56,358	1.44%	Brenham Housing Authority	90,687	1.91%
City of Brenham	38,451	0.99%	Scott & White Hospital - Brenham	73,858	1.55%
StanPac USA	28,294	0.73%	Brenham I.S.D.	64,593	1.36%
Germania Insurance	26,467	0.68%	International Forms	45,322	0.95%
Total	<u>\$ 1,634,134</u>	<u>41.88%</u>	Total	<u>\$ 2,880,874</u>	<u>60.64%</u>

2014 Total Gas Charges                      \$ 3,901,718

2005 Total Gas Charges                      \$ 4,750,703



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

**CITY OF BRENHAM**

	FISCAL YEAR		
	2014	2013	(DEC)/INC
<b><u>Number of customers</u></b>			
Residential	5,740	5,711	29
Commercial	1,068	1,077	(9)
Meter on Fire Hydrant	8	9	(1)
Sprinkler	582	548	34
Total	7,398	7,345	53
<b><u>Consumption (in gallons)</u></b>			
Residential	352,845,500	390,758,300	(37,912,800)
Commercial	284,694,000	284,355,500	338,500
Meter on Fire Hydrant	953,100	4,793,100	(3,840,000)
Sprinkler	125,052,500	167,095,500	(42,043,000)
Total	763,545,100	847,002,400	(83,457,300)
<b><u>Sales (in dollars)</u></b>			
Residential	\$ 1,937,089	\$ 2,087,172	\$ (150,083)
Commercial	1,219,951	1,218,113	1,838
Meter on Fire Hydrant	7,135	35,616	(28,481)
Sprinkler	691,544	933,082	(241,538)
Total	\$ 3,855,719	\$ 4,273,983	\$ (418,264)
<b><u>Annual average consumption per customer</u></b>			
Residential (in gallons)	61,471	68,422	(6,951)
Commercial	266,567	264,026	2,542
Meter on Fire Hydrant	119,138	532,567	(413,429)
Sprinkler	214,867	304,919	(90,052)
<b><u>Monthly average bill per customer</u></b>			
Residential	\$ 28	\$ 30	\$ (2)
Commercial	95	94	1
Meter on Fire Hydrant	74	330	(255)
Sprinkler	99	142	(43)
<b>Average price per 1,000 gallons purchased</b>	\$ 0.269	\$ 0.246	\$ 0.023
<b>Average price per 1,000 gallons sold</b>	\$ 5.050	\$ 5.045	\$ 0.005
<b>% line loss (gain)</b>	10.33% *	7.40% *	2.93%

\*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		
	2014	2013	(DEC)/INC
<b><u>Number of customers</u></b>			
Residential	5,680	5,659	21
Commercial	946	948	(2)
Industrial	6	6	-
Oak Hill Acres Flow Meter	1	1	-
Total	6,633	6,614	19
<b><u>Sales (in dollars)</u></b>			
Residential	\$ 1,814,093	\$ 1,780,422	\$ 33,672
Commercial	1,007,543	1,024,414	(16,871)
Industrial	618,039	659,534	(41,495)
Oak Hill Acres Flow Meter	35,519	32,923	2,596
Total	\$ 3,475,194	\$ 3,497,293	\$ (22,098)
<b><u>Monthly average bill per customer</u></b>			
Residential	\$ 27	\$ 26	\$ 0
Commercial	89	90	(1)
Industrial	8,584	9,160	(576)
Oak Hill Acres Flow Meter	2,960	2,744	216

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

**CITY OF BRENHAM**

	FISCAL YEAR		
	2014	2013	(DEC)/INC
<b><u>Number of customers</u></b>			
Residential	5,325	5,309	16
Residential - Rural	6	7	(1)
Commercial	542	542	-
Total	5,873	5,858	15
<b><u>Sales (in dollars)</u></b>			
Residential	\$ 892,430	\$ 893,260	\$ (830)
Residential - Rural	1,485	1,590	(105)
Commercial	946,009	952,328	(6,319)
Total	\$ 1,839,924	\$ 1,847,178	\$ (7,254)
<b><u>Monthly average bill per customer</u></b>			
Residential	\$ 14	\$ 14	\$ (0)
Residential - Rural	21	19	2
Commercial	145	146	(1)

**CITY OF BRENHAM, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/13	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/14
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>								
Bulletproof Vest Partnership 2012 Grant	16.607		\$ 3,975	\$ 1,787	\$ (1,787)	\$ 1,231	\$ -	\$ 1,231
Bulletproof Vest Partnership 2013 Grant	16.607		2,263	-	-	-	-	-
Bulletproof Vest Partnership 2014 Grant	16.607		4,825	-	-	840	-	840
			<u>\$ 11,063</u>	<u>\$ 1,787</u>	<u>\$ (1,787)</u>	<u>\$ 2,071</u>	<u>\$ -</u>	<u>\$ 2,071</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY &amp; FEMA</u></b>								
FY2008 Staffing for Adequate Fire & Emergency Response Grant	97.083	EMW-2008-FR-00416	\$ 325,140	\$ 19,402	\$ (19,641)	\$ 239	\$ -	\$ -
			<u>\$ 325,140</u>	<u>\$ 19,402</u>	<u>\$ (19,641)</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>								
<b>Texas Department of Transportation</b>								
Selective Traffic Enforcement Program-2015 Speed	20.600		\$ 36,270	\$ -	\$ -	\$ -	\$ -	\$ -
			<u>\$ 36,270</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Texas Department of Transportation</b>								
Routine Airport Maintenance Program (RAMP)		M317 BREN	\$ 50,000	\$ 31,004	\$ (31,004)		\$ -	\$ -
Routine Airport Maintenance Program (RAMP)		M1417 BREN	50,000	-	-	31,369	-	31,369
Routine Airport Maintenance Program (RAMP)		M1517 BREN	50,000	-	-	-	-	-
			<u>\$ 150,000</u>	<u>\$ 31,004</u>	<u>\$ (31,004)</u>	<u>\$ 31,369</u>	<u>\$ -</u>	<u>\$ 31,369</u>
<b>Texas State Library and Archives Commission</b>								
Edge Implementation Reimbursement Program			\$ 4,944	\$ -	\$ (4,944)	\$ 4,944	\$ -	\$ -
			<u>\$ 4,944</u>	<u>\$ -</u>	<u>\$ (4,944)</u>	<u>\$ 4,944</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL FEDERAL AND STATE CASH AWARDS</b>			<u><u>\$ 527,417</u></u>	<u><u>\$ 52,193</u></u>	<u><u>\$ (57,376)</u></u>	<u><u>\$ 38,623</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,440</u></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, 2014

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/13	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/14
<b><u>U.S. DEPARTMENT OF TRANSPORTATION - FAA</u></b>								
<b>Texas Department of Transportation (1)</b>								
Federally Assisted Airport Development Grant HANGAR & TAXIWAY	20.106	13HGBRENM	\$ 1,872,620	\$ 22,826	\$ (306,379)	\$ 283,553	\$ -	\$ -
<b>TOTAL NON-CASH FEDERAL AND STATE AWARDS</b>			<b>\$ 1,872,620</b>	<b>\$ 22,826</b>	<b>\$ (306,379)</b>	<b>\$ 283,553</b>	<b>\$ -</b>	<b>\$ -</b>

(1) The City remits its matching funds requirements to the State Department of Transportation, which acts as sponsor for these airport development programs.

