

CITY OF BRENHAM, TEXAS

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018



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PREPARED BY THE FINANCE DIVISION

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

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March 7, 2019

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

The Finance Division and the City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Brenham, Texas for the fiscal year ended September 30, 2018. 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, 2018 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, 2018, 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 the central part of the state, between Houston and Austin. The City of Brenham currently occupies a land area of approximately ten square miles and serves a population of approximately 16,372. The City of Brenham is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body, the City Council.

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

### **City Services**

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

### **Annual Budget Process**

The 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 city manager on or before the 15<sup>th</sup> of July each year. The city manager uses these requests as the starting point for developing a proposed budget. The city 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 economic hardships other governmental entities are facing. Several indicators of our stable economy are noted below.

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

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

- Growth in Sales Tax Revenue – sales tax, which is the largest revenue source for funding general government operations and maintenance, was budgeted at a 4.3% growth rate in FY19 after stable performance in FY18.
- Strong Taxable Property Valuations – the City's certified taxable property valuations for the 2018 tax year grew by 6.43% to just over \$1.276 billion. This growth included over \$16.5 million in new improvements.
- Unemployment for the County – unemployment rate for Washington County in September 2018 was 3.6% compared to 3.8% one year ago, and was favorable to the State's average unemployment rate of 3.7%.
- Strong Growth in Hotel Occupancy Tax Revenues – for FY18, hotel occupancy tax collections totaled \$671,998 which was 4% higher than the original budget of \$645,000 and 9% above FY17 actual collections. The first quarter of FY19 is trending ahead of budget and FY18 actual levels.

### **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 growth in residential and commercial building permits and infrastructure improvements. Several highlights are noted below.

- Residential building permits – In FY18, 55 residential building permits were issued for the year totaling \$6.74 million with over 42% in the Ralston Creek Subdivision.
- Commercial building permits – The City issued 13 commercial building permits for FY18 totaling \$6.9 million including the new Coldwell Banker building, O'Malley Strand Engineering expansion, Texas Farm Credit building, two retail businesses, an aircraft hangar, commercial property development and one business expansion.
- The City continues to invest in Water and Wastewater utility infrastructure improvements, upgrades and remediation. In December 2017, the City issued over \$1.2 million in bonds for a Water Treatment Plant rehabilitation project and to remediate the drainage channel behind the Wastewater Treatment Plant which was severely eroded during the May 2016 flooding event.



## ECONOMIC CONDITION AND OUTLOOK (continued)

### Economic Development (continued)

Another factor contributing to Brenham's economic success includes a tax abatement policy and establishment of Reinvestment Zones to encourage employment and provide incentives for business development and expansion. The City has 13 companies currently being monitored for tax phase-in compliance verifying that value creation and employment and payroll criteria are being met. In accordance with GASB Statement No. 77, additional information on tax abatement can be found in the notes to the financial statements. During the year, five tax-phase-in agreements were approved with local companies for business expansions that include over \$10 million in capital investment and the creation of 50 new jobs.

- Moser Community Media, LLC moved to the historic downtown district and planned a \$460,000 building renovation. Working with a local architect and contractor, the exterior of the building has been returned to an "era-appropriate" finish with a traditional storefront façade.
- D Bar B Sausage & Meats, LLC, dba Kountry Boys Sausage, is constructing a new commercial sausage making facility adjacent to their current location in the Southwest Industrial Park. The project is estimated at \$4 million and create 10 new jobs.
- Stanpac USA was awarded a tax phase-in incentive for modernization of equipment at their Brenham location totaling over \$3.1 million. The new equipment will require Stanpac to hire 20 additional employees.
- MIC Brenham East is investing \$1 million in new equipment and plans to hire 10 new employees..
- MIC Brenham West was awarded a tax phase-in incentive for new equipment valued at \$1.5 million, with the hiring of 10 additional employees.

Also, Blue Bell Creameries was designated by the Office of the Governor as an Enterprise Project under the Texas Enterprise Zone Program. In the next five (5) years, Blue Bell is planning to invest over \$40 million in capital improvements by way of new construction, facility improvements and equipment upgrades.

The collection of a three-eighth cent sales tax allocated for economic development and recreation use has allowed the City to create a business park and recreational facilities, providing for new development opportunities. A portion of this revenue is allocated to the Economic Development Foundation of Brenham (EDF) and they work closely with the City to promote growth within the existing business community and to market Brenham's competitive advantage as a location for new businesses. The recreational portion of this three-eight cent sales tax provided over \$526,000 for improvements to our existing park facilities and aquatic center during the fiscal year.

The Main Street Brenham program continues to thrive with a strong volunteer base which organizes and supports many downtown festivals, events and tourism promotions. We also recognize the impact of a vibrant downtown district on economic development. Some notable accomplishments are presented below.

- Two of our downtown businesses were finalists in the Texas Downtown Association's Presidents Awards: (1) Best Commercial Interior: Puppy Dawgs and Cat Tails and (2) Best Renovation: The Barnhill Center at the Historic Simon Theater.
- The Main Street Advisory Board was instrumental in designing a comprehensive wayfinding signage program for the City. The final phase of this project was complete this year.
- The City Council adopted design guidelines for the Brenham Downtown Historic District as recommended by the Main Street Advisory Board. The guidelines preserve historical character and assist property owners in maintaining and improving historic structures.

## ECONOMIC CONDITION AND OUTLOOK (continued)

### Economic Development (continued)

- The Board also developed an incentive grant program for Downtown Brenham property and business owners. This grant program includes exterior design improvements, sign grants and new business recruitment. To be eligible for incentive grant funding, owners are required to follow the design guidelines for the Brenham Downtown Historic District. The grants are funded by Main Street Brenham fundraising and matched with 4B sales tax revenues as allocated by the BCDC Board.

## 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.

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

The policy states that the City will maintain a minimum unrestricted fund balance in its General Fund at an amount equal to three months (90 days) of operating expenditures and also maintain an additional reserve amount equivalent to five (5) days for unanticipated renovations and repairs (R&R). At the end of FY18, the unassigned fund balance was \$4.123 million or 99 days compared to \$4.63 million or 125 days coverage in FY17. With the delay in reimbursement from FEMA, the City used General Fund reserves for emergency street and drainage projects. [For purposes of this calculation, we used total expenditures less other financing sources/(uses)].

### Major Initiative – Recovery from May 2016 Flooding Event

The City of Brenham has reached the two-year mark following the May 2016 flooding event when the City received over 20 inches of rainfall in a 24-hour period. The City’s engineer and outside consultant, identified eleven general government infrastructure projects which could be eligible for FEMA participation totaling over \$2.6 million. In FY18, the City increased the I&S tax rate a half-cent for the City’s 25% FEMA match and issued certificates of obligation in December 2017.

Before the City could finalize project eligibility with FEMA, three locations were deemed emergency repairs, and Council awarded emergency construction contracts. During the FY19 Budget workshops, we discussed issuing certificates of obligation for \$1.5 million to reimburse the General Fund for emergency street and drainage repairs, and other locations denied by FEMA. The issuance of debt was approved by City Council in February 2019.

The FY19 adopted budget for the Water Fund includes completion of three May 2016 storm projects totaling over \$1.4 million. FEMA and grant reimbursements cover 75% of the project costs. The City’s 25% share of the projects will be funded from reserves. Like the water projects, the FY19 budget for the Wastewater Fund includes completion of three May 2016 storm projects totaling over \$2 million. Bond proceeds are available for the City’s 25% FEMA match, and FEMA and other grants will cover the remaining 75%.

## 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, 2017. This is the tenth consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report on a timely basis would not have been accomplished without the dedicated and efficient staff of the Finance Department and they are to be commended for their exemplary performance. Appreciation is expressed to City employees throughout the organization, especially those employees who were instrumental in the successful completion of this report.

We would like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.


Respectfully submitted,



James Fisher  
City Manager



Carolyn D. Miller, CPA  
Assistant City Manager-Chief Financial Officer



Stacy L. Hardy, CPA  
Controller



Government Finance Officers Association

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

Presented to

**City of Brenham  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

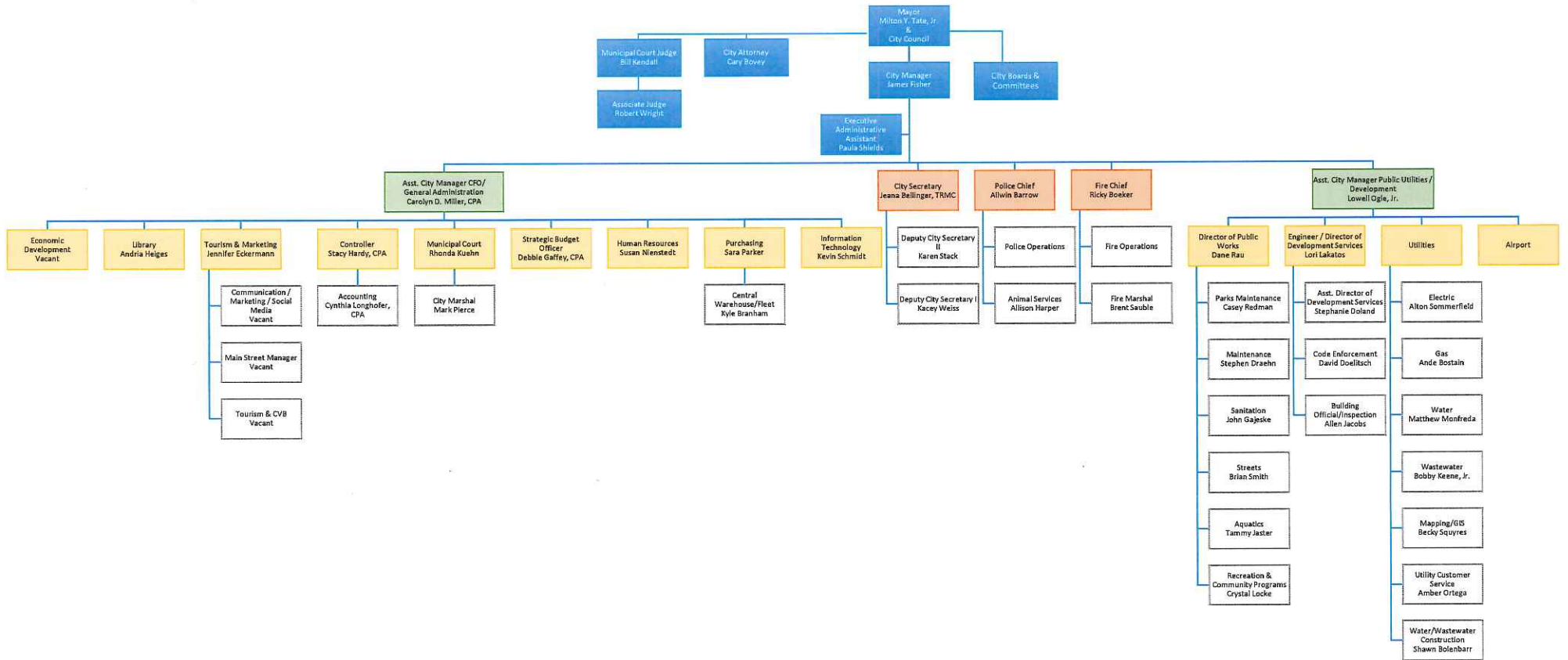
**September 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF BRENHAM – ORGANIZATIONAL CHART

*As of October 1, 2018*



**CITY OF BRENHAM  
PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2018**

**MAYOR**

Milton Y. Tate, Jr.

**MAYOR PRO-TEM**

Andrew Ebel

**CITY COUNCIL**

Susan Cantey  
Andrew Ebel  
Danny Goss  
Keith Herring  
Albert Wright

**CITY MANAGER**

James Fisher

**ASSISTANT CITY MANAGERS**

Carolyn D. Miller, CPA, Chief Financial Officer  
Lowell Ogle, Public Utilities

**CONTROLLER**

Stacy Hardy, CPA

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INDEPENDENT AUDITOR'S 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26 and the schedule of changes in total OPEB liability and related ratios, schedule of changes in net pension liability and related ratios-Texas Municipal Retirement System, schedule of contributions-Texas Municipal Retirement System, schedule of the city's proportionate share of the net pension liability-Texas Emergency Services Retirement System, and schedule of contributions-Texas Emergency Services Retirement System on pages 81 through 86, 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 within the reports for management are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules within the reports for management are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2019 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  
March 1, 2019

*Sindel Schneider*

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**CITY OF BRENHAM, TEXAS**  
**Management's Discussion and Analysis**  
**September 30, 2018**

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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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

## **FINANCIAL HIGHLIGHTS**

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

- The assets of the City of Brenham exceeded its liabilities at the close of the most recent fiscal year by \$97,675 (net position). Of this amount, \$10,094 (*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 \$1,393.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$10,611 a decrease of \$1,529 in comparison with the prior year. Approximately \$4,124 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 \$4,585 or 24% of total general fund expenditures.
- The City of Brenham's total bonded debt decreased by \$2,094 or 6.2% 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 and Blended Component Unit.** The GWFS include not only the City of Brenham itself (known as the *primary government*), but also a legally separate community development corporation (Brenham Community Development Corporation - BCDC) for which the City of Brenham is financially accountable. Financial information for this *Component Unit* is reported separately from the financial information presented for the primary government itself. The *Blended Component Unit* (City of Brenham Community Projects Fund, Inc.) which was created in 2016, does not have a separate financial statement for FY18.

**CITY OF BRENHAM, TEXAS**  
**Management's Discussion and Analysis**  
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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 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and US 290 Pass Thru Finance 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 10 governmental funds are presented in the supplementary information section. The governmental FFS can be found on pages 30-34 of the CAFR.

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

**Proprietary FFS.** The City of Brenham maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the GWFS. The City of Brenham uses enterprise funds to account for its 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 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 41-80 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 90-119 of this report. Information relating to federal and state grant awards begins on page 139 of this report. The statistical section can be found on pages 141-164 of this report.

**CITY OF BRENHAM, TEXAS**  
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position serves as a useful indicator of the City's financial position. Assets exceeded liabilities by \$97,675 (net position) at the close of the fiscal year, compared to assets exceeding liabilities by \$96,282 (net position) at the end of the prior fiscal year. The City's total net position increased by \$1,393 during the period.

<b>City of Brenham, Texas</b>						
<b>Net Position</b>						
<b>(Amounts in Thousands)</b>						
	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 12,411	\$ 13,921	\$ 22,543	\$ 22,082	\$ 34,954	\$ 36,003
Capital assets	61,070	61,211	53,979	53,682	115,049	114,893
Total assets	<u>73,481</u>	<u>75,132</u>	<u>76,522</u>	<u>75,764</u>	<u>150,003</u>	<u>150,896</u>
<b>Deferred Outflows of Resources</b>						
Deferred amount from refundings	130	181	623	734	753	915
Deferred outflows - TMRS Pension	1,518	1,842	594	718	2,112	2,560
Deferred outflows - TESRS Pension	88	142	-	-	88	142
Total Deferred Outflows of Resources	<u>1,736</u>	<u>2,165</u>	<u>1,217</u>	<u>1,452</u>	<u>2,953</u>	<u>3,617</u>
<b>Liabilities</b>						
Long-term debt outstanding	25,060	27,248	16,800	17,993	41,860	45,241
Other liabilities	5,171	5,849	5,504	6,338	10,675	12,187
Total liabilities	<u>30,231</u>	<u>33,097</u>	<u>22,304</u>	<u>24,331</u>	<u>52,535</u>	<u>57,428</u>
<b>Deferred Inflows of Resources</b>						
Deferred amount from refundings	30	65	61	73	91	138
Deferred inflows - TMRS Pension	1,847	459	726	178	2,573	637
Deferred inflows - Post Employment Benefits	57	27	26	-	83	27
Total Deferred Inflows of Resources	<u>1,934</u>	<u>551</u>	<u>813</u>	<u>251</u>	<u>2,747</u>	<u>802</u>
<b>Net Position</b>						
Net invested in capital assets	45,336	45,068	41,840	40,363	87,176	85,431
Restricted	406	325	-	-	406	325
Unrestricted	(2,689)	(1,745)	12,783	12,271	10,094	10,526
Total net position	<u>\$ 43,052</u>	<u>\$ 43,648</u>	<u>\$ 54,623</u>	<u>\$ 52,634</u>	<u>\$ 97,676</u>	<u>\$ 96,282</u>

By far the largest portion of the City of Brenham's net position, \$87,175 or 89.25%, 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 \$406, less than 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$10,526 may be used to meet the government's ongoing obligations to citizens and creditors.

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

**CITY OF BRENHAM, TEXAS**  
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)**

<b>City of Brenham, Texas</b>						
<b>Changes in Net Position</b>						
<b>(Amounts in Thousands)</b>						
	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,440	\$ 1,530	\$ 37,917	\$ 36,471	\$ 39,357	\$ 38,001
Operating grants and contributions	769	617	32	70	801	687
Capital grants and contributions	96	63	230	45	326	108
General revenues:						
Property taxes	6,666	6,124	-	-	6,666	6,124
Sales taxes	4,850	4,830	-	-	4,850	4,830
Franchise taxes	2,870	2,780	-	-	2,870	2,780
Hotel Occupancy taxes	792	712	-	-	792	712
Alcoholic Beverage taxes	48	42	-	-	48	42
Other	1,811	1,639	498	326	2,309	1,965
Total revenues	<u>19,342</u>	<u>18,337</u>	<u>38,677</u>	<u>36,912</u>	<u>58,019</u>	<u>55,249</u>
Expenses:						
General government	6,774	6,433	-	-	6,774	6,433
Public safety	7,055	7,331	-	-	7,055	7,331
Highway/streets	2,887	2,626	-	-	2,887	2,626
Interest on Long Term Debt	591	454	-	-	591	454
Culture and recreation	4,800	4,650	-	-	4,800	4,650
Health and welfare	695	596	-	-	695	596
Water	-	-	3,427	3,646	3,427	3,646
Wastewater	-	-	3,077	2,865	3,077	2,865
Electric	-	-	21,194	20,830	21,194	20,830
Gas	-	-	2,499	2,530	2,499	2,530
Sanitation	-	-	3,059	2,950	3,059	2,950
Total Expenses	<u>22,802</u>	<u>22,090</u>	<u>33,256</u>	<u>32,821</u>	<u>56,058</u>	<u>54,911</u>
Increase (decrease) in net position before transfers	(3,459)	(3,753)	5,421	4,091	1,963	339
Transfers	3,262	2,993	(3,262)	(2,993)	-	-
Increase (decrease) in net position	(197)	(760)	2,159	1,099	1,962	339
Net position - beginning as previously reported	43,648	44,408	52,634	51,535	96,282	95,943
Restatement of net position	(399)	-	(170)	-	(569)	-
Net position - beginning	<u>43,249</u>	<u>44,408</u>	<u>52,464</u>	<u>51,535</u>	<u>95,713</u>	<u>95,943</u>
Net position - ending	<u>\$ 43,052</u>	<u>\$ 43,648</u>	<u>\$ 54,623</u>	<u>\$ 52,634</u>	<u>\$ 97,675</u>	<u>\$ 96,282</u>



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

**Governmental activities.** Governmental activities decreased the City of Brenham's net position by \$197 compared to a decrease of \$760 in the prior fiscal year. A restatement of beginning net position due to the implementation of GASB 75, further reduced the ending net position by \$399. Key elements are noted below.

Revenues increased to \$19,342 from \$18,337 or \$1,005 during the year. This increase is attributable to several factors.

Program Revenues

- The decrease in *Charges for Services* is due mainly to reduced municipal court fees and fines;
- The increase in *Operating Grants and Contributions* is attributable to FEMA disaster recovery in several areas;
- The increase in *Capital Grants and Contributions* is due to donations for downtown improvements.

General Revenues

- The increase in *Property Taxes* is attributable to a 6% increase in certified taxable values and a \$0.01 increase in the property tax rate;
- *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 3% which is directly attributable to increased revenues in the Electric and Gas Funds;
- *Hotel Occupancy Taxes* which are derived from a 7% hotel occupancy tax increased during the year due to a new hotel property in Brenham;
- *Other Revenues* were higher due to investment income and settlement from a surety company.

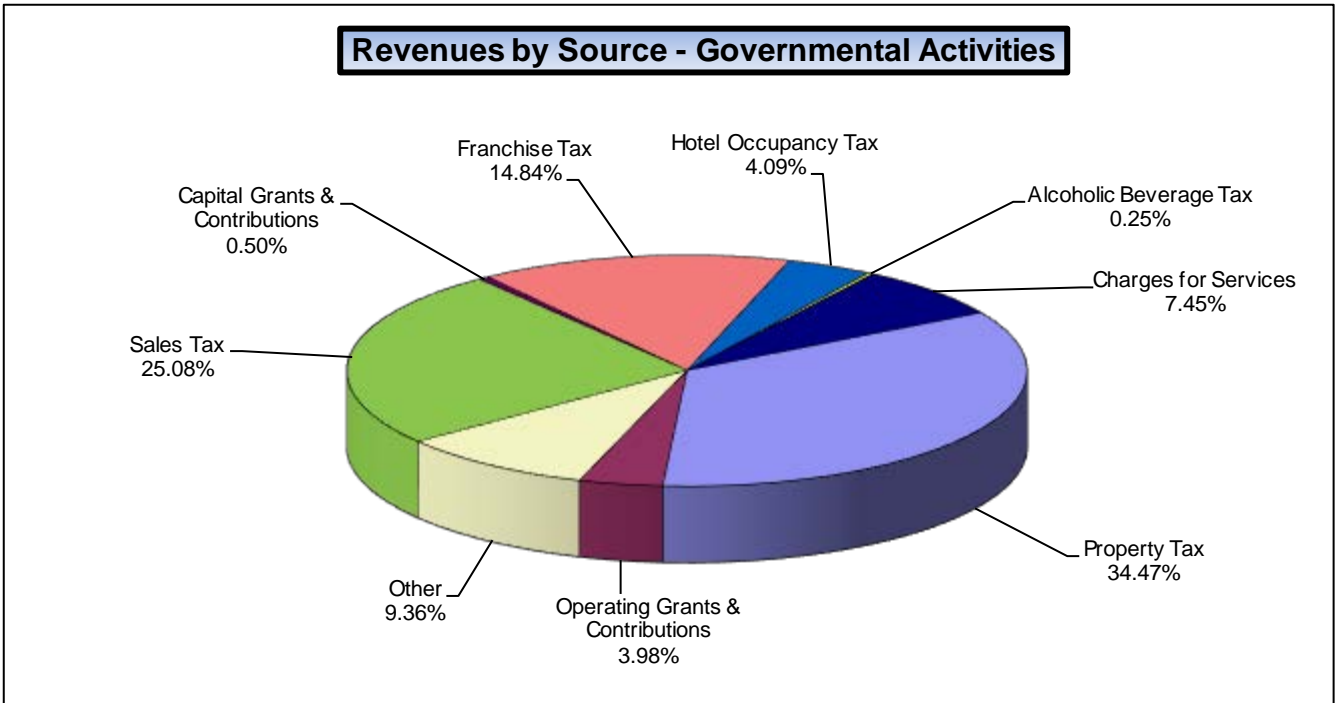
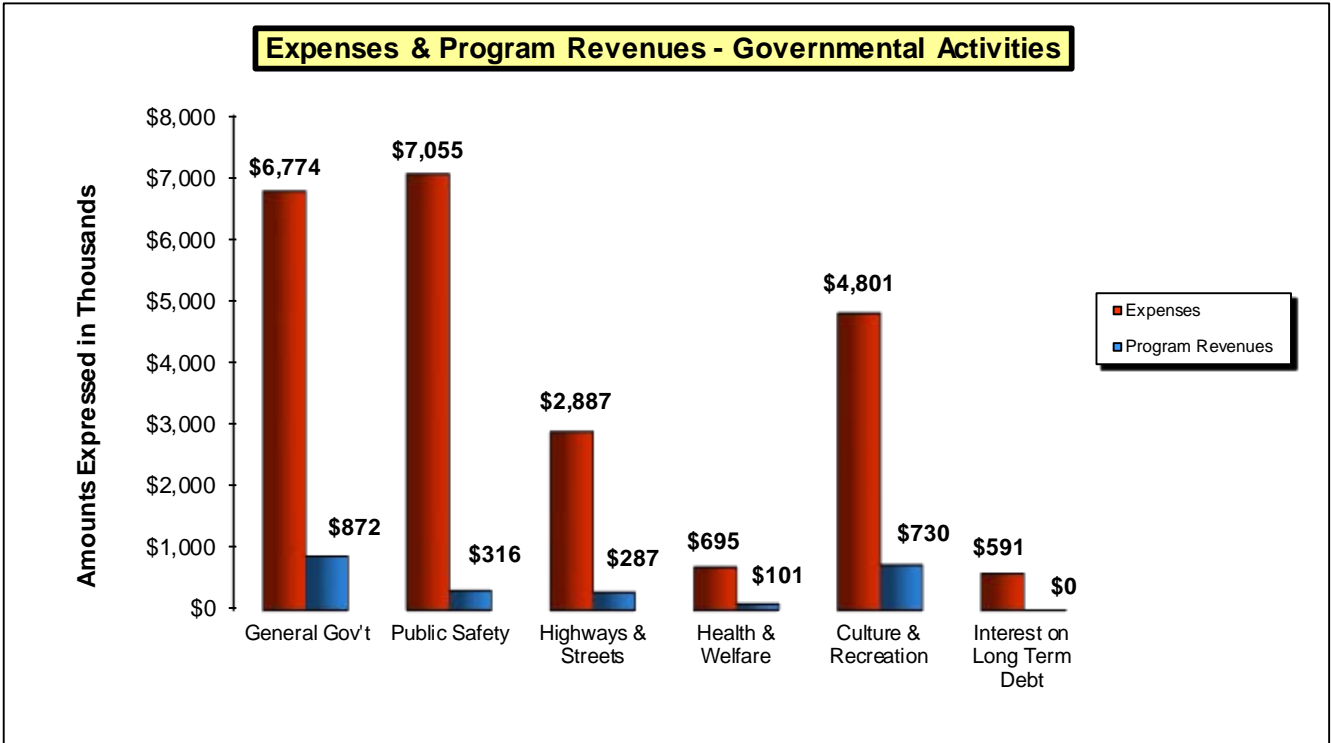
Expenses increased to \$22,802 from \$22,090 or \$712 during the year. This increase is attributable to several factors.

- *General Government* expenses increased by \$341. Services were up \$130 due to outside consultants for city manager search, animal services, economic development and higher legal fees in public safety. The remaining increase was attributable to salary and benefits for higher group medical premiums; the full year impact of a mid-year 2% COLA in FY17; continuation of the 2.5% step increase for eligible employees on their anniversary dates; increased TMRS contributions on higher compensation levels; the additional pension expense under GASB 75 OPEB implementation; all of which was partially offset by lower TMRS pension expense under GASB 68 reporting requirements;
- *Public Safety* expenses decreased \$276 due primarily to lower pension expense for TMRS and TESRS under GASB 68 reporting requirements;
- *Highway/Streets* expenses increased by \$261 primarily from infrastructure repairs related to storm damages;
- *Culture and Recreation* expenses were higher by \$150 due to several items: additional operating and cultural arts expenses at the Barnhill Center; increased library programming expenses; and the phase one of a strategic plan for tourism;
- *Health and Welfare* increased by \$99 due mainly to a consultant fees; additional shelter supplies and contact labor due to a larger animal population.

Transfers increased during the year by \$269 which is directly proportional to the overall increase in actual expenses in the governmental indirect departments (Administration, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

**CITY OF BRENHAM, TEXAS**  
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)**



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

**Business-type activities.** Business-type activities increased the City of Brenham's net position by \$2,159 compared to an increase of \$1,099 in the prior fiscal year. However, a restatement of beginning net position due to the implementation of GASB 75, reduced the ending net position by \$170. Key elements are noted below.

Revenues increased to \$38,677 from \$36,912 during the year, a 4.8% increase. This increase is attributable to several factors.

- The charges for services in the Electric Fund increased \$906 or 4% due to higher kWh consumption due to winter heating;
- Gas Fund revenues experienced a \$432 or 15.6% increase due to increased mcf consumption and higher sales due to the new Valmont galvanizing plant.
- The charges for services in the Water Fund decreased \$100 or 2.3% during the year. Water consumption was down 19 million gallons or 2% from the prior fiscal year.
- Charges for services in the Wastewater Fund were higher by \$178 or 4.7% due to higher industrial surcharges.
- The Sanitation Fund charges for services were higher by \$32 or less than 1% due primarily to higher Residential Collection and Recycling Center revenues.

