CITY OF BRENHAM, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

PREPARED BY THE FINANCE DIVISION

CITY OF BRENHAM, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY
SECTION

February 29, 2016

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

The Finance Department 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, 2015. 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, 2015 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, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE CITY AND ITS ORGANIZATION

Profile of the Government

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

During the middle of the 2015 fiscal year, Brenham experienced slow-down in several manufacturing facilities and the temporary shutdown of Blue Bell Creameries ice cream production (which resumed operations in November 2015). The City of Brenham is fortunate to have a diversified revenue base which has helped mitigate the economic downturn. Several indicators are noted below.

ECONOMIC CONDITION AND OUTLOOK (continued)

Local Economy (continued)

- Strong Sales Tax Revenue – Sales tax, which is the largest revenue source for funding General Fund operations and maintenance, was budgeted to increase in FY15 by a solid 3% over the prior year. We experienced an 8.25% increase over FY14 actuals and FY16 revenues are stable.

- Growth in Property Valuations – The City of Brenham's certified taxable property valuations have grown 7.93% from last year's adjusted values of $1,101,449,203 to $1,188,742,237 for the 2016 tax year. This included over $16.19 million in new improvements.

- Unemployment Rate for the County – With the mid-year manufacturing slow-down, the unemployment rate for Washington County in September 2015 was 5.0% which was higher than the state's average unemployment rate of 4.4%.

- The City's Hotel Occupancy Tax revenues continue to increase. The FY15 actual collections were higher than the original budgeted levels by over 10% and also exceeded the three previous fiscal years.

Economic Development

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

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

The City continues to experience stable economic development through moderate growth in residential and commercial building permits and infrastructure improvements.

- Residential building permits – In FY15, 57 residential building permits were issued for the year totaling $6.5 million which is a $1.9 million decrease from the previous year of 79 permits totaling $8.4 million. The decline is directly related to the high demand for housing in the Ralston Creek and Highland Meadows subdivisions which were completed in FY14.

- Commercial building permits – The City issued 74 commercial building permits for FY15 totaling $15.4 million as compared to 55 permits for $9.5 million in FY14. The increase of $5.9 million is attributable to the following projects: $3.2 million for the Washington County Healthy Living Center; $6.1 million for Belle Towers, a senior living community; $2.7 million for the City of Brenham's animal adoption center; as compared to the addition of $2.8 million for Precision Polymers Engineering and $2.9 million for Seidel Schroeder in FY14.

- Infrastructure improvements were complete in the Timber Oaks and Oak Alley residential subdivisions, and the City accepted water system improvement totaling almost $140,000 and wastewater system improvements totaling almost $153,000.

Economic Development (continued)

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

- Precision Polymer Engineering (PPE), a British company, finished construction of its new manufacturing facility in Brenham and began operations. They invested $13 million in new taxable improvements and will create 60 new jobs over a five year period.

- Stanpac USA was awarded a tax-phase-in incentive from the City of Brenham and Washington County to expand their operations in Brenham by investing $8.5 million to purchase new equipment and expand their current facility.

The Economic Development Foundation of Brenham (EDF) works closely with the City to promote growth within the existing business community and to market Brenham's competitive advantage as a location for new businesses. In August 2015, the EDF was awarded a grant from the US. Economic Development Administration (EDA) in the amount of $1.35 million to build a Workforce and Technical Training Center in the Brenham Business Center adjacent to the Hodde Technical Education Center. Total construction costs are estimated at $1.8 million with matching funds being provided by local entities: $250,000 from the Brenham Community Development Corporation (BCDC); $100,000 from Blinn College; and $50,000 each from Washington County and the EDF.

The BCDC derives funding from the collection of a three-eighth cent 4B sales tax allocated for economic development and recreation. This revenue source has allowed the City to create a business park and recreational facilities, providing for new development opportunities.

- Public parks are often the economic engine that drives tourism in many communities. The City of Brenham offers first class facilities that appeal to both residents and visitors. The recreational portion of this three-eight cent sales tax provided almost $245,000 for improvements to our existing park facilities and aquatic center during the fiscal year.

- The City of Brenham Parks, Recreation and Open Spaces Master Plan for 2015 through 2025, which was developed with the assistance of Texas State University, was completed in the fiscal year with funding provided by BCDC. This document meets the criteria published by the Texas Parks and Wildlife Department (TPWD) and ensures that the City is favorably positioned to receive future grant funding from TPWD.

- In November 2013, the Council approved a development agreement related to the donation and acceptance of a 100 acre site for future park purposes. Per the agreement, the developer was responsible for 75% of the cost to engineer and construct an access road totaling $1.004 million. The City (BCDC) agreed to match 25%. In FY15, the road was completed and BCDC funded $269,493

Lastly, the City owns and operates the Brenham Municipal Airport. In FY15, a new a $1.695 million ten (10) T-hangar development, access taxiway and new electrical vault project was completed. This was a joint project with TxDOT Aviation and the City of Brenham.

The Main Street Brenham program continues to thrive with a strong volunteer base which organizes and supports many downtown festivals, events and tourism promotions. The Texas Downtown Association recognized Mrs. Sharon Brass as the "Texas Downtown Association's Downtowner of the Year" for her efforts in promoting the downtown district. Mrs. Brass authored a historical book, *The Burning of Brenham*, and has contributed countless hours to the Main Street program. The Main Street Advisory Board was also instrumental in designing a comprehensive wayfinding signage program for the City. The design phase was completed in FY15, and funding for phase 2 was included in the FY16 budget.

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 FY15, the unassigned fund balance had grown to over $4.37 million or 117 days coverage. For purposes of this calculation, we used total expenditures less other financing sources/(uses).

Major Initiatives

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

As identified in the five-year capital plans, the City realized the need to construct a new animal shelter estimated at $2 million and renovate/expand the public library for $3 million. Initially, these capital projects were being funded through 50/50 public-private partnerships. However, when the construction contracts were awarded, the shortfall for the two building projects combined was approximately $1.2 million. Because of the recent downturn in our local economy, we deferred any additional debt financing for these projects. Our plan is to reallocate the $1.429 million in proceeds from the sale of surplus land in the Sanitation Fund from the original use of funding $900,000 in street reconstruction projects. In the future, we envision issuing debt for transportation needs as part of capital improvements financing that includes utility system upgrades. The construction phase for both projects is well underway with estimated completion in late FY16.

Without knowing when the economic conditions in our community will rebound, a financial priority for the FY16 budget was to set aside funds to protect the City operations should a drop in sales tax occur. With sales tax being the largest revenue source for the General Fund, and projected revenues at $4.5 million, a 5% drop would be $226,000. We have set aside a $225,000 contingency line item in the General Fund for this purpose. If we do not experience any negative revenue impact, this amount could be used to complete our capital building projects, or it could be reallocated to the street reconstruction program.