**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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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**

## **Tables**

### **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.

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**NET POSITION BY COMPONENT**
*Last Ten Fiscal Years*
*(accrual basis of accounting)*
**CITY OF BRENHAM**
**TABLE 1**

Description	FISCAL YEAR									
	2014	2013	2012 (3)	2011	2010	2009 (2)	2008	2007	2006 (1)	2005
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 36,830,206	\$ 35,548,260	\$ 34,415,305	\$ 35,294,268	\$ 35,289,795	\$ 35,421,458	\$ 33,407,787	\$ 32,212,469	\$ 32,062,294	\$ 12,937,041
Restricted	633,409	256,528	266,119	307,292	537,786	391,469	470,187	333,943	1,439,731	3,145,253
Unrestricted	7,320,914	4,953,603	6,310,807	3,952,381	4,502,834	5,227,975	6,649,435	4,764,217	2,336,891	846,738
Subtotal governmental activities net position	44,784,529	40,758,391	40,992,231	39,553,941	40,330,415	41,040,902	40,527,409	37,310,629	35,838,916	16,929,032
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	36,724,082	36,081,573	33,977,027	31,846,549	29,364,559	28,504,390	28,296,722	27,082,608	27,842,335	27,560,970
Restricted	-	-	-	-	-	-	809	538,822	243,547	1,550,431
Unrestricted	15,484,242	15,715,277	15,389,182	15,098,756	13,332,206	11,851,906	8,766,360	8,201,530	6,940,747	5,436,192
Subtotal business-type activities net position	52,208,324	51,796,850	49,366,209	46,945,305	42,696,765	40,356,296	37,063,891	35,822,960	35,026,629	34,547,593
<b>Primary government:</b>										
Invested in capital assets, net of related debt	73,554,288	71,629,833	68,392,332	67,140,817	64,654,354	63,925,848	61,704,509	59,295,077	59,904,629	40,498,011
Restricted	633,409	256,528	266,119	307,292	537,786	391,469	470,996	872,765	1,683,278	4,695,684
Unrestricted	22,805,156	20,668,880	21,699,989	19,051,138	17,835,040	17,079,881	15,415,795	12,965,747	9,277,638	6,282,929
Total primary government net position (4)	\$ 96,992,853	\$ 92,555,241	\$ 90,358,440	\$ 86,499,247	\$ 83,027,180	\$ 81,397,198	\$ 77,591,300	\$ 73,133,589	\$ 70,865,545	\$ 51,476,624
<b>Component unit:</b>										
Invested in capital assets, net of related debt	\$ 964,912	\$ 904,031	\$ 850,007	\$ 838,450	\$ 867,353	\$ 135,227	\$ 223,467	\$ 163,683	\$ 163,683	\$ 85,538
Restricted	1,393,356	986,165	903,879	1,353,823	551,160	1,110,691	890,106	782,051	513,699	-
Unrestricted	-	-	-	-	-	-	-	-	-	279,770
Total component unit net position (4)	\$ 2,358,268	\$ 1,890,196	\$ 1,753,886	\$ 2,192,273	\$ 1,418,513	\$ 1,245,918	\$ 1,113,573	\$ 945,734	\$ 677,382	\$ 365,308

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

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

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

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

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

CITY OF BRENHAM

**TABLE 2**

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Program expenses</b>										
Governmental activities:										
General government	\$ 5,458,639	\$ 5,453,313	\$ 5,230,134	\$ 5,177,514	\$ 5,755,450	\$ 5,241,430	\$ 2,001,542	\$ 1,888,188	\$ 1,993,032	\$ 1,930,824
Public safety	7,104,713	6,899,558	6,567,832	6,579,061	6,831,143	5,414,468	5,235,849	5,028,102	4,719,613	4,174,264
Highways and streets	2,572,715	2,611,294	2,599,723	2,628,682	2,679,468	2,410,013	2,302,230	2,279,505	1,637,165	1,569,656
Health and welfare	316,672	318,672	285,870	288,699	299,216	271,509	545,485	580,118	624,350	218,987
Culture and recreation	3,751,931	3,635,589	3,406,693	3,513,628	3,676,194	3,585,647	3,607,684	3,264,409	3,047,778	2,903,509
Debt service	880,199	916,548	887,431	938,663	855,569	918,260	952,463	991,486	709,650	743,699
Total government activities program expenses	20,084,869	19,834,974	18,977,683	19,126,247	20,097,040	17,841,327	14,645,253	14,031,808	12,731,588	11,540,939
Business-type activities:										
Electric	25,911,242	23,009,788	22,895,981	23,962,803	22,259,716	22,428,215	26,690,324	23,342,221	25,991,891	20,843,491
Gas	3,087,321	2,401,303	1,908,278	2,602,842	3,198,740	2,905,012	5,975,923	5,646,666	6,027,066	5,225,571
Sanitation	2,768,399	2,737,307	2,603,144	2,706,750	2,669,678	2,464,142	2,621,538	2,331,316	2,309,317	2,062,243
Wastewater	2,841,457	2,846,895	2,692,136	2,860,922	2,979,406	3,286,770	3,803,759	3,559,574	3,544,654	2,944,784
Water	3,753,663	3,342,073	3,281,611	3,430,862	3,088,039	3,316,393	3,405,073	3,164,010	3,162,284	2,732,815
Total business-type activities program expenses	38,362,082	34,337,366	33,381,150	35,564,179	34,195,579	34,400,532	42,496,617	38,043,787	41,035,212	33,808,904
Total primary government expenses	58,446,951	54,172,340	52,358,833	54,690,426	54,292,619	52,241,859	57,141,870	52,075,595	53,766,800	45,349,843
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	714,188	675,909	936,160	934,808	866,090	782,976	652,831	482,252	423,312	450,653
Public safety	8,878	4,959	5,971	6,258	8,548	5,446	6,138	2,321	34,020	28,641
Highways and streets	68,300	56,920	51,616	51,666	51,996	44,094	38,284	13	14	15
Health and welfare	31,492	30,004	29,507	32,452	35,606	47,472	37,566	30,290	32,094	7,179
Culture and recreation	343,989	353,510	340,739	364,696	387,113	348,065	275,555	271,842	267,813	314,012
Operating grants and contributions	817,748	574,798	628,127	626,870	865,607	469,206	678,485	915,090	678,830	933,651
Capital grants and contributions	4,022,261	25,209	1,495,920	610,145	1,213,423	1,467,320	1,415,745	1,081,668	1,120,556	704,478
Total governmental activities program revenues	6,006,856	1,721,309	3,488,040	2,626,895	3,428,383	3,164,579	3,104,604	2,783,476	2,556,639	2,438,629
Business-type activities:										
Charges for services:										
Electric	27,021,804	25,240,842	24,538,200	26,814,028	24,387,117	26,016,817	26,539,793	23,184,463	26,440,575	22,138,695
Gas	3,905,007	2,965,796	2,437,314	3,178,811	3,740,133	3,372,455	6,061,128	5,639,536	5,768,269	4,803,557
Sanitation	3,121,490	3,043,375	3,065,318	3,119,515	2,913,758	2,767,713	2,731,314	2,468,172	2,427,160	2,171,215
Wastewater	3,586,878	3,584,026	3,647,923	3,717,883	3,552,062	4,104,465	4,119,867	3,798,212	2,934,281	2,377,633
Water	3,974,875	4,326,320	4,413,082	5,122,170	3,898,319	4,688,689	3,719,257	3,254,617	3,718,368	2,944,790
Operating grants and contributions	6,461	-	7,435	16,622	-	8,316	5,000	-	-	100
Capital grants and contributions	280,501	325,463	117,427	599,799	229,089	115,539	240,481	-	10,160	-
Total business-type activities program revenues	41,897,016	39,485,822	38,226,699	42,568,828	38,720,478	41,073,994	43,416,841	38,345,000	41,298,813	34,435,990
Total primary government program revenues	47,903,872	41,207,131	41,714,739	45,195,723	42,148,861	44,238,573	46,521,445	41,128,476	43,855,452	36,874,619
<b>Net (expense)/revenue</b>										
Governmental activities	(14,078,013)	(18,113,665)	(15,489,643)	(16,499,352)	(16,668,657)	(14,676,748)	(11,540,649)	(11,248,332)	(10,174,949)	(9,102,310)
Business-type activities	3,534,934	5,148,456	4,845,549	7,004,649	4,524,899	6,673,462	920,224	301,213	263,601	627,086
Total primary government net expense	(10,543,079)	(12,965,209)	(10,644,094)	(9,494,703)	(12,143,758)	(8,003,286)	(10,620,425)	(10,947,119)	(9,911,348)	(8,475,224)