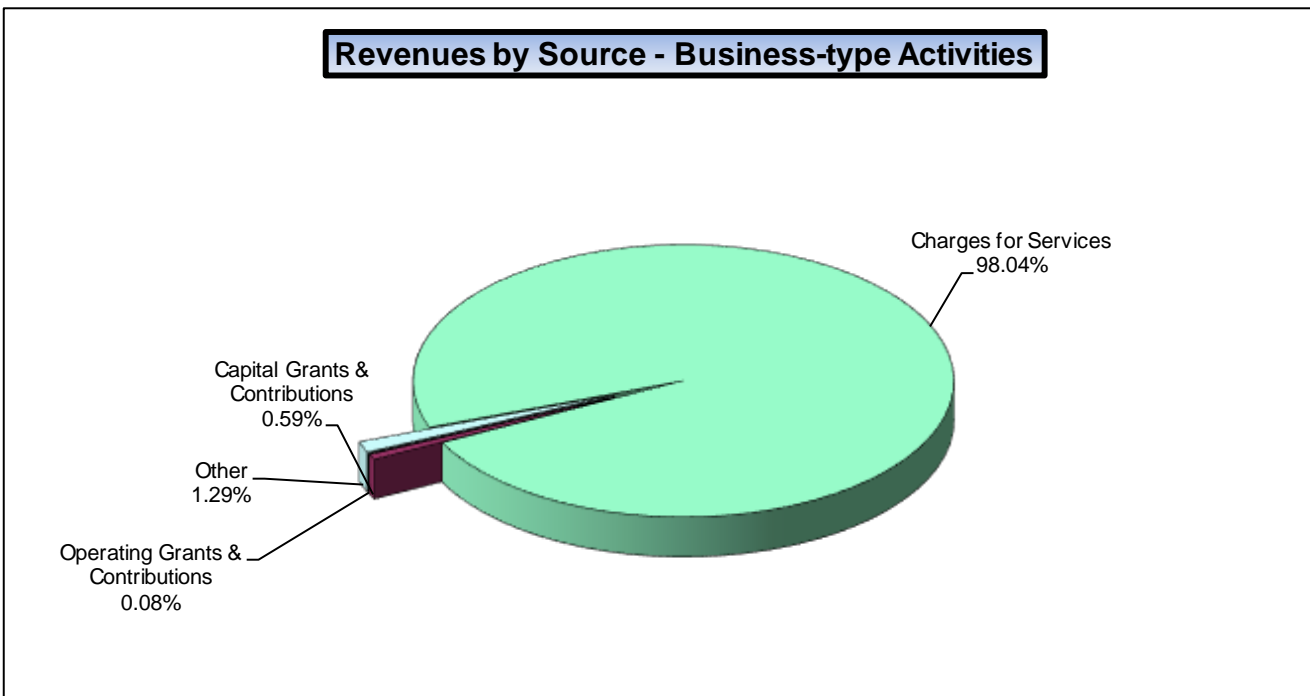
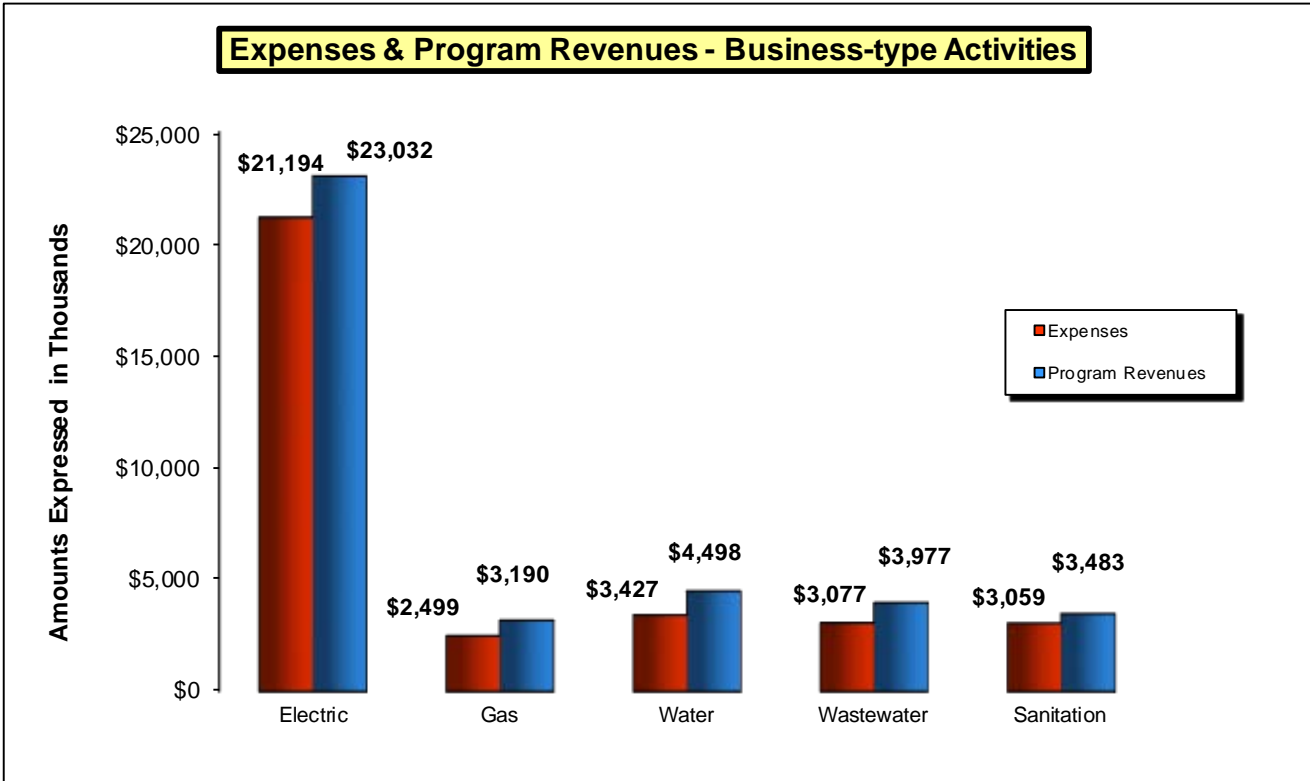
Expenses increased to \$33,256 from \$32,821 or 1.3% during the year with specific changes presented below.

- Electric Fund expenses increased \$364 or 1.7% due mainly to higher kWh consumption by customers, combined with higher franchise taxes.
- Gas Fund expenses decreased by \$31 due to lower depreciation expense.
- The Water Fund operating expenses decreased by \$219 or 6% due to lower interest expense and fiscal charges, lower plant maintenance costs and water treatment chemicals.
- Wastewater Fund expenses increased by \$212 or 7.4% due mainly to higher maintenance and contractual services.
- With four operational areas, the Sanitation Fund expenses increased by \$109 or 3.7% overall due mainly to higher depreciation expense and higher fuel costs.

Transfers out increased by \$269 during the year which is directly proportional to the overall increase in actual expenses in the governmental indirect departments (Administration, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

**CITY OF BRENHAM, TEXAS**  
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)**



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

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

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

As of the end of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of \$10,610 a decrease of \$1,530 in comparison with the prior year. The General Fund highlights are discussed in the following section. Significant changes in other governmental funds are noted below.

The U.S. Hwy 290 Pass-Thru Finance Fund has a total fund balance of \$2,790, a decrease of \$2,091 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 received 7 payments totaling \$15,000 with the last one being received in FY17. The City made one principal payment of \$2,160.

In Other Governmental Funds, the combined fund balance of \$2,932 increased by \$1,159, which is mainly attributable to activity in the Non-major Capital Projects *2017 Capital Projects Fund*. This fund is used to account for the proceeds and approved expenditures for the 2017 Bond projects. In FY18 we received \$2,650 from the issuance of debt and \$715 was used for Aquatic Center upgrades and \$63 was used for drainage improvements.

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

Unrestricted net position of the Electric Fund at the end of the year totaled to \$7,887; those of the Gas Fund were \$1,021; the Water Fund \$1,650; the Wastewater Fund \$1,471 and the Sanitation Fund \$508. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brenham's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

The original revenue budget was \$13,671 which equals the final amended budget. The original expenditure budget was \$16,876 and the final amended budget was \$16,743, a decrease of \$132 in the following categories:

- 1) General Government decreased by \$82 with a majority due to vacant positions;
- 2) Highways and Streets decreased by \$50 due to a reduction of street maintenance expenditures.

The original budget for transfers-in was \$3,316 and the final amended budget was \$3,394, an increase of \$78. A portion of the increase (\$60) was from the Electric Fund for shared services and \$14 for the close-out of the 2014 Capital Projects Fund.

The original budget for transfers-out was zero and the final amended budget was \$211, an increase of \$211. This increase is due to the transfer of \$211 to the Equipment Fund for capital equipment replacements included in the FY19 budget.

For fiscal year 2018, the General Fund's revenue came in \$26 under budget which is due to a combination of additional miscellaneous revenue (rebate from local government purchasing co-op and proceeds from books sales) offset by lower court fees and fines and park facility rentals.

For fiscal year 2017, the General Fund's actual expenditures came in approximately \$275 lower than budget. This positive variance is attributable mainly to lower personnel costs.

**CITY OF BRENHAM, TEXAS**  
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The City of Brenham's investment in capital assets for its governmental and business- type activities as of September 30, 2018 totals \$115,049 (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 \$156 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 decrease of \$141 with major changes in the following categories: land increased by \$152 for the purchase of land for a new fire substation; current year depreciation expense accounted for the \$900 decrease in buildings; wayfinding signage and improvements to the Aquatic Center contributed to the increase in improvements other than buildings; vehicles declined due to current year depreciation offset by new vehicle purchases; infrastructure increased due to drainage improvements and street reconstruction offset by current year depreciation; and construction in progress increased due to park improvements not completed until FY19.
- Business-type capital assets showed an overall increase of \$297 with major changes in the following categories: improvements other than buildings decreased due to utility plant improvements at the water treatment plant and the intake structure at Lake Somerville offset by additional depreciation expense; vehicles increased with the addition of an electric car and charging station, jet vacuum truck, haul truck and trailer, garbage truck and several light-duty trucks; even with new infrastructure for water, gas, and wastewater utilities, infrastructure decreased due to additional depreciation for the year; and construction in progress increased due to storm damage projects.

<b>City of Brenham, Texas</b> <b>Capital Assets</b> <b>(Amounts in Thousands)</b> (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and Improvements	\$ 4,608	\$ 4,456	\$ 562	\$ 562	\$ 5,170	\$ 5,018
Buildings	20,261	21,161	406	436	20,667	21,597
Improvements other than buildings	5,428	4,914	18,234	18,511	23,662	23,425
Furniture, fixtures, and equipment	714	755	835	914	1,549	1,669
Machinery	257	266	-	-	257	266
Vehicles	3,922	4,238	2,666	2,135	6,588	6,373
Intangibles	126	142	87	104	213	246
Infrastructure	25,026	24,769	29,713	30,176	54,739	54,945
Construction in progress	728	510	1,476	844	2,204	1,354
Total	\$ 61,070	\$ 61,211	\$ 53,979	\$ 53,682	\$ 115,049	\$ 114,893

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**  
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**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 \$31,571. Of this amount, \$17,874 is tax-supported debt backed by the full faith and credit of the government; sales tax revenues of the BCDC (Component Unit); and repayments from Texas Department of Transportation. The remaining \$13,697 is self-supported debt that is to be repaid from system revenues.

**City of Brenham, Texas**  
**Outstanding Debt**  
**General Obligation Bonds, Certificates of Obligation,**  
**Pass-Through Toll Revenue Bonds and Limited Tax Notes**  
**(Amounts in Thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 2,359	\$ 3,550	\$ 10,461	\$ 11,920	\$ 12,820	\$ 15,470
Certificates of Obligation	13,437	11,499	2,893	2,067	16,330	13,566
Pass-Through Toll Revenue Bonds	1,750	3,910	-	-	1,750	3,910
Limited Tax Notes	0	185	-	-	0	185
Unamortized Credits/Charges	328	269	343	265	671	534
<b>Total</b>	<b>\$ 17,874</b>	<b>\$ 19,413</b>	<b>\$ 13,697</b>	<b>\$ 14,252</b>	<b>\$ 31,571</b>	<b>\$ 33,665</b>

The City of Brenham's total bonded debt decreased by \$2,094 or 6.2% during the current fiscal, with a decrease of \$1,539 in governmental activities and a decrease of \$555 in business-type activities. The City issued \$4 million of Certificates of Obligation (COs) for improvements to the City's aquatic center; renovation and improvement to the City's water and wastewater utility systems; and street, parking and drainage improvements.

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 of \$.5170 for the year ended September 30, 2018 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**  
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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The unemployment rate for Washington County in September 2018 was 3.6%, which is lower than the rate of 3.8% one year ago, and is favorable compared to the State's average unemployment rate of 3.7%.
- Sales tax, which is the City's largest revenue source for funding general government operations and maintenance, was budgeted at a 4.3% growth rate in FY19 after stable performance in FY18.
- Utility franchise taxes paid to the General Fund are based on 7% of actual utility fund revenue. Due to the reduction in wastewater surcharge revenue, the growth in franchise tax for the FY19 budget is flat.

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 2018 fiscal year.

During FY18, unassigned fund balance in the General Fund, which excludes the other internal funds, increased from \$4,341 to \$4,500. The City of Brenham's adopted budget for FY19 is at a break-even level, so that General Fund expenditures do not utilize any fund balance.

For FY19, the City's overall tax rate did not change, and the M&O and I&S rates also stayed the same.

- Overall tax rate of \$0.5170
- M&O tax rate unchanged at \$0.3200
- I&S tax rate unchanged at \$0.1970

For the most part, the FY19 Budget maintains the *status quo* in terms of public safety, transportation, recreation and government services. Many items, particularly infrastructure projects identified in the capital plan remain unfunded. The alignment of the budget with the updated strategic plan will begin at the City Council Retreat and in the early stages of the FY 20 Annual Budget.

The City is conducting a Comprehensive Plan update including a Thoroughfare Plan component. This document is essential as we plan for the City's future growth and challenges. We also continue to work with FEMA regarding the May 2016 storm recovery.

**Requests for Information**

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





**City of Brenham  
Statement of Net Position  
September 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and Equivalents	\$ 4,544,787	\$ 4,977,480	\$ 9,522,267	\$ 724,238
Investments	3,000,000	2,500,000	5,500,000	500,000
Receivables - Property Tax (net)	275,321	-	275,321	-
Receivables - Sales Tax	835,910	-	835,910	278,637
Receivables - Occupancy Taxes	76,075	-	76,075	-
Receivables - Account (net)	388,565	4,383,016	4,771,581	-
Receivables - Interest	28,779	81,856	110,635	838
Internal Balances	(2,983,385)	2,983,385	-	-
Due from Other Governments	146,387	33,760	180,147	-
Inventory at Cost	198,862	1,191,520	1,390,382	-
Notes Receivable, Current	-	154,274	154,274	-
Prepaid Water Agreement	-	294,525	294,525	-
Other Current Assets	1,100	28,739	29,839	-
Restricted Cash	5,449,023	3,391,442	8,840,465	-
Restricted Investments	450,000	1,000,000	1,450,000	-
Notes Receivable, Long Term	-	1,184,468	1,184,468	-
Accrued Interest, Noncurrent	-	338,452	338,452	-
Capital Assets, Not Being Depreciated	5,346,225	2,071,445	7,417,670	3,128,936
Other Capital Assets, Net	55,723,776	51,907,658	107,631,434	13,858
Total assets	<u>73,481,425</u>	<u>76,522,020</u>	<u>150,003,445</u>	<u>4,646,507</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount from Refundings	129,969	622,789	752,758	-
Deferred Outflows - TMRS Pension	1,518,326	594,123	2,112,449	-
Deferred Outflows - TESRS Pension	88,369	-	88,369	-
Total deferred outflows	<u>1,736,664</u>	<u>1,216,912</u>	<u>2,953,576</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts Payable and Other Current Liabilities	1,150,339	1,771,053	2,921,392	6,063
Other Liabilities	167	64,303	64,470	110,427
Accrued Interest	90,310	68,267	158,577	393,174
Consumer Deposits	-	1,385,005	1,385,005	-
Compensated Absences, Current	192,793	126,002	318,795	-
Bonds Payable, Current	3,230,399	-	3,230,399	-
Lease Payable, Current	158,016	131,968	289,984	-
Revenue Bonds Payable, Current	-	1,924,602	1,924,602	-
Notes Payable, Current	349,284	32,728	382,012	154,274
Compensated Absences, Long Term	148,649	64,950	213,599	-
Post Employment Benefits	970,980	413,961	1,384,941	-
Net Pension Liability - TMRS	8,181,390	3,140,394	11,321,784	-
Net Pension Liability - TESRS	263,298	-	263,298	-
Long Term Debt, Net	15,495,414	13,180,551	28,675,965	1,184,468
Total liabilities	<u>30,231,039</u>	<u>22,303,784</u>	<u>52,534,823</u>	<u>1,848,406</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Amount from Refundings	30,401	60,625	91,026	-
Deferred Inflows - TMRS Pension	1,847,250	726,468	2,573,718	-
Deferred Inflows - Post Employment Benefits	57,222	25,555	82,777	-
Total deferred inflows	<u>1,934,873</u>	<u>812,648</u>	<u>2,747,521</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	45,335,707	41,839,825	87,175,532	1,804,052
Restricted for Debt Service	405,592	-	405,592	-
Restricted for Economic Development	-	-	-	(419,205)
Restricted for Recreation	-	-	-	1,413,254
Unrestricted (deficit)	(2,689,122)	12,782,675	10,093,553	-
Total net position	<u>\$ 43,052,177</u>	<u>\$ 54,622,500</u>	<u>\$ 97,674,677</u>	<u>\$ 2,798,101</u>

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

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**City of Brenham**  
**Statement of Activities**  
**For the Year Ended September 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General Government	\$ 6,774,036	\$ 861,398	\$ 10,949	\$ -	\$ (5,901,689)	\$ -	\$ (5,901,689)	\$ -
Public Safety	7,054,783	15,679	284,574	15,420	(6,739,110)	-	(6,739,110)	-
Highways and Streets	2,886,978	98,105	189,209	-	(2,599,664)	-	(2,599,664)	-
Health and Welfare	694,730	57,244	33,635	10,000	(593,851)	-	(593,851)	-
Culture and Recreation	4,800,540	407,662	250,912	71,140	(4,070,826)	-	(4,070,826)	-
Interest on Long Term Debt	590,735	-	-	-	(590,735)	-	(590,735)	-
Total governmental activities	<u>22,801,802</u>	<u>1,440,088</u>	<u>769,279</u>	<u>96,560</u>	<u>(20,495,875)</u>	<u>-</u>	<u>(20,495,875)</u>	<u>-</u>
Business-type activities:								
Electric	21,193,819	23,018,340	13,771	-	-	1,838,292	1,838,292	-
Gas	2,498,580	3,189,500	-	-	-	690,920	690,920	-
Sanitation	3,058,877	3,483,031	-	-	-	424,154	424,154	-
Wastewater	3,077,447	3,966,833	10,293	-	-	899,679	899,679	-
Water	3,427,583	4,259,708	8,012	229,920	-	1,070,057	1,070,057	-
Total business-type activities	<u>33,256,306</u>	<u>37,917,412</u>	<u>32,076</u>	<u>229,920</u>	<u>-</u>	<u>4,923,102</u>	<u>4,923,102</u>	<u>-</u>
Total primary government	<u>\$ 56,058,108</u>	<u>\$ 39,357,500</u>	<u>\$ 801,355</u>	<u>\$ 326,480</u>	<u>\$ (20,495,875)</u>	<u>\$ 4,923,102</u>	<u>\$ (15,572,773)</u>	<u>\$ -</u>
Component unit:								
Brenham Community Devel Corp	\$ 290,923	\$ -	\$ -	\$ -	-	-	-	\$ (290,923)
Total component unit	<u>\$ 290,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (290,923)</u>
General Revenues:								
Property Taxes					6,666,162	-	6,666,162	-
Sales Taxes					4,850,553	-	4,850,553	1,616,851
Franchise Taxes					2,869,973	-	2,869,973	-
Hotel Occupancy Taxes					791,998	-	791,998	-
Alcoholic Beverage Taxes					48,293	-	48,293	-
Investment Income not Restricted					237,392	277,367	514,759	35,509
Miscellaneous					351,802	31,341	383,143	2,118
Gain on Sale of Capital Assets					61,166	189,872	251,038	-
Payments to/from Component Unit					1,159,417	-	1,159,417	(1,159,417)
Transfers					3,262,416	(3,262,416)	-	-
Total general revenues, payments to/from component unit and transfers					<u>20,299,172</u>	<u>(2,763,836)</u>	<u>17,535,336</u>	<u>495,061</u>
Change in net position					<u>(196,703)</u>	<u>2,159,266</u>	<u>1,962,563</u>	<u>204,138</u>
Net position - beginning as previously reported					<u>43,648,540</u>	<u>52,633,779</u>	<u>96,282,319</u>	<u>2,636,015</u>
Restatement of net position					<u>(399,660)</u>	<u>(170,545)</u>	<u>(570,205)</u>	<u>(42,052)</u>
Net position - beginning					<u>43,248,880</u>	<u>52,463,234</u>	<u>95,712,114</u>	<u>2,593,963</u>
Net position - ending					<u>\$ 43,052,177</u>	<u>\$ 54,622,500</u>	<u>\$ 97,674,677</u>	<u>\$ 2,798,101</u>

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

**City of Brenham**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>US 290 Pass Thru Finance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and Equivalents	\$ 3,668,965	\$ -	\$ -	\$ 875,821	\$ 4,544,786
Investments	3,000,000	-	-	-	3,000,000
Interest Receivable	28,779	-	-	-	28,779
Receivables (Net)					
Property Taxes	172,945	102,376	-	-	275,321
Sales Tax	835,910	-	-	-	835,910
Occupancy Tax	-	-	-	76,075	76,075
Accounts	367,375	-	-	21,190	388,565
Due from Other Governments	141,363	652	-	-	142,015
Inventory at Cost	198,862	-	-	-	198,862
Other Current Assets	1,000	-	-	-	1,000
Restricted Cash	-	344,763	2,790,048	2,156,983	5,291,794
Restricted Investments	450,000	-	-	-	450,000
<b>Total Assets</b>	<u>\$ 8,865,199</u>	<u>\$ 447,791</u>	<u>\$ 2,790,048</u>	<u>\$ 3,130,069</u>	<u>\$ 15,233,107</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Liabilities:					
Accounts Payable & Other Current Liabilities	\$ 952,175	\$ -	\$ -	\$ 198,165	\$ 1,150,340
Interfund Payables	2,859,257	42,199	-	-	2,901,456
Other Liabilities	167	-	-	-	167
<b>Total Liabilities</b>	<u>3,811,599</u>	<u>42,199</u>	<u>-</u>	<u>198,165</u>	<u>4,051,963</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenues	468,237	102,376	-	-	570,613
<b>Total Deferred Inflows of Resources</b>	<u>468,237</u>	<u>102,376</u>	<u>-</u>	<u>-</u>	<u>570,613</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>4,279,836</u>	<u>144,575</u>	<u>-</u>	<u>198,165</u>	<u>4,622,576</u>
Fund Balances:					
Nonspendable	199,862	-	-	-	199,862
Restricted	261,833	303,216	2,790,048	2,173,997	5,529,094
Committed	-	-	-	421,060	421,060
Assigned	-	-	-	336,847	336,847
Unassigned	4,123,668	-	-	-	4,123,668
<b>Total Fund Balances</b>	<u>4,585,363</u>	<u>303,216</u>	<u>2,790,048</u>	<u>2,931,904</u>	<u>10,610,531</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 8,865,199</u>	<u>\$ 447,791</u>	<u>\$ 2,790,048</u>	<u>\$ 3,130,069</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, 2018**

Total fund balances - total governmental funds		\$ 10,610,531
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.		61,070,001
Gross capital assets	113,900,603	
Accumulated depreciation	<u>(52,830,602)</u>	
	61,070,001	
Certain long-term assets are not available to pay current period expenditures and therefore are not reported in the governmental funds balance sheet.		4,372
Certain deferred inflows and outflows of resources are not reported in the governmental funds:		(198,209)
Deferred charges on debt refundings	(99,568)	
Deferred outflows - TMRS Pension	(1,518,326)	
Deferred outflows - TESRS Pension	(88,369)	
Deferred inflows - TMRS Pension	1,847,250	
Deferred inflows - Post Employment Benefits	<u>57,222</u>	
	198,209	
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		(29,080,530)
Bonds payable	17,546,057	
Add: Issuance premium	427,788	
Accrued interest payable	90,310	
Capital lease payable	851,671	
Note payable	407,595	
Compensated absences	341,441	
Post retirement benefits	970,980	
Net pension liability - TMRS	8,181,390	
Net pension liability - TESRS	<u>263,298</u>	
	29,080,530	
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.		75,399
Other long term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.		<u>570,613</u>
Net position of governmental activities		<u>\$ 43,052,177</u>

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, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>US 290 Pass Thru Finance Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 11,890,825	\$ 2,534,576	\$ -	\$ 791,998	\$ 15,217,399
Licenses and Permits	132,133	-	-	-	132,133
Intergovernmental	624,233	-	-	19,500	643,733
Charges for Services	584,015	-	-	51,970	635,985
Fines and Forfeitures	657,615	-	-	-	657,615
Investment Income	99,027	23,577	68,703	44,010	235,317
Payment from Component Unit	95,550	436,474	-	627,393	1,159,417
Contributions and Donations	217,848	-	-	5,010	222,858
Miscellaneous	209,331	-	-	109,236	318,567
<b>Total revenues</b>	<u>14,510,577</u>	<u>2,994,627</u>	<u>68,703</u>	<u>1,649,117</u>	<u>19,223,024</u>
<b>Expenditures</b>					
Current:					
Culture and Recreation	3,289,010	-	-	600,274	3,889,284
General Government	6,114,773	-	-	44,585	6,159,358
Health and Welfare	579,681	-	-	-	579,681
Highways and Streets	1,396,102	-	-	-	1,396,102
Public Safety	6,235,546	-	-	-	6,235,546
Debt service:					
Interest & Fiscal Charges	-	668,735	-	-	668,735
Principal Retirement	-	4,466,057	-	-	4,466,057
Issuance Costs	-	-	-	75,326	75,326
Capital Outlay	1,778,476	-	-	1,695,143	3,473,619
<b>Total expenditures</b>	<u>19,393,588</u>	<u>5,134,792</u>	<u>-</u>	<u>2,415,328</u>	<u>26,943,708</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(4,883,011)</u>	<u>(2,140,165)</u>	<u>68,703</u>	<u>(766,211)</u>	<u>(7,720,684)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	4,200,289	2,216,432	-	37,368	6,454,089
Transfers Out	(37,368)	-	(2,160,000)	(994,305)	(3,191,673)
Issuance of Note Payable	-	-	-	86,167	86,167
Issuance of Debt	-	-	-	2,650,000	2,650,000
Premium on Debt Issued	-	-	-	145,626	145,626
Insurance Proceeds	47,212	-	-	-	47,212
<b>Total other financing sources and (uses)</b>	<u>4,210,133</u>	<u>2,216,432</u>	<u>(2,160,000)</u>	<u>1,924,856</u>	<u>6,191,421</u>
<b>Net change in Fund Balances</b>	<u>(672,878)</u>	<u>76,267</u>	<u>(2,091,297)</u>	<u>1,158,645</u>	<u>(1,529,263)</u>
<b>Fund balances - beginning</b>	<u>5,258,241</u>	<u>226,949</u>	<u>4,881,345</u>	<u>1,773,259</u>	<u>12,139,794</u>
<b>Fund balances - ending</b>	<u>\$ 4,585,363</u>	<u>\$ 303,216</u>	<u>\$ 2,790,048</u>	<u>\$ 2,931,904</u>	<u>\$ 10,610,531</u>

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

**City of Brenham**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended September 30, 2018**

Net change in fund balances - total governmental funds \$ (1,529,263)

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. (141,058)

Capital outlay	3,473,619
Depreciation expense	(3,555,482)
Donation of capital assets	15,420
Proceeds from sale	(62,323)
Loss on disposal	(73,458)
Gain on disposal	61,166
	(141,058)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. 57,104

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. 1,670,919

Debt issued:	
2017 Certificates of Obligation	(2,650,000)
Note Payable	(86,167)
Bond premium on new debt	(145,626)
Repayments:	
To bond, certificate, and note holders	4,466,057
Amortization of bond premiums, discounts, & charges	86,655
	1,670,919

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. (290,492)

Compensated absences	10,670
Accrued interest payable	(5,650)
Post retirement benefits	(37,986)
Pension Costs - TMRS, Net	(294,260)
Pension Costs - TESRS, Net	36,734
	(290,492)

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. 39,095

For government wide reporting, bond insurance costs are deferred and amortized. (3,008)

Change in net position of governmental activities \$ (196,703)

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, 2018**

	Budgeted Amounts		Actual	Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final				
<b>Revenues</b>						
Taxes	\$ 11,900,076	\$ 11,900,076	\$ 11,890,825	\$ -	\$ 11,890,825	\$ (9,251)
Licenses and Permits	138,550	138,550	132,133	-	132,133	(6,417)
Intergovernmental	42,000	42,000	624,233	(577,531)	46,702	4,702
Charges for Services	557,600	557,600	584,015	(70,507)	513,508	(44,092)
Fines and Forfeitures	692,030	692,030	657,615	-	657,615	(34,415)
Investment Income	89,000	89,000	99,027	-	99,027	10,027
Payment from Component Unit	131,000	131,000	95,550	-	95,550	(35,450)
Contributions and Donations	-	-	217,848	(217,848)	-	-
Miscellaneous	120,888	120,888	209,331	-	209,331	88,443
<b>Total revenues</b>	<u>13,671,144</u>	<u>13,671,144</u>	<u>14,510,577</u>	<u>(865,886)</u>	<u>13,644,691</u>	<u>(26,453)</u>
<b>Expenditures</b>						
Current:						
Culture and Recreation	3,067,430	3,067,430	3,289,010	(278,195)	3,010,815	56,615
General Government	6,050,281	5,967,124	6,114,773	(206,449)	5,908,324	58,800
Health and Welfare	461,237	461,237	579,681	(16,854)	562,827	(101,590)
Highways and Streets	1,231,946	1,182,388	1,396,102	(355,858)	1,040,244	142,144
Public Safety	6,064,690	6,064,690	6,235,546	(297,540)	5,938,006	126,684
	<u>16,875,584</u>	<u>16,742,869</u>	<u>17,615,112</u>	<u>(1,154,896)</u>	<u>16,460,216</u>	<u>282,653</u>
Capital Outlay	152,000	152,000	1,778,476	(1,617,958)	160,518	(8,518)
<b>Total Expenditures</b>	<u>17,027,584</u>	<u>16,894,869</u>	<u>19,393,588</u>	<u>(2,772,854)</u>	<u>16,620,734</u>	<u>274,135</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(3,356,440)</u>	<u>(3,223,725)</u>	<u>(4,883,011)</u>	<u>1,906,968</u>	<u>(2,976,043)</u>	<u>247,682</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	3,316,440	3,394,739	4,200,289	(826,950)	3,373,339	(21,400)
Transfers Out	-	(211,014)	(37,368)	(173,646)	(211,014)	-
Insurance Proceeds	40,000	40,000	47,212	(53,341)	(6,129)	(46,129)
<b>Total other financing sources and (uses)</b>	<u>3,356,440</u>	<u>3,223,725</u>	<u>4,210,133</u>	<u>(1,053,937)</u>	<u>3,156,196</u>	<u>(67,529)</u>
<b>Net change in fund balance</b>	-	-	(672,878)	853,031	180,153	180,153
<b>Fund balance - beginning</b>	<u>4,519,591</u>	<u>4,519,591</u>	<u>5,258,241</u>	<u>(738,650)</u>	<u>4,519,591</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 4,519,591</u>	<u>\$ 4,519,591</u>	<u>\$ 4,585,363</u>	<u>\$ 114,381</u>	<u>\$ 4,699,744</u>	<u>\$ 180,153</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, 2018**