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, 2014. This is the seventh 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,

Terry K. Roberts
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

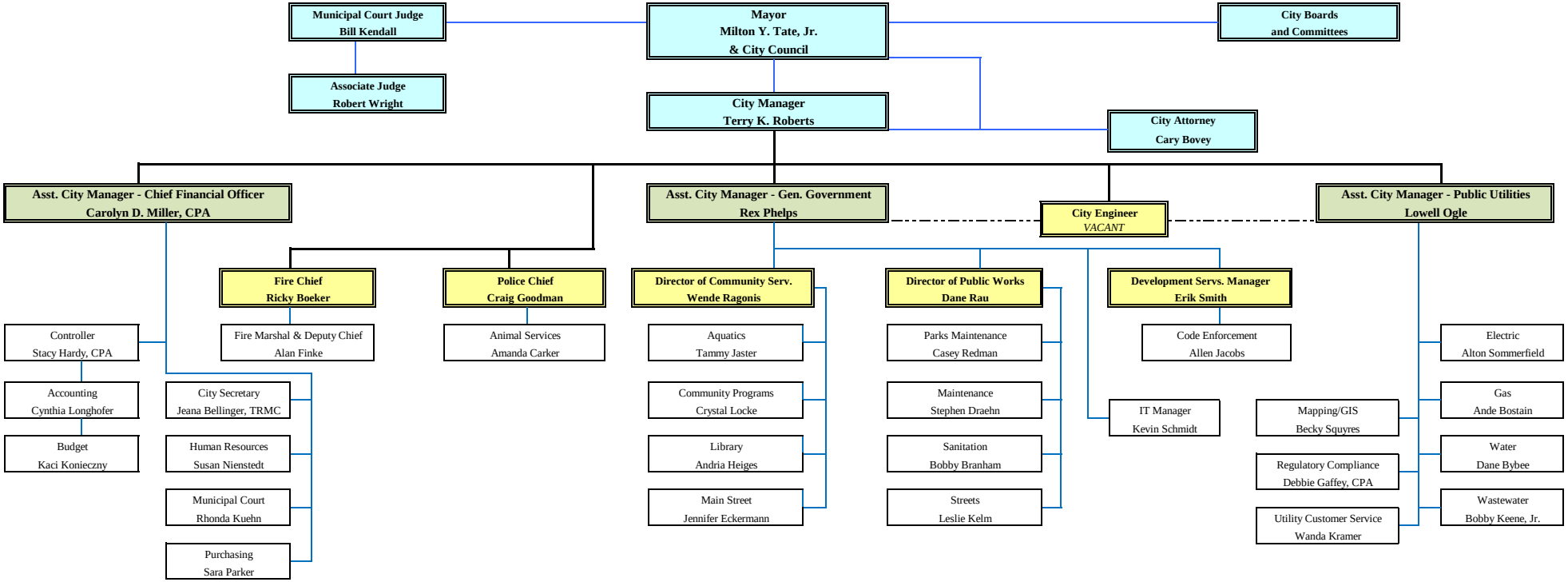
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Jeffrey R. Emer

Executive Director/CEO

CITY OF BRENHAM - ORGANIZATIONAL CHART
As of October 1, 2015



CITY OF BRENHAM
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2015

MAYOR

Milton Y. Tate, Jr.

MAYOR PRO-TEM

Gloria Nix

CITY COUNCIL

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

CITY MANAGER

Terry K. Roberts

ASSISTANT CITY MANAGERS

Carolyn D. Miller, CPA, Chief Financial Officer

Lowell Ogle, Public Utilities

Rex Phelps, General Government

CONTROLLER

Stacy Hardy, CPA

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FINANCIAL
SECTION

SEIDEL
SCHROEDER
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Brenham, Texas, (the "City") as of and for the year ended September 30, 2015, 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.

2707 SOUTH MARKET STREET, BRENHAM, TX 77833 | 979.836.6131 | 979.830.8131 F

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, 2015, 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.

Change in Accounting Principle

As discussed in Note IV. E. to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

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 27 and the schedule of funding progress-other postemployment benefit plan, 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 83 through 88, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedules within the reports for management and the schedule of expenditures of federal awards 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, schedules within the reports for management, and the schedule of expenditures of federal awards 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 February 29, 2016 on our consideration of the City of Brenham, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Brenham, Texas' internal control over financial reporting and compliance.

Brenham, Texas
February 29, 2016

Seidel Schroeder

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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, 2015. 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 $92,625 (net position). Of this amount, $14,209 *(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 $4,495.
- As of the close of the current fiscal year, the City of Brenham's governmental funds reported combined ending fund balances of $16,197 a decrease of $2,006 in comparison with the prior year. Approximately $4,377 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 $4,744 or 30% of total general fund expenditures.
- The City of Brenham's total bonded debt decreased by $7,146 or 14.25% 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 29-31, 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 S*tatement 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 S*tatement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, US 290 Pass Thru Finance Fund, and 2014 Capital Projects Fund which are considered to be major funds. Individual fund balance sheets and statements of revenues, expenditures, and changes in fund balance for the other 8 governmental funds are presented in the supplementary information section. The governmental FFS can be found on pages 32-36 of the CAFR.

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

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

Proprietary funds provide the same type of information as the GWFS, only in more detail. The proprietary FFS provide separate information for the water, wastewater, sanitation, gas, and electric distribution operations, which are considered to be major funds of the City of Brenham. The internal service funds are reported in a separate column in the proprietary fund financial statements. The proprietary FFS can be found on pages 37-41 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 43-81 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 92-119 of this report. Information relating to federal and state grant awards begins on page 163 of this report. The statistical section can be found on pages 139-162 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position serves as a useful indicator of the City's financial position. Assets exceeded liabilities by $92,625 (net position) at the close of the fiscal year, compared to assets exceeding liabilities by $96,992 (net position) at the end of the prior fiscal year. The City's total net position decreased by $4,367 during the period.

City of Brenham, Texas
Net Position
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	$ 23,439	$ 28,706	$ 18,629	$ 19,456	$ 42,068	$ 48,162
Capital assets	55,996	51,640	53,149	53,598	109,145	105,238
Total assets	79,435	80,346	71,778	73,054	151,213	153,400
Deferred Outflows of Resources						
Deferred amount from refundings	284,110	335,754	654,504	771,730	938,614	1,107,484
Deferred outflows - TMRS Pension	629,975	-	241,664	-	871,639	-
Deferred outflows - TESRS Pension	53,340	-	-	-	53,340	-
Total Deferred Outflows of Resources	967,425	335,754	896,168	771,730	1,863,593	1,107,484
Liabilities						
Long-term debt outstanding	31,442	30,184	17,176	16,187	48,618	46,371
Other liabilities	6,149	5,713	5,011	5,320	11,160	11,033
Total liabilities	37,591	35,897	22,187	21,507	59,778	57,404
Deferred Inflows of Resources						
Deferred amount from refundings	134,634	-	97,918	110,349	232,552	110,349
Deferred inflows - TMRS Pension	278,992		107,024		386,016	
Deferred inflows - TESRS Pension	54,907	-	-	-	54,907	-
Total Deferred Inflows of Resources	468,533	-	204,942	110,349	673,475	110,349
Net Position						
Net invested in capital assets	40,207	36,830	37,750	36,724	77,957	73,554
Restricted	459	633	-	-	459	633
Unrestricted	1,677	7,321	12,532	15,484	14,209	22,805
Total net position	$ 42,343	$ 44,784	$ 50,282	$ 52,208	$ 92,625	$ 96,992

By far the largest portion of the City of Brenham's net position, $77,957 or 84%, 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 $459, less than 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position $14,209 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