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

CITY OF BRENHAM

**TABLE 2**

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Property taxes	6,145,913	5,647,218	5,449,748	4,980,377	5,011,013	4,787,893	4,547,830	4,152,080	3,505,543	3,091,085
Sales taxes	4,391,151	4,404,296	4,107,558	3,774,894	3,678,707	3,727,329	3,696,762	3,524,009	3,290,760	2,910,902
Other taxes	3,892,795	3,657,534	3,485,786	3,699,868	3,344,311	3,501,962	3,511,940	3,524,583	2,956,555	2,960,726
Investment income not restricted	3,947	7,125	6,817	18,501	12,790	181,281	460,201	587,125	261,901	143,000
Miscellaneous	128,809	102,935	150,630	143,988	105,935	120,375	208,690	55,483	120,666	119,836
Gain (loss) on sale of capital assets	75,275	67,395	53,693	12,771	7,879	5,482	37,643	9,508	5,458	(58,343)
Payments from component Unit	828,247	1,099,836	791,218	219,526	850,941	931,773	927,717	770,877	661,417	661,407
Transfers	3,034,718	2,893,486	2,715,519	2,872,953	2,836,566	3,146,621	154,171	96,380	239,378	374,031
Total government activities	18,500,855	17,879,825	16,760,969	15,722,878	15,848,142	16,402,716	13,544,954	12,720,045	11,041,678	10,202,644
Business-type activities:										
Investment income not restricted	74,935	84,013	87,517	95,798	50,841	129,159	348,525	462,286	312,516	227,280
Miscellaneous	55,515	91,658	70,555	21,046	44,971	192,729	126,353	267,835	18,812	22,538
Gain (loss) on sale of capital assets	-	-	-	-	-	-	-	(138,624)	10,032	1,170
Payments from component Unit	-	-	11,956	-	-	-	-	-	-	-
Transfers	(3,034,718)	(2,893,486)	(2,715,519)	(2,872,953)	(2,836,566)	(3,146,621)	(154,171)	(96,380)	(239,378)	(374,031)
Total business-type activities	(2,904,268)	(2,717,815)	(2,545,491)	(2,756,109)	(2,740,754)	(2,824,734)	320,707	495,117	101,982	(123,043)
Total primary government general revenues and other changes in net position	15,596,587	15,162,010	14,215,478	12,966,769	13,107,388	13,577,982	13,865,661	13,215,162	11,143,660	10,079,601
<b>Change in net position</b>										
Governmental activities, as previously reported	4,422,842	(233,840)	1,271,326	(776,474)	(820,515)	1,725,968	2,004,305	1,471,713	866,729	1,100,334
Restatement in capital assets (1)	-	-	-	-	-	-	-	-	17,915,958	-
Restatement in deferred revenue (2)	-	-	-	-	-	-	-	-	127,197	-
Restatement in capital assets (3)	-	-	-	-	110,028	-	-	-	-	-
Restatement in post employment benefits (5)	-	-	166,964	-	-	-	-	-	-	-
Governmental activities, restated	4,422,842	(233,840)	1,438,290	(776,474)	(710,487)	1,725,968	2,004,305	1,471,713	18,909,885	1,100,334
Business-type activities, as previously reported	630,666	2,430,641	2,300,058	4,248,540	1,784,145	3,292,404	1,240,931	796,330	365,583	504,043
Restatement in capital assets (1)	-	-	-	-	-	-	-	-	113,453	-
Restatement in charges for services (4)	-	-	-	-	556,324	-	-	-	-	-
Restatement in post employment benefits (5)	-	-	120,846	-	-	-	-	-	-	-
Business-type activities, restated	630,666	2,430,641	2,420,904	4,248,540	2,340,469	3,292,404	1,240,931	796,330	479,036	504,043
<b>Total primary government change in net position</b>	<b>\$ 5,053,508</b>	<b>\$ 2,196,801</b>	<b>\$ 3,859,194</b>	<b>\$ 3,472,066</b>	<b>\$ 1,629,982</b>	<b>\$ 5,018,373</b>	<b>\$ 3,245,236</b>	<b>\$ 2,268,044</b>	<b>\$ 19,388,921</b>	<b>\$ 1,604,377</b>
<b>Component unit</b>										
Program expenses	\$ 245,479	\$ 236,449	\$ 1,107,871	\$ 269,757	\$ 205,065	\$ 190,761	\$ 191,425	\$ 163,868	\$ 137,649	\$ 154,949
Program revenues	-	-	-	-	-	-	-	-	-	-
Brenham Community Development Corporation	-	-	-	-	-	-	-	-	-	-
Net expenses	(245,479)	(236,449)	(1,107,871)	(269,757)	(205,065)	(190,761)	(191,425)	(163,868)	(137,649)	(154,949)
<b>General revenues and other changes in net position</b>										
Component unit activities:										
Sales taxes	1,463,717	1,468,099	1,369,186	1,258,298	1,226,236	1,242,443	1,232,254	1,174,670	1,096,920	970,301
Investment income not restricted	282	1,120	1,434	1,645	2,365	7,088	24,727	28,427	14,220	1,275
Miscellaneous	3,232	3,376	102,038	-	-	-	30,000	-	-	560
Gain (loss) on sale of capital assets	74,567	-	-	3,100	-	5,348	-	-	-	(28,194)
Payments from component unit	(828,247)	(1,099,836)	(803,174)	(219,526)	(850,941)	(931,773)	(927,717)	(770,877)	(661,417)	(661,407)
Total component unit activities	713,551	372,759	669,484	1,043,517	377,660	323,106	359,264	432,220	449,723	282,534
<b>Component unit change in position</b>	<b>\$ 468,072</b>	<b>\$ 136,310</b>	<b>\$ (438,387)</b>	<b>\$ 773,760</b>	<b>\$ 172,595</b>	<b>\$ 132,345</b>	<b>\$ 167,839</b>	<b>\$ 268,352</b>	<b>\$ 312,074</b>	<b>\$ 127,585</b>