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	\$ 1,255,916	\$ 1,120,069	\$ 777,704	\$ 734,824	\$ 924,031	\$ 4,812,544	\$ 164,936
Investments	2,000,000	-	500,000	-	-	2,500,000	-
Interest Receivable, Current	80,967	-	889	-	-	81,856	-
Receivables - Accounts, Net	2,824,911	243,732	569,595	467,405	277,373	4,383,016	-
Receivables - Interfund	2,085,145	-	-	816,311	-	2,901,456	-
Due from Other Governments	17,395	-	2,500	-	13,865	33,760	-
Inventory at Cost	678,686	124,639	336,260	51,085	-	1,190,670	850
Prepaid Water Agreement	-	-	294,525	-	-	294,525	-
Other Current Assets	-	-	-	-	28,739	28,739	100
Notes Receivable, Net	154,274	-	-	-	-	154,274	-
Interest Receivable, Noncurrent	338,452	-	-	-	-	338,452	-
Restricted Cash	2,431,363	-	406,949	553,130	-	3,391,442	157,229
Restricted Investments	1,000,000	-	-	-	-	1,000,000	-
Total current assets	12,867,109	1,488,440	2,888,422	2,622,755	1,244,008	21,110,734	323,115
Noncurrent assets:							
Capital Assets, Net	13,380,640	1,880,745	19,373,503	17,298,359	1,652,862	53,586,109	392,996
Notes Receivable, Long Term	1,184,468	-	-	-	-	1,184,468	-
Total noncurrent assets	14,565,108	1,880,745	19,373,503	17,298,359	1,652,862	54,770,577	392,996
Total assets	27,432,217	3,369,185	22,261,925	19,921,114	2,896,870	75,881,311	716,111
<b>Deferred Outflows of Resources</b>							
Deferred Amount from Refundings	-	-	346,987	275,802	-	622,789	-
Deferred Outflows - TMRS Pension	285,920	53,512	97,279	71,251	86,161	594,123	-
Total deferred outflows	285,920	53,512	444,266	347,053	86,161	1,216,912	-
<b>Liabilities</b>							
Current liabilities:							
Accounts Payable & Other Current Liabilities	\$ 1,251,756	\$ 109,061	\$ 159,497	\$ 70,929	\$ 179,500	\$ 1,770,743	\$ 310
Other Liabilities	-	900	32,353	31,050	-	64,303	-
Accrued Interest	8,416	-	32,097	18,901	6,705	66,119	2,148
Compensated Absences, Current	72,971	12,038	21,273	6,900	12,820	126,002	-
Lease Payable, Current	-	-	-	22,668	82,777	105,445	26,523
Revenue Bonds Payable, Current	72,194	-	593,438	1,258,970	-	1,924,602	-
Note Payable, Current	-	-	32,728	-	-	32,728	-
Consumer Deposits	1,385,005	-	-	-	-	1,385,005	-
Total current liabilities	2,790,342	121,999	871,386	1,409,418	281,802	5,474,947	28,981
Noncurrent liabilities:							
Compensated Absences	22,460	10,528	14,091	3,915	13,956	64,950	-
Post Employment Benefits	196,298	40,493	69,541	43,997	63,632	413,961	-
Net Pension Liability - TMRS	1,484,996	279,786	518,542	422,839	434,231	3,140,394	-
Long Term Debt, Net	1,925,314	-	6,511,474	4,157,505	443,995	13,038,288	142,263
Total noncurrent liabilities	3,629,068	330,807	7,113,648	4,628,256	955,814	16,657,593	142,263
Total liabilities	6,419,410	452,806	7,985,034	6,037,674	1,237,616	22,132,540	171,244
<b>Deferred Inflows of Resources</b>							
Deferred Inflows - TMRS Pension	352,026	65,399	118,553	82,749	107,741	726,468	-
Deferred Inflows - OPEB	11,524	2,515	4,281	3,248	3,987	25,555	-
Deferred Amount from Refundings	-	-	60,625	-	-	60,625	-
Total deferred inflows	363,550	67,914	183,459	85,997	111,728	812,648	-
<b>Net Position</b>							
Net Investment in Capital Assets	13,047,914	1,880,745	12,887,632	12,673,235	1,126,090	41,615,616	224,210
Unrestricted	7,887,263	1,021,232	1,650,066	1,471,261	507,597	12,537,419	320,657
Total net position	\$ 20,935,177	\$ 2,901,977	\$ 14,537,698	\$ 14,144,496	\$ 1,633,687	\$ 54,153,035	\$ 544,867

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

Net Position of business-type activities

469,465  
\$ 54,622,500

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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, 2018**

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	\$ 23,018,340	\$ 3,189,500	\$ 4,259,708	\$ 3,966,833	\$ 3,483,031	\$ 37,917,412	\$ 326,288
Total Operating Revenues	<u>23,018,340</u>	<u>3,189,500</u>	<u>4,259,708</u>	<u>3,966,833</u>	<u>3,483,031</u>	<u>37,917,412</u>	<u>326,288</u>
Operating expenses:							
Cost of Sales and Services	16,182,900	1,651,632	311,675	-	-	18,146,207	-
Salaries	1,972,658	366,157	697,088	518,738	708,177	4,262,818	-
Supplies	212,903	55,176	445,158	165,461	286,538	1,165,236	11,503
Maintenance	38,017	5,871	184,050	303,959	165,094	696,991	17,082
Contractual Services	317,196	31,373	301,289	629,422	1,610,178	2,889,458	159,239
Depreciation	662,302	152,815	959,884	916,262	197,900	2,889,163	52,937
Gross Revenue Tax	1,585,811	222,071	290,390	265,998	60,736	2,425,006	-
Miscellaneous	150,366	17,643	34,163	36,492	26,465	265,129	5,607
Total operating expenses	<u>21,122,153</u>	<u>2,502,738</u>	<u>3,223,697</u>	<u>2,836,332</u>	<u>3,055,088</u>	<u>32,740,008</u>	<u>246,368</u>
Operating Income (loss)	<u>1,896,187</u>	<u>686,762</u>	<u>1,036,011</u>	<u>1,130,501</u>	<u>427,943</u>	<u>5,177,404</u>	<u>79,920</u>
Nonoperating revenues (expenses):							
Intergovernmental	13,771	-	8,012	10,293	-	32,076	-
Investment Income	197,020	16,477	19,723	32,392	10,319	275,931	2,523
Interest Expense & Fiscal Charges	(64,001)	-	(213,933)	(245,711)	(13,250)	(536,895)	(4,246)
Gain on Sale of Capital Assets	13,525	50	16,400	16,400	143,497	189,872	-
Miscellaneous, Net	6,554	2,947	559	1,206	3,006	14,272	-
Total non operating revenue (expenses)	<u>166,869</u>	<u>19,474</u>	<u>(169,239)</u>	<u>(185,420)</u>	<u>143,572</u>	<u>(24,744)</u>	<u>(1,723)</u>
Income (loss) before contributions and transfers	<u>2,063,056</u>	<u>706,236</u>	<u>866,772</u>	<u>945,081</u>	<u>571,515</u>	<u>5,152,660</u>	<u>78,197</u>
Capital Contributions	-	-	229,920	-	-	229,920	-
Transfers In	643,017	-	-	-	-	643,017	-
Transfers Out	(1,876,023)	(582,106)	(639,314)	(382,732)	(425,258)	(3,905,433)	-
Total Transfers In/(Out)	<u>(1,233,006)</u>	<u>(582,106)</u>	<u>(639,314)</u>	<u>(382,732)</u>	<u>(425,258)</u>	<u>(3,262,416)</u>	<u>-</u>
Change in net position	830,050	124,130	457,378	562,349	146,257	2,120,164	78,197
Total net position - beginning as previously reported	<u>20,185,918</u>	<u>2,794,532</u>	<u>14,108,968</u>	<u>13,600,345</u>	<u>1,513,653</u>	<u>-</u>	<u>466,670</u>
Restatement of net position	(80,791)	(16,685)	(28,648)	(18,198)	(26,223)	-	-
Total net position - beginning as restated	<u>20,105,127</u>	<u>2,777,847</u>	<u>14,080,320</u>	<u>13,582,147</u>	<u>1,487,430</u>	<u>-</u>	<u>466,670</u>
Total net position - ending	<u>\$ 20,935,177</u>	<u>\$ 2,901,977</u>	<u>\$ 14,537,698</u>	<u>\$ 14,144,496</u>	<u>\$ 1,633,687</u>	<u>\$ 2,159,266</u>	<u>\$ 544,867</u>

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

	39,102
Change in net position of business-type activities	\$ 2,159,266

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, 2018**

	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	\$ 22,947,243	\$ 3,199,496	\$ 4,503,456	\$ 4,045,398	\$ 3,486,675	\$ 38,182,268	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	326,288
Gross revenue tax paid to General Fund	(1,585,811)	(222,071)	(290,390)	(265,998)	(60,736)	(2,425,006)	-
Payments to suppliers	(17,962,422)	(1,771,725)	(1,350,893)	(1,956,097)	(2,077,100)	(25,118,237)	(200,440)
Payments to employees	(1,898,979)	(349,776)	(664,851)	(497,177)	(687,558)	(4,098,341)	-
Net cash provided (used) by operating activities	<u>1,500,031</u>	<u>855,924</u>	<u>2,197,322</u>	<u>1,326,126</u>	<u>661,281</u>	<u>6,540,684</u>	<u>125,848</u>
<b>Cash Flows from Non Capital Financing Activities</b>							
Transfers in	643,017	-	-	-	-	643,017	-
Transfers out	(1,876,023)	(582,106)	(639,314)	(382,732)	(425,258)	(3,905,433)	-
Interest paid on consumer deposits	(8,273)	-	-	-	-	(8,273)	-
Net cash provided (used) by noncapital financing activities	<u>(1,241,279)</u>	<u>(582,106)</u>	<u>(639,314)</u>	<u>(382,732)</u>	<u>(425,258)</u>	<u>(3,270,689)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>							
Acquisition and construction of capital assets	(1,150,994)	(193,498)	(1,088,840)	(287,480)	(979,119)	(3,699,931)	(163,591)
Proceeds from Issuance of Bonds	-	-	677,000	546,000	-	1,223,000	-
Proceeds from Promissory Note	-	-	171,000	-	-	171,000	-
Principal paid on bonds and capital leases	(69,055)	-	(585,375)	(1,252,472)	(80,877)	(1,987,779)	(25,914)
Insurance proceeds	-	-	-	866	1,942	2,808	-
Proceeds from sales of capital assets	13,545	50	16,400	16,400	143,497	189,892	-
Interest and fees paid on bonds and capital leases	(69,400)	-	(228,853)	(170,837)	(14,279)	(483,369)	(4,576)
Net cash provided (used) by capital and related financing activities	<u>(1,275,904)</u>	<u>(193,448)</u>	<u>(1,038,668)</u>	<u>(1,147,523)</u>	<u>(928,836)</u>	<u>(4,584,379)</u>	<u>(194,081)</u>
<b>Cash Flows from Investing Activities</b>							
Principal received on notes receivable	148,069	-	-	-	-	148,069	-
Investment income received	166,623	16,477	19,443	32,392	10,319	245,254	2,523
Net cash provided (used) by investing activities	<u>314,692</u>	<u>16,477</u>	<u>19,443</u>	<u>32,392</u>	<u>10,319</u>	<u>393,323</u>	<u>2,523</u>
Net increase (decrease) in cash and cash equivalents	(702,460)	96,847	538,783	(171,737)	(682,494)	(921,061)	(65,710)
Cash and cash equivalents, beginning of year	<u>4,389,739</u>	<u>1,023,222</u>	<u>645,870</u>	<u>1,459,691</u>	<u>1,606,525</u>	<u>9,125,047</u>	<u>387,875</u>
Cash and cash equivalents, end of year	<u>\$ 3,687,279</u>	<u>\$ 1,120,069</u>	<u>\$ 1,184,653</u>	<u>\$ 1,287,954</u>	<u>\$ 924,031</u>	<u>\$ 8,203,986</u>	<u>\$ 322,165</u>
Reconciliation of cash and cash equivalents to statement of net position							
Cash and equivalents	\$ 1,255,916	\$ 1,120,069	\$ 777,704	\$ 734,824	\$ 924,031	\$ 4,812,544	\$ 164,936
Restricted cash and equivalents	2,431,363	-	406,949	553,130	-	3,391,442	157,229
Cash and cash equivalents, end of year	<u>\$ 3,687,279</u>	<u>\$ 1,120,069</u>	<u>\$ 1,184,653</u>	<u>\$ 1,287,954</u>	<u>\$ 924,031</u>	<u>\$ 8,203,986</u>	<u>\$ 322,165</u>

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

Operating income (loss)	\$ 1,896,187	\$ 686,762	\$ 1,036,011	\$ 1,130,501	\$ 427,943	\$ 5,177,404	\$ 79,920
Adjustments to reconcile net cash provided (used) by operating activities							
Depreciation	662,302	152,815	959,884	916,262	197,900	2,889,163	52,937
Provision for uncollectible accounts	29,299	825	5,582	4,909	283	40,898	-
Other income (expense)	37,391	2,947	238,490	10,632	1,061	290,521	-
Changes in assets and liabilities affecting cash provided by operations:							
(Increase) decrease in accounts receivable	(189,261)	6,223	(35,726)	63,025	1,949	(153,790)	-
(Increase) decrease in inventory	(28,921)	(7,483)	20,064	1,097	-	(15,243)	1,119
(Increase) decrease in interfund receivables	(693,158)	-	-	(816,311)	-	(1,509,469)	-
(Increase) decrease in intergovernmental receivables	(4,060)	-	35,402	-	349	31,691	-
(Increase) decrease in other assets	-	-	(9,625)	-	11,158	1,533	-
Increase (decrease) in accounts payable and other current liabilities	(338,961)	(2,546)	(114,997)	(35,550)	19	(492,035)	(8,128)
Increase (decrease) in other liabilities	-	-	30,000	30,000	-	60,000	-
Increase (decrease) in salaries & benefits payable	(219)	1,211	2,602	3,198	1,484	8,276	-
Increase (decrease) in compensated absences	12,311	3,245	7,953	1,252	914	25,675	-
Increase (decrease) in postemployment benefits	7,650	1,669	2,842	2,156	2,647	16,964	-
Increase (decrease) in pension benefits	53,937	10,256	18,840	14,955	15,574	113,562	-
Increase (decrease) in consumer deposits	55,534	-	-	-	-	55,534	-
Net cash provided (used) by operating activities	<u>\$ 1,500,031</u>	<u>\$ 855,924</u>	<u>\$ 2,197,322</u>	<u>\$ 1,326,126</u>	<u>\$ 661,281</u>	<u>\$ 6,540,684</u>	<u>\$ 125,848</u>

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

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## 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.

#### 2. *Blended component unit*

In 2016, the City of Brenham Community Projects Fund, Inc. a non-profit organization was formed. The Corporation is a 501(c)(3) organization that supports the City of Brenham in implementing and conducting its charitable and educational projects designed to expand areas of service to citizens and visitors. For financial reporting purposes, the City of Brenham Community Projects Fund will be reported as a blended component unit in the governmental funds. For the current fiscal year there were no financial transactions to report.

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

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

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, electric, gas, 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.

### **D. Assets, Liabilities, and Net Position**

#### **1. Deposits and investments**

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

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

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

#### **2. Receivables and payables**

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

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

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

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

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

### **3. Inventories and prepaid items**

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

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

### **4. Restricted assets**

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

### **5. Capital assets**

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

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

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

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

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

### **6. Compensated absences**

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

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

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

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

### **8. Fund equity**

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

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

## **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 \$70,853 by meeting the financial assurance test. Estimated closure cost is \$25,000.

### **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, 2018, 5 retirees/covered spouses meet those eligibility requirements and have elected to receive this benefit. The retiree/covered spouse pay the entire premium for group health coverage and claims are paid through the City's third party provider.

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

### **11. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) and additions to/deductions from TMRS's and TESRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and TESRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

The departmental budget is the basic unit of measurement for the City's budget. Two Assistant City Managers report to the City Manager. These include Assistant City Manager-Chief Financial Officer/General Administration and Assistant City Manager-Public Utilities/Development. In addition to the Assistant City Managers, four director positions oversee the individual departmental budgets within their area of responsibility. These positions include the Director of Public Works, Director of Development Services, Chief of Police and Fire Chief.

### **1. Basis of accounting**

With the exception of General Fund, all budgets are prepared and adopted on a basis consistent with generally accepted accounting principles which is the same basis of accounting used for financial reporting in these financial statements. The General Fund budget, as shown in the financial statements, is prepared and adopted on a different basis. 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*, nine 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, 2018, 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. 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, Capital Leases Fund, 2017 Capital Projects Fund, 2014 Capital Projects 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.

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

### **5. Encumbrances**

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

### **B. Compliance with Finance Related Legal and Contractual Provisions**

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

### **C. Deficit Fund Balances or Net Position Balances**

No fund had a deficit fund balance at year end.

### **D. Excess of Expenditures Over Appropriations**

For fiscal year end September 30, 2018, all expenditures of the General Fund were within appropriations at the legal level of budgetary control.

## **III. DETAILED NOTES ON ALL FUNDS**

### **A. Deposits and Investments**

As of September 30, 2018, the City had an investment in a State Money Pool (TexPool) which had a balance of \$3,130,754 which was included in cash and cash equivalents and restricted cash at September 30, 2018. "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 \$0.9999 per share. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment is limited to 13 months. TexPool was rated AAAM by Standard & Poor's. Authorized investments for TexPool funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

The City also had an investment in TexSTAR, another public funds investment pool, which had a balance of \$11,667,696 and was included in cash and cash equivalents and restricted cash at September 30, 2018. "TexSTAR" is a local government investment pool created and jointly managed by First Southwest, a division of Hilltop Securities, Inc. and JP Morgan Investment Management, Inc. with the purpose of investing funds on behalf of Texas political subdivisions. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was \$0.9999 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 60 days or less and was rated AAAM by Standard and Poor's. Authorized investments for TexSTAR funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

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



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

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

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

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

At year end, the government's carrying amount of deposits (including certificates of deposit) for the primary government and BCDC component unit was \$11,731,019 and the bank balances totaled \$12,172,393. Of the bank and certificates of deposit balances, \$250,000 was covered by federal depository insurance and \$11,922,393 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>	<b>Other Governmental Funds</b>
Accounts	\$ 259,345	\$ 21,190
Assessments	122,030	-
	<u>381,375</u>	<u>21,190</u>
Less Allowance for Uncollectibles	(14,000)	-
Accounts Receivable, Net	<u>\$ 367,375</u>	<u>\$ 21,190</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	\$ 2,864,911	\$ 245,732	\$ 577,595	\$ 474,405	\$ 280,373	\$4,443,016
Less Allowance for Uncollectibles	(40,000)	(2,000)	(8,000)	(7,000)	(3,000)	(60,000)
Accounts Receivable, Net	<u>\$ 2,824,911</u>	<u>\$ 243,732</u>	<u>\$ 569,595</u>	<u>\$ 467,405</u>	<u>\$ 277,373</u>	<u>\$4,383,016</u>

### 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:

Components	Unavailable	Unearned	Total
Delinquent property taxes receivable (General Fund)	\$ 172,945	\$ -	\$ 172,945
Delinquent property taxes receivable (Debt Service Fund)	102,376	-	102,376
Franchise fees receivable	178,074	-	178,074
Lien assessments and pending seizures	117,218	-	117,218
Total deferred/unearned revenue for governmental funds	\$ 570,613	\$ -	\$ 570,613
 Balances not expected to be collected within one year	 \$ 117,218	 \$ -	 \$ 117,218

### C. Receivables – Property Taxes

The following information relates to property taxes receivable for the year ended September 30, 2018:

Original Certified Tax Roll	\$ 1,276,708,695
Approved Rate (Per \$100 Valuation)	0.5170
Original Levy	6,600,584
Supplements	(693)
Adjusted Levy	\$ 6,599,891
 Collections on Current Tax Roll	 6,503,743
Total Collections	6,588,259
Property Taxes Receivable	\$ 275,321

### D. Notes Receivable

Notes receivable at September 30, 2018 consisted of the following:

#### Business-type Activities - Electric Fund

Note receivable from component unit Brenham Community Development Corporation, principal amount \$1,000,000; Interest payable at 4.750% with the first payment due September 30, 2017; maturing September 2029, unsecured	\$ 838,742
Note receivable from component unit Brenham Community Development Corporation, principal amount \$500,000; Interest payable at 3.250%; maturing September 2026, unsecured	500,000
	\$ 1,338,742
Less Current Portion	(154,274)
	\$ 1,184,468

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

#### E. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclass/CIP to Complete</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets, Not Being Depreciated:</b>					
Land	\$ 4,295,205	\$ 152,912	\$ -	\$ (1,157)	\$ 4,446,960
Land Improvements	160,718	-	-	-	160,718
Intangibles-Easements	10,593	-	-	-	10,593
Construction in Progress	510,004	383,661	(145,666)	(20,045)	727,954
<b>Total Not Being Depreciated</b>	<b>\$ 4,976,520</b>	<b>536,573</b>	<b>(145,666)</b>	<b>(21,202)</b>	<b>5,346,225</b>
<b>Capital Assets, Being Depreciated:</b>					
Buildings	30,032,983				30,032,983
Improvements Other Than Buildings	13,110,128	1,079,090	56,524		14,245,742
Furniture, Fixtures and Equipment	2,115,167	96,730	32,665		2,244,562
Machinery	558,086	42,823			600,909
Vehicles	8,661,654	307,769		(320,133)	8,649,290
Radios	645,621				645,621
Intangibles-Software	223,368				223,368
Infrastructure	50,827,332	1,426,055	56,477	(397,961)	51,911,903
<b>Total Being Depreciated</b>	<b>106,174,339</b>	<b>2,952,467</b>	<b>145,666</b>	<b>(718,094)</b>	<b>108,554,378</b>
Less Impairment	-	-	-	-	-
<b>Less Accumulated Depreciation for:</b>					
Buildings	(8,871,934)	(899,739)	-		(9,771,673)
Improvements Other Than Bldgs.	(8,195,867)	(621,862)	-		(8,817,729)
Furniture, Fixtures and Equipment	(1,550,532)	(105,665)	-		(1,656,197)
Machinery	(292,104)	(52,171)	-		(344,275)
Vehicles	(4,424,459)	(622,444)	-	320,134	(4,726,769)
Radios	(455,542)	(64,614)	-		(520,156)
Intangibles-Software	(91,763)	(16,760)	-		(108,523)
Infrastructure	(26,057,600)	(1,172,227)	-	344,547	(26,885,280)
<b>Total Accumulated Depreciation</b>	<b>(49,939,801)</b>	<b>(3,555,482)</b>	<b>-</b>	<b>664,681</b>	<b>(52,830,602)</b>
<b>Total Being Depreciated, Net</b>	<b>56,234,538</b>	<b>(603,015)</b>	<b>145,666</b>	<b>(53,413)</b>	<b>55,723,776</b>
<b>Capital Assets, Net</b>	<b>\$61,211,058</b>	<b>\$ (66,442)</b>	<b>\$ -</b>	<b>\$ (74,615)</b>	<b>\$ 61,070,001</b>
<b>Business-type Activities</b>					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclass/CIP to Complete</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital Assets, Not Being Depreciated:</b>					
Land	\$ 562,003	\$ -	\$ -	\$ -	562,003
Intangibles-Easements	33,811	-	-	-	33,811
Construction in Progress	844,206	914,304	(282,879)	-	1,475,631
<b>Total Not Being Depreciated</b>	<b>1,440,020</b>	<b>914,304</b>	<b>(282,879)</b>	<b>-</b>	<b>2,071,445</b>
<b>Capital Assets, Being Depreciated:</b>					
Buildings	864,476	-	-	-	864,476
Improvements Other Than Buildings	33,194,577	389,248	112,599	-	33,696,424
Furniture, Fixtures and Equipment	2,412,662	88,346	5,137	(351,226)	2,154,919
Vehicles	5,334,617	911,278	-	(195,628)	6,050,267
Intangibles-Software	152,583	-	-	-	152,583
Infrastructure	61,532,690	952,694	165,143	(30,690)	62,619,837
<b>Total Being Depreciated</b>	<b>103,491,605</b>	<b>2,341,566</b>	<b>282,879</b>	<b>(577,544)</b>	<b>105,538,506</b>
<b>Less Accumulated Depreciation for:</b>					
Buildings	(428,214)	(30,138)	-	-	(458,352)
Improvements Other Than Bldgs.	(14,682,244)	(780,743)	-	-	(15,462,987)
Furniture, Fixtures and Equipment	(1,499,343)	(171,207)	-	351,226	(1,319,324)
Vehicles	(3,200,551)	(378,778)	-	195,627	(3,383,702)
Intangibles-Software	(82,163)	(16,835)	-	-	(98,998)
Infrastructure	(31,356,689)	(1,564,399)	-	13,603	(32,907,485)
<b>Total Accumulated Depreciation</b>	<b>(51,249,204)</b>	<b>(2,942,100)</b>	<b>-</b>	<b>560,456</b>	<b>(53,630,848)</b>
<b>Total Being Depreciated, Net</b>	<b>52,242,401</b>	<b>(600,534)</b>	<b>282,879</b>	<b>(17,088)</b>	<b>51,907,658</b>
<b>Capital Assets, Net</b>	<b>\$53,682,421</b>	<b>\$ 313,770</b>	<b>\$ -</b>	<b>\$ (17,088)</b>	<b>\$ 53,979,103</b>

### 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	\$ 877,343
General Government	439,715
Health and Welfare	109,118
Highways and Streets	1,404,531
Public Safety	<u>724,775</u>
Total Governmental Activities	<u>\$ 3,555,482</u>
<b><u>Business-type Activities</u></b>	
Electric	\$ 662,302
Gas	152,815
Water	959,884
Sewer	916,262
Sanitation	<u>197,900</u>
Total Business-type Activities	<u>\$ 2,889,163</u>
<b><u>Internal Service Funds</u></b>	
Central Fleet	<u>\$ 52,937</u>
Total Internal Service Funds	<u>\$ 52,937</u>

As of September 30, 2018, capital assets of the component unit consists of land (not being depreciated) with a balance of \$2,881,947, land improvements (not being depreciated) with a balance of \$143,721 and other improvements (being depreciated) with a balance of \$13,858. The Construction in Progress has a balance of \$103,268 for engineering for detention pond and wastewater system improvements.

### F. Contractual Commitments

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

A joint gas purchase contract to purchase natural gas at a price equal to an agreed index, less a discount, under a balancing and supply agreement. The current contract evergreens each year and will expire in 2036. Also, a contract with a supplier to provide natural gas at a rate based on inside FERC Gas Market report index plus \$0.525 per MMBTU. This contract expires October 31, 2019 and continues thereafter on a year to year basis, until terminated with a 60-day written notice. For the year ending September 30, 2018 \$1,651,632 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, 2018 was \$311,675.

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, 2018 was \$16,182,900.

### 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. Repayments from TxDOT were based on traffic levels. As of September 30, 2012, the \$15 million had been advanced to TxDOT. In years 2013 through 2017, the City has received repayments from TXDOT totaling \$15,000,000. As of September 30, 2018 the total local contribution has been repaid.

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 2015, this debt was partially refunded with the issuance of \$3.9 Million 2015 General Obligation Refunding Bonds.

In March 2016, the City entered into an agreement with a contractor for small commercial waste collection services beginning in May 2016 and expiring in May 2021 with up to five one-year renewal terms. For the year ending September 30, 2018 the City paid \$962,712 under this contract.

The City has an interlocal agreement with the County to share costs related to the County's purchase of a public safety computer software system. Under the terms of this agreement, the City will reimburse the County a total of \$208,790 for the City's share of the software acquisition costs in 5 annual installments. As of September 30, 2018, one annual installment of \$41,758 was paid.

In September 2018, the City entered into an agreement with a planning consultant for the development of a new Comprehensive Plan. The total contract account is \$259,825 and \$0 was paid as of September 30, 2018.