City of Brenham, Texas
Changes in Net Position
(Amounts in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$ 1,409	$ 1,167	$ 37,267	$ 41,610	$ 38,676	$ 42,777
Operating grants and contributions	553	818	-	6	553	824
Capital grants and contributions	3,327	4,022	293	280	3,620	4,302
General revenues:						
Property taxes	5,466	6,146		-	5,466	6,146
Sales taxes	4,753	4,391		-	4,753	4,391
Franchise taxes	2,875	3,164		-	2,875	3,164
Hotel Occupancy taxes	771	705		-	771	705
Alcoholic Beverage taxes	49	24		-	49	24
Other	1,148	1,036	792	130	1,940	1,166
Total revenues	20,351	21,473	38,352	42,026	58,703	63,499
Expenses:						
General government	5,909	5,458	-	-	5,909	5,458
Public safety	6,705	7,105	-	-	6,705	7,105
Highway/streets	2,812	2,573	-	-	2,812	2,573
Interest on Long Term Debt	838	880	-	-	838	880
Culture and recreation	4,120	3,752	-	-	4,120	3,752
Health and welfare	314	317	-	-	314	317
Water	-	-	3,268	3,754	3,268	3,754
Wastewater	-	-	2,786	2,842	2,786	2,842
Electric	-	-	22,485	25,911	22,485	25,911
Gas	-	-	2,217	3,087	2,217	3,087
Sanitation	-	-	2,754	2,768	2,754	2,768
Total Expenses	20,698	20,085	33,510	38,362	54,208	58,447
Increase (decrease) in net position before transfers	(347)	1,388	4,842	3,664	4,495	5,052
Transfers	4,381	3,035	(4,381)	(3,035)	-	-
Increase (decrease) in net position	4,034	4,423	461	630	4,495	5,053
Net position - beginning	44,785	40,758	52,208	51,797	96,993	92,555
Restatement of net position	(6,476)	(397)	(2,387)	(219)	(8,863)	(616)
Net position - beginning as restated	38,309	40,361	49,821	51,578	88,130	91,939
Net position - ending	$42,343	$ 44,784	$ 50,282	$ 52,208	$ 92,625	$ 96,992

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Governmental activities. Governmental activities increased the City of Brenham's net assets by $4,034 compared to an increase of $4,423 in the prior fiscal year. Key elements of this increase are noted below.

Revenues decreased to $20,351 from $21,473 during the year. This decrease is attributable to several factors.

Program Revenues

- The increase in *Charges for Services* was due to municipal court fees and fines, building permits and beer and wine licenses which were higher than the previous year.
- The decrease in *Operating Grants and Contributions* occurred when the operating subsidy paid by Washington County for the Emergency Communications function ended in FY14.
- Although major improvements at the municipal airport for a T-hangar and taxiway were higher in FY15, *Capital Grants and Contributions* decreased because private donation for the 50/50 public-private partnerships for the new animal shelter and renovated/expanded library were lower compared to FY14.

General Revenues

- In FY15, the City of Brenham transferred the Emergency Communications function to Washington County which triggered a $0.072 cent decrease in the property tax rate for the fiscal year. As you would expect, *Property Tax* revenues were lower than FY14 by 12.3%.
- *Sales Taxes* increased by 8.2% over the prior year due to increased consumer spending.
- *Franchise Taxes* are received from the enterprise funds and are budgeted at 7% of revenue. The franchise taxes were lower than the prior year by over 9% which is directly attributable to decreased revenues in the Electric and Gas Funds.
- *Hotel Occupancy Taxes* which are derived from a 7% hotel occupancy tax continues to rise with the growth in tourism.
- *Other Revenues* were higher due primarily from improvements to the Aquatic Center and Hohlt Park funded by the Component Unit.

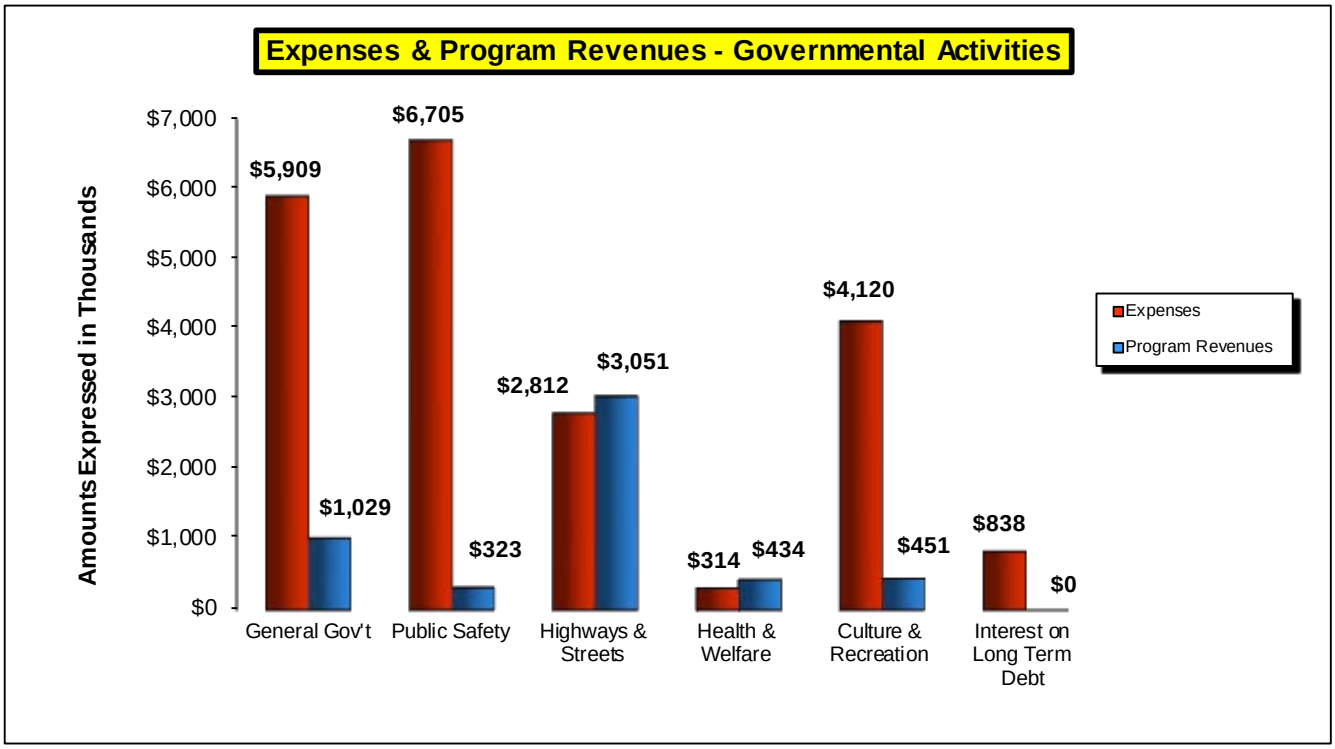
Expenses increased to $20,698 from $20,085 or 3.1% during the year. Over half of this increase is attributable to personnel expenses. In FY15, medical premiums increased 10% over the prior year with an impact of $202; employees were granted a mid-year 2% COLA of $58; and eligible employees received a 2.5% step increase on their anniversary date totaling $91.