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

**FUND BALANCES - GOVERNMENTAL FUNDS**
**CITY OF BRENHAM**
**Last Ten Fiscal Years**
*(modified accrual basis of accounting)*
**TABLE 3**

	FISCAL YEAR									
	2014	2013	2012 (2)	2011 (1)	2010	2009	2008	2007	2006	2005
<b>General fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,908	\$ 40,578
Unreserved					2,764,850	2,764,850	2,687,654	2,251,108	1,661,118	1,217,177
Nonspendable	188,412	212,530	256,443	204,230	-	-	-	-	-	-
Restricted	801,061	74,074	103,959	103,052	-	-	-	-	-	-
Committed	10,304	10,304	-	-	-	-	-	-	-	-
Unassigned	3,861,506	3,609,690	3,505,058	3,529,369	-	-	-	-	-	-
Total general fund	<u>\$ 4,861,283</u>	<u>\$ 3,906,598</u>	<u>\$ 3,865,460</u>	<u>\$ 3,836,651</u>	<u>\$ 2,764,850</u>	<u>\$ 2,764,850</u>	<u>\$ 2,687,654</u>	<u>\$ 2,251,108</u>	<u>\$ 1,699,026</u>	<u>\$ 1,257,755</u>
<b>All other governmental funds:</b>										
Reserved, reported in:										
Debt service fund	\$ -	\$ -	\$ -	\$ -	\$ 481,884	\$ 337,949	\$ 418,335	\$ 333,943	\$ 200,931	\$ 146,770
Unreserved reported in:										
Special revenue funds	-	-	-	-	1,829,883	1,400,880	1,126,499	700,725	170,553	220,271
Capital projects funds	-	-	-	-	77,479	699,191	7,787,965	8,722,314	10,196,685	1,738,329
Restricted	12,808,565	5,613,677	1,793,596	5,600,913	-	-	-	-	-	-
Committed	525,451	12,000	15,689	111,424	-	-	-	-	-	-
Assigned	8,158	169,134	523,677	394,896	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 13,342,174</u>	<u>\$ 5,794,811</u>	<u>\$ 2,332,962</u>	<u>\$ 6,107,233</u>	<u>\$ 2,389,246</u>	<u>\$ 2,438,020</u>	<u>\$ 9,332,799</u>	<u>\$ 9,756,982</u>	<u>\$ 10,568,169</u>	<u>\$ 2,105,370</u>

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

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

## CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

CITY OF BRENNHAM

Last Ten Fiscal Years

(modified accrual basis of accounting)

TABLE 4

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues</b>										
Taxes	\$ 14,409,371	\$ 13,703,177	\$ 13,039,066	\$ 12,445,035	\$ 12,013,599	\$ 12,006,792	\$ 11,770,388	\$ 11,181,972	\$ 9,728,777	\$ 9,013,770
Licenses and permits	76,379	59,826	72,425	64,465	76,999	61,989	58,260	54,487	56,146	57,846
Intergovernmental	4,260,002	3,595,065	545,942	696,256	1,817,216	1,462,232	769,904	1,648,201	1,656,366	1,596,241
Charges for services	517,114	512,012	509,278	558,484	603,568	571,177	458,378	368,861	363,984	396,353
Fines and forfeitures	573,355	549,460	782,276	766,908	668,762	594,840	493,664	363,253	337,014	344,076
Investment income	3,884	6,948	6,604	18,259	12,428	179,685	457,112	572,336	246,716	137,011
Payment from component unit	828,247	1,099,836	791,218	970,989	850,941	931,773	927,717	770,877	661,417	661,407
Contributions and donations	2,248,498	68,724	127,206	111,254	174,272	39,833	176,900	124,608	176,214	44,895
Miscellaneous	141,911	160,959	203,888	115,930	111,418	149,984	151,892	85,405	117,772	157,948
Total revenues	23,058,761	19,756,007	16,077,903	15,747,580	16,329,203	15,998,305	15,264,215	15,170,000	13,344,406	12,409,547
<b>Expenditures</b>										
Current:										
Culture and recreation	3,081,793	2,965,441	2,778,854	2,860,841	2,985,738	2,963,083	2,993,583	2,611,013	2,467,861	2,374,455
General government	5,067,284	5,038,077	4,849,317	4,814,955	4,987,652	4,793,575	1,491,349	1,383,100	1,270,288	1,560,873
Health and welfare	305,008	302,547	280,468	278,258	281,388	262,880	535,818	562,579	614,794	214,873
Highways and streets	1,379,361	1,444,078	6,061,296	11,426,323	1,535,385	1,317,966	1,240,278	1,153,897	1,085,298	1,046,654
Public safety	6,382,845	6,091,109	5,870,921	5,801,959	5,977,319	5,055,235	4,801,776	4,634,054	4,179,268	4,053,844
Debt service:										
Interest & fiscal charges	926,007	964,850	967,466	932,687	818,939	816,482	929,359	938,159	664,571	724,066
Principal retirement	3,090,133	1,749,643	1,664,835	1,623,452	1,291,944	1,319,200	1,165,767	1,070,825	1,138,070	1,038,665
Issuance costs	95,731	51,489	15,550	331,409	800	132,893	1,069	21,072	72,468	-
Capital outlay	1,520,404	2,476,074	1,303,258	1,203,378	2,002,664	9,585,060	2,340,500	3,497,123	2,475,907	1,763,551
Total expenditures	21,848,566	21,083,308	23,791,965	29,273,262	19,881,829	26,246,374	15,499,499	15,871,822	13,968,525	12,776,981
<b>Excess (deficiency) of revenues over(under) expenditures</b>	1,210,195	(1,327,301)	(7,714,062)	(13,525,682)	(3,552,626)	(10,248,069)	(235,284)	(701,822)	(624,119)	(367,434)
<b>Other financing sources (uses)</b>										
Transfers in	4,704,485	3,201,225	3,060,200	3,091,370	3,849,305	4,092,165	1,036,319	723,787	802,738	609,424
Transfers out	(1,669,767)	(314,213)	(344,681)	(218,417)	(1,012,739)	(945,544)	(882,148)	(848,384)	(563,360)	(235,394)
Payment to Component Unit	-	-	-	(751,463)	-	-	-	-	-	-
Issuance of debt	4,075,000	1,886,423	1,200,000	16,097,674	-	-	-	-	9,000,000	-
Refunding bonds issued	1,509,201	-	-	3,060,619	-	5,941,995	-	1,524,321	-	-
Premium on debt issued	71,819	-	-	-	-	194,962	-	-	-	-
Payment to refunded bond escrow agent	(1,490,242)	-	-	(3,004,387)	-	(6,004,364)	-	(1,501,306)	-	-
Proceeds from capital lease	-	-	-	-	645,621	131,933	-	544,300	288,810	-
Miscellaneous	91,357	56,853	53,081	40,074	21,665	19,339	93,476	-	-	-
Total other financing sources (uses)	7,291,853	4,830,288	3,968,600	18,315,470	3,503,852	3,430,486	247,647	442,718	9,528,188	374,030
<b>Net change in fund balance</b>	\$ 8,502,048	\$ 3,502,987	\$ (3,745,462)	\$ 4,789,788	\$ (48,774)	\$ (6,817,583)	\$ 12,363	\$ (259,104)	\$ 8,904,069	\$ 6,596
<b>Debt service as a percentage of non-capital expenditures</b>	19.76%	14.59%	11.70%	9.11%	11.81%	12.82%	15.92%	16.23%	15.69%	16.01%

**TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS****CITY OF BRENHAM****Last Ten Fiscal Years***(modified accrual basis of accounting)***TABLE 5**

<b>Fiscal Year</b>	<b>Sales Tax</b>	<b>Ad Valorem Taxes (1)</b>	<b>Franchise Taxes (2)</b>	<b>Motel Tax</b>	<b>Mixed Beverage</b>	<b>Other Tax</b>	<b>Total Tax Revenues</b>
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
2013	4,404,296	5,641,349	2,972,220	658,646	26,668	-	13,703,179
2014	4,391,151	6,125,425	3,164,298	704,638	23,859	-	14,409,371

(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**

<b>Fiscal Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Personal Property</b>	<b>Gross Valuation</b>	<b>Exemption</b>	<b>Net Taxable Value</b>	<b>Total Direct Tax Rate</b>
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
2013	553,888,549	338,903,778	305,901,720	1,198,694,047	169,214,031	1,029,480,016	0.54320
2014	588,967,628	341,750,962	329,190,550	1,259,909,140	179,340,848	1,080,568,292	0.56320

(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)									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b><u>Sales subject to sales tax</u></b>										
Retail trade	\$ 200,258,414	\$ 192,880,386	\$ 185,845,076	\$ 184,434,383	\$ 185,958,779	\$ 184,899,069	\$ 176,374,582	\$ 165,564,470	\$ 154,723,485	\$ 128,219,315
Accommodation/food services	39,733,063	38,172,199	36,330,789	36,298,144	35,547,090	34,609,238	31,635,974	28,528,631	25,761,532	22,784,614
Wholesale trade	24,724,048	17,031,668	13,899,176	12,950,217	13,395,632	16,490,784	16,316,965	17,216,891	14,364,045	13,550,787
Manufacturing	20,879,720	18,536,084	15,277,547	14,031,339	15,744,268	25,038,093	16,522,060	16,115,966	14,012,727	11,181,932
Admin/support/waste mgmt/remediation services	11,916,308	10,380,780	6,229,057	5,490,493	5,511,221	7,191,225	6,385,434	6,511,431	6,535,273	6,196,661
Mining/quarrying/oil/gas extraction	9,957,614	6,728,368	2,999,333	3,152,929	4,229,845	9,146,075	7,752,965	5,464,529	2,019,117	2,128,802
Other services	8,417,362	8,397,832	7,852,686	8,264,050	7,646,118	7,642,688	7,529,497	6,339,914	6,837,315	6,295,677
Information	5,092,179	4,222,671	3,924,959	3,403,518	3,293,086	2,587,597	6,743,249	1,662,880	2,743,990	45,820,215
Real estate/rental/leasing	4,726,546	4,578,407	4,270,107	4,675,387	4,934,661	7,408,045	5,840,137	4,927,370	4,082,531	3,112,151
Construction	3,634,513	5,929,461	4,250,898	4,864,757	5,485,705	4,183,561	5,313,078	4,009,748	3,529,516	3,919,448
Professional/scientific/technical services	3,015,878	2,269,454	2,112,551	1,661,032	1,773,675	2,931,954	2,202,976	2,250,152	2,294,657	1,958,581
Educational services	2,199,657	2,164,287	2,157,995	1,886,553	1,759,260	1,767,263	1,815,152	1,585,995	1,270,482	1,537,769
Arts/entertainment/recreation	1,104,985	1,157,707	1,135,531	1,098,302	1,135,902	1,016,048	664,880	428,104	401,372	360,305
Finance/insurance	981,964	2,056,713	1,905,231	2,399,368	2,649,199	1,399,762	1,074,663	1,182,103	1,263,093	800,927
Transportation/warehousing	289,064	306,194	246,296	223,081	225,203	273,397	111,957	27,959	33,263	10,417
Health care/social assistance	125,304	134,722	114,402	47,212	37,369	52,738	34,638	33,136	39,545	29,011
Agriculture/forestry/fishing hunting	73,717	195,546	171,394	136,705	116,141	163,971	367,864	338,068	130,726	309,314
Public administration	-	-	-	-	-	-	-	1,778,439	-	-
Other	-	-	-	-	-	-	-	-	110	18,250
All industries (2)	<b>\$ 344,082,763</b>	<b>\$ 321,567,134</b>	<b>\$ 295,952,623</b>	<b>\$ 292,177,360</b>	<b>\$ 297,373,449</b>	<b>\$ 314,645,173</b>	<b>\$ 293,550,391</b>	<b>\$ 269,363,326</b>	<b>\$ 246,650,161</b>	<b>\$ 254,318,729</b>
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 2014 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			Total Overlapping Governments	City of Brenham	Washington County	Total Overlapping Governments
	General Fund	Debt Service	Total	Independent School District	Blinn College	Washington County				
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	1.44450	0.05130	0.43350	2.43560	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
2013	0.34200	0.20120	0.54320	1.13500	0.05670	0.44260	2.17750	0.01500	0.00500	0.02000
2014	0.35790	0.20530	0.56320	1.13500	0.06000	0.46260	2.22080	0.01500	0.00500	0.02000