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

The City has the following active construction projects as of September 30, 2018:

	Contract Amount	Spent-to-Date	Remaining Commitment
Fire Substation - Architect	\$ 191,500	\$ 141,245	\$ 50,255
Water Treatment Plant Protective Coatings Rehab - Engineer	60,090	54,098	5,992
Raw Water Intake Repair - Engineer	285,888	136,515	149,373
Burleson St. Storm Damage Repair - Engineer	100,157	71,037	29,120
Copper Conductor & Power Line Rehab - Engineer	300,000	298,993	1,007
Water & Wastewater Treatment Plants Storm Damage Repairs - Engineer	360,100	228,524	131,576
Relocate Munz Lift Station - Engineer	52,300	21,453	30,847
Big Sandy Creek Water Line - Engineer	38,150	11,537	26,613
Brenham Business Center Detention Pond - Engineer	60,348	44,657	15,691
Louanna Estates Drainage Evaluation - Engineer	47,465	24,512	22,953
Park & Church St. Drainage Evaluation - Engineer	71,280	38,209	33,071
Henderson Park Improvements Phase 1 - Engineer	70,200	43,775	26,425
Fireman's Park Historic Bridge Repair - Engineer	34,600	24,860	9,740
AMI Software Upgrade - Contractor	83,523	67,405	16,118
Disaster Recovery Evaluation - Consultant	200,000	95,341	104,659
Blue Bell Aquatic Center Leisure Pool Renovation - Contractor	33,000	27,198	5,802
Fireman's Park Restroom Renovation - Contractor	278,780	112,604	166,176
Storm Damage Repairs			
Engineer	295,841	259,558	36,283
Engineer	287,356	146,738	140,618
Contractor	98,722	88,076	10,646
Resurface ASB Parking Lot at Hohlt Park			
Engineer	16,760	12,178	4,582
Contractor	91,007	-	91,007
	<u>\$ 3,057,067</u>	<u>\$ 1,948,513</u>	<u>\$ 1,108,554</u>

### 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, 2018 the balances were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Electric Fund</b>	General Fund	\$ 2,042,946
	Debt Service Fund	42,199
		<u>\$ 2,085,145</u>
<b>Wastewater Fund</b>	General Fund	\$ 816,311
		<u>\$ 816,311</u>

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

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

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

The following schedule shows transfers and payments within the reporting entity as of September 30, 2018:

Transfers From:	Transfers To:				Net Transfers From
	Governmental Activities			Business Type Activities	
	General	Debt Service	Other Gov't	Electric	
<b>Governmental Activities</b>					
Major Funds					
General Fund	\$ -	\$ -	\$ 37,368	\$ -	\$ 37,368
Hwy 290 Pass Through	-	2,160,000	-	-	2,160,000
Other Gov'tl Funds	937,873	56,432	-	-	994,305
<b>Business-type Activities</b>					
Major Funds					
Electric	1,876,023	-	-	-	1,876,023
Gas	392,038	-	-	190,068	582,106
Water	401,921	-	-	237,393	639,314
Wastewater	254,236	-	-	128,496	382,732
Sanitation	338,198	-	-	87,060	425,258
<b>Total Transfers To</b>	<b>\$ 4,200,289</b>	<b>\$ 2,216,432</b>	<b>\$ 37,368</b>	<b>\$ 643,017</b>	<b>\$ 7,097,106</b>

Payments from the Brenham Community Development Corporation (BCDC) component unit consist of debt service payments on the Series 2009 General Obligation Refunded bonds (original Series 1998 which were issued in part to fund construction of a business center and recreational facilities). Funding for the construction of these facilities is provided by a 3/8 cent sales tax collected and administered by the BCDC. During the year, BCDC provided \$477,393 to the Parks Capital Improvement Fund for capital improvements to five different city parks. BCDC also provided \$95,550 to the General Fund for various aquatic and recreation projects and \$150,000 to the 2017 Capital Projects Fund for a downtown streetscapes and linear park project. The following schedule shows payments to and from the component unit for the year ended September 30, 2018:

Payments From:	Payments To:			Total Pymts From
	General	Debt Service	Other Governmental	
<b>Component Unit</b>				
Brenham Community Development Corp	\$ 95,550	\$ 436,474	\$ 627,393	\$ 1,159,417

### 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, 2018:

	Balance 9/30/2017	Additions	FY18 Retirements	Balance 9/30/2018	Due Within One Year	Long Term
<b>Governmental Activities</b>						
2006 COB - Gen	\$ 5,375,000	\$ -	\$ (400,000)	\$ 4,975,000	\$ 520,000	\$ 4,455,000
2009 GOB Ref - Gen	610,000	-	(610,000)	-	-	-
2010 GOB Ref - Gen	335,378	-	-	335,378	-	335,378
2011 GOB Ref - Gen	1,172,592	-	(182,782)	989,810	185,880	803,930
2011 Ltd Tax Notes - Gen	185,000	-	(185,000)	-	-	-
2012 COB -Gen	1,490,000	-	(80,000)	1,410,000	80,000	1,330,000
2014 COB-Gen	3,550,000	-	(110,000)	3,440,000	110,000	3,330,000
2014 GOB Ref-Gen	1,432,229	-	(398,605)	1,033,624	446,713	586,911
2015 GOB Ref-Hwy 290-General	3,910,000	-	(2,160,000)	1,750,000	1,750,000	-
2016 COB-Gen	1,083,190	-	(40,945)	1,042,245	42,806	999,439
2017 COB-Gen	-	2,650,000	(80,000)	2,570,000	95,000	2,475,000
	<u>19,143,389</u>	<u>2,650,000</u>	<u>(4,247,332)</u>	<u>17,546,057</u>	<u>3,230,399</u>	<u>14,315,658</u>
Unamort Bond Premium	384,927	145,626	(102,765)	427,788	NA	427,788
Ref Deferred Charges - '09 Ref GOB	(17,797)	-	17,797	-	NA	-
Ref Deferred Charges - '10 Ref GOB	(12,064)	-	4,136	(7,928)	NA	(7,928)
Ref Deferred Charges - '11 Ref GOB	(113,093)	-	19,251	(93,842)	NA	(93,842)
Ref Deferred Charges - '14 Ref GOB	(37,870)	-	9,670	(28,200)	NA	(28,200)
Ref Deferred Charges - '15 Ref GOB	65,146	-	(34,744)	30,402	NA	30,402
	<u>19,412,638</u>	<u>2,795,626</u>	<u>(4,333,987)</u>	<u>17,874,277</u>	<u>3,230,399</u>	<u>14,643,878</u>
Chase Asphalt Zipper Lease	56,777	-	(28,085)	28,692	28,692	-
Bank of Brenham Library Furniture Note Payable	385,714	-	(64,286)	321,428	321,428	-
Chase Vehicle & Equipment Lease	949,333	-	(126,354)	822,979	129,323	693,656
Bank of Brenham Virtual Server Note Payable	-	86,167	-	86,167	27,856	58,311
	<u>1,391,824</u>	<u>86,167</u>	<u>(218,725)</u>	<u>1,259,266</u>	<u>507,299</u>	<u>751,967</u>
Compensated Absences <sup>(1)</sup>	352,112	385,587	(396,257)	341,442	192,793	148,649
<b>Total Governmental</b>	<b>\$ 21,156,574</b>	<b>\$ 3,267,380</b>	<b>\$ (4,948,969)</b>	<b>\$ 19,474,985</b>	<b>\$ 3,930,491</b>	<b>\$ 15,544,494</b>

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



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

	Balance 9/30/2017	Additions	FY18 Retirements	Balance 9/30/2018	Due Within One Year	Long Term
<b>Business Type Activities</b>						
2008 COB - Water	\$ 240,000	\$ -	\$ (240,000)	\$ -	\$ -	\$ -
2010 GOB Ref - Water	265,349	-	-	265,349	-	265,349
2010 GOB Ref - Wastewater	619,272	-	-	619,272	-	619,272
2011 GOB Ref - Wastewater	2,612,404	-	(407,218)	2,205,186	414,120	1,791,066
2014 GOB Ref - Water	1,133,175	-	(315,375)	817,800	353,438	464,362
2014 GOB Ref - Wastewater	2,644,596	-	(736,020)	1,908,576	824,850	1,083,726
2016 COB- Electric	1,826,811	-	(69,055)	1,757,756	72,194	1,685,562
2016 GOB Ref-Water	4,645,000	-	-	4,645,000	215,000	4,430,000
2017 COB-Water	-	655,000	(30,000)	625,000	25,000	600,000
2017 COB-Wastewater	-	535,000	(25,000)	510,000	20,000	490,000
	<u>13,986,607</u>	<u>1,190,000</u>	<u>(1,822,668)</u>	<u>13,353,939</u>	<u>1,924,602</u>	<u>11,429,337</u>
Unamort Bond Premium-Electric	253,166	-	(13,413)	239,753	NA	239,753
Unamort Bond Premium-Water	640,345	35,994	(62,849)	613,490	NA	613,490
Unamort Bond Premium-Wastewater	32,886	29,400	(10,430)	51,856	NA	51,856
10 Ref Deferred Chrg-Water	(9,540)	-	3,271	(6,269)	NA	(6,269)
10 Ref Deferred Chrg-Wastewater	(22,266)	-	7,634	(14,632)	NA	(14,632)
11 Ref Deferred Chrg-Water	73,057	-	(12,431)	60,626	NA	60,626
11 Ref Deferred Chrg-Wastewater	(251,981)	-	42,885	(209,096)	NA	(209,096)
14 Ref Deferred Chrg-Water	(29,964)	-	7,651	(22,313)	NA	(22,313)
14 Ref Deferred Chrg-Wastewater	(69,932)	-	17,855	(52,077)	NA	(52,077)
16 Ref Deferred Chrg-Water	(350,647)	-	32,243	(318,404)	NA	(318,404)
<b>Sub Total Bonds Payable</b>	<b>14,251,731</b>	<b>1,255,394</b>	<b>(1,810,252)</b>	<b>13,696,873</b>		<b>11,772,271</b>
Compensated Absences	165,278	252,004	(226,330)	190,952	126,002	64,950
Chase Sewer Vacuum Truck Lease	62,086	-	(62,086)	-	-	-
Chase Vehicle & Equipment Lease-Fleet	194,700	-	(25,914)	168,786	26,523	142,263
Chase Vehicle & Equipment Lease-Wastewater	166,400	-	(22,147)	144,253	22,668	121,585
Chase Vehicle & Equipment Lease-Sanitation	607,649	-	(80,877)	526,772	82,777	443,995
Bank of Brenham Spreader Truck Note-Water	-	171,000	-	171,000	32,728	138,272
<b>Total Proprietary</b>	<b>\$ 15,447,844</b>	<b>\$ 1,678,398</b>	<b>\$ (2,227,606)</b>	<b>\$ 14,898,636</b>	<b>\$ 2,215,300</b>	<b>\$ 12,683,336</b>
<b>Component Unit Governmental Activities</b>						
Note Payable-BCDC to City Elec Fund	\$ 69,332	\$ -	\$ (69,332)	\$ -	\$ -	\$ -
Note Payable-BCDC to City Elec Fund-FY10	917,479	-	(78,737)	838,742	99,274	739,468
Note Payable-BCDC to City Elec Fund-FY17	500,000	-	-	500,000	55,000	445,000
<b>Total Governmental - BCDC</b>	<b>\$ 1,486,811</b>	<b>\$ -</b>	<b>\$ (148,069)</b>	<b>\$ 1,338,742</b>	<b>\$ 154,274</b>	<b>\$ 1,184,468</b>

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

The annual debt service requirement to maturity for all bonded outstanding debt as of September 30, 2018 follows:

FISCAL YEAR ENDING 9/30	PRIMARY GOVERNMENT					
	GENERAL OBLIGATION		CERTIFICATES OF OBLIGATION		TOTAL	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2019	\$ 4,190,000	\$ 460,234	\$ 965,000	\$ 599,694	\$ 5,155,000	\$ 1,059,928
2020	2,470,000	334,821	1,060,000	562,344	3,530,000	897,165
2021	2,595,000	252,207	1,100,000	522,462	3,695,000	774,669
2022	1,155,000	190,100	1,160,000	480,790	2,315,000	670,890
2023	1,199,999	155,450	1,205,000	436,370	2,404,999	591,820
2024-2028	2,959,997	340,800	5,285,000	1,441,444	8,244,997	1,782,244
2029-2033	-	-	3,690,000	687,025	3,690,000	687,025
2034-2038	-	-	1,865,000	133,325	1,865,000	133,325
	<u>\$ 14,569,996</u>	<u>\$ 1,733,612</u>	<u>\$ 16,330,000</u>	<u>\$ 4,863,454</u>	<u>\$ 30,899,996</u>	<u>\$ 6,597,066</u>

The annual debt service requirement to maturity for all notes payable outstanding debt as of September 30, 2018 follows:

FISCAL YEAR ENDING 9/30	NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2019	\$ 382,012
2020	62,009	5,258
2021	63,728	3,543
2022	34,986	1,771
2023	35,860	897
2024-2028	-	-
2029-2033	-	-
2034-2038	-	-
	<u>\$ 578,595</u>	<u>\$ 25,320</u>

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

Debt outstanding at September 30, 2018 for the primary government is comprised of the following:

\$9,000,000; 2006 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$155,000 to \$740,000 through August 15, 2026; interest rate 3.940%-4.7886%	\$ 4,975,000
\$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%	3,195,000
\$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%	1,410,000
\$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%	3,440,000
\$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%	3,760,000
\$3,910,000; 2015 General Obligation Refunding Bonds due in two installments, \$2,160,000 on August 15, 2018 and \$1,750,000 on August 15, 2019; interest rate 2.0-4.0%	1,750,000
\$3,035,000; 2016 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$110,000 to \$210,000 through August 15, 2036; interest rate 2.0-4.0%	2,800,000
\$4,695,000; 2016 General Obligation Refunding Bonds due in annual installments of \$50,000 to \$645,000 through August 15, 2028; interest rate 2.0-4.0%	4,645,000
\$3,840,000; 2017 Combination Tax & Revenue Certificates of Obligation due in annual installments of \$135,000 to \$255,000 through August 15, 2037; interest rate 3.0-4.0%	3,705,000
\$138,000 lease payable dated November 5, 2014 due in annual payments of \$29,314 including interest, through September, 2019 (Asphalt Zipper)	28,692
\$450,000 note payable dated September 21, 2016 due in annual installments of \$72,887 to \$74,293, final installment September, 2019 of \$328,596. It is the City's intent to renew this note at maturity for an additional four years. (Library Furniture)	321,428
\$1,918,082 lease payable dated March 13, 2017 due in annual payments of \$300,367 including interest, through March 2024, (FY17 Vehicles & Equipment)	1,662,790
\$171,000 note payable dated December 22, 2017 due in annual installments of \$36,757 including interest, through December 1, 2022 (Water Dept. Spreader Truck)	171,000
\$86,167 note payable dated March 26, 2018 due in annual installments of \$30,510 including interest, through March 26, 2021 (Virtual Server)	86,167
Compensated Absences for accrued vacation	532,394
	<u>\$33,702,471</u>
Unamortized Bond Premium	1,332,882
Unamortized Bond Discount	-
Deferred Charges on Bonds	(661,732)
	<u>\$34,373,621</u>

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

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2018 and annual debt service payments to maturity for the outstanding debt follows:

\$1,000,000 note payable to primary government dated August 6, 2010, interest payable at 4.75%, unsecured, annual payments 2017 through 2029	\$ 838,742
\$500,000 note payable to primary government dated May 5, 2017, interest payable at 3.25%, unsecured, annual payments 2017 through 2026	<u>500,000</u>
	<u>\$ 1,338,742</u>

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE	
	PRINCIPAL	INTEREST
	2019	\$ 154,274
2020	154,721	71,706
2021	150,377	74,101
2022	146,233	76,295
2023	147,278	78,299
2024-2028	558,133	414,855
2029-2038	27,726	40,143
	<u>\$ 1,338,742</u>	<u>\$ 824,340</u>

### I. Capital Leases

In FY15, the city entered into a lease agreement to finance the acquisition of an asphalt zipper road mixer for the street department. In FY17, the city entered into a lease agreement to finance the acquisition of various vehicles and equipment for governmental and proprietary departments. These lease commitments qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of their future minimum lease payments as of their inception dates.

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

The assets acquired through the capital lease are as follows:

<u>Asset Class</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Vehicles/Large Equipment	\$ 1,083,672	\$ 968,749
Less: Accumulated Depreciation	<u>(198,222)</u>	<u>(107,761)</u>
Total Net Asset	<u>\$ 885,450</u>	<u>\$ 860,988</u>

The total future minimum lease payments and the net present value of these minimum payments as of September 30, 2018 were as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2019	\$ 177,977	\$ 151,704
2020	148,663	151,704
2021	148,663	151,704
2022	148,663	151,704
2023	148,663	151,704
2024	<u>148,663</u>	<u>151,704</u>
Total Minimum Lease Payments	\$ 921,292	\$ 910,224
Less: Amount Representing Interest	<u>(69,621)</u>	<u>(70,413)</u>
Present Value of Minimum Payments	<u>\$ 851,671</u>	<u>\$ 839,811</u>

### J. Rebtable Arbitrage

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

At September 30, 2018 the primary government had no liability for rebtable arbitrage.

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

#### K. Restricted Cash and Investments:

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
General	\$ 450,000	\$ -
Capital Projects	1,556,083	2,871,317
Capital Leases	-	-
Customer Deposits	-	1,520,125
Debt Service	344,763	-
Hotel/Motel Tax	206,533	-
PD Criminal Law Enforcement	26,689	-
Streets/Drainage Improvements	367,678	-
Worker's compensation	157,229	-
Pass Thru Toll Agreement	2,790,048	-
	<u>\$ 5,899,023</u>	<u>\$ 4,391,442</u>

#### L. Classification of Net Position

The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as 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 position represents assets that have externally imposed restrictions by creditors, grantors, contributions, or laws or regulations of other governments.

#### M. Classification of Fund Balance:

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

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

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

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

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

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

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

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

The following schedule presents details of fund balance components at September 30, 2018:

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Inventory	\$ 198,862	\$ -	\$ -	\$ -	\$ 198,862
Prepaid Assets	1,000	-	-	-	1,000
Restricted for:					
Debt Service	-	303,216	2,790,048	-	3,093,264
Grantor and Contributor Purposes	93,019	-	-	-	93,019
Public Safety	-	-	-	26,689	26,689
Culture & Recreation	-	-	-	9,428	9,428
Transportation and Aviation Projects	-	-	-	1,837,752	1,837,752
Court Technology and Security	-	-	-	49,979	49,979
Tourism Promotion	168,814	-	-	250,149	418,963
Committed to:					
Park Capital Improvements	-	-	-	414,069	414,069
Transportation and Aviation Projects	-	-	-	6,991	6,991
Assigned to:					
Culture and Recreation	-	-	-	23,194	23,194
Transportation and Aviation Projects	-	-	-	313,653	313,653
Unassigned:	4,123,668	-	-	-	4,123,668
Total Fund Balances:	<u>\$ 4,585,363</u>	<u>\$ 303,216</u>	<u>\$ 2,790,048</u>	<u>\$ 2,931,904</u>	<u>\$ 10,610,531</u>

## **IV. OTHER INFORMATION**

### **A. Risk Management**

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

The City maintains an established risk management program for workers' compensation. Interfund premiums are based upon the insured funds' payroll and workers' compensation code rates and recorded as quasi-external interfund transactions in the Proprietary Fund statements. Net position of the workers' compensation risk management internal service fund as of September 30, 2018 was \$157,329.

### **B. Contingent Liabilities**

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Audits for some of these federal programs for the year ended September 30, 2018 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. Expenses and Recoveries Related to Storm Damages**

In May 2016, the City experienced a historic flooding event and as a result damages were sustained to City property and infrastructure. As of September 30, 2016, the City had incurred expenditures for repairs and reconstruction of City property of approximately \$430,000 in the governmental funds and \$98,000 in the proprietary funds. As of September 30, 2017, the City had incurred expenditures for repairs and reconstruction of City property and infrastructure of approximately \$505,000 in the governmental funds and \$280,000 in proprietary funds. As of September 30, 2018, the City had incurred expenditures for repairs and reconstruction of City property and infrastructure of approximately \$1,401,000 in the governmental funds and \$141,000 in proprietary funds. Additional repairs and reconstruction work will continue in FY19.

For FY16, storm damage related insurance proceeds of approximately \$175,000 and \$62,000 were received by the governmental and proprietary funds respectively. For FY17, storm related insurance proceeds of approximately \$84,000 and \$13,000 were received by the governmental and proprietary funds, respectively. For FY18, storm related insurance proceeds of approximately \$53,000 were received by the governmental funds.

Because of the excessive amount of rainfall and the extensive damage to property and infrastructure in the entire county, the City was approved for federal assistance through the Federal Emergency Management Agency (FEMA). For FY17, storm related FEMA reimbursements of approximately \$155,000 and \$71,000 were received for the governmental and proprietary funds, respectively. For FY18, storm related FEMA reimbursements of approximately \$296,000 and \$32,000 were received for the governmental and proprietary funds, respectively. In addition to claims that have already been collected, additional claims are still being submitted to FEMA for review; however, reimbursement amounts cannot be determined at this time.



#### IV. OTHER INFORMATION (Continued)

##### D. Deferred Compensation Plans

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

##### E. Retirement

The aggregate amount for all pension plans as of September 30, 2018 are as follows:

	TMRS	TESRS	Total
<i>Net Pension Liability</i>	\$ 11,321,784	\$ 263,298	\$ 11,585,082
<i>Deferred Outflows of Resources</i>	\$ (2,112,449)	\$ (88,369)	\$ (2,200,818)
<i>Deferred Inflows of Resources</i>	\$ 2,573,718	\$ -	\$ 2,573,718
<i>Current Year Pension Expense</i>	\$ 1,142,371	\$ 16,269	\$ 1,158,640

##### 1. Texas Municipal Retirement System

###### Plan Description

The City of Brenham participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tMrs.org](http://www.tMrs.org).

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

###### Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefits in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments which cannot exceed 75% of the member's deposits and interest.

**IV. OTHER INFORMATION (Continued)**

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

	<i>Plan Year 2017</i>	<i>Plan Year 2018</i>
<i>Employee Deposit Rate</i>	5%	5%
<i>Matching Ratio (City to Employee)</i>	2 to 1	2 to 1
<i>Years Required for Vesting</i>	5	5
<i>Service Retirement Eligibility (Expressed as Age/Years of Service)</i>	60/5, 0/20	60/5, 0/20
<i>Updated Service Credit</i>	100%, Transfers	100%, Transfers
<i>Annuity Increase (To Retirees)</i>	70% of CPI	70% of CPI

Employees covered by benefit terms.

At the December 31 actuarial valuation and measurement date, the following employees were covered by the benefit terms:

	<u>2017</u>
<b>Membership</b>	
Inactive employees or beneficiaries currently receiving benefits	133
Inactive employees entitled to but not yet receiving benefits	127
Active employees	<u>207</u>
Total	467

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees of the City of Brenham were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Brenham were 9.62% and 10.12% in 2017 and 2018, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2018 were \$1,100,505 and were equal to the required contribution.

#### IV. OTHER INFORMATION (Continued)

##### Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

##### Actuarial assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rate multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment of younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate of ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

#### IV. OTHER INFORMATION (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	100.00%	

#### Discount Rate

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

#### Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	\$ 52,003,712	\$ 38,706,175	\$ 13,297,537
Changes for the year:			
Service Cost	1,304,264	-	1,304,264
Interest	3,472,820	-	3,472,820
Change of benefit terms	-	-	-
Difference between expected and actual experience	189,213	-	189,213
Changes of assumptions	-	-	-
Contributions - employer	-	1,058,129	(1,058,129)
Contributions - employee	-	551,014	(551,014)
Net investment income	-	5,362,117	(5,362,117)
Benefit payments, including refunds of employee contributions	(2,413,309)	(2,413,309)	-
Administrative expense	-	(27,801)	27,801
Other changes	-	(1,409)	1,409
Net changes	2,552,988	4,528,741	(1,975,753)
Balance at 12/31/2017	\$ 54,556,700	\$ 43,234,916	\$ 11,321,784

**IV. OTHER INFORMATION (Continued)**

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

The following presents the Net Pension Liability (NPL) of the City of Brenham, calculated using the discount rate of 6.75%, as well as what the City’s NPL would be if it were calculated using a discount that is 1-percentage-point lower (5.75%) or 1-percentage-point-higher (7.75%) than the current rate.

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$19,079,163	\$11,321,784	\$4,971,508

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmrs.org](http://www.tmrs.org).

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

For the year ended September 30, 2018, the City of Brenham recognized pension expense of \$1,142,371, and the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 145,816	\$ 372,667
Differences in assumption changes	21,494	-
Differences between projected and actual investment earnings	1,135,748	2,201,051
Contributions subsequent to the measurement date	809,391	-
Total	\$ 2,112,449	\$ 2,573,718

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$809,391 will be recognized as a reduction of the net pension liability for the year ending September 30, 2019.

**IV. OTHER INFORMATION (Continued)**

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

Measurement Year	Pension Expense
2018	\$ (118,094)
2019	(99,360)
2020	(518,943)
2021	(534,263)
2022	-
Thereafter	-
Total	\$ (1,270,660)

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2017, there were 235 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2017, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,104
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,208
Active Participants (Vested and Non-vested)	4,046

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

#### **IV. OTHER INFORMATION (Continued)**

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

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

##### Funding Policy

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

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

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2016, the Part Two contributions were established by the board to be 2% of the Part One contributions beginning September 30, 2017.

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

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

#### IV. OTHER INFORMATION (Continued)

##### Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2017, total contributions (dues, prior service, and interest on prior service financing) of \$53,060 were paid by the City. The State appropriated \$1,583,825 for the fiscal year ending August 31, 2017 to the plan as a whole.

##### Net Pension Liability

The System's net pension liability was measured as of August 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2016.

Total pension liability	\$ 129,121,466
Plan fiduciary net position	105,119,788
System's net pension liability	\$ 24,001,678
Plan fiduciary net position as a percentage of the total pension liability	81.40%

##### Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2016
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value

Actuarial Assumptions:	
Investment Rate of Return*	7.75%
Projected Salary Increase	N/A
*Includes Inflation At	3.00%
Cost of Living Adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2024 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.00%). In addition, the final 7.75% assumption reflected a reduction of 0.22% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:



#### IV. OTHER INFORMATION (Continued)

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large Cap Domestic	32.00%	5.72%
Small Cap Domestic	10.00%	5.96%
Developed International	21.00%	6.21%
Emerging Markets	6.00%	7.18%
Master Limited Partnership	5.00%	7.61%
Fixed Income		
Domestic	21.00%	1.61%
International	5.00%	1.81%
Cash	0.00%	0.00%
Total	100.00%	

#### Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2016 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease in Discount Rate (6.75%)	Discount Rate (7.75%)	1% Increase in Discount Rate (8.75%)
City's proportionate share of the net pension liability	\$491,689	\$263,298	\$119,218

#### IV. OTHER INFORMATION (Continued)

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

At August 31, 2018, the City reported a liability of \$263,298 for its proportionate share of the plan's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the collective net pension liability	\$ 263,298
State's proportionate share that is associated with the City*	<u>86,225</u>
Total	<u>\$ 349,523</u>

*\*Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective net pension liability.*

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward the net pension liability nor did they provide the necessary information for the participants to roll forward themselves. While the City acknowledges that the measurement date does not fall within this 12 month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2017. The City used the assumption that any differences in the net pension liability measured as of August 31, 2017 versus September 30, 2017 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 through August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 1.097%.

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

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

For the year ended September 30, 2018 the City recognized pension expense of \$16,269. The City recognized on-behalf revenues of \$25,816 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

**IV. OTHER INFORMATION (Continued)**

At August 31, 2017, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between projected and actual investment earnings	\$ 24,553
Differences due to changes in actuarial assumptions	\$ 3,846
Differences in expected and actual experience	\$ 280
Contributions paid to TESRS subsequent to the measurement data	\$ 59,690
<b>Total</b>	<b>\$ 88,369</b>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$59,690 will be recognized as a reduction of the net liability for the year ending September 30, 2018.

The net amounts of the employer's balances of deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year	Pension Expense
2018	\$ 12,390
2019	22,727
2020	(1,091)
2021	(5,347)
<b>Total</b>	<b>\$ 28,679</b>

**F. Restatements**

The net position of the City's governmental activities, business-type activities, Electric Fund, Gas Fund, Water Fund, Wastewater Fund, Sanitation Fund and component unit as previously reported, as of September 30, 2017, have been restated to give effect to the following:

**1. Capital Assets, Not Being Depreciated**

The beginning balance of capital assets reported in the government-wide financial statements has been restated as a result of a correction of a previously reported value.

#### IV. OTHER INFORMATION (Continued)

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

	<u>Component Unit</u>
Net position as previously reported	\$ 2,636,015
Decrease due to correction of capital assets	<u>(42,052)</u>
Net Position as restated	<u>\$ 2,593,963</u>

#### 2. Post Employment Benefits

During the year, the City implemented GASB Statement No. 75, "Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions." This statement requires employers to report a liability for post employment benefits other than pensions (OPEB), known as net OPEB liability (total OPEB liability for unfunded plans), to be recognized on the balance sheets of participating employers. Changes in net OPEB liability (total OPEB liability for unfunded plans) will be immediately recognized as OPEB expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change. Therefore, an adjustment was made to the beginning net position for the recording of the beginning OPEB liability.

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

	<u>Electric Fund</u>	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Sanitation Fund</u>
Net position as previously reported	\$ 20,185,918	\$ 2,794,532	\$ 14,108,968	\$ 13,600,345	\$ 1,513,653
Reversal of previously recorded post employment benefits as of September 30, 2017	119,380	24,654	42,332	26,891	38,749
Recording of post employment benefits as of September 30, 2017	<u>(200,171)</u>	<u>(41,339)</u>	<u>(70,980)</u>	<u>(45,089)</u>	<u>(64,972)</u>
Net Position as restated	<u>\$ 20,105,127</u>	<u>\$ 2,777,847</u>	<u>\$ 14,080,320</u>	<u>\$ 13,582,147</u>	<u>\$ 1,487,430</u>

A table depicting this change to the government-wide financial statements follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net position as previously reported	\$ 43,648,540	\$ 52,633,779	\$ 96,282,319
Reversal of previously recorded post employment benefits as of September 30, 2017	590,557	252,006	842,563
Recording of post employment benefits as of September 30, 2017	<u>(990,217)</u>	<u>(422,551)</u>	<u>(1,412,768)</u>
Net Position as restated	<u>\$ 43,248,880</u>	<u>\$ 52,463,234</u>	<u>\$ 95,712,114</u>

#### G. Other Post-Employment Benefits

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

**IV. OTHER INFORMATION (Continued)**

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

Employees covered by benefit terms. At October 1, 2016, the effective date of the most recent OPEB valuation, the following employees were covered by the benefit terms:

Inactive employees or spouses currently receiving benefit payments	6
Inactive employees entitled to but not yet receiving benefit payments	0
Active plan members	<u>175</u>
	181

Total OPEB Liability. The City's total OPEB liability of \$1,384,941 was measured as of September 30, 2018, and was determined by an actuarial valuation as of October 1, 2016.

Actuarial Assumptions. The total OPEB in the October 1, 2016 actuarial valuation was determined using the following actuarial assumptions as of the September 30, 2018 measurement date:

Discount rate	3.64%
Actuarial cost method	Entry Age Normal
Inflation	2.50%
Salary increases including inflation	3.00%
Healthcare cost trend rate	Initial rate of 4.40% increasing to 5.9% after 18 years then declining to an ultimate rate of 4.00% after 70 years

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

Mortality rates were based on the RP-2000 Healthy Mortality projected forward with scale BB.

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

**IV. OTHER INFORMATION (Continued)**

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2017	\$ 1,412,768
Changes for the year:	
Service Cost	81,913
Interest on total OPEB liability	53,194
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions, changes or inputs	(95,711)
Benefit payments	(67,223)
Net changes	(27,827)
Balance at 9/30/2018	\$ 1,384,941

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.18%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.18%) or 1 percentage point higher (5.18%) than the current rate.

	1% Decrease in Discount Rate (3.18%)	Discount Rate (4.18%)	1% Increase in Discount Rate (5.18%)
Total OPEB Liability	\$1,545,197	\$1,384,941	\$1,242,818

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$1,181,043	\$1,384,941	\$1,634,697

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

For the year ended September 30, 2018, the City recognized OPEB expense of \$54,950. At September 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Changes of assumptions	\$ 82,777
Total	\$ 82,777

#### IV. OTHER INFORMATION (Continued)

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

Year ended September 30:	
2019	\$ (12,934)
2020	(12,934)
2021	(12,934)
2023	(12,934)
2023	(12,934)
Thereafter	(18,107)
Total	<u>\$ (82,777)</u>

#### H. Tax Abatements

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

The City has established guidelines and criteria for tax abatements and has adopted formal incentive schedules for calculating the level of abatement depending on the combination of property value created and job creation/retention. These schedules also include property value created in the downtown district. The recipients commit to adding new value to the tax rolls of eligible property within established minimums and maximums and commit to new and or retained full-time employees with a minimum salary and benefits level.

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

For fiscal year 2018, the City abated property taxes of \$205,323, or 3.1%, of the \$6,599,891 total levy.

#### I. Subsequent Events

On December 13, 2018, the City Council approved an ordinance for the creation of a Tax Increment Reinvestment Zone (TIRZ) in accordance with Section 311.03 of the Texas Tax Code. The TIRZ contains approximately 2,201 acres of land in areas in which the City would like to encourage new investment and attract development.

On December 13, 2018, the City Council approved the purchase of ten vehicles for the police department through the General Motors Competitive Equalization Program for Political Subdivisions in the amount of \$368,744.