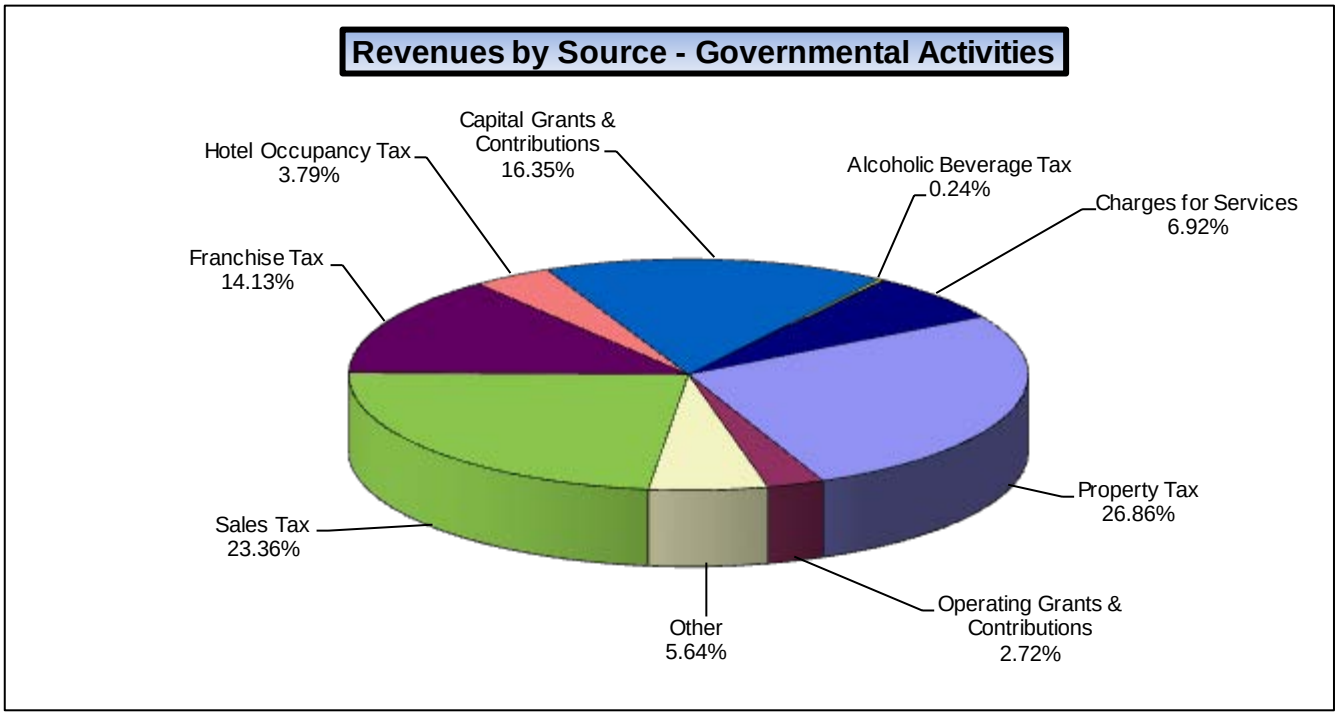
Other notable variances are detailed below.

- *Public Safety* expenses decreased with the transfer of the Emergency Communications function to Washington County.
- *Culture & Recreation* experienced higher expenses from park system improvements, higher tourism and promotions activities, and the loss on the partial retirement/demolition of the library in preparation for the renovation/expansion.
- *Highways/Streets* expenses were higher from partial disposal of streets that were included in the overlay project and per the Advanced Refunding Agreement with TxDOT, the installation of a new traffic signal on U.S. Hwy 290 Business at Chappell Hill Street.

Transfers increased during the year primarily due to the transfer of $1,429 in gross proceeds from the sale of the land held by the Sanitation Fund which was offset by lower actual expenses in the indirect departments (Administration, Community Services, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)





GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)

Business-type activities. Business-type activities increased the City of Brenham's net position by $461 compared to an increase of $630 in the prior fiscal year. Key elements of this increase are noted below.

Revenues decreased to $38,352 from $42,026 during the year, an 8.7% decrease. This decrease is attributable to several factors.

- The charges for services in the Electric Fund decreased $2,979 or 11% due to lower kWh consumption created by milder May and June weather and the shutdown of Blue Bell Creameries.

- Gas Fund revenues experienced a $1,080 or 27.68% decrease due to lower natural gas commodity costs which are a direct pass-through to utility customers.

- The charges for services in the Water Fund decreased $215 or 5.4% during the year. With more normalized weather for four consecutive years following the drought of 2011, water consumption was down 47.4 million gallons or 6.2% over the prior fiscal year.

- Charges for services in the Wastewater Fund were lower by $173 or 4.8% due to the unexpected shutdown of Blue Bell Creameries and the loss of utility revenues generated from industry surcharges.

- The Sanitation Fund charges for services were higher by $105 or 3.4% which is due from higher commercial brush rates at the Collection Station and increased tonnage at the Transfer Station.

Expenses decreased to $33,510 from $38,362 or 12.7% during the year with specific changes presented below.

- Electric Fund expenses decreased 13.2% due mainly to lower purchase costs from LCRA and lower kWh consumption by customers, combined with reduced capital spending and lower franchise taxes.

- The decrease in Gas Fund expenses is directly attributable to the commodity side of the operation with lower gas purchase costs combined with lower franchise taxes.

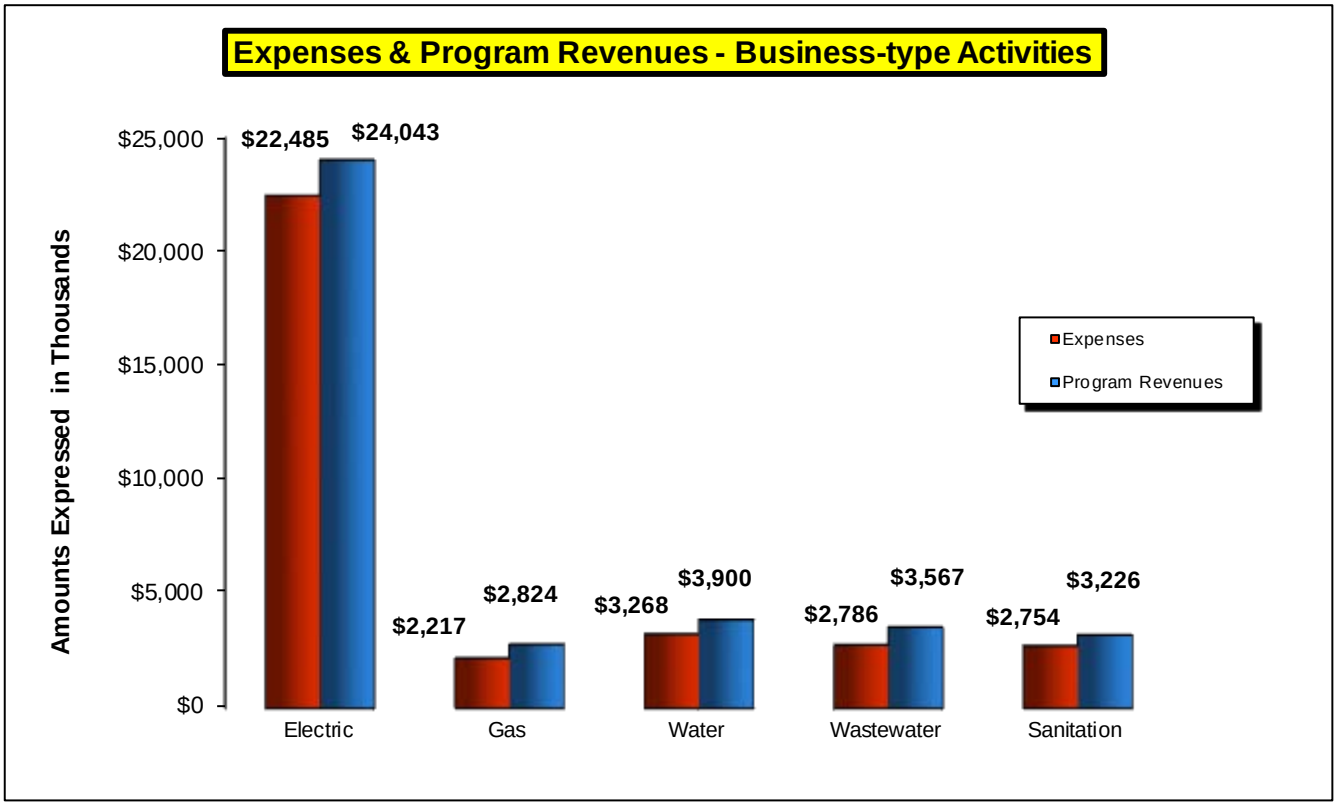
- The Water Fund operating expenses decreased by 12.9% compared to the prior fiscal year when we incurred a loss on disposal of water meters that were being replaced with new AMR meters, and higher maintenance costs at the water treatment plant and at the lake intake station.