(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**

2014			2005		
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	\$ 52,626,617	4.87%	Blue Bell Creameries	\$ 32,782,720	4.64%
Valmont/Als	24,163,220	2.24%	Mount Vernon Mills, Inc.	16,456,590	2.33%
MIC Group LLC (West)	18,245,140	1.69%	Valmont Industries	13,537,810	1.92%
Germania Farm Mutual Aid Assoc	11,742,700	1.09%	Wal-Mart Stores Texas LLC #4109	12,226,350	1.73%
MIC LLC (East)	11,005,430	1.02%	Lowe's Home Centers, Inc. #2521	10,110,640	1.43%
PI Components Corp.	9,908,200	0.92%	Germania Farm Mutual Aid Assoc	9,606,645	1.36%
Longwood Elastomers, Inc.	9,341,257	0.86%	Moore Wallace North America	9,343,460	1.32%
Lowe's Home Centers, Inc. #2521	8,953,005	0.83%	Valmont/Als - Abated	9,063,434	1.28%
Moore Wallace North America	8,258,330	0.76%	Longwood Elastomers, Inc.	8,698,500	1.23%
Brenham Wholesale Grocery Company	8,215,110	0.76%	Brenham Wholesale Grocery Company	7,397,190	1.05%
Total	<u>\$ 162,459,009</u>	<u>15.03%</u>		<u>\$ 129,223,339</u>	<u>18.31%</u>

(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
2005	\$ 3,077,496	\$ 3,029,961	98.46%	\$ 45,795	\$ 3,075,756	99.94%
2006	3,487,780	3,410,719	97.79%	73,161	3,483,880	99.89%
2007	4,092,663	4,020,713	98.24%	67,590	4,088,304	99.89%
2008	4,492,370	4,424,623	98.49%	62,576	4,487,200	99.88%
2009	4,738,798	4,666,545	98.48%	66,726	4,733,271	99.88%
2010	4,952,048	4,866,421	98.27%	74,094	4,940,516	99.77%
2011	4,919,279	4,840,737	98.40%	64,961	4,905,697	99.72%
2012	5,408,980	5,320,079	98.36%	59,982	5,380,061	99.47%
2013	5,591,657	5,507,178	98.49%	33,635	5,540,813	99.09%
2014	6,094,551	6,001,567	98.47%	-	6,001,567	98.47%

**PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)**  
**Calendar Years 2013 and 2004 (2)**

**CITY OF BRENHAM**

**TABLE 11**

2013				2004			
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	\$ 200,258,414	58.20%	368	Retail trade	\$ 128,219,315	50.42%	396
Accommodation/food services	39,733,063	11.55%	83	Information	45,820,215	18.02%	89
Wholesale trade	24,724,048	7.19%	51	Accommodation/food services	22,784,614	8.96%	52
Manufacturing	20,879,720	6.07%	103	Wholesale trade	13,550,787	5.33%	14
Admin/support/waste mgmt/remediation services	11,916,308	3.46%	60	Manufacturing	11,181,932	4.40%	54
Mining/quarrying/oil/gas extraction	9,957,614	2.89%	5	Other services	6,295,677	2.48%	76
Other services	8,417,362	2.45%	106	Admin/support/waste mgmt/remediation services	6,196,661	2.44%	75
Information	5,092,179	1.48%	8	Construction	3,919,448	1.54%	109
Real estate/rental/leasing	4,726,546	1.37%	18	Real estate/rental/leasing	3,112,151	1.22%	14
Construction	3,634,513	1.06%	79	Mining/quarrying/oil/gas extraction	2,128,802	0.84%	38
Professional/scientific/technical services	3,015,878	0.88%	62	Professional/scientific/technical services	1,958,581	0.77%	13
Educational services	2,199,657	0.64%	12	Educational services	1,537,769	0.60%	15
Arts/entertainment/recreation	1,104,985	0.32%	18	Finance/insurance	800,927	0.31%	7
Finance/insurance	981,964	0.29%	16	Arts/entertainment/recreation	360,305	0.14%	5
Transportation/warehousing	289,064	0.08%	8	Agriculture/forestry/fishing hunting	309,314	0.12%	-
Health care/social assistance	125,304	0.04%	9	Health care/social assistance	29,011	0.01%	5
Agriculture/forestry/fishing hunting	73,717	0.02%	14	Other	18,250	0.01%	1
Public administration	-	0.00%	1	Transportation/warehousing	10,417	0.00%	9
Management of companies/enterprises	-	0.00%	1	Public administration	-	0.00%	35
Other	-	0.00%	7	Management of companies/enterprises	-	0.00%	4
All industries (3)	<u>\$ 344,082,763</u>	<u>100.00%</u>	<u>1,029</u>	All industries (3)	<u>\$ 254,318,729</u>	<u>100.00%</u>	<u>1,011</u>

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

(2) Data was derived from the Texas Comptroller's Quarterly Sales Tax Report for the City of Brenham. Information was selected on a calendar year basis in order to capture those business entities that only file annually. Data for calendar year 2014 unavailable.

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

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

**CITY OF BRENHAM**

**TABLE 12**

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	General Obligation Refunding	Revenue Bonds	Limited Tax Notes	Capital Leases	Certificates of Obligation	General Obligation Refunding	Capital Leases	Settlement			
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	-	-	635,451	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	-	7,947,643	9,127,587	15,191,283	665,873	552,333	6,535,198	14,311,233	188,043	-	54,519,193	7.50%	3,398
2012	-	7,426,711	8,391,568	15,061,647	1,594,036	435,986	6,192,281	13,266,678	92,535	-	52,461,442	6.60%	3,284
2013	-	8,705,034	7,632,103	14,932,012	1,322,198	344,237	5,835,000	12,190,566	371,785	-	51,332,935	6.33%	3,188
2014	-	12,280,891	6,715,656	13,607,376	1,045,360	249,414	5,770,000	10,740,847	294,212	-	50,703,757	5.82%	3,124

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

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

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT**  
*Last Ten Fiscal Years*

**CITY OF BRENHAM**

**TABLE 13**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>General Obligation Refunding</b>	<b>Revenue Bonds</b>	<b>Limited Tax Notes</b>	<b>Gross Bonded Debt</b>	<b>Less Debt Service Funds Available</b>	<b>Net Bonded Debt</b>	<b>Taxable Assessed Value</b>	<b>Ratio of Net Bonded Debt to Assessed Values</b>	<b>Net Bonded Debt Per Capita (1)</b>
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	-	7,947,643	9,127,587	15,191,283	665,873	32,932,386	245,654	32,686,732	975,919,507	3.35%	2,037
2012	-	7,426,711	8,391,568	15,061,647	1,594,036	32,473,962	199,181	32,274,781	997,362,133	3.24%	2,020
2013	-	8,705,034	7,632,103	14,932,012	1,322,198	32,591,347	185,850	32,405,497	1,029,480,016	3.15%	2,013
2014	-	12,280,891	6,715,656	13,607,376	1,045,360	33,649,283	554,803	33,094,480	1,080,568,292	3.06%	2,039

(1) See Table 17 for population information.