#### **IV. OTHER INFORMATION (Continued)**

On December 13, 2018, the City Council approved the purchase of public safety replacement radios through the Houston-Galveston Area Council in the amount of \$576,623. At the same meeting, Council approved an equipment financing proposal for the public safety radio replacements with the Bank of Brenham. The note term is for three years and has a 3.5% interest rate with annual payments of principal and interest.

On January 17, 2019, the City Council awarded a bid in the amount of \$1,006,911 to Techline Construction for the Electric Department copper conductor replacement project and approved the purchase of \$188,599 of materials for this project from Techline, Inc. through the Lower Colorado River Authority Material Program.

On January 17, 2019, the City Council approved a Chapter 380 Economic Development Agreement between the City of Brenham and BK Stringer Limited, also known as Baker Katz, related to a commercial and retail development project.

On February 7, 2019, the City Council awarded a bid in the amount of \$1,487,910 to Solid Bridge Construction, LLC related to Wastewater Treatment Plant storm damage repairs.

On February 21, 2019, the City Council awarded a bid in the amount of \$1,357,230 to Barclays Premier Utility Services, LLC for the Water Department water main replacement project.

On February 21, 2019, the City Council authorized the issuance and sale of \$3,060,000 Combination Tax and Revenue Certificates of Obligation, Series 2019. The proceeds are to be used for the following purposes:

- Renovation of and improvements to the City's water utility systems and facilities
- Construction of street and drainage improvements

#### **J. New Pronouncements**

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

- Statement No. 87, "Leases." The requirements of this statement are effective for FY21.
- Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." The requirements of this statement are effective for FY19.





**City of Brenham, Texas**  
**Required Supplementary Information**  
**September 30, 2018**

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

		<b>2018</b>
<b>Total OPEB Liability</b>		
Service Cost	\$	81,913
Interest on total OPEB liability		53,194
Effect of assumptions, changes or inputs		(95,711)
Benefit payments		(67,223)
<b>Net Change in Total OPEB Liability</b>		(27,827)
<b>Total OPEB Liability - Beginning</b>		1,412,768
<b>Total OPEB Liability - Ending</b>	<b>\$</b>	<b>1,384,941</b>
Covered employee payroll		10,974,567
Total OPEB liability as a percentage of covered-employee payroll		12.62%

**Notes to Schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

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**City of Brenham, Texas**  
**Required Supplementary Information**  
**September 30, 2018**

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

Last 10 Years (will ultimately be displayed)

Measurement Year	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 1,137,682	\$ 1,217,054	\$ 1,221,386	\$ 1,304,264
Interest (on the Total Pension Liability)	3,168,390	3,311,366	3,339,042	3,472,820
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(488,131)	(335,369)	(353,462)	189,213
Change of assumptions	-	65,360	-	-
Benefit payments, including refunds of employee contributions	(1,552,848)	(2,077,364)	(2,119,688)	(2,413,309)
<b>Net Change in Total Pension Liability</b>	<b>2,265,093</b>	<b>2,181,047</b>	<b>2,087,278</b>	<b>2,552,988</b>
<b>Total Pension Liability - Beginning</b>	<b>45,470,294</b>	<b>47,735,387</b>	<b>49,916,434</b>	<b>52,003,712</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$47,735,387</b>	<b>\$49,916,434</b>	<b>\$52,003,712</b>	<b>\$54,556,700</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129
Contributions - Employee	519,774	529,614	520,181	551,014
Net Investment Income	2,076,198	56,134	2,512,798	5,362,117
Benefit payments, including refunds of employee contributions	(1,552,848)	(2,077,364)	(2,119,688)	(2,413,309)
Administrative Expense	(21,680)	(34,193)	(28,385)	(27,801)
Other	(1,782)	(1,688)	(1,529)	(1,409)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,745,220</b>	<b>(854,842)</b>	<b>1,516,404</b>	<b>4,528,741</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>36,299,393</b>	<b>38,044,613</b>	<b>37,189,771</b>	<b>38,706,175</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$38,044,613</b>	<b>\$37,189,771</b>	<b>\$38,706,175</b>	<b>\$43,234,916</b>
<b>Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 9,690,774</b>	<b>\$ 12,726,663</b>	<b>\$ 13,297,537</b>	<b>\$ 11,321,784</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>79.70%</b>	<b>74.50%</b>	<b>74.43%</b>	<b>79.25%</b>
<b>Covered Payroll</b>	<b>\$ 10,395,487</b>	<b>\$ 10,592,288</b>	<b>\$ 10,403,627</b>	<b>\$ 11,006,445</b>
<b>Net Position Liability as a Percentage of Covered Employee Payroll</b>	<b>93.22%</b>	<b>120.15%</b>	<b>127.82%</b>	<b>102.87%</b>

**Notes to Schedule:**

N/A

**City of Brenham, Texas  
Required Supplementary Information  
September 30, 2018**

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

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 851,388	\$ 833,706	\$ 904,116	\$ 698,787	\$ 694,276	\$ 726,981	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129
Contributions in relation to the actuarially determined contribution	\$ 851,388	\$ 833,706	\$ 904,116	\$ 698,787	\$ 694,276	\$ 726,981	\$ 725,558	\$ 672,655	\$ 633,027	\$ 1,058,129
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 9,116,479	\$ 9,171,150	\$ 9,567,491	\$ 9,856,804	\$ 9,933,343	\$ 10,158,757	\$ 10,278,949	\$ 10,290,949	\$ 10,879,880	\$ 10,974,567
Contributions as a percentage of covered employee payroll	9.34%	9.09%	9.45%	7.09%	6.99%	7.16%	7.06%	6.54%	5.82%	9.64%

**Notes to Schedule of Contributions**

**Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method Entry Age Normal  
 Amortization Method Level Percentage of Payroll, Closed  
 Remaining Amortization Period 25 Years  
 Asset Valuation Method 10 Year smoothed market; 15% soft corridor  
 Inflation 2.50%  
 Salary Increases 3.50 to 10.50%, including inflation  
 Investment Rate of Return 6.75%  
 Retirement Age Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.  
 Mortality RP2000 Combined Mortality Table with Blue Collar Adjustment with male rate multiplied by 109% and female rate multiplied by 103% and projected on a fully generational basis with scale BB.

**Other Information:**

Notes  
 1.) Adopted 100% repeating USC with transfer.  
 2.) Granted 70% ad hoc COLA.

**City of Brenham, Texas**  
**Required Supplementary Information**  
**September 30, 2018**

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

Measurement Year	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
City's proportion of the net pension liability	1.1990%	1.1290%	1.2100%	1.0970%
City's proportionate share of the net pension liability	\$ 217,878	\$ 301,359	\$ 352,450	\$ 263,298
State's proportionate share of the net pension liability	73,625	104,460	121,846	86,225
<b>Total</b>	<b>\$ 291,503</b>	<b>\$ 405,819</b>	<b>\$ 474,296</b>	<b>\$ 349,523</b>
Number of Active Members*	32	32	32	35
City's Net Pension Liability per Active Member	\$ 6,809	\$ 9,417	\$ 11,014	\$ 7,523
Plan fiduciary net position as a percentage of the total pension liability	83.50%	76.90%	76.30%	81.40%

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

**Notes to Schedule:**

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

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

**City of Brenham, Texas**  
**Required Supplementary Information**  
**September 30, 2018**

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

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 54,320	\$ 53,340	\$ 55,440	\$ 53,060	59,690
Contributions in relation to the contractually required contribution	54,320	53,340	55,440	53,060	59,690
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of Active Members *	32	32	32	32	35
Contributions per Active Member	\$ 1,698	\$ 1,667	\$ 1,733	\$ 1,658	\$ 1,705

**Notes to Schedule of Contributions:**

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





## **CITY OF BRENHAM, TEXAS**

### **Special Revenue Funds**

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

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

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

#### **Hotel/Motel Tax Fund – Washington County**

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

#### **PD Criminal Law Enforcement Fund**

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

#### **Courts Technology/Security Fund**

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

### **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.

#### **Capital Leases Fund**

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

#### **2017 Capital Projects Fund**

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

#### **2014 Capital Projects Fund**

This fund is used to account for proceeds and expenditures for the approved 2014 Bond projects.

#### **Parks Capital Improvements Fund**

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

#### **Streets and Drainage Improvements Fund**

This fund is used to account for 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.

#### **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, 2018**

	<b>Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>Assets</b>			
Cash and Equivalents	\$ 13,634	\$ 862,187	\$ 875,821
Receivables (Net)			
Occupancy Tax	76,075	-	76,075
Accounts	21,190	-	21,190
Restricted Cash	233,222	1,923,761	2,156,983
<b>Total Assets</b>	<b>\$ 344,121</b>	<b>\$ 2,785,948</b>	<b>\$ 3,130,069</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable & Other Current	\$ 17,304	\$ 180,861	\$ 198,165
<b>Total Liabilities</b>	<b>17,304</b>	<b>180,861</b>	<b>198,165</b>
<b>Fund Balances:</b>			
Restricted	326,817	1,847,180	2,173,997
Committed	-	421,060	421,060
Assigned	-	336,847	336,847
<b>Total Fund Balances</b>	<b>326,817</b>	<b>2,605,087</b>	<b>2,931,904</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 344,121</b>	<b>\$ 2,785,948</b>	<b>\$ 3,130,069</b>

**City of Brenham**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended September 30, 2018**

	<b>Special Revenue Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Other Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 791,998	\$ -	\$ 791,998
Intergovernmental	-	19,500	19,500
Charges for Services	51,970	-	51,970
Investment Income	4,413	39,597	44,010
Payment from Component Unit	-	627,393	627,393
Contributions and Donations	-	5,010	5,010
Program Revenue/Restitution	7,639	-	7,639
Miscellaneous	-	101,597	101,597
<b>Total revenues</b>	<u>856,020</u>	<u>793,097</u>	<u>1,649,117</u>
<b>Expenditures</b>			
Current:			
Culture and Recreation	518,758	81,516	600,274
General Government	44,585	-	44,585
Capital Outlay	-	1,695,143	1,695,143
Debt Service:			
Issuance Costs	-	75,326	75,326
<b>Total expenditures</b>	<u>563,343</u>	<u>1,851,985</u>	<u>2,415,328</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>292,677</u>	<u>(1,058,888)</u>	<u>(766,211)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	37,368	37,368
Transfers Out	(269,934)	(724,371)	(994,305)
Lease Proceeds	-	86,167	86,167
Issuance of Debt	-	2,650,000	2,650,000
Premium on Debt Issued	-	145,626	145,626
<b>Total other financing sources and (uses)</b>	<u>(269,934)</u>	<u>2,194,790</u>	<u>1,924,856</u>
<b>Net change in Fund Balances</b>	22,743	1,135,902	1,158,645
<b>Fund balances - beginning</b>	<u>304,074</u>	<u>1,469,185</u>	<u>1,773,259</u>
<b>Fund balances - ending</b>	<u>\$ 326,817</u>	<u>\$ 2,605,087</u>	<u>\$ 2,931,904</u>

**City of Brenham**  
**Combining Balance Sheet**  
**Other Governmental Funds - Special Revenue Funds**  
**September 30, 2018**

	<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>Assets</b>				
Cash and Equivalents	\$ -	\$ 8,962	\$ -	\$ 4,672
Receivables (Net)				
Occupancy Tax	76,075	-	-	76,075
Accounts	21,190	-	-	21,190
Interfund Receivables	-	-	45,628	45,628
Restricted Cash	206,533	-	26,689	233,222
<b>Total Assets</b>	<b>\$ 303,798</b>	<b>\$ 8,962</b>	<b>\$ 26,689</b>	<b>\$ 50,300</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable & Other Current	\$ 16,983	\$ -	\$ 321	\$ 17,304
Interfund Payables	45,628	-	-	45,628
<b>Total Liabilities</b>	<b>62,611</b>	<b>-</b>	<b>321</b>	<b>62,932</b>
Fund Balances:				
Restricted	241,187	8,962	26,689	49,979
<b>Total Fund Balances</b>	<b>241,187</b>	<b>8,962</b>	<b>26,689</b>	<b>49,979</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 303,798</b>	<b>\$ 8,962</b>	<b>\$ 26,689</b>	<b>\$ 50,300</b>

**City of Brenham**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds - Special Revenue Funds**  
**For the Year Ended September 30, 2018**

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Total Special Revenue Funds
<b>Revenues</b>					
Taxes	\$ 671,998	\$ 120,000	\$ -	\$ -	\$ 791,998
Charges for Services	-	-	-	51,970	51,970
Investment Income	3,543	128	257	485	4,413
Program Revenue/Restitution	-	-	7,639	-	7,639
<b>Total revenues</b>	<u>675,541</u>	<u>120,128</u>	<u>7,896</u>	<u>52,455</u>	<u>856,020</u>
<b>Expenditures</b>					
Current:					
Culture and Recreation	398,928	119,830	-	-	518,758
General Government	-	-	-	44,585	44,585
<b>Total expenditures</b>	<u>398,928</u>	<u>119,830</u>	<u>-</u>	<u>44,585</u>	<u>563,343</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>276,613</u>	<u>298</u>	<u>7,896</u>	<u>7,870</u>	<u>292,677</u>
<b>Other Financing Sources (Uses)</b>					
Transfers Out	(251,351)	-	-	(18,583)	(269,934)
<b>Total other financing sources and (uses)</b>	<u>(251,351)</u>	<u>-</u>	<u>-</u>	<u>(18,583)</u>	<u>(269,934)</u>
<b>Net change in Fund Balances</b>	25,262	298	7,896	(10,713)	22,743
<b>Fund balances - beginning</b>	<u>215,925</u>	<u>8,664</u>	<u>18,793</u>	<u>60,692</u>	<u>304,074</u>
<b>Fund balances - ending</b>	<u>\$ 241,187</u>	<u>\$ 8,962</u>	<u>\$ 26,689</u>	<u>\$ 49,979</u>	<u>\$ 326,817</u>

City of Brenham  
Combining Balance Sheet  
Other Governmental Funds - Nonmajor Capital Projects Funds  
September 30, 2018

	Airport Capital Impr. Fund	Capital Leases Fund	2017 Capital Projects Fund	2014 Capital Projects Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	Total Nonmajor Capital Projects Funds
<b>Assets</b>							
Cash and Cash Equivalents	\$ 6,992	\$ -	\$ -	\$ -	\$ 541,542	\$ 313,653	\$ 862,187
Interfund Receivable	-	-	-	-	9,408	-	9,408
Restricted Cash	-	-	1,556,083	-	-	367,678	1,923,761
<b>Total Assets</b>	<u>\$ 6,992</u>	<u>\$ -</u>	<u>\$ 1,556,083</u>	<u>\$ -</u>	<u>\$ 550,950</u>	<u>\$ 681,331</u>	<u>\$ 2,795,356</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts Payable & Other Current Liabilities	\$ -	\$ -	\$ 76,601	\$ -	\$ 104,260	\$ -	\$ 180,861
Interfund Payables	-	-	9,408	-	-	-	9,408
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>86,009</u>	<u>-</u>	<u>104,260</u>	<u>-</u>	<u>190,269</u>
<b>Fund Balances:</b>							
Restricted	-	-	1,470,074	-	9,428	367,678	1,847,180
Committed	6,992	-	-	-	414,068	-	421,060
Assigned	-	-	-	-	23,194	313,653	336,847
<b>Total Fund Balances</b>	<u>6,992</u>	<u>-</u>	<u>1,470,074</u>	<u>-</u>	<u>446,690</u>	<u>681,331</u>	<u>2,605,087</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,992</u>	<u>\$ -</u>	<u>\$ 1,556,083</u>	<u>\$ -</u>	<u>\$ 550,950</u>	<u>\$ 681,331</u>	<u>\$ 2,795,356</u>



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, 2018

	Airport Capital Impr. Fund	Capital Leases Fund	2017 Capital Projects Fund	2014 Capital Projects Fund	Parks Capital Improvements Fund	Streets & Improvements Fund	Total Nonmajor Capital Projects Funds
<b>Revenues</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 19,500	\$ -	\$ 19,500
Investment Income	49	84	31,367	2,494	-	5,603	39,597
Payment from Component Unit	-	-	150,000	-	477,393	-	627,393
Contributions and Donations	-	-	-	-	5,010	-	5,010
Miscellaneous	-	-	-	-	101,597	-	101,597
<b>Total revenues</b>	<b>49</b>	<b>84</b>	<b>181,367</b>	<b>2,494</b>	<b>603,500</b>	<b>5,603</b>	<b>793,097</b>
<b>Expenditures</b>							
Current:							
Culture and Recreation	-	-	-	-	81,516	-	81,516
Capital Outlay	-	86,167	777,294	152,912	363,906	314,864	1,695,143
Debt Service:							
Issuance Costs	-	-	75,326	-	-	-	75,326
<b>Total expenditures</b>	<b>-</b>	<b>86,167</b>	<b>852,620</b>	<b>152,912</b>	<b>445,422</b>	<b>314,864</b>	<b>1,851,985</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>49</b>	<b>(86,083)</b>	<b>(671,253)</b>	<b>(150,418)</b>	<b>158,078</b>	<b>(309,261)</b>	<b>(1,058,888)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	-	37,368	-	-	-	-	37,368
Transfers Out	-	(56,432)	(654,299)	(13,640)	-	-	(724,371)
Lease Proceeds	-	86,167	-	-	-	-	86,167
Issuance of Debt	-	-	2,650,000	-	-	-	2,650,000
Premium on Debt Issued	-	-	145,626	-	-	-	145,626
<b>Total other financing sources and (uses)</b>	<b>-</b>	<b>67,103</b>	<b>2,141,327</b>	<b>(13,640)</b>	<b>-</b>	<b>-</b>	<b>2,194,790</b>
<b>Net change in Fund Balances</b>	<b>49</b>	<b>(18,980)</b>	<b>1,470,074</b>	<b>(164,058)</b>	<b>158,078</b>	<b>(309,261)</b>	<b>1,135,902</b>
<b>Fund balances - beginning</b>	<b>6,943</b>	<b>18,980</b>	<b>-</b>	<b>164,058</b>	<b>288,612</b>	<b>990,592</b>	<b>1,469,185</b>
<b>Fund balances - ending</b>	<b>\$ 6,992</b>	<b>\$ -</b>	<b>\$ 1,470,074</b>	<b>\$ -</b>	<b>\$ 446,690</b>	<b>\$ 681,331</b>	<b>\$ 2,605,087</b>

**City of Brenham**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**September 30, 2018**

	<b>Workers' Compensation Fund</b>	<b>Central Fleet Fund</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and Cash Equivalents	\$ -	\$ 164,936	\$ 164,936
Inventory at Cost	-	850	850
Other Current Assets	100	-	100
Restricted Cash	157,229	-	157,229
<b>Total current assets</b>	<b>157,329</b>	<b>165,786</b>	<b>323,115</b>
Noncurrent assets:			
Capital Assets, Net	-	392,996	392,996
<b>Total noncurrent assets</b>	<b>-</b>	<b>392,996</b>	<b>392,996</b>
<b>Total Assets</b>	<b>\$ 157,329</b>	<b>\$ 558,782</b>	<b>\$ 716,111</b>
<b>Liabilities and Fund Balances</b>			
Current liabilities:			
Accounts Payable & Other Current Liabilities	\$ -	\$ 310	\$ 310
Accrued Interest	-	2,148	2,148
Lease Payable, Current	-	26,523	26,523
<b>Total current liabilities</b>	<b>-</b>	<b>28,981</b>	<b>28,981</b>
Noncurrent liabilities:			
Long Term Debt, Net	-	142,263	142,263
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>142,263</b>	<b>142,263</b>
<b>Total Liabilities</b>	<b>-</b>	<b>171,244</b>	<b>171,244</b>
<b>Net Position</b>			
Net Investment in Capital Assets	-	224,210	224,210
Unrestricted	157,329	163,328	320,657
<b>Total Net Position</b>	<b>\$ 157,329</b>	<b>\$ 387,538</b>	<b>\$ 544,867</b>

**City of Brenham, Texas**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year ended September 30, 2018**

	<b>Workers' Compensation Fund</b>	<b>Central Fleet Fund</b>	<b>Total</b>
Operating revenues:			
Charges for Services	\$ 208,395	\$ 117,893	\$ 326,288
Total operating revenues	<u>208,395</u>	<u>117,893</u>	<u>326,288</u>
Operating expenses:			
Supplies	-	11,503	11,503
Maintenance	-	17,082	17,082
Contractual Services	158,849	390	159,239
Depreciation	-	52,937	52,937
Miscellaneous	-	5,607	5,607
Total operating expenses	<u>158,849</u>	<u>87,519</u>	<u>246,368</u>
Operating Income (loss)	<u>49,546</u>	<u>30,374</u>	<u>79,920</u>
Nonoperating revenues (expenses):			
Investment Income	1,281	1,242	2,523
Interest Expense & Fiscal Charges	-	(4,246)	(4,246)
Total non-operating revenue (expenses):	<u>1,281</u>	<u>(3,004)</u>	<u>(1,723)</u>
Change in net position	50,827	27,370	78,197
Total net position - beginning	106,502	360,168	466,670
Total net position - ending	<u>\$ 157,329</u>	<u>\$ 387,538</u>	<u>\$ 544,867</u>

**City of Brenham, Texas**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year ended September 30, 2018**

	<b>Workers' Compensation Fund</b>	<b>Central Fleet Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from/(payments for) interfund services provided	\$ 208,395	\$ 117,893	\$ 326,288
Payments to suppliers	(159,920)	(40,520)	(200,440)
Net cash provided (used) by operating activities	<u>48,475</u>	<u>77,373</u>	<u>125,848</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and Construction of Capital Assets	-	(163,591)	(163,591)
Principal paid on bonds and capital leases	-	(25,914)	(25,914)
Interest and fees paid on capital leases	-	(4,576)	(4,576)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(194,081)</u>	<u>(194,081)</u>
<b>Cash Flows from Investing Activities</b>			
Investment income received	1,281	1,242	2,523
Net cash provided (used) by investing activities	<u>1,281</u>	<u>1,242</u>	<u>2,523</u>
Net increase (decrease) in cash and cash equivalents	49,756	(115,466)	(65,710)
Cash and cash equivalents, beginning of the year	107,473	280,402	387,875
Cash and cash equivalents, end of the year	<u>\$ 157,229</u>	<u>\$ 164,936</u>	<u>\$ 322,165</u>
Reconciliation of cash and cash equivalents to statement of net position			
Cash and equivalents	\$ -	\$ 164,936	\$ 164,936
Restricted cash and equivalents	157,229	-	157,229
Cash and cash equivalents, end of year	<u>\$ 157,229</u>	<u>\$ 164,936</u>	<u>\$ 322,165</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 49,546	\$ 30,374	\$ 79,920
Adjustments to reconcile net cash provided (used) by operating activities			
Depreciation	-	52,937	52,937
Changes in assets and liabilities affecting cash provided by operations:			
(Increase) decrease in inventory	-	1,119	1,119
Increase (decrease) in accounts payable and other current liabilities	(1,071)	(7,057)	(8,128)
Net cash provided (used) by operating activities	<u>\$ 48,475</u>	<u>\$ 77,373</u>	<u>\$ 125,848</u>

**City of Brenham**  
**Debt Service**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,517,574	\$ 2,517,574	\$ 2,534,576	\$ 17,002
Investment Income	5,000	5,000	23,577	18,577
Payments from Other Governments	56,600	56,600	-	(56,600)
Payment from Component Unit	436,474	436,474	436,474	-
<b>Total revenues</b>	<u>3,015,648</u>	<u>3,015,648</u>	<u>2,994,627</u>	<u>(21,021)</u>
<b>Expenditures</b>				
Debt Service:				
Interest and Fiscal Charges	659,591	659,591	668,735	(9,144)
Principal Retirement	4,516,057	4,516,057	4,466,057	50,000
<b>Total Expenditures</b>	<u>5,175,648</u>	<u>5,175,648</u>	<u>5,134,792</u>	<u>40,856</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,160,000)</u>	<u>(2,160,000)</u>	<u>(2,140,165)</u>	<u>19,835</u>
<b>Other Financing Sources (Uses)</b>				
Transfer In	2,160,000	2,216,432	2,216,432	-
<b>Total other financing sources and (uses)</b>	<u>2,160,000</u>	<u>2,216,432</u>	<u>2,216,432</u>	<u>-</u>
<b>Net change in fund balance</b>	-	56,432	76,267	19,835
<b>Fund balance - beginning</b>	<u>226,949</u>	<u>226,949</u>	<u>226,949</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 226,949</u>	<u>\$ 283,381</u>	<u>\$ 303,216</u>	<u>\$ 19,835</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Hotel/Motel Occupancy Tax	\$ 645,000	\$ 650,700	\$ 671,998	\$ 21,298
Investment Income	1,000	1,000	3,543	2,543
<b>Total revenues</b>	<u>646,000</u>	<u>651,700</u>	<u>675,541</u>	<u>23,841</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	425,349	425,349	398,928	26,421
<b>Total Expenditures</b>	<u>425,349</u>	<u>425,349</u>	<u>398,928</u>	<u>26,421</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>220,651</u>	<u>226,351</u>	<u>276,613</u>	<u>50,262</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(245,651)	(251,351)	(251,351)	-
<b>Total other financing sources and (uses)</b>	<u>(245,651)</u>	<u>(251,351)</u>	<u>(251,351)</u>	<u>-</u>
<b>Net change in fund balance</b>	(25,000)	(25,000)	25,262	50,262
<b>Fund balance - beginning</b>	215,925	215,925	215,925	-
<b>Fund balance - ending</b>	<u>\$ 190,925</u>	<u>\$ 190,925</u>	<u>\$ 241,187</u>	<u>\$ 50,262</u>

**City of Brenham**  
**Hotel/Motel Fund - Washington County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Hotel/Motel Occupancy Tax	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Investment Income	-	-	128	128
<b>Total revenues</b>	<u>120,000</u>	<u>120,000</u>	<u>120,128</u>	<u>128</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	120,000	120,000	119,830	170
<b>Total Expenditures</b>	<u>120,000</u>	<u>120,000</u>	<u>119,830</u>	<u>170</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>298</u>	<u>298</u>
<b>Net change in fund balance</b>	-	-	298	298
<b>Fund balance - beginning</b>	8,664	8,664	8,664	-
<b>Fund balance - ending</b>	<u>\$ 8,664</u>	<u>\$ 8,664</u>	<u>\$ 8,962</u>	<u>\$ 298</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Income	\$ 100	\$ 100	\$ 257	\$ 157
Program Income/Restitution	10,000	10,000	7,639	(2,361)
<b>Total revenues</b>	<u>10,100</u>	<u>10,100</u>	<u>7,896</u>	<u>(2,204)</u>
<b>Expenditures</b>				
Current:				
Public Safety	15,000	15,000	-	15,000
<b>Total Expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
<b>Net change in fund balance</b>	<u>(4,900)</u>	<u>(4,900)</u>	<u>7,896</u>	<u>12,796</u>
<b>Fund balance - beginning</b>	18,793	18,793	18,793	-
<b>Fund balance - ending</b>	<u>\$ 13,893</u>	<u>\$ 13,893</u>	<u>\$ 26,689</u>	<u>\$ 12,796</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$ 57,100	\$ 54,902	\$ 51,970	\$ (2,932)
Investment Income	1,000	1,000	485	(515)
<b>Total revenues</b>	<u>58,100</u>	<u>55,902</u>	<u>52,455</u>	<u>(3,447)</u>
<b>Expenditures</b>				
Current:				
General Government	35,000	45,615	44,585	1,030
<b>Total Expenditures</b>	<u>35,000</u>	<u>45,615</u>	<u>44,585</u>	<u>1,030</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>23,100</u>	<u>10,287</u>	<u>7,870</u>	<u>(2,417)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(41,000)	(21,000)	(18,583)	2,417
<b>Total other financing sources and (uses)</b>	<u>(41,000)</u>	<u>(21,000)</u>	<u>(18,583)</u>	<u>2,417</u>
<b>Net change in fund balance</b>	(17,900)	(10,713)	(10,713)	-
<b>Fund balance - beginning</b>	60,692	60,692	60,692	-
<b>Fund balance - ending</b>	<u>\$ 42,792</u>	<u>\$ 49,979</u>	<u>\$ 49,979</u>	<u>-</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Income	\$ 50	\$ 50	\$ 49	\$ (1)
<b>Total revenues</b>	<u>50</u>	<u>50</u>	<u>49</u>	<u>(1)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>50</u>	<u>50</u>	<u>49</u>	<u>(1)</u>
<b>Net change in fund balance</b>	50	50	49	(1)
<b>Fund balance - beginning</b>	6,943	6,943	6,943	-
<b>Fund balance - ending</b>	<u>\$ 6,993</u>	<u>\$ 6,993</u>	<u>\$ 6,992</u>	<u>\$ (1)</u>

**City of Brenham**  
**Capital Leases Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Income	\$ -	\$ -	\$ 84	\$ 84
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>84</u>	<u>84</u>
<b>Expenditures</b>				
Capital Outlay	16,000	86,167	86,167	-
<b>Total Expenditures</b>	<u>16,000</u>	<u>86,167</u>	<u>86,167</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(16,000)</u>	<u>(86,167)</u>	<u>(86,083)</u>	<u>84</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	37,368	37,368	-
Transfers Out	-	(56,432)	(56,432)	-
Issuance of Capital Lease	-	86,167	86,167	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>67,103</u>	<u>67,103</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(16,000)</u>	<u>(19,064)</u>	<u>(18,980)</u>	<u>84</u>
<b>Fund balance - beginning</b>	<u>18,980</u>	<u>18,980</u>	<u>18,980</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 2,980</u>	<u>\$ (84)</u>	<u>\$ -</u>	<u>\$ 84</u>