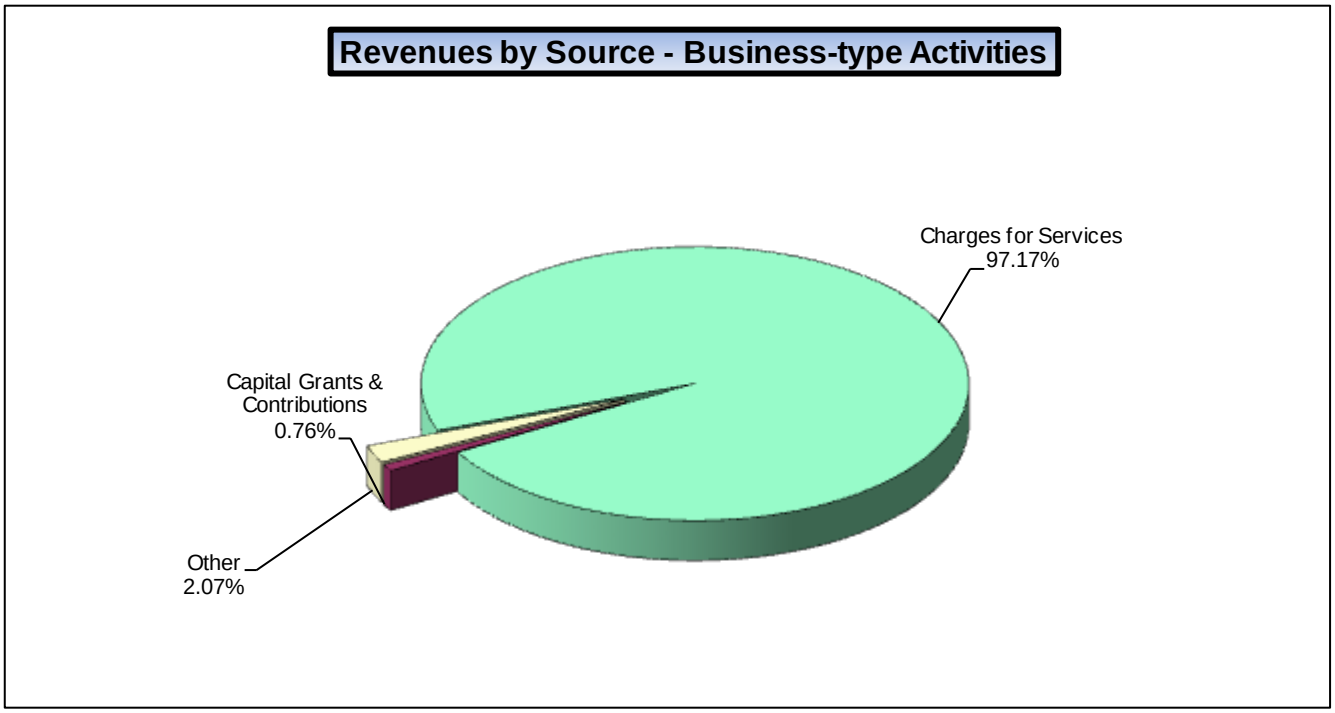
- Wastewater Fund expenses decreased by 2% and are comparable with the prior year.

- With four operational areas, the Sanitation Fund expenses decreased by .5% overall and are comparable with the prior year.

Net transfers out increased during the year primarily due to the transfer of $1,429 in gross proceeds from the sale of the land held by the Sanitation Fund which was offset by lower actual expenses in the indirect departments (Administration, Community Services, Main Street, Maintenance, Finance, Purchasing/Central Warehouse, HR/Risk Management, and Information Technology) which are allocated to the business-type activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – (Continued)





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 $16,197 a decrease of $2,006 in comparison with the prior year.

The U.S. Hwy 290 Pass-Thru Finance Fund has a total fund balance of $4,626 which is a decrease of $462 in comparison to the prior fiscal year. Pass-Through Toll Revenue Bonds in the amount of $15,000 were issued in FY11 to fund a major transportation project with the Texas Department of Transportation. In accordance with the agreement, the City of Brenham is receiving semi-annual payments from TxDOT with two payments totaling $3,282 being received in FY15. In February, 2015 the City had the opportunity to advance refund a portion of these bonds and $3,747 was transferred to the Debt Service Fund.

The 2014 Capital Projects Fund is being used to record construction activity for the new animal shelter and the expanded/renovated library. The fund balance total of $5,405 is the residual balance of Certificates of Obligation, Series 2014 combined with private donations. These projects are scheduled for completion in FY16.

In Other Governmental Funds, the combined fund balance of $1,017 decreased by $1,308, which is comprised of activity in these funds:

1) Special Revenue Funds increased by $45 with growth in the Hotel Occupancy Tax Fund of $22; higher restitution income of $4 in PD Law Enforcement Fund; $14 in Court Technology/Security Fund; and higher funding for tourism programs by $5 in the Washington County HOT Tax Fund.

2) Nonmajor Capital Projects Funds decreased by $1,354 with the majority decrease in the Streets & Drainage Improvements Fund of $1,213 due to the capital outlays for new thoroughfare projects and the street overlay project; also capital outlays of $146 in Airport Capital Improvement Fund and $5 in Parks Capital Improvements Fund.

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

Unrestricted net position of the Electric Fund at the end of the year totaled to $7,147; those of the Gas Fund were $1,249; the Water Fund $2014; the Wastewater Fund $1,126 and the Sanitation Fund $580. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Brenham's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The original revenue budget was $12,310 and the final amended budget was $12,784, an increase of $474. City sales taxes were increased by $270; telephone access line taxes were increased by $50; building permit and inspection fees were increased by $35; intergovernmental was increased by $12 for Washington County; charges for services were increased by $22 for planning, health and fire inspection fees; and miscellaneous revenues were increased by $70 for the sale of City owned property.

GENERAL FUND BUDGETARY HIGHLIGHTS – (Continued)

The original expenditure budget was $15,426 and the final amended budget was $15,279, a decrease of $147 in the following categories:

1) Culture and Recreation decreased by $40 due to vacant positions, lower motor fuel costs and lower contract mowing expenditures.
2) General Government decreased by $45 due to reduced liability/casualty premiums and vacant positions.
3) Highways and Streets decreased by $358 as funds were transferred to capital outlays and the street overlay project; lower motor fuel costs; and lower airport routine airport maintenance
4) Public Safety decreased by $59 due primarily to vacant positions and lower motor fuel costs.
5) Capital Outlays increased by $357 due mainly to development costs of City surplus property and the purchase of land near the downtown district.

The original budget for transfers-in was $3,657 and the final amended budget was $5,092, an increase of $1,435. The increase is primarily related to the transfer of $1,429 in gross proceeds from the sale of surplus land held by the Sanitation Fund.

The original budget for transfers-out was $585 and the final amended budget was $2,396, an increase of $1,811. This increase is primarily due to the transfer of $1,260 to the 2014 Capital Projects Fund to complete the new animal shelter and renovated/expanded library; and $550 to the Equipment Fund for capital equipment in the FY16 budget and to complete the renovation of the Fire Department living quarters. The City council approved this one-time transfer to offset the financial impact for these capital projects and equipment.