**DIRECT AND OVERLAPPING DEBT**  
Current Year

**CITY OF BRENHAM**

**TABLE 14**

NAME OF GOVERNMENTAL UNIT	GROSS BONDED DEBT OUTSTANDING	2013 TAX ROLL TAXABLE VALUE	PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)	CITY OF BRENHAM'S SHARE OF DEBT
City of Brenham	\$ 33,649,283	\$ 1,080,568,292	100.00%	\$ 33,649,283
Total direct debt	33,649,283	1,080,568,292		33,649,283
Brenham I. S. D.	33,228,245	1,964,417,199	55.01%	18,277,883
Washington County	3,835,000	2,387,967,534	45.25%	1,735,358
Blinn College	-	2,405,252,006	0.00%	-
Total overlapping debt	37,063,245	6,757,636,739		20,013,241
<b>Total direct and overlapping debt</b>	<b>\$ 70,712,528</b>	<b>\$ 7,838,205,031</b>		<b>\$ 53,662,525</b>

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation 0.68%

Per capita consolidated overlapping tax supported debt (based on population of 16,232) \$3,306

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Taxable assessed valuations	\$ 1,080,568,292	\$ 1,029,480,016	\$ 997,362,133	\$ 975,919,507	\$ 982,776,938	\$ 945,811,445	\$ 879,817,843	\$ 797,156,826	\$ 742,477,961	\$ 705,780,613
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	0.35790	0.34200	0.34200	0.34200	0.34200	0.34200	0.32450	0.31650	0.31650	0.30510
Debt limit per \$100 valuation	1.29210	1.30800	1.30800	1.30800	1.30800	1.30800	1.32550	1.33350	1.33350	1.34490
Debt limit	13,962,023	13,465,599	13,045,497	12,765,027	12,854,722	12,371,214	11,661,986	10,630,086	9,900,944	9,492,043
Total net debt applicable to limit	4,016,140	2,714,493	2,632,301	2,611,307	2,107,581	2,219,350	2,046,971	1,980,831	1,754,883	1,655,433
Legal debt margin	\$ 9,945,883	\$ 10,751,106	\$ 10,413,196	\$ 10,153,720	\$ 10,747,141	\$ 10,151,864	\$ 9,615,015	\$ 8,649,255	\$ 8,146,061	\$ 7,836,610
Total net debt applicable to the limit as a percentage of debt limit	28.76%	20.16%	20.18%	20.46%	16.40%	17.94%	17.55%	18.63%	17.72%	17.44%

**PLEDGED 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)	
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
2013	4,326,320	2,877,823	1,448,497	613,738	472,594	1.33	2013	3,584,026	2,509,164	1,074,862	888,133	249,074	0.95
2014	3,974,875	3,146,191	828,684	703,854	399,330	0.75	2014	3,586,878	2,549,655	1,037,223	925,835	214,615	0.91

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)	
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	873,660	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
2013	7,910,346	5,386,987	2,523,359	1,501,871	721,668	1.13
2014	7,561,753	5,695,846	1,865,907	1,629,689	613,945	0.83

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

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

(3) Interest is represented on a cash basis.

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

**CITY OF BRENHAM**

**TABLE 17**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Total Personal Income (000's) (2)</b>	<b>Per Capita Personal Income (3)</b>	<b>Unemployment Rate (4)</b>
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	16,045	726,469	45,277	6.0
2012	15,977	794,888	49,752	4.8
2013	16,101	811,426	50,396	4.9
2014	16,232	871,180	53,670	4.0

(1) Population data for 2004 to 2009 and 2011 to 2013 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 2014 is estimated based on prior increases.

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

(3) Data for Washington County comes from the Bureau of Economic Analysis. Year 2014 is an estimate 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 2013 are for Washington County.

**PRINCIPAL EMPLOYERS**  
**Current Year and Ten Years Ago**

**CITY OF BRENHAM**

**TABLE 18**

2014			2005		
Employer (1)	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Brenham State Supported Living Center	1,069	15.27%	Blinn College	900	14.12%
Blue Bell Creameries	874	12.49%	Brenham State Supported Living Center	880	13.81%
Brenham I.S.D.	722	10.31%	Blue Bell Creameries	786	12.33%
Blinn College	488	6.97%	Brenham I. S. D.	719	11.28%
MIC Group	419	5.99%	Wal-Mart Supercenter	380	5.96%
Valmont Industries	419	5.99%	Germania Insurance	324	5.08%
Wal-Mart Supercenter	385	5.50%	Mount Vernon Mills	305	4.79%
City of Brenham	284	4.06%	Trinity Medical Center	285	4.47%
Scott & White Hospital	292	4.17%	City of Brenham	235	3.69%
Germania Insurance	289	4.13%	Sealy Mattress Company	211	3.31%
Total	5,241	74.87%	Total	5,025	78.85%
Employment (2)	7,000		Employment	6,373	

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

(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 2014 is an estimate based on Washington County employment estimates reported by the U.S. Bureau of Labor Statistics for 2013. 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**