**City of Brenham**  
**2017 Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Income	\$ -	\$ 31,367	\$ 31,367	\$ -
Payment from Component Unit	-	150,000	150,000	-
<b>Total revenues</b>	<u>-</u>	<u>181,367</u>	<u>181,367</u>	<u>-</u>
<b>Expenditures</b>				
Capital Outlay	-	777,294	777,294	-
Debt Service:				
Issuance Costs	-	75,326	75,326	-
<b>Total Expenditures</b>	<u>-</u>	<u>852,620</u>	<u>852,620</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(671,253)</u>	<u>(671,253)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(654,299)	(654,299)	-
Issuance of Debt	-	2,650,000	2,650,000	-
Premium on Debt Issued	-	145,626	145,626	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>2,141,327</u>	<u>2,141,327</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>1,470,074</u>	<u>1,470,074</u>	<u>-</u>
<b>Fund balance - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ 1,470,074</u>	<u>\$ 1,470,074</u>	<u>\$ -</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Income	\$ 1,500	\$ 1,500	\$ 2,494	\$ 994
<b>Total revenues</b>	<u>1,500</u>	<u>1,500</u>	<u>2,494</u>	<u>994</u>
<b>Expenditures</b>				
Capital Outlay	294,000	294,000	152,912	141,088
<b>Total Expenditures</b>	<u>294,000</u>	<u>294,000</u>	<u>152,912</u>	<u>141,088</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(292,500)</u>	<u>(292,500)</u>	<u>(150,418)</u>	<u>142,082</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(13,640)	(13,640)	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>(13,640)</u>	<u>(13,640)</u>	<u>-</u>
<b>Net change in fund balance</b>	(292,500)	(306,140)	(164,058)	142,082
<b>Fund balance - beginning</b>	164,058	164,058	164,058	-
<b>Fund balance - ending</b>	<u>\$ (128,442)</u>	<u>\$ (142,082)</u>	<u>\$ -</u>	<u>\$ 142,082</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 19,500	\$ 19,500
Contributions and Donations	5,000	5,000	5,010	10
Payment from Component Unit	391,000	477,393	477,393	-
Miscellaneous	18,000	18,000	101,597	83,597
<b>Total revenues</b>	<u>414,000</u>	<u>500,393</u>	<u>603,500</u>	<u>103,107</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	54,600	54,600	81,516	(26,916)
Capital Outlay	604,900	604,900	363,906	240,994
<b>Total Expenditures</b>	<u>659,500</u>	<u>659,500</u>	<u>445,422</u>	<u>214,078</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(245,500)</u>	<u>(159,107)</u>	<u>158,078</u>	<u>317,185</u>
<b>Net change in fund balance</b>	(245,500)	(159,107)	158,078	317,185
<b>Fund balance - beginning</b>	288,612	288,612	288,612	-
<b>Fund balance - ending</b>	<u>\$ 43,112</u>	<u>\$ 129,505</u>	<u>\$ 446,690</u>	<u>\$ 317,185</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Income	\$ 1,000	\$ 1,000	\$ 5,603	\$ 4,603
<b>Total revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>5,603</u>	<u>4,603</u>
<b>Expenditures</b>				
Capital Outlay	586,000	586,000	314,864	271,136
<b>Total Expenditures</b>	<u>586,000</u>	<u>586,000</u>	<u>314,864</u>	<u>271,136</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(585,000)</u>	<u>(585,000)</u>	<u>(309,261)</u>	<u>275,739</u>
<b>Net change in fund balance</b>	(585,000)	(585,000)	(309,261)	275,739
<b>Fund balance - beginning</b>	990,592	990,592	990,592	-
<b>Fund balance - ending</b>	<u>\$ 405,592</u>	<u>\$ 405,592</u>	<u>\$ 681,331</u>	<u>\$ 275,739</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Investment Income	\$ 20,000	\$ 20,000	\$ 68,703	\$ 48,703
<b>Total revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>68,703</u>	<u>48,703</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>20,000</u>	<u>20,000</u>	<u>68,703</u>	<u>48,703</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(2,160,000)</u>	<u>(2,160,000)</u>	<u>(2,160,000)</u>	<u>-</u>
<b>Total other financing sources and (uses)</b>	<u>(2,160,000)</u>	<u>(2,160,000)</u>	<u>(2,160,000)</u>	<u>-</u>
<b>Net change in fund balance</b>	(2,140,000)	(2,140,000)	(2,091,297)	48,703
<b>Fund balance - beginning</b>	4,881,345	4,881,345	4,881,345	-
<b>Fund balance - ending</b>	<u>\$ 2,741,345</u>	<u>\$ 2,741,345</u>	<u>\$ 2,790,048</u>	<u>\$ 48,703</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 1,664,472	\$ 1,683,352	\$ 1,616,851	\$ (66,501)
Investment Income	7,500	7,500	35,509	28,009
Miscellaneous	959	959	2,118	1,159
<b>Total revenues</b>	<u>1,672,931</u>	<u>1,691,811</u>	<u>1,654,478</u>	<u>(37,333)</u>
<b>Expenditures</b>				
Current:				
Economic Development	505,471	201,424	210,665	(9,241)
Debt Service:				
Interest and Fiscal Charges	54,404	54,404	54,404	-
Principal Retirement	148,069	148,069	148,069	-
Capital Outlay	299,513	318,394	21,394	297,000
<b>Total Expenditures</b>	<u>1,007,457</u>	<u>722,291</u>	<u>434,532</u>	<u>287,759</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>665,474</u>	<u>969,520</u>	<u>1,219,946</u>	<u>250,426</u>
<b>Other Financing Sources (Uses)</b>				
Payment to Primary Government	(962,474)	(1,194,867)	(1,159,417)	35,450
<b>Total other financing sources and (uses)</b>	<u>(962,474)</u>	<u>(1,194,867)</u>	<u>(1,159,417)</u>	<u>35,450</u>
<b>Net change in fund balance</b>	(297,000)	(225,347)	60,529	285,876
<b>Fund balance - beginning</b>	1,326,694	1,326,694	1,326,694	-
<b>Fund balance - ending</b>	<u>\$ 1,029,694</u>	<u>\$ 1,101,347</u>	<u>\$ 1,387,223</u>	<u>\$ 285,876</u>

Net change in fund balance - component unit \$ 60,529

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	21,394
Depreciation Expense	(875)

Bond principal payments are expenditures in the component unit, but they reduce  
long term liabilities in the statement of net position. 148,069

Some expenses reported in the statement of activities do not require the use of current  
financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	<u>(24,979)</u>
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Change in net position of component unit \$ 204,138

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Payment from Component Unit	\$ 4,000	\$ -	\$ -	\$ -
Contributions and Donations	36,500	173,242	173,242	-
<b>Total revenues</b>	<u>40,500</u>	<u>173,242</u>	<u>173,242</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	-	32,901	40,897	(7,996)
General Government	7,500	52,428	50,915	1,513
Health and Welfare	2,000	14,307	16,855	(2,548)
Public Safety	16,500	16,500	7,469	9,031
Capital Outlay	-	7,414	7,414	-
<b>Total Expenditures</b>	<u>26,000</u>	<u>123,550</u>	<u>123,550</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>14,500</u>	<u>49,692</u>	<u>49,692</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(46,065)	(46,065)	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>(46,065)</u>	<u>(46,065)</u>	<u>-</u>
<b>Net change in fund balance</b>	14,500	3,627	3,627	-
<b>Fund balance - beginning</b>	255,192	255,192	255,192	-
<b>Fund balance - ending</b>	<u>\$ 269,692</u>	<u>\$ 258,819</u>	<u>\$ 258,819</u>	<u>\$ -</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Current:				
Culture & Recreation	\$ 13,000	\$ 10,600	\$ 10,350	\$ 250
General Government	194,310	114,206	148,792	(34,586)
Public Safety	35,000	35,000	33,573	1,427
Capital Outlay	<u>462,020</u>	<u>638,078</u>	<u>605,168</u>	<u>32,910</u>
<b>Total Expenditures</b>	<u>704,330</u>	<u>797,884</u>	<u>797,883</u>	<u>1</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(704,330)</u>	<u>(797,884)</u>	<u>(797,883)</u>	<u>1</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>20,000</u>	<u>219,711</u>	<u>219,711</u>	<u>-</u>
<b>Total other financing sources and (uses)</b>	<u>20,000</u>	<u>219,711</u>	<u>219,711</u>	<u>-</u>
<b>Net change in fund balance</b>	(684,330)	(578,173)	(578,172)	1
<b>Fund balance - beginning</b>	896,386	896,386	896,386	-
<b>Fund balance - ending</b>	<u>\$ 212,056</u>	<u>\$ 318,213</u>	<u>\$ 318,214</u>	<u>\$ 1</u>

**City of Brenham**  
**Fire Department Grants Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Grant Revenues	\$ 1,000	\$ 2,710	\$ 2,710	\$ -
<b>Total revenues</b>	<u>1,000</u>	<u>2,710</u>	<u>2,710</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Public Safety	1,000	2,710	2,710	-
<b>Total Expenditures</b>	<u>1,000</u>	<u>2,710</u>	<u>2,710</u>	<u>-</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>

**City of Brenham**  
**Police Department Grants Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Grant Revenues	\$ 15,000	\$ 15,000	\$ 9,642	\$ (5,358)
<b>Total revenues</b>	<u>15,000</u>	<u>15,000</u>	<u>9,642</u>	<u>(5,358)</u>
<b>Expenditures</b>				
Current:				
Public Safety	15,000	15,000	9,642	5,358
<b>Total Expenditures</b>	<u>15,000</u>	<u>15,000</u>	<u>9,642</u>	<u>5,358</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Brenham**  
**Public Safety Training Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Grant Revenues	\$ 3,420	\$ 3,420	\$ 3,687	\$ 267
<b>Total revenues</b>	<u>3,420</u>	<u>3,420</u>	<u>3,687</u>	<u>267</u>
<b>Expenditures</b>				
Current:				
Public Safety	3,880	3,880	2,950	930
<b>Total Expenditures</b>	<u>3,880</u>	<u>3,880</u>	<u>2,950</u>	<u>930</u>
<b>Net change in fund balance</b>	(460)	(460)	737	1,197
<b>Fund balance - beginning</b>	1,123	1,123	1,123	-
<b>Fund balance - ending</b>	<u>\$ 663</u>	<u>\$ 663</u>	<u>\$ 1,860</u>	<u>\$ 1,197</u>

**City of Brenham**  
**Police Department Equipment Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Grant Revenues	\$ 2,600	\$ 2,600	\$ -	\$ (2,600)
<b>Total revenues</b>	<u>2,600</u>	<u>2,600</u>	<u>-</u>	<u>(2,600)</u>
<b>Expenditures</b>				
Current:				
Public Safety	2,600	2,600	-	2,600
<b>Total Expenditures</b>	<u>2,600</u>	<u>2,600</u>	<u>-</u>	<u>2,600</u>
<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>

**City of Brenham**  
**FEMA Disaster Relief Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Grant Revenues	\$ -	\$ 296,048	\$ 296,048	\$ -
Contributions and Donations	-	41,988	41,988	-
<b>Total revenues</b>	<u>-</u>	<u>338,036</u>	<u>338,036</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
General Government	-	418	418	-
Highways and Streets	-	355,858	355,858	-
Public Safety	-	39,575	39,575	-
Capital Outlay	-	1,005,376	1,005,376	-
<b>Total Expenditures</b>	<u>-</u>	<u>1,401,227</u>	<u>1,401,227</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>(1,063,191)</u>	<u>(1,063,191)</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	654,299	654,299	-
Insurance Proceeds	-	53,341	53,341	-
<b>Total other financing sources and (uses)</b>	<u>-</u>	<u>707,640</u>	<u>707,640</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>(355,551)</u>	<u>(355,551)</u>	<u>-</u>
<b>Fund balance - beginning</b>	<u>(519,894)</u>	<u>(519,894)</u>	<u>(519,894)</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ (519,894)</u>	<u>(\$ 875,445)</u>	<u>(\$ 875,445)</u>	<u>-</u>



**City of Brenham**  
**Tourism and Marketing Fund** *(included as part of the General Fund)*  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$ 91,800	\$ 91,800	\$ 70,507	\$ (21,293)
Contributions and Donations	-	-	2,618	2,618
<b>Total revenues</b>	<u>91,800</u>	<u>91,800</u>	<u>73,125</u>	<u>(18,675)</u>
<b>Expenditures</b>				
Current:				
Culture and Recreation	264,451	264,451	169,447	95,004
<b>Total Expenditures</b>	<u>264,451</u>	<u>264,451</u>	<u>169,447</u>	<u>95,004</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(172,651)</u>	<u>(172,651)</u>	<u>(96,322)</u>	<u>76,329</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	172,651	172,651	172,651	-
<b>Total other financing sources and (uses)</b>	<u>172,651</u>	<u>172,651</u>	<u>172,651</u>	<u>-</u>
<b>Net change in fund balance</b>	-	-	76,329	76,329
<b>Fund balance - beginning</b>	105,842	105,842	105,842	-
<b>Fund balance - ending</b>	<u>\$ 105,842</u>	<u>\$ 105,842</u>	<u>\$ 182,171</u>	<u>\$ 76,329</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>
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
2015	5,909,039	6,705,267	2,811,875	314,352	4,120,261	837,928	22,485,206	2,217,022	3,268,023	2,785,435	2,754,244
2016	6,137,527	7,185,482	2,567,833	347,948	4,108,823	503,446	19,464,587	1,664,249	3,731,863	2,791,804	2,884,041
2017	6,432,612	7,331,321	2,625,793	596,689	4,650,211	454,218	20,829,632	2,529,600	3,646,400	2,865,017	2,950,325
2018	6,774,036	7,054,783	2,886,978	694,730	4,800,540	590,735	21,193,819	2,498,580	3,427,583	3,077,447	3,058,877

**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
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
2015	38,676,166	553,618	3,619,389	13,913,702	87,400	188,576	754,387	910,301	58,703,539
2016	35,472,030	596,344	2,765,709	13,750,412	231,795	469,763	355,955	1,063,682	54,705,690
2017	38,001,247	687,647	108,482	14,488,852	347,866	417,268	116,775	1,082,711	55,250,848
2018	39,357,500	801,355	326,480	15,226,979	514,759	383,143	251,038	1,159,417	58,020,671

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**  
*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>
2009 (2)	\$ 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
2015	5,275,753	5,794,265	1,435,659	292,948	3,195,581	5,537,827	6,109,584	27,641,617
2016	5,408,904	5,991,944	1,129,539	314,999	3,344,965	5,462,668	7,477,666	29,130,685
2017	5,702,493	6,216,890	1,157,773	404,891	3,713,527	5,598,030	3,311,645	26,105,249
2018	6,159,358	6,235,546	1,396,102	579,681	3,889,284	5,210,118	3,473,619	26,943,708

**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.
2. Five departments, which were historically budgeted in a separate Internal Service Fund, were budgeted and accounted for as General Fund departments in FY09.

**RECONCILIATION OF PROPERTY TAX RECEIVABLE**  
*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>
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
2015	221,603	5,420,886	(5,412,091)	230,399
2016	230,399	5,616,009	(5,614,517)	231,891
2017	231,891	6,073,868	(6,040,017)	265,741
2018	265,741	6,596,611	(6,587,031)	275,321



**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>
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
2015	13,904,906	121,076	5,046,207	563,123	723,181	1,629,170	21,987,663
2016	13,748,920	146,329	3,910,222	612,693	833,046	2,701,074	21,952,284
2017	14,455,002	157,128	2,561,978	650,916	713,986	1,614,629	20,153,639
2018	15,217,399	132,133	643,733	635,985	657,615	1,936,159	19,223,024

(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>
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
2015	4,563,551	974,276	5,537,827	27,641,617	20.03
2016	4,715,090	747,578	5,462,668	29,130,685	18.75
2017	4,900,881	669,942	5,570,823	26,105,249	21.34
2018	4,466,057	668,735	5,134,792	26,943,708	19.06

**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
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
2015	1,102,575,469	167	8,048,088	148	24,216,328	7	40,375	3	91,800	325	32,396,591
2016	1,188,742,237	209	9,599,245	135	36,627,837	18	437,153	5	88,850	367	46,753,085
2017	1,198,049,873	262	36,587,495	132	10,744,562	10	44,803	4	20,000	408	47,396,860
2018	1,268,819,218	164	15,348,696	107	20,232,486	7	97,025	0	0	278	35,678,207

**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>
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
2015	24,042,704	2,824,075	3,759,869	3,413,850	3,226,180	37,266,678
2016	20,938,896	2,203,446	3,890,641	3,483,098	3,363,751	33,879,832
2017	22,112,796	2,757,889	4,360,072	3,788,837	3,451,489	36,471,083
2018	23,018,340	3,189,500	4,259,708	3,966,833	3,483,031	37,917,412

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

**CITY OF BRENHAM**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Number of customers</b>										
Residential	5,767	5,758	5,716	5,664	5,646	5,642	5,450	5,357	5,337	5,273
Commercial	1,031	1,039	1,026	1,009	1,010	1,000	1,132	1,178	1,154	1,146
Large commercial	304	293	295	296	292	301	309	317	308	303
Industrial	23	22	22	22	21	21	21	21	23	23
Street lights	1,296	1,289	1,279	1,275	1,272	1,263	1,257	1,248	1,238	1,228
Security lights	2,376	198	191	183	179	178	176	165	175	176
<b>Total</b>	<b>10,797</b>	<b>8,599</b>	<b>8,529</b>	<b>8,449</b>	<b>8,420</b>	<b>8,405</b>	<b>8,345</b>	<b>8,286</b>	<b>8,236</b>	<b>8,149</b>
<b>Consumption (in KWH)</b>										
Residential	78,547,380	75,567,271	74,495,748	77,311,527	78,361,082	75,322,524	75,853,482	80,534,797	76,664,387	74,039,837
Commercial	15,982,507	16,079,296	15,988,851	16,148,162	16,475,538	15,150,052	15,607,437	16,835,349	16,364,454	16,334,810
Large commercial	64,828,401	63,090,388	62,037,997	62,339,574	63,647,041	64,393,979	65,687,242	68,446,624	65,006,673	64,052,067
Industrial	117,799,652	114,554,616	107,445,320	112,386,240	128,179,180	124,709,000	122,894,960	122,217,940	111,567,780	115,129,160
Street lights	1,492,872	1,484,904	1,473,096	1,469,064	1,465,225	1,454,952	1,447,560	1,437,576	1,426,728	1,414,248
Security lights	328,416	325,440	316,320	306,048	299,040	298,608	295,488	296,472	289,440	278,448
<b>Total</b>	<b>278,979,228</b>	<b>271,101,915</b>	<b>261,757,332</b>	<b>269,960,615</b>	<b>288,427,106</b>	<b>281,329,115</b>	<b>281,786,169</b>	<b>289,768,758</b>	<b>271,319,462</b>	<b>271,248,570</b>
<b>Sales (1)</b>										
Residential	\$ 7,452,005	\$ 7,127,420	\$ 6,840,388	\$ 7,884,485	\$ 8,325,945	\$ 7,783,426	\$ 7,636,392	\$ 8,477,097	\$ 7,861,811	\$ 8,077,592
Commercial	1,554,350	1,549,655	1,500,066	1,676,277	1,778,764	1,600,573	1,628,597	1,829,938	1,727,624	1,838,138
Large commercial	5,168,256	4,967,627	4,753,980	5,414,602	5,788,208	5,632,488	5,623,885	6,195,255	5,662,262	6,055,319
Industrial	8,244,852	7,912,478	7,198,818	8,687,582	10,410,691	9,518,295	9,139,115	9,683,819	8,461,265	9,322,374
Street lights	89,682	87,779	84,296	98,223	104,046	98,050	95,163	101,171	95,651	106,217
Security lights	46,085	45,731	44,409	43,006	42,021	41,920	41,522	41,660	40,639	39,090
<b>Total</b>	<b>\$ 22,555,230</b>	<b>\$ 21,690,690</b>	<b>\$ 20,421,957</b>	<b>\$ 23,804,175</b>	<b>\$ 26,449,675</b>	<b>\$ 24,674,752</b>	<b>\$ 24,164,675</b>	<b>\$ 26,328,940</b>	<b>\$ 23,849,252</b>	<b>\$ 25,438,730</b>
<b>Annual average consumption per customer (in KWH)</b>										
Residential	13,620	13,124	13,033	13,650	13,879	13,350	13,918	15,034	14,365	14,041
Commercial	15,502	15,476	15,584	16,004	16,312	15,150	13,782	14,291	14,181	14,255
Large commercial	213,251	215,326	210,298	210,607	217,969	213,933	212,408	215,920	211,061	211,393
Industrial	5,121,724	5,207,028	4,883,878	5,108,465	6,103,770	5,938,524	5,783,292	5,819,902	4,850,773	5,005,616
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Security lights	138	1,644	1,656	1,672	1,671	1,678	1,684	1,797	1,654	1,582
<b>Monthly average bill per customer</b>										
Residential	\$ 108	\$ 103	\$ 100	\$ 116	\$ 123	\$ 115	\$ 117	\$ 132	\$ 123	\$ 128
Commercial	126	124	122	138	147	133	120	129	125	134
Large commercial	1,417	1,413	1,343	1,524	1,652	1,559	1,515	1,629	1,532	1,665
Industrial	29,873	29,972	27,268	32,908	41,312	37,771	35,840	38,428	30,657	33,777
Street lights	6	6	5	6	7	6	6	7	6	7
Security lights	2	19	19	20	20	20	20	21	19	19
<b>Average price per KWH purchased</b>	<b>\$ 0.0557</b>	<b>\$ 0.0561</b>	<b>\$ 0.0535</b>	<b>\$ 0.0611</b>	<b>\$ 0.0718</b>	<b>\$ 0.0632</b>	<b>\$ 0.0613</b>	<b>\$ 0.0656</b>	<b>\$ 0.0637</b>	<b>\$ 0.0626</b>
<b>Average price per KWH sold</b>	<b>\$ 0.0808</b>	<b>\$ 0.0800</b>	<b>\$ 0.0780</b>	<b>\$ 0.0882</b>	<b>\$ 0.0917</b>	<b>\$ 0.0877</b>	<b>\$ 0.0858</b>	<b>\$ 0.0909</b>	<b>\$ 0.0879</b>	<b>\$ 0.0938</b>
<b>% line loss</b>	<b>3.07%</b>	<b>4.84%</b>	<b>5.73%</b>	<b>5.29%</b>	<b>4.74%</b>	<b>5.12%</b>	<b>5.71%</b>	<b>5.83%</b>	<b>5.83%</b>	<b>5.14%</b>

(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**

	<b>FISCAL YEAR</b>									
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b><u>Number of customers</u></b>										
Residential	3,916	3,887	3,865	3,852	3,815	3,808	3,733	3,686	3,653	3,611
Small commercial	325	322	317	313	315	310	348	363	368	350
Large commercial	119	121	124	124	125	128	129	129	126	125
Governmental	72	71	70	71	70	69	68	65	64	63
Industrial	2	2	1	1	1	1	1	1	1	2
<b>Total</b>	<b>4,434</b>	<b>4,403</b>	<b>4,377</b>	<b>4,361</b>	<b>4,326</b>	<b>4,316</b>	<b>4,279</b>	<b>4,244</b>	<b>4,212</b>	<b>4,151</b>
<b><u>Consumption (in mcf)</u></b>										
Residential	112,380	71,927	83,976	119,324	137,391	91,677	81,402	100,773	133,709	93,011
Small commercial	30,646	23,211	22,912	27,077	30,292	22,104	20,938	24,741	27,617	20,183
Large commercial	158,230	140,705	139,009	148,644	165,196	153,111	152,527	152,773	153,974	135,470
Governmental	40,037	33,157	38,062	46,253	52,724	48,692	42,938	40,885	46,813	41,174
Industrial	150,289	134,228	61,681	52,852	88,727	87,072	71,218	75,391	81,232	131,013
<b>Total</b>	<b>491,582</b>	<b>403,228</b>	<b>345,640</b>	<b>394,150</b>	<b>474,330</b>	<b>402,656</b>	<b>369,023</b>	<b>394,563</b>	<b>443,345</b>	<b>420,851</b>
<b><u>Sales (1)</u></b>										
Residential	\$ 1,133,475	\$ 886,782	\$ 883,250	\$ 1,186,117	\$ 1,496,320	\$ 965,455	\$ 831,794	\$ 1,095,738	\$ 1,430,671	\$ 1,036,495
Small commercial	215,871	173,663	154,151	201,897	264,724	176,043	154,636	215,979	253,361	181,313
Large commercial	866,758	794,476	686,663	878,697	1,179,110	975,201	847,219	1,077,654	1,141,328	964,811
Governmental	240,885	207,630	200,458	284,028	388,039	311,526	242,614	293,843	351,882	295,795
Industrial	721,196	665,030	261,689	287,067	573,525	508,802	355,647	489,495	542,846	884,593
<b>Total</b>	<b>\$ 3,178,185</b>	<b>\$ 2,727,581</b>	<b>\$ 2,186,211</b>	<b>\$ 2,837,806</b>	<b>\$ 3,901,718</b>	<b>\$ 2,937,027</b>	<b>\$ 2,431,910</b>	<b>\$ 3,172,709</b>	<b>\$ 3,720,088</b>	<b>\$ 3,363,007</b>
<b><u>Annual average consumption per customer (in mcf)</u></b>										
Residential	29	19	22	31	36	24	22	27	37	26
Small commercial	94	72	72	87	96	71	60	68	75	58
Large commercial	1,330	1,163	1,121	1,199	1,322	1,196	1,182	1,184	1,222	1,084
Governmental	556	467	544	651	753	706	631	629	731	654
Industrial	75,145	67,114	61,681	52,852	88,727	87,072	71,218	75,391	81,232	65,507
<b><u>Monthly average bill per customer</u></b>										
Residential	\$ 24	\$ 19	\$ 19	\$ 26	\$ 33	\$ 21	\$ 19	\$ 25	\$ 33	\$ 24
Small commercial	55	45	41	54	70	47	37	50	57	43
Large commercial	607	547	461	591	786	635	547	696	755	643
Governmental	279	244	239	333	462	376	297	377	458	391
Industrial	30,050	27,710	21,807	23,922	47,794	42,400	29,637	40,791	45,237	36,858
<b>Average price per mcf purchased</b>	<b>\$ 3.3100</b>	<b>\$ 3.4300</b>	<b>\$ 2.4100</b>	<b>\$ 3.4900</b>	<b>\$ 4.6500</b>	<b>\$ 3.9000</b>	<b>\$ 3.1400</b>	<b>\$ 4.4400</b>	<b>\$ 5.2824</b>	<b>\$ 4.8929</b>
<b>Average price per mcf sold</b>	<b>\$ 6.4700</b>	<b>\$ 6.7600</b>	<b>\$ 6.3300</b>	<b>\$ 7.2000</b>	<b>\$ 8.2300</b>	<b>\$ 7.2900</b>	<b>\$ 6.5900</b>	<b>\$ 8.0400</b>	<b>\$ 8.3910</b>	<b>\$ 7.9910</b>
<b>% line loss (gain)</b>	<b>1.53%</b>	<b>2.07%</b>	<b>1.14%</b>	<b>3.27%</b>	<b>1.36%</b>	<b>0.93%</b>	<b>1.47%</b>	<b>1.47%</b>	<b>2.72%</b>	<b>0.85%</b>

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

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

**CITY OF BRENHAM**

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL	LARGE INDUSTRIAL
		SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE	SINGLE PHASE	THREE PHASE		
Oct-01-2008	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00
	Electric charge per KWH (1)	\$ 0.10020	\$ 0.10020	\$ 0.09930	\$ 0.09930	\$ 0.09150	\$ 0.09150	\$ 0.00993	\$ 0.00700
Oct-01-2013	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00
	Electric charge per KWH (1)	\$ 0.10020	\$ 0.10020	\$ 0.09930	\$ 0.09930	\$ 0.09150	\$ 0.09150	\$ 0.01162	\$ 0.00817
Oct-01-2014	Customer charge	\$ 11.60	\$ 20.00	\$ 15.00	\$ 26.00	\$ 40.00	\$ 70.00	\$ 100.00	\$ 100.00
	Electric charge per KWH (1)	\$ 0.10020	\$ 0.10020	\$ 0.09930	\$ 0.09930	\$ 0.09150	\$ 0.09150	\$ 0.08662	\$ 0.08317

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

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

**CITY OF BRENHAM**

EFFECTIVE DATE	CHARGES	RESIDENTIAL		SMALL COMMERCIAL		LARGE COMMERCIAL		SMALL INDUSTRIAL		LARGE INDUSTRIAL	GOVERNMENTAL
		URBAN	RURAL	URBAN	RURAL	URBAN	RURAL	URBAN	RURAL		
Dec-08-2006	Customer charge	\$ 8.00	\$ 9.20	\$ 8.00	\$ 9.20	\$ 45.00	\$ 51.75	\$ 45.00	\$ 51.75	\$ 45.00	\$ 45.00
	Gas charge per mcf (1)	\$ 10.53100	\$ 10.93000	\$ 10.53100	\$ 10.93000	\$ 9.79100	\$ 10.07900	\$ 9.79100	\$ 10.07900	\$ 9.68500	\$ 9.52300
Oct-01-2013	Customer charge	\$ 10.00	\$ 11.50	\$ 10.00	\$ 11.50	\$ 56.25	\$ 64.69	\$ 56.25	\$ 64.69	\$ 56.25	\$ 56.25
	Gas charge per mcf (1)	\$ 2.31100	\$ 2.71000	\$ 2.31100	\$ 2.71000	\$ 1.57100	\$ 2.08000	\$ 1.57100	\$ 2.08000	\$ 1.46500	\$ 1.30300
Oct-01-2014	Customer charge	\$ 10.00	\$ 11.50	\$ 10.00	\$ 11.50	\$ 56.25	\$ 64.69	\$ 56.25	\$ 64.69	\$ 56.25	\$ 56.25
	Gas charge per mcf (1)	\$ 7.66100	\$ 8.06000	\$ 7.66100	\$ 8.06000	\$ 6.92100	\$ 7.20900	\$ 6.92100	\$ 7.20900	\$ 6.81500	\$ 6.65300

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



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

**CITY OF BRENHAM**

2018			2009		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	\$ 2,891,699	12.82%	Blue Bell Creameries	\$ 3,711,886	14.59%
Blinn College	1,061,659	4.71%	City of Brenham	1,331,941	5.24%
City of Brenham	1,051,927	4.66%	Blinn College	1,236,781	4.86%
StanPac USA	869,436	3.81%	Valmont/ALS	1,024,540	4.03%
Valmont/ALS	859,327	3.33%	Brenham I.S.D.	791,915	3.11%
Brenham I.S.D.	751,595	2.18%	Brenham State Supported Living Center	592,579	2.33%
Brenham State Supported Living Center	491,152	3.85%	Scott & White Hospital - Brenham	447,797	1.76%
Scott & White Hospital - Brenham	410,528	1.82%	Mount Vernon Mills, Inc.	385,672	1.52%
Brenham Wholesale Grocery	302,999	1.34%	Brenham Wholesale Grocery	384,688	1.51%
Germania Insurance	291,112	1.29%	Germania Insurance	322,480	1.27%
<b>Total</b>	<b>\$ 8,981,434</b>	<b>39.82%</b>	<b>Total</b>	<b>\$ 10,230,277</b>	<b>40.22%</b>