For fiscal year 2015, the General Fund's revenue came in $137 under budget. This decrease is primarily related to lower franchise tax revenue from the utility funds.

For fiscal year 2015, the General Fund's actual expenditures came in approximately $595 lower than budget. This positive variance is attributable to lower personnel costs from vacant positions, lower motor fuel costs and lower utility expenditures.

PENSIONS AND RETIREE HEALTHCARE

Effective for FY15, the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" created specific reporting requirements for pensions that are different than that used for funding purposes. Both valuations are important as the reporting valuation provides a rigorous standard measure that can be used to compare the City's pension liabilities to other governments from around the nation. The funding valuation is important as the actuarial methods used including strategies for repaying any unfunded actuarial accrued liabilities combined with the City's history of making those contributions provides insight regarding the City's commitment to and the effectiveness of its funding strategy.

In the Required Supplementary Information (RSI) section, information is presented for Texas Municipal Retirement System (TMRS) and Texas Emergency Services Retirement System (TESRS). RSI contained in the financial statements themselves, including the Schedules of Changes in Net Pension Liability and Related Ratios, are based on the reporting valuation. The Schedules of Contributions are based on the funding valuation. On a reporting basis, the City's financial statements reflect a Net Pension Liability for TMRS as of September 30, 2015 of $9,691 which is 89% of the City's annual covered payroll of $10,876. The Net Pension Liability for TESRS as of September 30, 2015 is $218.

The actuarially accrued liability for retiree healthcare has been calculated in accordance with GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", to be $653 as of September 30, 2015, an increase of $94 from the prior fiscal year valuation.

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, 2015 amounts to $109,145 (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 $3,905 or 3.7%. Changes in major capital asset expenditures during the current fiscal year included the following.

- Governmental Activities capital assets showed a net increase of $4,356. Vehicles increased by $1,365 from the purchase of a pumper truck and a rescue truck for the Fire Department and an asphalt zipper for the Street Department; infrastructure assets had a net increase of $3,416 from completion of the Airport t-hangar and runway project combined with street capital projects for the Chappell Hill extension; construction-in-progress increased by $984 mainly from the construction costs and architect fees related to the new animal shelter and renovated/expanded library.

- Business-type capital assets showed a net decrease of $451. Land decreased by $789 due to the sale of surplus property in the Sanitation Fund. The infrastructure category increase of $848 is related to several utility items: Electric utility system improvements for Blue Bell Creameries and Baylor Scott & White Hospital, copper replacement plan, and residential development in several areas; Water utility distribution system improvements and the AC water line replacement combined with the Ralston Creek development and other residential areas; and also Wastewater utility improvements for the Alois Lane project. Construction-in-progress assets increased by $217 related to the copper conductor replacement project, water distribution system improvements and development of Ralston Creek phase 3.

City of Brenham, Texas
Capital Assets
(Amounts in Thousands)
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and Improvements	$ 4,400	$ 4,400	$ 562	$ 1,351	$ 4,962	$ 5,751
Buildings	15,857	16,734	496	422	16,353	17,156
Improvements other than buildings	4,694	5,062	19,561	20,237	24,255	25,299
Furniture, fixtures, and equipment	363	503	347	446	710	949
Machinery	116	147	-	-	116	147
Vehicles	3,817	2,452	1,472	1,475	5,289	3,927
Intangibles	150	143	126	149	276	292
Infrastructure	24,808	21,392	29,931	29,083	54,739	50,475
Construction in progress	1,791	807	654	437	2,445	1,244
Total	$ 55,996	$ 51,640	$ 53,149	$ 53,600	$ 109,145	$ 105,240

Additional information on the City of Brenham's capital assets can be found in note III.E on pages 53-54 of this report.

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 $43,014. Of this amount, $27,923 is tax-supported debt backed by the full faith and credit of the government, sales tax revenues of the BCDC (Component Unit) and toll revenue from the State of Texas. The remaining $15,091 is self-supported debt that is to be repaid from system revenues.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	$ 9,755	$ 6,938	$ 9,980	$ 11,277	$ 19,735	$ 18,215
Certificates of Obligation	11,590	12,175	5,565	5,770	17,155	17,945
Pass-Through Toll Revenue Bonds	5,255	12,970	-	-	5,255	12,970
Limited Tax Notes	760	1,040	-	-	760	1,040
Unamortized Credits/Charges	563	526	(454)	(536)	109	(10)
Total	$ 27,923	$ 33,649	$ 15,091	$ 16,511	$ 43,014	$ 50,160

The City of Brenham's total bonded debt decreased by $7,146 or 14.25% during the current fiscal, with a decrease of $5,726 in governmental activities and a decrease of $1,420 in business-type activities. In February, 2015, the City had the opportunity to advance refund a portion of the Pass-Through Toll Revenue Bonds of $5,235, and issue General Obligation Bonds totaling $3,910. The City did not issue any new debt for the business-type activities in FY15.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 2.5% of its total assessed valuation. Additionally, the City's charter allows a rate not exceeding $1.65 per $100 valuation for any one year. The tax rate is $.4912 for the year ended September 30, 2015 which is significantly below the $1.65 allowed by the City's charter.

Additional information about the City's long-term debt can be found in note III.H through I on pages 58-63 of this report.

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

- The unemployment rate for Washington County as of September 2015 was 5.0%, which is higher than the rate of 4% one year ago, and compares unfavorably to the state's average unemployment rate of 4.4%. The unemployment rate was higher due to layoffs in several manufacturing facilities and the unexpected shutdown of Blue Bell Creameries.

- Although FY15 sales tax collections were strong and higher than the prior year, we budgeted a modest 1% growth for FY16. This conservative approach was taken due to the recent economic downturn in our local economy.

- Utility franchise taxes paid to the General Fund is based on 7% of actual utility fund revenue. With reduced operation at several manufacturing facilities and due to the Blue Bell Creameries shutdown, we anticipated a reduction on utility revenues from lower consumption. For FY16, a 9.5% overall decrease in franchise tax revenue is projected.

- Inflationary trends in the region compare favorably to national indices.

These factors, as well as items noted in the Economic Conditions and Outlook section in the letter of transmittal, were considered in preparing the City of Brenham's budget for the 2016 fiscal year.

During FY15, unassigned fund balance in the General Fund, which excludes the other internal funds, increased from $3,532 to $3,838. The City of Brenham's adopted budget for FY16 is at a break-even level, so that General Fund expenditures do not utilize any fund balance.

For FY16, the City's overall tax rate was decreased by $0.0181 per $100 of property valuation as noted below.

- Overall tax rate changed from $0.4912 to $0.4731
- M&O tax rate changed from $0.2890 to $0.2950
- I&S tax rate changed from $0.2022 to $0.1781

A primary budget priority was to prepare a balanced budget without a tax rate increase to mitigate unfavorable financial situations for some of our citizens. Due to increased property valuations and new values added to the tax roll, and combined with lower debt payments, we were able to reduce the tax rate in FY16.

Other FY16 budget items include setting aside a General Fund contingency of $225,000 to protect City operations due to a possible drop in revenues from a prolonged economic downturn. The City Council also approved a mid-year 2% pay scale adjustment for all employees. We did not increase any utility rates in the FY16 budget.

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.