<u>Function/program</u>	<b>FISCAL YEAR</b>									
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Administration	6.00	6.00	5.00	6.28	8.08	8.08	7.00	10.00	8.00	8.25
Development Services	4.50	4.10	1.00	1.00	-	-	-	-	-	-
Human Resources	2.00	2.00	2.80	2.80	-	-	-	-	-	-
Main Street	1.00	1.00	1.00	2.00	2.00	2.00	2.00	-	-	-
Maintenance	7.97	7.50	8.00	8.00	8.00	8.00	8.38	9.38	9.38	9.40
Finance	9.27	9.08	8.08	9.39	10.39	10.45	10.00	10.00	11.00	10.00
Purchasing/Warehouse	4.44	3.47	3.47	-	-	-	-	-	-	-
Streets	16.75	16.46	16.46	16.90	16.90	16.90	17.50	17.50	17.88	18.28
Parks	15.42	17.62	18.62	21.06	21.06	27.38	20.10	20.10	20.08	20.23
Library	5.99	5.99	7.41	8.14	8.14	8.03	8.92	8.92	7.88	6.84
Community Programs/Marketing	1.94	2.19	4.66	4.74	4.74	-	-	-	-	-
Aquatic Center	15.15	14.90	13.92	15.04	15.04	15.04	20.19	20.19	22.50	23.12
Communications	17.17	17.17	16.92	17.16	17.16	13.13	14.17	13.17	13.19	14.22
Police	40.50	38.50	38.00	38.00	37.00	34.00	34.00	33.00	32.00	32.75
Fire	16.25	15.25	15.00	15.00	15.00	12.13	12.00	11.00	11.00	10.50
Animal Shelter/Control	4.00	4.00	4.00	4.00	3.00	4.00	4.40	3.40	3.00	3.00
Municipal Court	4.80	4.80	4.80	4.60	4.60	4.75	4.60	4.60	4.60	3.60
Public Works	1.50	1.90	5.50	6.00	6.00	6.00	6.14	6.14	6.14	5.89
Information Technology	5.00	5.00	6.00	5.00	5.00	5.00	4.50	3.50	4.50	4.50
Utility Customer Service	5.60	7.20	9.00	10.00	10.00	10.00	10.00	10.00	10.00	10.73
Public Utilities	11.00	8.00	7.50	7.00	7.00	7.00	6.00	6.00	6.00	8.00
Electric	12.00	12.00	12.00	13.00	12.00	12.00	11.00	11.00	11.00	11.00
Gas	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.33	5.33	5.33
Water Treatment	6.50	6.50	6.50	6.50	6.50	7.00	7.00	6.00	6.00	6.00
Water Construction	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.34	5.34	5.34
Wastewater Construction	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.33	5.33	5.33
Wastewater Treatment	4.50	4.50	4.50	4.50	4.50	5.50	7.00	7.00	7.00	7.00
Transfer Station	2.75	2.75	2.75	2.75	2.75	3.08	3.08	3.08	3.08	5.14
Collection Station	3.25	3.25	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	2.25	2.25	2.33
Residential Collection	2.75	2.75	2.75	2.75	2.75	3.59	4.03	5.03	4.59	5.84
Public Information	-	-	-	-	2.00	2.00	2.00	2.00	2.00	2.00
Special Revenues/Grants	-	-	-	-	-	-	-	-	-	2.25
<b>Total</b>	<b>245.25</b>	<b>241.13</b>	<b>245.72</b>	<b>251.69</b>	<b>250.69</b>	<b>244.70</b>	<b>243.34</b>	<b>240.34</b>	<b>240.15</b>	<b>246.87</b>

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

CITY OF BRENHAM

**TABLE 20**

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Recreation/Parks										
Number of athletic tournaments	32	42	45	41	36	33	31	32	38	35
Aquatic Center										
Number of Visitors	66,434	67,353	65,703	68,997	67,000	67,526	73,506	66,793	70,363	67,914
Number of Annual Passes	99	131	132	87	97	145	143	137	140	140
Number of Monthly Passes	960	910	991	1,156	962	930	927	907	878	913
Number of Summer Passes	78	76	80	84	-	-	-	-	-	-
Streets										
Road maintenance in linear feet	10,794	5,178	8,796	16,430	33,958	11,186	9,376	11,738	16,393	12,967
Library										
Circulation	57,949	62,782	63,737	73,288	75,174	73,700	70,174	44,933	49,004	47,545
Communications										
Number of Incoming Calls	633,648	644,070	683,380	759,065	712,766	749,499	682,254	561,436	519,038	503,992
Number of 9-1-1 Calls	45,515	38,540	36,332	34,924	30,388	30,594	30,001	30,702	27,253	20,496
Police										
Traffic Citations	4,372	4,425	4,081	5,240	6,230	8,036	6,445	3,593	2,988	3,186
Traffic Warning Tickets Issued	5,694	4,964	4,964	9,740	7,493	4,274	3,426	3,536	4,188	5,297
Mileage on Police units	466,688	419,124	443,909	401,630	422,313	382,597	296,882	296,422	299,527	295,802
Fire (1)										
Fire Responses	568	547	547	570	429	352	376	401	402	502
Rescues	58	36	36	18	17	52	36	46	34	30
Animal Control/Shelter/Adoption (2)										
Number of Incoming Animals	1,419	1,645	1,906	1,611	1,760	1,455	1,723	1,846	1,464	1,784
Animals Adopted	284	256	263	336	343	300	385	401	343	342
Municipal Court										
Traffic dispositions	2,517	2,880	5,186	4,270	5,703	5,582	4,444	5,614	5,132	4,232
Other dispositions	1,959	2,132	4,302	2,458	1,527	1,603	1,647	1,413	1,505	1,953
Public Works										
Building Inspection Visits	2,315	1,901	1,621	1,835	1,956	1,818	1,936	1,742	1,692	1,779
Electric										
kWh delivered	288,427,106	281,329,115	281,786,169	289,768,758	271,319,462	271,248,570	290,272,935	302,190,150	314,772,687	308,467,816
Customers served	8,420	8,405	8,345	8,286	8,235	8,150	8,060	7,947	7,728	7,585
Gas										
mcf delivered	474,330	402,656	369,023	394,563	443,345	420,851	522,411	602,719	563,508	543,062
Customers served	4,326	4,316	4,279	4,244	4,212	4,151	4,106	4,050	3,982	3,965
Water										
Gallons delivered	763,545,100	847,002,400	872,381,300	996,362,800	752,748,100	926,510,200	883,015,900	799,546,600	956,383,100	811,893,100
Customers served	7,398	7,345	7,271	7,164	7,077	6,946	6,816	6,654	6,372	6,211
Wastewater										
Effluent plant gallons processed	687,835,000	672,065,000	704,378,000	657,568,000	727,301,000	762,338,000	772,589,000	810,562,100	751,247,000	759,309,000
Commercial/industrial gallons processed	328,694,600	326,351,900	340,551,800	351,747,400	327,125,800	385,150,300	393,674,700	394,462,700	406,897,100	359,657,100
Customers served	6,633	6,614	6,536	6,434	6,373	6,284	6,198	6,073	5,839	5,766
Sanitation										
Customers served	5,873	5,858	5,812	5,728	5,610	5,468	5,299	5,168	5,065	4,979

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

(2) 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Recreation/Parks										
Park acreage	191	191	191	191	150	150	150	150	150	150
Parks	8	8	8	8	7	7	7	7	7	7
Amphitheatres	1	1	1	1	-	-	-	-	-	-
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Baseball fields	7	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
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	45	44	43	43	43	43	40	38	33	34
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	6	6	6	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	119	118	118	118	118	118	118	116	115	113
Gas										
Miles of service lines	122	121	118	118	116	115	115	111	111	110
Water										
Miles of service lines	154	153	153	153	149	148	145	143	138	137
Wastewater										
Miles of service lines	141	141	138	138	137	137	136	135	129	128
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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 26, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Brenham, Texas  
February 26, 2015

*Sidell Schuster*