2018 Total Electric Charges \$ 22,555,230

2009 Total Electric Charges \$ 25,438,730

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

**CITY OF BRENHAM**

2018			2009		
NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES	NAME	GAS BILLINGS	PERCENTAGE OF TOTAL CITY GAS CHARGES
Valmont/ALS Texas Galvanizing	\$ 530,972	16.71%	Blue Bell Creameries	\$ 473,783	14.09%
Blue Bell Creameries	357,862	11.26%	Mount Vernon Mills, Inc.	456,662	13.58%
Longwood Elastomers	155,976	4.91%	Blinn College	216,044	6.42%
Blinn College	138,274	4.35%	Longwood Elastomers	156,955	4.67%
Scott & White Hospital - Brenham	67,521	2.12%	Valmont/ALS	131,785	3.92%
Brenham I.S.D.	62,114	1.95%	Scott & White Hospital - Brenham	93,839	2.79%
Brenham State Supported Living Center	53,645	1.69%	Brenham Housing Authority	76,131	2.26%
Brenham Housing Authority	39,945	1.26%	Brenham I.S.D.	53,569	1.59%
City of Brenham	36,454	1.15%	City of Brenham	31,527	0.94%
Germania Insurance	19,432	0.61%	Wal-Mart	23,651	0.70%
<b>Total</b>	<b>\$ 1,462,195</b>	<b>46.01%</b>	<b>Total</b>	<b>\$ 1,713,945</b>	<b>50.96%</b>

2018 Total Gas Charges \$ 3,178,185

2009 Total Gas Charges \$ 3,363,007

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

**CITY OF BRENHAM**

	FISCAL YEAR		
	2018	2017	(DEC)/INC
<b><u>Number of customers</u></b>			
Residential	6,024	5,951	73
Commercial	1,108	1,106	2
Meter on Fire Hydrant	3	3	-
Sprinkler	647	633	14
Total	7,782	7,693	89
<b><u>Consumption (in gallons)</u></b>			
Residential	371,608,300	381,134,200	(9,525,900)
Commercial	289,696,300	287,841,900	1,854,400
Meter on Fire Hydrant	845,500	427,000	418,500
Sprinkler	152,080,200	164,155,600	(12,075,400)
Total	814,230,300	833,558,700	(19,328,400)
<b><u>Sales (in dollars)</u></b>			
Residential	\$ 2,050,641	\$ 2,088,440	\$ (37,799)
Commercial	1,253,221	1,236,651	16,570
Meter on Fire Hydrant	5,738	3,297	2,441
Sprinkler	843,319	915,453	(72,134)
Total	\$ 4,152,919	\$ 4,243,841	\$ (90,922)
<b><u>Annual average consumption per customer</u></b>			
Residential (in gallons)	61,688	64,045	(2,357)
Commercial	261,459	260,255	1,204
Meter on Fire Hydrant	281,833	142,333	139,500
Sprinkler	235,054	259,330	(24,275)
<b><u>Monthly average bill per customer</u></b>			
Residential	\$ 28	\$ 29	\$ (1)
Commercial	94	93	1
Meter on Fire Hydrant	159	92	68
Sprinkler	109	121	(12)
<b><u>Average price per 1,000 gallons purchased</u></b>			
Average price per 1,000 gallons purchased	\$ 0.342	\$ 0.335	\$ 0.007
<b><u>Average price per 1,000 gallons sold</u></b>			
Average price per 1,000 gallons sold	\$ 5.100	\$ 5.091	\$ 0.009
<b>% line loss (gain)</b>	4.54% *	5.33% *	-0.79%

\*33,960,000 and 36,929,500 gallons respectively unbilled, metered City water usage

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

**CITY OF BRENHAM**

	FISCAL YEAR		
	2018	2017	(DEC)/INC
<b><u>Number of customers</u></b>			
Residential	5,973	5,890	83
Commercial	975	965	10
Industrial	5	5	-
Oak Hill Acres Flow Meter	1	1	-
Total	6,954	6,861	93
<b><u>Sales (in dollars)</u></b>			
Residential	\$ 1,968,391	\$ 1,970,725	\$ (2,334)
Commercial	1,042,926	1,031,137	11,789
Industrial	795,244	559,489	235,755
Oak Hill Acres Flow Meter	44,076	43,639	437
Total	\$ 3,850,637	\$ 3,604,990	\$ 245,647
<b><u>Monthly average bill per customer</u></b>			
Residential	\$ 27	\$ 28	\$ (0)
Commercial	89	89	0
Industrial	13,254	9,325	3,929
Oak Hill Acres Flow Meter	3,673	3,637	36

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

**CITY OF BRENHAM**

	FISCAL YEAR		
	2018	2017	(DEC)/INC
<b><u>Number of customers</u></b>			
Residential	5,595	5,488	107
Residential - Rural	3	3	-
Commercial	560	564	(4)
Total	<u>6,158</u>	<u>6,055</u>	<u>103</u>
<b><u>Sales (in dollars)</u></b>			
Residential	\$ 930,934	\$ 917,819	\$ 13,115
Residential - Rural	670	791	(121)
Commercial	895,923	879,141	16,782
Total	<u>\$ 1,827,527</u>	<u>\$ 1,797,751</u>	<u>\$ 29,776</u>
<b><u>Monthly average bill per customer</u></b>			
Residential	\$ 14	\$ 14	\$ (0)
Residential - Rural	19	22	(3)
Commercial	133	130	3

CITY OF BRENNHAM, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/17	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/18
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>								
Bulletproof Vest Partnership 2016 Grant	16.607		\$ 2,639	\$ 2,639	\$ (2,639)	\$ -	\$ -	\$ -
Bulletproof Vest Partnership 2017 Grant	16.607		2,172	-	-	-	-	-
Bulletproof Vest Partnership 2018 Grant	16.607		2,992	-	-	-	-	-
			<u>\$ 7,803</u>	<u>\$ 2,639</u>	<u>\$ (2,639)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>								
<b>Texas Department of Transportation</b>								
Selective Traffic Enforcement Program-2017 Speed	20.600		\$ 27,675	\$ 4,753	\$ (4,753)	\$ -	\$ -	\$ -
Selective Traffic Enforcement Program-2018 Comprehensive	20.600		33,471	-	(7,014)	9,642	-	2,628
Selective Traffic Enforcement Program-2019 Comprehensive	20.600		21,264	-	-	-	-	-
			<u>\$ 82,411</u>	<u>\$ 4,753</u>	<u>\$ (11,767)</u>	<u>\$ 9,642</u>	<u>\$ -</u>	<u>\$ 2,628</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>								
<b>Texas Department of Agriculture</b>								
Texas Community Development Block Grant Program		Contract #7216059	\$ 275,000	\$ 19,152	\$ (246,572)	\$ 229,920	\$ -	\$ 2,500
			<u>\$ 275,000</u>	<u>\$ 19,152</u>	<u>\$ (246,572)</u>	<u>\$ 229,920</u>	<u>\$ -</u>	<u>\$ 2,500</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>								
<b>Texas Department of Public Safety</b>								
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00831	\$ 14,248	\$ -	(14,248)	\$ 14,248	\$ -	\$ -
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00803	13,771	-	(13,771)	13,771	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00801	4,955	-	(4,955)	4,955	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00674	58,729	-	(58,729)	58,729	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00627	61,489	-	(61,489)	61,489	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00882	12,294	-	(12,294)	12,294	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00864	8,012	-	(8,012)	8,012	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00862	9,796	-	(9,796)	9,796	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00861	8,490	-	(8,490)	8,490	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00840	10,293	-	(10,293)	10,293	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00818	4,624	-	(4,624)	4,624	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00739	121,423	-	(121,423)	121,423	-	-
FEMA Public Assistance Grant - DR 4272 - Severe Storms and Flooding	97.036	PA-06-TX-4272-PW-00585	327,732	18,750	(18,750)	-	-	-
FEMA Public Assistance Grant - DR 4269 - Severe Storms and Flooding	97.036	PA-06-TX-4269-PW-00465	53,504	53,504	(53,504)	-	-	-
			<u>\$ 709,360</u>	<u>\$ 72,254</u>	<u>\$ (400,378)</u>	<u>\$ 328,124</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Texas Department of Transportation</b>								
Routine Airport Maintenance Program (RAMP)		M1717 BREN	\$ 50,000	\$ 27,415	\$ (27,415)	\$ -	\$ -	\$ -
Routine Airport Maintenance Program (RAMP)		M1817 BREN	50,000	-	-	31,503	-	31,503
Routine Airport Maintenance Program (RAMP)		M1917 BREN	50,000	-	-	-	-	-
			<u>150,000</u>	<u>27,415</u>	<u>(27,415)</u>	<u>31,503</u>	<u>-</u>	<u>31,503</u>
<b>Texas Office of the Governor - Criminal Justice Division</b>								
Rifle-Resistant Body Armor Program		Contract #3503501	\$ 21,984	\$ -	\$ -	\$ -	\$ -	\$ -
			<u>\$ 21,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Texas Commission on the Arts</b>								
Arts Respond Performance Support Grant			\$ 162	\$ -	\$ (162)	\$ 162	\$ -	\$ -
Arts Respond Performance Support Grant			1,038	-	(1,038)	1,038	-	-
			<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ (1,200)</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL FEDERAL AND STATE CASH AWARDS</b>			<u>\$ 1,247,758</u>	<u>\$ 126,213</u>	<u>\$ (689,971)</u>	<u>\$ 600,389</u>	<u>\$ -</u>	<u>\$ 36,631</u>

**Note 1: Basis of Presentation**

The schedule of expenditure of federal and state awards include 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**

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

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

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**NET POSITION BY COMPONENT**

CITY OF BRENHAM

*Last Ten Fiscal Years  
(accrual basis of accounting)*

**TABLE 1**

Description	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012 (2)	2011	2010	2009 (1)
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 45,335,707	\$ 45,068,187	\$ 45,917,775	\$ 40,206,741	\$ 36,830,206	\$ 35,548,260	\$ 34,415,305	\$ 35,294,268	\$ 35,289,795	\$ 35,421,458
Restricted	405,592	325,399	313,000	459,504	633,409	256,528	266,119	307,292	537,786	391,469
Unrestricted	(2,689,122)	(1,745,046)	(1,822,525)	1,676,818	7,320,914	4,953,603	6,310,807	3,952,381	4,502,834	5,227,975
Subtotal governmental activities net position	43,052,177	43,648,540	44,408,250	42,343,063	44,784,529	40,758,391	40,992,231	39,553,941	40,330,415	41,040,902
<b>Business-type activities:</b>										
Net investment in capital assets	41,839,825	40,363,022	39,541,645	37,750,305	36,724,082	36,081,573	33,977,027	31,846,549	29,364,559	28,504,390
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	12,782,675	12,270,757	11,993,394	12,531,834	15,484,242	15,715,277	15,389,182	15,098,756	13,332,206	11,851,906
Subtotal business-type activities net position	54,622,500	52,633,779	51,535,039	50,282,139	52,208,324	51,796,850	49,366,209	46,945,305	42,696,765	40,356,296
<b>Primary government:</b>										
Net investment in capital assets	87,175,532	85,431,209	85,459,420	77,957,046	73,554,288	71,629,833	68,392,332	67,140,817	64,654,354	63,925,848
Restricted	405,592	325,399	313,000	459,504	633,409	256,528	266,119	307,292	537,786	391,469
Unrestricted	10,093,553	10,525,711	10,170,869	14,208,652	22,805,156	20,668,880	21,699,989	19,051,138	17,835,040	17,079,881
Total primary government net position (3)	\$ 97,674,677	\$ 96,282,319	\$ 95,943,289	\$ 92,625,202	\$ 96,992,853	\$ 92,555,241	\$ 90,358,440	\$ 86,499,247	\$ 83,027,180	\$ 81,397,198
<b>Component unit:</b>										
Net investment in capital assets	\$ 1,804,052	\$ 1,677,517	\$ 1,101,468	\$ 1,023,730	\$ 964,912	\$ 904,031	\$ 850,007	\$ 838,450	\$ 867,353	\$ 135,227
Restricted	994,051	958,498	1,556,849	1,489,966	1,393,356	986,165	903,879	1,353,823	551,160	1,110,691
Total component unit net position (3)	\$ 2,798,103	\$ 2,636,015	\$ 2,658,317	\$ 2,513,696	\$ 2,358,268	\$ 1,890,196	\$ 1,753,886	\$ 2,192,273	\$ 1,418,513	\$ 1,245,918

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

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

(3) 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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Program expenses</b>										
Governmental activities:										
General government	\$ 6,774,036	\$ 6,432,612	\$ 6,137,527	\$ 5,909,039	\$ 5,458,639	\$ 5,453,313	\$ 5,230,134	\$ 5,177,514	\$ 5,755,450	\$ 5,241,430
Public safety	7,054,783	7,331,321	7,185,482	6,705,267	7,104,713	6,899,558	6,567,832	6,579,061	6,831,143	5,414,468
Highways and streets	2,886,978	2,625,793	2,567,833	2,811,875	2,572,715	2,611,294	2,599,723	2,628,682	2,679,468	2,410,013
Health and welfare	694,730	596,689	347,948	314,352	316,672	318,672	285,870	288,699	299,216	271,509
Culture and recreation	4,800,540	4,650,211	4,108,823	4,120,261	3,751,931	3,635,589	3,406,693	3,513,628	3,676,194	3,585,647
Debt service	590,735	454,218	503,446	837,928	880,199	916,548	887,431	938,663	855,569	918,260
Total governmental activities program expenses	22,801,802	22,090,844	20,851,059	20,698,722	20,084,869	19,834,974	18,977,683	19,126,247	20,097,040	17,841,327
Business-type activities:										
Electric	21,193,819	20,829,632	19,464,587	22,485,206	25,911,242	23,009,788	22,895,981	23,962,803	22,259,716	22,428,215
Gas	2,498,580	2,529,600	1,664,249	2,217,022	3,087,321	2,401,303	1,908,278	2,602,842	3,198,740	2,905,012
Sanitation	3,058,877	2,950,325	2,884,041	2,754,244	2,768,399	2,737,307	2,603,144	2,706,750	2,669,678	2,464,142
Wastewater	3,077,447	2,865,017	2,791,804	2,785,435	2,841,457	2,846,895	2,692,136	2,860,922	2,979,406	3,286,770
Water	3,427,583	3,646,400	3,731,863	3,268,023	3,753,663	3,342,073	3,281,611	3,430,862	3,088,039	3,316,393
Total business-type activities program expenses	33,256,306	32,820,974	30,536,544	33,509,930	38,362,082	34,337,366	33,381,150	35,564,179	34,195,579	34,400,532
Total primary government expenses	56,058,108	54,911,818	51,387,603	54,208,652	58,446,951	54,172,340	52,358,833	54,690,426	54,292,619	52,241,859
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	861,398	959,452	1,083,616	945,154	714,188	675,909	936,160	934,808	866,090	782,976
Public safety	15,679	15,818	8,712	14,743	8,878	4,959	5,971	6,258	8,548	5,446
Highways and streets	98,105	92,516	81,727	63,084	68,300	56,920	51,616	51,666	51,996	44,094
Health and welfare	57,244	54,062	38,218	34,647	31,492	30,004	29,507	32,452	35,606	47,472
Culture and recreation	407,662	408,316	379,925	351,860	343,989	353,510	340,739	364,696	387,113	348,065
Operating grants and contributions	769,279	616,771	596,344	553,618	817,748	574,798	628,127	626,870	865,607	469,206
Capital grants and contributions	96,560	63,402	2,374,213	3,326,657	4,022,261	25,209	1,495,920	610,145	1,213,423	1,467,320
Total governmental activities program revenues	2,305,927	2,210,337	4,562,755	5,289,763	6,006,856	1,721,309	3,488,040	2,626,895	3,428,383	3,164,579
Business-type activities:										
Charges for services:										
Electric	23,018,340	22,112,796	20,938,896	24,042,704	27,021,804	25,240,842	24,538,200	26,814,028	24,387,117	26,016,817
Gas	3,189,500	2,757,889	2,203,446	2,824,075	3,905,007	2,965,796	2,437,314	3,178,811	3,740,133	3,372,455
Sanitation	3,483,031	3,451,489	3,363,751	3,226,180	3,121,490	3,043,375	3,065,318	3,119,515	2,913,758	2,767,713
Wastewater	3,966,833	3,788,837	3,483,098	3,413,850	3,586,878	3,584,026	3,647,923	3,717,883	3,552,062	4,104,465
Water	4,259,708	4,360,072	3,890,641	3,759,869	3,974,875	4,326,320	4,413,082	5,122,170	3,898,319	4,688,689
Operating grants and contributions	32,076	70,876	-	-	6,461	-	7,435	16,622	-	8,316
Capital grants and contributions	229,920	45,080	391,496	292,732	280,501	325,463	117,427	599,799	229,089	115,539
Total business-type activities program revenues	38,179,408	36,587,039	34,271,328	37,559,410	41,897,016	39,485,822	38,226,699	42,568,828	38,720,478	41,073,994
Total primary government program revenues	40,485,335	38,797,376	38,834,083	42,849,173	47,903,872	41,207,131	41,714,739	45,195,723	42,148,861	44,238,573
<b>Net (expense)/revenue</b>										
Governmental activities	(20,495,875)	(19,880,507)	(16,288,304)	(15,408,959)	(14,078,013)	(18,113,665)	(15,489,643)	(16,499,352)	(16,668,657)	(14,676,748)
Business-type activities	4,923,102	3,766,065	3,734,784	4,049,480	3,534,934	5,148,456	4,845,549	7,004,649	4,524,899	6,673,462
Total primary government net expense	(15,572,773)	(16,114,442)	(12,553,520)	(11,359,479)	(10,543,079)	(12,965,209)	(10,644,094)	(9,494,703)	(12,143,758)	(8,003,286)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Property taxes	6,666,162	6,124,393	5,680,168	5,465,940	6,145,913	5,647,218	5,449,748	4,980,377	5,011,013	4,787,893
Sales taxes	4,850,553	4,829,919	4,653,951	4,753,324	4,391,151	4,404,296	4,107,558	3,774,894	3,678,707	3,727,329
Other taxes	3,710,264	3,534,540	3,416,293	3,694,438	3,892,795	3,657,534	3,485,786	3,699,868	3,344,311	3,501,962
Investment income not restricted	237,392	141,978	88,759	9,398	3,947	7,125	6,817	18,501	12,790	181,281
Miscellaneous	351,802	317,353	367,506	121,500	128,809	102,935	150,630	143,988	105,935	120,375
Gain (loss) on sale of capital assets	61,166	96,816	296,006	107,318	75,275	67,395	53,693	12,771	7,879	5,482
Payments from component Unit	1,159,417	1,082,711	1,063,682	910,301	828,247	1,099,836	791,218	219,526	850,941	931,773
Transfers	3,262,416	2,993,087	2,787,126	4,381,164	3,034,718	2,893,486	2,715,519	2,872,953	2,836,566	3,146,621

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

CITY OF BRENHAM

**TABLE 2**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total government activities	20,299,172	19,120,797	18,353,491	19,443,383	18,500,855	17,879,825	16,760,969	15,722,878	15,848,142	16,402,716
Business-type activities:										
Investment income not restricted	277,367	205,888	143,036	78,002	74,935	84,013	87,517	95,798	50,841	129,159
Miscellaneous	31,341	99,915	102,257	67,076	55,515	91,658	70,555	21,046	44,971	192,729
Gain (loss) on sale of capital assets	189,872	19,959	59,949	647,069	-	-	-	-	-	-
Payments from component Unit	-	-	-	-	-	-	11,956	-	-	-
Transfers	(3,262,416)	(2,993,087)	(2,787,126)	(4,381,164)	(3,034,718)	(2,893,486)	(2,715,519)	(2,872,953)	(2,836,566)	(3,146,621)
Total business-type activities	(2,763,836)	(2,667,325)	(2,481,884)	(3,589,017)	(2,904,268)	(2,717,815)	(2,545,491)	(2,756,109)	(2,740,754)	(2,824,734)
Total primary government general revenues and other changes in net position	17,535,336	16,453,472	15,871,607	15,854,366	15,596,587	15,162,010	14,215,478	12,966,769	13,107,388	13,577,982
<b>Change in net position</b>										
Governmental activities, as previously reported	(196,703)	(759,710)	2,065,187	4,034,424	4,422,842	(233,840)	1,271,326	(776,474)	(820,515)	1,725,968
Restatement in capital assets (1)	-	-	-	-	-	-	-	-	110,028	-
Restatement in post employment benefits (3)	-	-	-	-	-	-	166,964	-	-	-
Governmental activities, restated	(196,703)	(759,710)	2,065,187	4,034,424	4,422,842	(233,840)	1,438,290	(776,474)	(710,487)	1,725,968
Business-type activities, as previously reported	2,159,266	1,098,740	1,252,900	460,463	630,666	2,430,641	2,300,058	4,248,540	1,784,145	3,292,404
Restatement in charges for services (2)	-	-	-	-	-	-	-	-	556,324	-
Restatement in post employment benefits (3)	-	-	-	-	-	-	120,846	-	-	-
Business-type activities, restated	2,159,266	1,098,740	1,252,900	460,463	630,666	2,430,641	2,420,904	4,248,540	2,340,469	3,292,404
<b>Total primary government change in net position</b>	<b>\$ 1,962,563</b>	<b>\$ 339,030</b>	<b>\$ 3,318,087</b>	<b>\$ 4,494,887</b>	<b>\$ 5,053,508</b>	<b>\$ 2,196,801</b>	<b>\$ 3,859,194</b>	<b>\$ 3,472,066</b>	<b>\$ 1,629,983</b>	<b>\$ 5,018,373</b>
<b>Component unit</b>										
Program expenses	\$ 290,923	\$ 471,813	\$ 353,281	\$ 1,269,991	\$ 245,479	\$ 236,449	\$ 1,107,871	\$ 269,757	\$ 205,065	\$ 190,761
Program revenues	-	-	-	-	-	-	-	-	-	-
Brenham Community Development Corporation	-	-	-	-	-	-	-	-	-	-
Net expenses	(290,923)	(471,813)	(353,281)	(1,269,991)	(245,479)	(236,449)	(1,107,871)	(269,757)	(205,065)	(190,761)
<b>General revenues and other changes in net position</b>										
Component unit activities:										
Sales taxes	1,616,851	1,609,973	1,551,317	1,584,441	1,463,717	1,468,099	1,369,186	1,258,298	1,226,236	1,242,443
Investment income not restricted	35,509	20,911	10,267	956	282	1,120	1,434	1,645	2,365	7,088
Contribution from Developer	-	-	-	735,044	-	-	-	-	-	-
Miscellaneous	2,118	-	-	15,279	3,232	3,376	102,038	-	-	-
Gain (loss) on sale of capital assets	-	-	-	-	74,567	-	-	3,100	-	5,348
Payments to primary government	(1,159,417)	(1,082,711)	(1,063,682)	(910,301)	(828,247)	(1,099,836)	(803,174)	(219,526)	(850,941)	(931,773)
Total component unit activities	495,061	548,173	497,902	1,425,419	713,551	372,759	669,484	1,043,517	377,660	323,106
<b>Component unit change in positior</b>	<b>\$ 204,138</b>	<b>\$ 76,360</b>	<b>\$ 144,621</b>	<b>\$ 155,428</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>

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

**FUND BALANCES - GOVERNMENTAL FUNDS**

**CITY OF BRENHAM**

**Last Ten Fiscal Years**

*(modified accrual basis of accounting)*

**TABLE 3**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012 (2)	2011 (1)	2010	2009
<b>General fund:</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved									2,764,850	2,764,850
Nonspendable	199,862	178,818	187,362	180,105	188,412	212,530	256,443	204,230	-	-
Restricted	261,833	449,993	239,510	10,713	801,061	74,074	103,959	103,052	-	-
Committed	-	2,952	6,952	6,952	10,304	10,304	-	-	-	-
Assigned	-	-	-	169,114	-	-	-	-	-	-
Unassigned	4,123,668	4,626,478	4,437,291	4,376,760	3,861,506	3,609,690	3,505,058	3,529,369	-	-
Total general fund	<u>\$ 4,585,363</u>	<u>\$ 5,258,241</u>	<u>\$ 4,871,115</u>	<u>\$ 4,743,644</u>	<u>\$ 4,861,283</u>	<u>\$ 3,906,598</u>	<u>\$ 3,865,460</u>	<u>\$ 3,836,651</u>	<u>\$ 2,764,850</u>	<u>\$ 2,764,850</u>
<b>All other governmental funds:</b>										
Reserved, reported in:										
Debt service fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	481,884	337,949
Unreserved reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	1,829,883	1,400,880
Capital projects funds	-	-	-	-	-	-	-	-	77,479	699,191
Restricted	5,267,261	5,961,589	7,454,047	9,986,870	12,808,565	5,613,677	1,793,596	5,600,913	-	-
Committed	421,060	256,303	48,016	193,699	525,451	12,000	15,689	111,424	-	-
Assigned	336,847	663,661	163,023	1,273,106	8,158	169,134	523,677	394,896	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 6,025,168</u>	<u>\$ 6,881,553</u>	<u>\$ 7,665,086</u>	<u>\$ 11,453,675</u>	<u>\$ 13,342,174</u>	<u>\$ 5,794,811</u>	<u>\$ 2,332,962</u>	<u>\$ 6,107,233</u>	<u>\$ 2,389,246</u>	<u>\$ 2,438,020</u>

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

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

**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**CITY OF BRENHAM**

*Last Ten Fiscal Years*

*(modified accrual basis of accounting)*

**TABLE 4**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Taxes	\$ 15,217,399	\$ 14,455,002	\$ 13,748,920	\$ 13,904,906	\$ 14,409,371	\$ 13,703,177	\$ 13,039,066	\$ 12,445,035	\$ 12,013,599	\$ 12,006,792
Licenses and permits	132,133	157,128	146,329	121,076	76,379	59,826	72,425	64,465	76,999	61,989
Intergovernmental	643,733	2,561,978	3,910,222	5,046,207	4,260,002	3,595,065	545,942	696,256	1,817,216	1,462,232
Charges for services	635,985	650,916	612,693	563,123	517,114	512,012	509,278	558,484	603,568	571,177
Fines and forfeitures	657,615	713,986	833,046	723,181	573,355	549,460	782,276	766,908	668,762	594,840
Investment income	235,317	140,882	87,852	9,320	3,884	6,948	6,604	18,259	12,428	179,685
Payment from component unit	1,159,417	1,082,711	1,063,682	910,301	828,247	1,099,836	791,218	970,989	850,941	931,773
Contributions and donations	222,858	112,588	1,141,823	505,658	2,248,498	68,724	127,206	111,254	174,272	39,833
Miscellaneous	318,567	278,448	407,717	203,891	141,911	160,959	203,888	115,930	111,418	149,984
<b>Total revenues</b>	<b>19,223,024</b>	<b>20,153,639</b>	<b>21,952,284</b>	<b>21,987,663</b>	<b>23,058,761</b>	<b>19,756,007</b>	<b>16,077,903</b>	<b>15,747,580</b>	<b>16,329,203</b>	<b>15,998,305</b>
<b>Expenditures</b>										
Current:										
Culture and recreation	3,889,284	3,713,527	3,344,965	3,195,581	3,081,793	2,965,441	2,778,854	2,860,841	2,985,738	2,963,083
General government	6,159,358	5,702,493	5,403,850	5,275,753	5,067,284	5,038,077	4,849,317	4,814,955	4,987,652	4,793,575
Health and welfare	579,681	404,891	314,999	292,948	305,008	302,547	280,468	278,258	281,388	262,880
Highways and streets	1,396,102	1,157,773	1,129,539	1,435,659	1,379,361	1,444,078	6,061,296	11,426,323	1,535,385	1,317,966
Public safety	6,235,546	6,216,890	5,991,944	5,794,265	6,382,845	6,091,109	5,870,921	5,801,959	5,977,319	5,055,235
Debt service:										
Interest & fiscal charges	668,735	669,942	747,578	974,276	926,007	964,850	967,466	932,687	818,939	816,482
Principal retirement	4,466,057	4,900,881	4,715,090	4,563,551	3,090,133	1,749,643	1,664,835	1,623,452	1,291,944	1,319,200
Issuance costs	75,326	27,207	-	-	95,731	51,489	15,550	331,409	800	132,893
Capital outlay	3,473,619	3,311,645	7,482,720	6,109,584	1,520,404	2,476,074	1,303,258	1,203,378	2,002,664	9,585,060
<b>Total expenditures</b>	<b>26,943,708</b>	<b>26,105,249</b>	<b>29,130,685</b>	<b>27,641,617</b>	<b>21,848,566</b>	<b>21,083,308</b>	<b>23,791,965</b>	<b>29,273,262</b>	<b>19,881,829</b>	<b>26,246,374</b>
<b>Excess (deficiency) of revenues over(under) expenditures</b>	<b>(7,720,684)</b>	<b>(5,951,610)</b>	<b>(7,178,401)</b>	<b>(5,653,954)</b>	<b>1,210,195</b>	<b>(1,327,301)</b>	<b>(7,714,062)</b>	<b>(13,525,682)</b>	<b>(3,552,626)</b>	<b>(10,248,069)</b>
<b>Other financing sources (uses)</b>										
Transfers in	6,454,089	7,112,944	6,206,837	11,129,848	4,704,485	3,201,225	3,060,200	3,091,370	3,849,305	4,092,165
Transfers out	(3,191,673)	(3,979,857)	(3,419,711)	(6,470,544)	(1,669,767)	(314,213)	(344,681)	(218,417)	(1,012,739)	(945,544)
Payment to Component Unit	-	-	-	-	-	-	-	(751,463)	-	-
Issuance of debt	86,167	1,129,719	450,000	138,000	4,075,000	1,886,423	1,200,000	16,097,674	-	-
Refunding bonds issued	-	-	-	3,910,000	1,509,201	-	-	3,060,619	-	5,941,995
Premium on debt issued	145,626	157,735	-	259,994	71,819	-	-	-	-	194,962
Payment to refunded bond escrow agent	-	-	-	(5,338,791)	(1,490,242)	-	-	(3,004,387)	-	(6,004,364)
Proceeds from capital lease	2,650,000	949,333	-	-	-	-	-	-	645,621	131,933
Miscellaneous	47,212	185,329	280,157	19,309	91,357	56,853	53,081	40,074	21,665	19,339
<b>Total other financing sources (uses)</b>	<b>6,191,421</b>	<b>5,555,203</b>	<b>3,517,283</b>	<b>3,647,816</b>	<b>7,291,853</b>	<b>4,830,288</b>	<b>3,968,600</b>	<b>18,315,470</b>	<b>3,503,852</b>	<b>3,430,486</b>
<b>Net change in fund balance</b>	<b>\$ (1,529,263)</b>	<b>\$ (396,407)</b>	<b>\$ (3,661,118)</b>	<b>\$ (2,006,138)</b>	<b>\$ 8,502,048</b>	<b>\$ 3,502,987</b>	<b>\$ (3,745,462)</b>	<b>\$ 4,789,788</b>	<b>\$ (48,774)</b>	<b>\$ (6,817,583)</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>21.88%</b>	<b>24.44%</b>	<b>25.23%</b>	<b>25.72%</b>	<b>19.76%</b>	<b>14.59%</b>	<b>11.70%</b>	<b>9.11%</b>	<b>11.81%</b>	<b>12.82%</b>

**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>
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
2015	4,753,324	5,457,145	2,874,901	770,537	49,000	-	13,904,906
2016	4,653,951	5,678,676	2,622,742	753,205	40,346	-	13,748,920
2017	4,829,919	6,090,543	2,779,897	712,291	42,352	-	14,455,002
2018	4,850,553	6,656,582	2,869,973	791,998	48,293	-	15,217,399

(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>
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
2015	588,614,227	359,317,477	356,131,045	1,304,062,749	201,487,280	1,102,575,469	0.49120
2016	662,228,119	376,628,126	369,673,156	1,408,529,401	219,787,164	1,188,742,237	0.47310
2017	694,511,449	377,327,701	340,215,520	1,412,054,670	214,004,797	1,198,049,873	0.50700
2018	735,299,263	442,903,708	330,475,124	1,508,678,095	239,858,877	1,268,819,218	0.51700

(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)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Sales subject to sales tax</b>										
Retail trade	\$ 228,151,247	\$ 221,611,161	\$ 213,161,211	\$ 207,491,024	\$ 200,166,319	\$ 192,880,386	\$ 185,845,076	\$ 184,434,383	\$ 185,958,779	\$ 184,899,069
Accommodation/food services	44,867,434	43,746,925	44,905,531	42,372,818	39,733,063	38,172,199	36,330,789	36,309,229	35,547,090	34,609,238
Wholesale trade	22,178,007	21,480,857	21,844,310	25,121,744	24,694,123	16,762,409	13,616,793	12,950,217	13,395,632	16,490,784
Manufacturing	13,850,683	12,761,420	16,204,464	20,485,742	20,879,179	18,536,084	15,277,547	14,031,339	15,744,268	25,038,093
Admin/support/waste mgmt/remediation services	13,638,149	13,189,854	13,238,887	12,408,950	11,908,900	10,380,780	6,229,057	5,148,773	5,420,141	7,191,225
Information	9,533,342	9,868,409	10,907,336	9,357,216	5,092,179	4,222,671	3,924,959	3,403,518	3,293,086	2,587,597
Other services	9,119,115	8,463,325	8,047,207	8,631,759	8,411,007	8,397,832	7,852,686	8,254,664	7,646,118	7,642,688
Construction	6,158,362	7,097,652	6,300,143	4,636,339	3,634,513	5,929,461	4,250,898	4,874,143	5,485,705	4,183,561
Real estate/rental/leasing	4,890,139	4,262,226	5,161,358	4,596,074	4,726,546	4,578,407	4,270,107	3,784,914	4,934,661	7,408,045
Educational services	3,297,564	2,863,648	2,545,139	2,231,771	2,199,657	2,164,287	2,157,341	1,886,553	1,759,260	1,767,263
Professional/scientific/technical services	2,869,424	2,545,393	2,973,265	3,164,426	3,012,617	2,269,454	2,112,551	2,002,752	1,864,755	2,931,954
Arts/entertainment/recreation	1,146,636	1,292,977	1,325,235	1,266,465	1,104,462	1,157,707	1,135,531	1,098,302	1,135,902	1,016,048
Finance/insurance	1,029,819	720,158	941,719	709,837	981,444	2,056,713	1,905,231	2,399,368	2,649,199	1,399,762
Health care/social assistance	214,355	154,464	123,081	125,376	125,304	134,722	114,402	47,212	37,369	52,738
Agriculture/forestry/fishing hunting	95,998	50,316	89,881	75,721	73,717	195,546	171,394	136,705	116,141	163,971
Mining/quarrying/oil/gas extraction	65,267	1,514,948	5,776,452	3,784,238	9,957,614	6,728,368	2,999,333	3,152,929	4,229,845	9,146,075
Transportation/warehousing	47,363	296,728	307,391	304,802	284,374	306,194	246,296	223,081	225,203	273,397
<b>All industries (2)</b>	<b>\$ 367,433,282</b>	<b>\$ 357,986,685</b>	<b>\$ 360,281,691</b>	<b>\$ 354,351,702</b>	<b>\$ 343,937,445</b>	<b>\$ 321,297,875</b>	<b>\$ 295,952,623</b>	<b>\$ 291,297,972</b>	<b>\$ 297,373,449</b>	<b>\$ 314,645,173</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 2018 was unavailable.