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BASIC FINANCIAL
STATEMENTS

City of Brenham
Statement of Net Position
September 30, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Unit
ASSETS				
Cash and Equivalents	$ 4,717,393	$ 10,409,372	$ 15,126,765	$ 1,348,413
Receivables - Property Tax (net)	230,399	-	230,399	-
Receivables - Sales Tax	782,462	-	782,462	260,821
Receivables - Occupancy Taxes	75,735	-	75,735	-
Receivables - Account (net)	374,565	4,055,348	4,429,913	192,563
Receivables - Interest	-	273,714	273,714	-
Internal Balances	181,455	(181,455)	-	-
Due from Other Governments	5,542,166	27,212	5,569,378	-
Inventory at Cost	179,105	1,279,775	1,458,880	-
Notes Receivable, Current	-	62,747	62,747	-
Prepaid Water Agreement	-	271,425	271,425	-
Other Current Assets	8,249	32,048	40,297	-
Restricted Cash	11,338,123	1,259,058	12,597,181	-
Notes Receivable, Long Term	-	1,135,289	1,135,289	-
Unamortized Bond Insurance Premiums, Net	9,284	4,732	14,016	-
Capital Assets, Not Being Depreciated	6,201,815	1,249,648	7,451,463	2,205,282
Other Capital Assets, Net	49,794,382	51,899,295	101,693,677	16,484
Total assets	79,435,133	71,778,208	151,213,341	4,023,563
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount from Refundings	284,110	654,504	938,614	-
Deferred Outflows - TMRS Pension	629,975	241,664	871,639	-
Deferred Outflows - TESRS Pension	53,340	-	53,340	-
Total deferred outflows	967,425	896,168	1,863,593	-
LIABILITIES				
Accounts Payable and Other Current Liabilities	1,163,549	2,090,154	3,253,703	1,149
Other Liabilities	167	4,303	4,470	36,968
Accrued Interest	114,749	69,052	183,801	273,714
Compensated Absences, Current	155,395	89,851	245,246	-
Bonds Payable, Current	4,586,900	-	4,586,900	-
Lease Payable, Current	128,191	81,268	209,459	-
Revenue Bonds Payable, Current	-	1,548,101	1,548,101	-
Notes Payable, Current - Component Unit	-	-	-	62,747
Consumer Deposits	-	1,128,336	1,128,336	-
Compensated Absences, Long Term	145,265	58,235	203,500	-
Post Employment Benefits	454,971	198,216	653,187	-
Net Pension Liability - TMRS	7,003,982	2,686,793	9,690,775	-
Net Pension Liability - TESRS	217,878	-	217,878	-
Long Term Debt, Net	23,619,915	14,232,986	37,852,901	1,135,289
Total liabilities	37,590,962	22,187,295	59,778,257	1,509,867
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount from Refundings	134,634	97,918	232,552	-
Deferred Inflows - TMRS Pension	278,992	107,024	386,016	-
Deferred Inflows - TESRS Pension	54,907	-	54,907	-
Total deferred inflows	468,533	204,942	673,475	-
NET POSITION				
Net Investment in Capital Assets	40,206,741	37,750,305	77,957,046	1,023,730
Restricted for Debt Service	459,504	-	459,504	-
Restricted for Economic Development	-	-	-	553,296
Restricted for Recreation	-	-	-	936,670
Unrestricted	1,676,818	12,531,834	14,208,652	-
Total net position	$ 42,343,063	$ 50,282,139	$ 92,625,202	$ 2,513,696

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, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Component Unit**
Primary government:								
Governmental activities:								
General Government	$ 5,909,039	$ 945,154	$ 84,324	$ -	$ (4,879,561)	$ -	$ (4,879,561)	$ -
Public Safety	6,705,267	14,743	308,261	-	(6,382,263)	-	(6,382,263)	-
Highways and Streets	2,811,875	63,084	90,800	2,897,603	239,612	-	239,612	-
Health and Welfare	314,352	34,647	2,784	396,921	120,000	-	120,000	-
Culture and Recreation	4,120,261	351,860	67,449	32,133	(3,668,819)	-	(3,668,819)	-
Interest on Long Term Debt	837,928	-	-	-	(837,928)	-	(837,928)	-
Total governmental activities	20,698,722	1,409,488	553,618	3,326,657	(15,408,959)	-	(15,408,959)	-
Business-type activities:								
Electric	22,485,206	24,042,704	-	-	-	1,557,498	1,557,498	-
Gas	2,217,022	2,824,075	-	-	-	607,053	607,053	-
Sanitation	2,754,244	3,226,180	-	-	-	471,936	471,936	-
Wastewater	2,785,435	3,413,850	-	152,929	-	781,344	781,344	-
Water	3,268,023	3,759,869	-	139,803	-	631,649	631,649	-
Total business-type activities	33,509,930	37,266,678	-	292,732	-	4,049,480	4,049,480	-
Total primary government	$ 54,208,652	$ 38,676,166	$ 553,618	$ 3,619,389	$ (15,408,959)	$ 4,049,480	$ (11,359,479)	$ -
Component unit:								
Brenham Community Devel Corp	$ 1,269,991	-	-	-				(1,269,991)
Total component unit	$ 1,269,991	-	-	-				(1,269,991)
		Property Taxes			5,465,940	-	5,465,940	-
		Sales Taxes			4,753,324	-	4,753,324	1,584,441
		Franchise Taxes			2,874,901	-	2,874,901	-
		Hotel Occupancy Taxes			770,537	-	770,537	-
		Alcoholic Beverage Taxes			49,000	-	49,000	-
		Investment Income not Restricted			9,398	78,002	87,400	956
		Contribution from Developer			-	-	-	735,044
		Miscellaneous			121,500	67,076	188,576	15,279
		Gain on Sale of Capital Assets			107,318	647,069	754,387	-
		Payments to/from Component Unit			910,301	-	910,301	(910,301)
		Transfers			4,381,164	(4,381,164)	-	-
		Total general revenues			19,443,383	(3,589,017)	15,854,366	1,425,419
		Change in net position			4,034,424	460,463	4,494,887	155,428
		Net position - beginning as previously reported			44,784,529	52,208,324	96,992,853	2,358,268
		Restatement of net position			(6,475,890)	(2,386,648)	(8,862,538)	-
		Net position - beginning as restated			38,308,639	49,821,676	88,130,315	2,358,268
		Net position - ending			$ 42,343,063	$ 50,282,139	$ 92,625,202	$ 2,513,696

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

City of Brenham
Balance Sheet
Governmental Funds
September 30, 2015

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	2014 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Equivalents	$ 4,394,112	$ -	$ -	$ -	$ 323,281	$ 4,717,393
Receivables (Net)						
Property Taxes	145,077	85,322	-	-	-	230,399
Sales Tax	782,462	-	-	-	-	782,462
Occupancy Tax	-	-	-	-	75,735	75,735
Accounts	370,357	-	-	-	4,208	374,565
Interfund Receivables	-	-	-	396,657	-	396,657
Due from Other Governments	70,599	618	-	-	-	71,217
Inventory at Cost	179,105	-	-	-	-	179,105
Other Current Assets	1,000	-	-	-	7,147	8,147
Restricted Cash	-	426,670	4,625,716	5,303,877	818,909	11,175,172
Total Assets	$ 5,942,712	$ 512,610	$ 4,625,716	$ 5,700,534	$ 1,229,280	$ 18,010,852
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts Payable & Other Current Liabilities	$ 762,856	$ -	$ -	$ 295,242	$ 105,451	$ 1,163,549
Interfund Payables	-	21,400	-	-	107,050	128,450
Other Liabilities	167	-	-	-	-	167
Total Liabilities	763,023	21,400	-	295,242	212,501	1,292,166
Deferred Inflows of Resources:						
Unavailable Revenues	436,045	85,322	-	-	-	521,367
Total Deferred Inflows of Resources	436,045	85,322	-	-	-	521,367
Total Liabilities and Deferred Inflows of of Resources	1,199,068	106,722	-	295,242	212,501	1,813,533
Fund Balances:						
Nonspendable	180,105	-	-	-	-	180,105
Restricted	10,713	220,208	4,625,716	4,145,292	995,654	9,997,583
Committed	6,952	185,680	-	-	8,019	200,651
Assigned	169,114	-	-	1,260,000	13,106	1,442,220
Unassigned	4,376,760	-	-	-	-	4,376,760
Total Fund Balances	4,743,644	405,888	4,625,716	5,405,292	1,016,779	16,197,319
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,942,712	$ 512,610	$ 4,625,716	$ 5,700,534	$ 1,229,280	