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

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

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

**CITY OF BRENHAM**

**TABLE 8**

Fiscal Year	PROPERTY TAX RATES (per \$100 of assessed value) (1)							SALES TAX RATES (2)		
	City Direct Rates			Brenham Independent School District	Blinn College	Washington County	Total Overlapping Governments	City of Brenham	Washington County	Total Overlapping Governments
	General Fund	Debt Service	Total							
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
2015	0.28900	0.20220	0.49120	1.13500	0.05840	0.52110	2.20570	0.01500	0.00500	0.02000
2016	0.29500	0.17810	0.47310	1.13500	0.06010	0.52110	2.18930	0.01500	0.00500	0.02000
2017	0.31500	0.19200	0.50700	1.13500	0.06010	0.52710	2.22920	0.01500	0.00500	0.02000
2018	0.32000	0.19700	0.51700	1.12500	0.06010	0.51710	2.21920	0.01500	0.00500	0.02000

(1) Data is from Washington County Appraisal District.

(2) Data is from Texas Comptroller of Public Accounts.

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

**CITY OF BRENHAM**

**TABLE 9**

2018			2009		
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	\$ 48,308,063	3.81%	Blue Bell Creameries	\$ 36,516,495	3.86%
Valmont/ALS	24,166,433	1.90%	Valmont/ALS	31,611,140	3.34%
Germania Insurance	13,575,955	1.03%	Moore Wallace North America	15,579,900	1.65%
Sealy Texas Management, Inc.	13,077,380	1.07%	MIC Group, LLC	13,854,660	1.46%
Lowe's Home Centers, Inc. #2521	9,593,480	0.54%	Germania Insurance	11,794,720	1.25%
Sabra Texas Holdings, LP	8,000,000	0.63%	Mount Vernon Mills, Inc.	11,777,040	1.25%
Moore Wallace North America	7,924,230	0.62%	Lowe's Home Centers, Inc. #2521	11,407,385	1.21%
Wal-Mart Real Estate Business Trust	7,835,420	0.76%	PI Components Corporation	11,210,000	1.19%
PFL Properties, LP	7,254,185	0.62%	Wal-Mart Real Estate Business Trust	8,273,140	0.87%
MIC Group, LLC	6,836,590	0.57%	Brenham Wholesale Grocery	7,962,670	0.84%
<b>Total</b>	<b>\$ 146,571,736</b>	<b>11.55%</b>	<b>Total</b>	<b>\$ 159,987,150</b>	<b>16.92%</b>

(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
2009	\$ 4,738,697	\$ 4,666,545	98.48%	\$ 69,103	\$ 4,735,648	99.94%
2010	4,951,545	4,866,421	98.28%	78,203	4,944,624	99.86%
2011	4,918,722	4,840,737	98.41%	71,977	4,912,714	99.88%
2012	5,408,505	5,320,079	98.37%	77,830	5,397,909	99.80%
2013	5,590,982	5,507,178	98.50%	72,564	5,579,741	99.80%
2014	6,092,655	6,001,567	98.50%	65,954	6,067,522	99.59%
2015	5,424,046	5,347,550	98.59%	47,252	5,394,802	99.46%
2016	5,615,674	5,544,254	98.73%	40,775	5,585,029	99.45%
2017	6,075,478	5,987,208	98.55%	38,667	6,025,875	99.18%
2018	6,599,891	6,503,743	98.54%	-	6,503,743	98.54%

**PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)**  
**Calendar Years 2017 and 2008 (2)**

**CITY OF BRENHAM**

**TABLE 11**

2017				2008			
<b>Sales Tax Payers By Industry</b>	<b>Sales Subject to Sales Tax</b>	<b>Percentage of All Industries</b>	<b>Number of Reporting Outlets 4th Q</b>	<b>Sales Tax Payers By Industry</b>	<b>Sales Subject to Sales Tax</b>	<b>Percentage of All Industries</b>	<b>Number of Reporting Outlets 4th Q</b>
Retail trade	\$ 228,151,247	62.09%	403	Retail trade	\$ 184,899,069	58.76%	371
Accommodation/food services	44,867,434	12.21%	95	Accommodation/food services	34,609,238	11.00%	82
Wholesale trade	22,178,007	6.04%	48	Manufacturing	25,038,093	7.96%	73
Manufacturing	13,850,683	3.77%	96	Wholesale trade	16,490,784	5.24%	44
Admin/support/waste mgmt/remediation services	13,638,149	3.71%	49	Mining/quarrying/oil/gas extraction	9,146,075	2.91%	8
Information	9,533,342	2.59%	9	Other services	7,642,688	2.43%	111
Other services	9,119,115	2.48%	105	Real estate/rental/leasing	7,408,045	2.35%	17
Construction	6,158,362	1.68%	94	Admin/support/waste mgmt/remediation services	7,191,225	2.29%	60
Real estate/rental/leasing	4,890,139	1.33%	16	Construction	4,183,561	1.33%	84
Educational services	3,297,564	0.90%	12	Professional/scientific/technical services	2,931,954	0.93%	55
Professional/scientific/technical services	2,869,424	0.78%	60	Information	2,587,597	0.82%	12
Arts/entertainment/recreation	1,146,636	0.31%	18	Educational services	1,767,263	0.56%	13
Finance/insurance	1,029,819	0.28%	11	Finance/insurance	1,399,762	0.44%	13
Health care/social assistance	214,355	0.06%	14	Arts/entertainment/recreation	1,016,048	0.32%	23
Agriculture/forestry/fishing hunting	95,998	0.03%	12	Transportation/warehousing	273,397	0.09%	8
Mining/quarrying/oil/gas extraction	65,267	0.02%	4	Agriculture/forestry/fishing hunting	163,971	0.05%	11
Transportation/warehousing	47,363	0.01%	4	Health care/social assistance	52,738	0.02%	6
All industries (3)	<u>\$ 367,433,282</u>	<u>100.00%</u>	<u>1,060</u>	All industries (3)	<u>\$ 314,645,173</u>	<u>100.00%</u>	<u>1,002</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 2018 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	
	Certificates of Obligation	General Obligation Refunding	Revenue Bonds	Limited Tax Notes	Capital Leases/Notes Payable	Certificates of Obligation	General Obligation Refunding	Capital Leases/Notes Payable		Personal Income (2)	Per Capita (2)
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	7.44%	3,383
2012	7,426,711	8,391,568	15,061,647	1,594,036	435,986	6,192,281	13,266,678	92,535	52,461,442	7.03%	3,268
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	6.52%	3,161
2014	12,280,891	6,715,656	13,607,376	1,045,360	249,414	5,770,000	10,740,847	294,212	50,703,757	6.14%	3,102
2015	11,688,697	9,920,792	5,549,929	763,522	262,590	5,565,000	9,525,932	214,838	43,491,300	5.29%	2,604
2016	11,078,284	8,726,402	2,817,634	481,685	584,399	5,350,000	8,274,189	133,619	37,446,211	4.62%	2,230
2017	11,736,175	7,491,466	-	185,000	1,391,825	2,319,976	11,931,755	1,030,835	36,087,032	4.46%	2,129
2018	13,801,628	4,072,649	-	-	1,259,268	3,195,270	10,501,604	1,010,811	33,841,230	4.15%	1,986

(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>Certificates of Obligation</b>	<b>General Obligation Refunding</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>
2009	\$26,700,001	\$16,645,000	\$ -	\$43,345,001	\$ 337,949	\$ 19,053,674	\$ 945,811,445	2.01%	\$ 1,248
2010	25,300,001	15,670,001	-	40,970,002	481,884	40,488,118	982,776,938	4.12%	2,576
2011	14,482,841	23,438,820	665,873	38,587,534	245,654	38,341,880	975,919,507	3.93%	2,379
2012	13,618,992	21,658,246	1,594,036	36,871,274	199,181	36,672,093	997,362,133	3.68%	2,284
2013	14,540,034	19,822,669	1,322,198	35,684,901	185,850	35,499,051	1,029,480,016	3.45%	2,186
2014	18,050,891	17,456,503	1,045,360	36,552,755	554,803	35,997,952	1,080,568,292	3.33%	2,203
2015	17,253,697	19,446,724	763,522	37,463,943	405,888	37,058,055	1,102,575,469	3.36%	2,219
2016	16,428,284	17,000,591	481,685	33,910,559	227,350	33,683,209	1,188,742,237	2.83%	2,006
2017	14,056,151	19,423,221	185,000	33,664,372	226,949	33,437,423	1,198,049,873	2.79%	1,973
2018	16,996,898	14,574,253	-	31,571,151	303,216	31,267,935	1,268,819,218	2.46%	1,835

(1) See Table 17 for population information.



**DIRECT AND OVERLAPPING DEBT**  
**Current Year**

**CITY OF BRENHAM**

**TABLE 14**

<b>NAME OF GOVERNMENTAL UNIT</b>	<b>GROSS DEBT OUTSTANDING</b>	<b>2017 TAX ROLL TAXABLE VALUE</b>	<b>PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)</b>	<b>CITY OF BRENHAM'S SHARE OF DEBT</b>
City of Brenham	\$ 19,133,545	\$ 1,268,819,218	100.00%	\$ 19,133,545
Total direct debt	19,133,545	1,268,819,218		19,133,545
Brenham I. S. D.	30,357,999	2,829,038,169	44.85%	13,615,515
Washington County	2,630,000	2,794,036,312	45.41%	1,194,328
Blinn College	-	2,907,939,127	0.00%	-
Total overlapping debt	32,987,999	8,531,013,608		14,809,843
<b>Total direct and overlapping debt</b>	<b>\$ 52,121,544</b>	<b>\$ 9,799,832,826</b>		<b>\$ 33,943,387</b>

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation 0.35%

Per capita consolidated overlapping tax supported debt (based on population of 17,044) \$1,992

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Taxable assessed valuations	\$ 1,268,819,218	\$ 1,198,049,873	\$ 1,188,742,237	\$ 1,102,575,469	\$ 1,080,568,292	\$ 1,029,480,016	\$ 997,362,133	\$ 975,919,507	\$ 982,776,938	\$ 945,811,445
Tax limit per \$100 valuation	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000	1.65000
O&M tax rate per \$100 valuation	0.32000	0.31500	0.29500	0.28900	0.35790	0.34200	0.34200	0.34200	0.34200	0.34200
Debt limit per \$100 valuation	1.33000	1.33500	1.35500	1.36100	1.29210	1.30800	1.30800	1.30800	1.30800	1.30800
Debt limit	16,875,296	15,993,966	16,107,457	15,006,052	13,962,023	13,465,599	13,045,497	12,765,027	12,854,722	12,371,214
Total net debt applicable to limit	5,134,792	5,570,823	5,462,668	5,537,827	4,016,140	2,714,493	2,632,301	2,611,307	2,107,581	2,219,350
Legal debt margin	\$ 11,740,504	\$ 10,423,143	\$ 10,644,789	\$ 9,468,225	\$ 9,945,883	\$ 10,751,106	\$ 10,413,196	\$ 10,153,720	\$ 10,747,141	\$ 10,151,864
Total net debt applicable to the limit as a percentage of debt limit	30.43%	34.83%	33.91%	36.90%	28.76%	20.16%	20.18%	20.46%	16.40%	17.94%

**PLEDGED REVENUE COVERAGE**  
*Last Ten Fiscal Years*

CITY OF BRENHAM

**TABLE 16**

<b>Electric Fund (1)</b>							<b>Water Fund (2)</b>						
Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest (4)						Principal	Interest (4)	
2009	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	2009	\$ 4,606,941	\$ 2,835,706	\$ 1,771,235	\$ 569,498	\$ 426,689	1.78
2010	-	-	-	-	-	N/A	2010	3,898,316	2,509,163	1,389,153	629,780	492,080	1.24
2011	-	-	-	-	-	N/A	2011	5,122,167	2,969,660	2,152,507	690,634	430,063	1.92
2012	-	-	-	-	-	N/A	2012	4,413,080	2,819,979	1,593,101	600,229	481,901	1.47
2013	-	-	-	-	-	N/A	2013	4,326,320	2,877,823	1,448,497	613,738	472,594	1.33
2014	-	-	-	-	-	N/A	2014	3,974,875	3,146,191	828,684	703,854	399,330	0.75
2015	-	-	-	-	-	N/A	2015	3,759,869	2,945,350	814,519	479,962	335,835	1.00
2016	-	-	-	-	-	N/A	2016	3,890,641	3,321,499	569,142	498,938	316,657	0.70
2017	22,112,796	20,707,959	1,404,837	78,471	59,930	10.15	2017	4,360,072	3,313,948	1,046,124	569,737	213,059	1.34
2018	23,018,340	21,122,153	1,896,187	69,055	69,400	13.70	2018	4,259,708	3,223,697	1,036,011	585,375	228,852	1.27

<b>Wastewater Fund - Self-Supporting Debt (3)</b>							<b>Total Electric, Water, and Wastewater Funds</b>						
Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage	Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Debt Service Coverage
				Principal	Interest (4)						Principal	Interest (4)	
2009	\$ 4,045,839	\$ 2,639,477	\$ 1,406,362	\$ 633,196	\$ 552,701	1.19	2009	\$ 8,652,780	\$ 5,475,183	\$ 3,177,597	\$ 1,202,694	\$ 979,390	1.46
2010	3,552,059	2,406,199	1,145,860	667,545	497,324	0.98	2010	7,450,375	4,915,362	2,535,013	1,297,325	989,404	1.11
2011	3,717,881	2,396,120	1,321,761	790,302	375,458	1.13	2011	8,840,048	5,365,780	3,474,268	1,480,936	805,522	1.52
2012	3,647,921	2,353,385	1,294,536	856,283	271,196	1.15	2012	8,061,001	5,173,364	2,887,637	1,456,512	753,097	1.31
2013	3,584,026	2,509,164	1,074,862	888,133	249,074	0.95	2013	7,910,346	5,386,987	2,523,359	1,501,871	721,668	1.13
2014	3,586,878	2,549,655	1,037,223	925,835	214,615	0.91	2014	7,561,753	5,695,846	1,865,907	1,629,689	613,945	0.83
2015	3,413,850	2,470,332	943,518	1,021,313	258,364	0.74	2015	7,173,719	5,415,682	1,758,037	1,501,275	594,199	0.84
2016	3,483,098	2,479,197	1,003,901	1,049,163	228,023	0.79	2016	7,373,739	5,800,696	1,573,043	1,548,101	544,680	0.75
2017	3,788,837	2,576,299	1,212,538	1,077,818	193,625	0.95	2017	30,261,705	26,598,206	3,663,499	1,726,026	466,614	1.67
2018	3,966,833	2,836,332	1,130,501	1,168,238	165,610	0.85	2018	31,244,881	27,182,182	4,062,699	1,822,668	463,862	1.78

(1) Electric fund-supported debt includes 2016 certificates of obligation.

(2) Water fund-supported debt includes 2001 general obligation refunding bonds, 2001, 2008, and 2017 certificates of obligation, and 2007, 2009, 2010, 2011, 2014, and 2016 general obligation refunding bonds.

(3) Wastewater fund-supported debt includes 2001, 2002, and 2017 certificates of obligation, and 2007, 2009, 2010, 2011, and 2014 general obligation refunding bonds.

(4) Interest is represented on a cash basis.

TABLE 17

Fiscal Year	Population (1)	Total Personal Income (000's) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2009	15,270	\$ 623,276	\$ 40,817	5.3
2010	15,716	669,360	42,591	5.9
2011	16,117	732,502	45,449	6.0
2012	16,054	746,591	46,505	4.8
2013	16,240	787,202	48,473	4.9
2014	16,343	825,665	50,521	4.0
2015	16,702	822,206	49,228	5.0
2016	16,791	809,964	48,238	5.5
2017	16,951	809,258	47,741	3.8
2018	17,044	816,013	47,877	3.6

(1) Population data for 2009 and 2011 to 2017 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 2018 is estimated based on an average annual growth rate. All data is updated annually based on the newest information available.

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

(3) Per capita data for 2009 to 2017 are projections for Washington County provided by the Bureau of Economic Analysis. Year 2018 is an estimate based on a five year compound average annual growth rate. All data is updated annually based on the newest information available.

(4) Unemployment rates are taken from U.S. Bureau of Labor Statistics. Under the new U.S. Bureau of Labor Statistics mandated methodology for producing labor statistics, a city must have a population of at least 25,000 for city-level estimates to be produced; therefore, the unemployment rates shown for 2009 to 2018 are for Washington County.

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

**CITY OF BRENHAM**

**TABLE 18**

<b>2018</b>			<b>2009</b>		
<b>Employer (1)</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>	<b>Employer</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>
Brenham State Supported Living Center	1,051	15.46%	Blinn College	900	13.41%
Brenham I.S.D.	693	10.20%	Brenham State Supported Living Center	880	13.11%
Blue Bell Creameries	575	8.46%	Blue Bell Creameries	786	11.71%
Blinn College	475	6.99%	Brenham I.S.D.	719	10.71%
Wal-Mart Supercenter	385	5.66%	Wal-Mart Supercenter	380	5.66%
Tempur Sealy International	341	5.02%	Germania Insurance	324	4.83%
Germania Insurance	336	4.94%	Trinity Medical Center	285	4.25%
Scott & White Hospital - Brenham	300	4.41%	City of Brenham	240	3.58%
City of Brenham	284	4.18%	Sealy Mattress Company	211	3.14%
Washington County	236	3.47%	Valmont	203	3.02%
<b>Total</b>	<b>4,676</b>	<b>68.80%</b>	<b>Total</b>	<b>4,928</b>	<b>73.43%</b>
Employment (2)	6,797		Employment	6,711	

(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 2017 is an estimate based on Washington County employment estimates reported by the U.S. Bureau of Labor Statistics for 2016. 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**

<b>Function/program</b>	<b>FISCAL YEAR</b>									
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Administration	4.82	4.57	5.07	5.90	6.00	6.00	5.00	6.28	8.08	8.08
Development Services	6.20	5.83	5.50	4.50	4.50	4.10	1.00	1.00	-	-
Human Resources	2.50	2.50	2.50	2.43	2.00	2.00	2.80	2.80	-	-
Main Street	1.50	1.25	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Engineering Services	1.00	2.00	2.00	-	-	-	-	-	-	-
Maintenance	8.50	8.47	8.47	8.47	7.97	7.50	8.00	8.00	8.00	8.00
Finance	9.12	9.00	8.87	9.27	9.27	9.08	8.08	9.39	10.39	10.45
Purchasing/Warehouse	3.47	3.47	3.47	3.47	4.44	3.47	3.47	-	-	-
Streets	15.00	15.73	15.25	16.75	16.75	16.46	16.46	16.90	16.90	16.90
Parks	15.67	16.67	16.67	15.42	15.42	17.62	18.62	21.06	21.06	27.38
Library	7.23	6.47	6.47	5.99	5.99	5.99	7.41	8.14	8.14	8.03
Marketing & Public Relations	4.73	3.93	2.93	3.18	1.94	2.19	4.66	4.74	4.74	-
Aquatic Center	17.43	16.15	15.40	15.40	15.15	14.90	13.92	15.04	15.04	15.04
City Communications	0.25	0.25	0.25	0.25	-	-	-	-	-	-
Communications	-	-	-	-	17.17	17.17	16.92	17.16	17.16	13.13
Police	40.25	41.00	40.50	41.50	40.50	38.50	38.00	38.00	37.00	34.00
Fire	19.25	19.25	16.25	16.25	16.25	15.25	15.00	15.00	15.00	12.13
Animal Services	5.72	4.72	4.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00
Municipal Court	5.25	5.00	5.35	4.60	4.80	4.80	4.80	4.60	4.60	4.75
Public Works	2.00	2.00	2.13	1.50	1.50	1.90	5.50	6.00	6.00	6.00
Information Technology	5.18	5.18	5.18	5.00	5.00	5.00	6.00	5.00	5.00	5.00
Utility Customer Service	6.00	6.00	6.00	6.00	5.60	7.20	9.00	10.00	10.00	10.00
Public Utilities	10.50	10.50	10.50	12.00	11.00	8.00	7.50	7.00	7.00	7.00
Electric	11.00	11.00	11.00	12.00	12.00	12.00	12.00	13.00	12.00	12.00
Gas	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Water Treatment	7.50	7.50	7.50	7.50	6.50	6.50	6.50	6.50	6.50	7.00
Water Construction	4.20	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.50	5.50
Wastewater Construction	2.80	3.00	4.00	4.00	5.00	5.00	5.00	5.00	5.50	5.50
Wastewater Treatment	4.50	4.50	3.50	4.50	4.50	4.50	4.50	4.50	4.50	5.50
Transfer Station	4.25	4.25	3.25	2.75	2.75	2.75	2.75	2.75	2.75	3.08
Collection Station	2.25	2.25	2.25	3.25	3.25	3.25	2.83	2.83	2.83	1.39
Recycling Center	3.22	3.22	2.75	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Residential Collection	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	3.59
Public Information	-	-	-	-	-	-	-	-	2.00	2.00
Tourism & Promotion	0.43	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>239.47</b>	<b>237.41</b>	<b>229.76</b>	<b>231.88</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>

Source of Non-Accounting Data: City of Brenham's Adopted Budget

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

CITY OF BRENHAM

**TABLE 20**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Recreation/Parks										
Number of athletic tournaments (1)	31	34	27	28	32	42	45	41	36	33
Aquatic Center										
Number of Visitors	56,419	70,861	68,036	60,685	66,434	67,353	65,703	68,997	67,000	67,526
Number of Annual Passes	108	101	133	89	99	131	132	87	97	145
Number of Monthly Passes	988	949	1,053	916	960	910	991	1,156	962	930
Number of Summer Passes	65	82	103	77	78	76	80	84	-	-
Streets										
Road maintenance in linear feet	11,563	8,712	3,942	5,525	10,794	5,178	8,796	16,430	33,958	11,186
Library										
Circulation	99,796	90,813	60,629	61,689	57,949	62,782	63,737	73,288	75,174	73,700
Communications (2)										
Number of Incoming Calls	-	-	-	-	633,648	644,070	683,380	759,065	712,766	749,499
Number of 9-1-1 Calls	-	-	-	-	45,515	38,540	36,332	34,924	30,388	30,594
Police										
Traffic Citations	3,398	2,335	4,633	5,436	4,372	4,425	4,081	5,240	6,230	8,036
Traffic Warning Tickets Issued	4,593	3,037	4,231	5,854	5,694	4,964	4,964	9,740	7,493	4,274
Mileage on Police units	461,708	452,743	442,850	448,691	466,688	419,124	443,909	401,630	422,313	382,597
Fire (3)										
Fire Responses	732	666	598	661	568	547	547	570	429	352
Rescues	53	51	52	83	58	36	36	18	17	52
Animal Control/Shelter/Adoption (4)										
Number of Incoming Animals	1,421	1,568	1,177	1,240	1,419	1,645	1,906	1,611	1,760	1,455
Animals Adopted	615	501	334	279	284	256	263	336	343	300
Municipal Court										
Traffic dispositions	3,127	3,246	4,378	3,978	2,517	2,880	5,186	4,270	5,703	5,582
Other dispositions	1,794	1,844	1,934	1,680	1,959	2,132	4,302	2,458	1,527	1,603
Public Works										
Building Inspection Visits	2,254	2,682	2,011	1,878	2,315	1,901	1,621	1,835	1,956	1,818
Electric										
kWh delivered	278,979,228	271,101,915	261,757,332	269,960,615	288,427,106	281,329,115	281,786,169	289,768,758	271,319,462	271,248,570
Customers served	10,797	8,599	8,529	8,449	8,420	8,405	8,345	8,286	8,235	8,150
Gas										
mcf delivered	491,582	403,228	345,640	394,150	474,330	402,656	369,023	394,563	443,345	420,851
Customers served	4,434	4,403	4,377	4,361	4,326	4,316	4,279	4,244	4,212	4,151
Water										
Gallons delivered	814,230,300	833,558,700	738,120,100	716,115,400	763,545,100	847,002,400	872,381,300	996,362,800	752,748,100	926,510,200
Customers served	7,782	7,693	7,589	7,503	7,398	7,345	7,271	7,164	7,077	6,946
Wastewater										
Effluent plant gallons processed	697,623,600	694,743,800	749,670,200	732,231,000	687,835,000	672,065,000	704,378,000	657,568,000	727,301,000	762,338,000
Commercial/industrial gallons processed	315,690,776	307,907,691	287,287,700	294,107,600	328,694,600	326,351,900	340,551,800	351,747,400	327,125,800	385,150,300
Customers served	6,954	6,861	6,782	6,705	6,633	6,614	6,536	6,434	6,373	6,284
Sanitation										
Customers served	6,158	6,055	6,008	5,946	5,873	5,858	5,812	5,728	5,610	5,468

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

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

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

(3) Operating indicators for the Fire Department are based on fiscal year. Data for 2007 to 2015 are based on calendar year. Figures for 2008 are year-to-date, December 12, 2008.

(4) Operating indicators for the Animal Control/Shelter/Adoption are based on fiscal year. Data for 2009 to 2015 are based on calendar year.

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
*Last Ten Fiscal Years*

CITY OF BRENHAM

**TABLE 21**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Recreation/Parks										
Park acreage	191	191	191	191	191	191	191	191	150	150
Parks	8	8	8	8	8	8	8	8	7	7
Amphitheatres	1	1	1	1	1	1	1	1	-	-
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Baseball fields	7	7	7	7	7	8	8	8	8	8
Softball fields	9	9	9	9	9	9	9	9	9	9
Pickleball courts	6	4	4	-	-	-	-	-	-	-
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	47	45	45	45	45	44	43	43	43	43
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	6	6	6	6	6	6	6	5	5	5
Animal control/shelter/adoption										
Shelters	1	1	1	1	1	1	1	1	1	1
Electric										
Miles of electric mains	122	122	121	120	119	118	118	118	118	118
Gas										
Miles of gas mains	130	128	126	124	122	121	118	118	116	115
Water										
Miles of water mains	167	167	165	155	154	153	153	153	149	148
Wastewater										
Miles of wastewater mains	148	145	144	143	141	141	138	138	137	137
Sanitation										
Collection stations	1	1	1	1	1	1	1	1	1	1
Transfer stations	1	1	1	1	1	1	1	1	1	1
Recycling stations	1	1	1	1	1	1	1	1	1	1

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



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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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 1, 2019.

**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  
March 1, 2019

*Seidel Schneider*