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, 2015

Total fund balances - total governmental funds		$ 16,197,319
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.		55,996,197
Gross capital assets	100,574,395	
Accumulated depreciation	(44,578,198)	
	55,996,197	
Certain long-term assets are not available to pay current period expenditures and therefore are not reported in the governmental funds balance sheet.		5,470,950
Certain deferred inflows and outflows of resources are not reported in the governmental funds:		498,892
Deferred charges on debt refundings	(149,476)	
Deferred outflows - TMRS Pension	(629,975)	
Deferred outflows - TESRS Pension	(53,340)	
Deferred inflows - TMRS Pension	278,992	
Deferred inflows - TESRS Pension	54,907	
	(498,892)	
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		(36,417,960)
Bonds payable	27,359,542	
Less: Unamortized bond insurance premiums	(9,286)	
Add: Issuance premium	712,874	
Accrued interest payable	114,749	
Capital lease payable	262,590	
Compensated absences	300,660	
Post retirement benefits	454,971	
Net pension liability - TMRS	7,003,982	
Net pension liability - TESRS	217,878	
	36,417,960	
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.		76,298
Other long term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.		521,367
Net position of governmental activities		$ 42,343,063

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, 2015

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	2014 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 10,894,072	$ 2,240,297	$ -	$ -	$ 770,537	$ 13,904,906
Licenses and Permits	121,076	-	-	-	-	121,076
Intergovernmental	449,589	-	3,281,969	-	1,314,649	5,046,207
Charges for Services	494,586	-	-	-	68,537	563,123
Fines and Forfeitures	723,181	-	-	-	-	723,181
Investment Income	2,070	800	3,096	2,515	839	9,320
Payment from Component Unit	144,378	569,318	-	-	196,605	910,301
Contributions and Donations	459,911	-	-	-	45,747	505,658
Miscellaneous	195,131	-	-	-	8,760	203,891
Total revenues	13,483,994	2,810,415	3,285,065	2,515	2,405,674	21,987,663
Expenditures						
Current:						
Culture and Recreation	2,460,075	-	-	-	735,506	3,195,581
General Government	5,245,793	-	-	-	29,960	5,275,753
Health and Welfare	292,948	-	-	-	-	292,948
Highways and Streets	1,034,035	-	-	-	401,624	1,435,659
Public Safety	5,789,266	-	-	-	4,999	5,794,265
Debt service:						
Interest & Fiscal Charges	-	974,276	-	-	-	974,276
Principal Retirement	-	4,563,551	-	-	-	4,563,551
Capital Outlay	944,603	-	-	2,589,444	2,575,537	6,109,584
Total expenditures	15,766,720	5,537,827	-	2,589,444	3,747,626	27,641,617
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,282,726)	(2,727,412)	3,285,065	(2,586,929)	(1,341,952)	(5,653,954)
Other Financing Sources (Uses)						
Transfers In	4,764,166	3,747,294	-	2,618,388	-	11,129,848
Transfers Out	(2,618,388)	-	(3,747,294)	-	(104,862)	(6,470,544)
Refunding Bonds Issued	-	3,910,000	-	-	-	3,910,000
Premium on refunding bonds issued	-	259,994	-	-	-	259,994
Payment to Refunded Bond Escrow Agent	-	(5,338,791)	-	-	-	(5,338,791)
Capital Lease Proceeds	-	-	-	-	138,000	138,000
Insurance Proceeds	19,309	-	-	-	-	19,309
Total other financing sources and (uses)	2,165,087	2,578,497	(3,747,294)	2,618,388	33,138	3,647,816
Net change in Fund Balances	(117,639)	(148,915)	(462,229)	31,459	(1,308,814)	(2,006,138)
Fund balances - beginning	4,861,283	554,803	5,087,945	5,373,833	2,325,593	18,203,457
Fund balances - ending	$ 4,743,644	$ 405,888	$ 4,625,716	$ 5,405,292	$ 1,016,779	$ 16,197,319

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, 2015

Net change in fund balances - total governmental funds			$ (2,006,138)
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.			4,356,032
Capital outlay	6,109,584		
Depreciation expense	(3,022,037)		
Donation of capital assets	1,582,954		
Proceeds from sale	(108,475)		
Loss on disposal	(313,312)		
Gain on disposal	107,318		
	4,356,032		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.			45,103
Repayments from the State of Texas for the Pass-Thru Financing Program are shown as revenues in the governmental funds. However, since the state is repaying these amounts, they are reflected as a reduction of the intergovernmental receivable in the statement of net position.			(3,281,968)
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.			5,713,168
Debt issued:			
2015 General Obligation Refunding Bonds		(3,910,000)	
Capital Lease		(138,000)	
Bond premium on new debt		(259,994)	
Repayments:			
To Paying Agent:			
For certificate principal		5,338,791	
To bond, certificate, and note holders		4,563,551	
Amortization of bond premiums, discounts, & charges		118,820	
		5,713,168	
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.			(540,417)
Compensated absences	(4,856)		
Accrued interest payable	20,668		
Post retirement benefits	(132,251)		
Pension Costs - TMRS, Net	(431,441)		
Pension Costs - TESRS, Net	7,463		
	(540,417)		
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.			(248,218)
For government wide reporting, bond insurance costs are deferred and amortized.			(3,138)
Change in net position of governmental activities			$ 4,034,424

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, 2015

	Budgeted Amounts			Adjustments to Budget Basis	Actual Budget Basis	Variance with Final Budget
	Original	Final	Actual			
Revenues						
Taxes	$ 10,805,413	$ 11,125,189	$ 10,894,072	$ -	$ 10,894,072	$ (231,117)
Licenses and Permits	88,300	123,098	121,076	-	121,076	(2,022)
Intergovernmental	40,000	67,000	449,589	(376,731)	72,858	5,858
Charges for Services	451,151	473,405	494,586	-	494,586	21,181
Fines and Forfeitures	651,443	651,443	723,181	-	723,181	71,738
Investment Income	950	950	2,070	(48)	2,022	1,072
Payment from Component Unit	166,000	166,000	144,378	-	144,378	(21,622)
Contributions and Donations	-	-	459,911	(459,911)	-	-
Miscellaneous	107,200	177,205	195,131	-	195,131	17,926
Total revenues	12,310,457	12,784,290	13,483,994	(836,690)	12,647,304	(136,986)
Expenditures						
Current:						
Culture and Recreation	2,509,920	2,468,620	2,460,075	(44,876)	2,415,199	53,421
General Government	5,353,615	5,308,380	5,245,793	(164,433)	5,081,360	227,020
Health and Welfare	326,934	326,934	292,948	(3)	292,945	33,989
Highways and Streets	1,561,391	1,202,677	1,034,035	-	1,034,035	168,642
Public Safety	5,644,112	5,585,138	5,789,266	(316,536)	5,472,730	112,408
	15,395,972	14,891,749	14,822,117	(525,848)	14,296,269	595,480
Capital Outlay	30,000	386,962	944,603	(503,905)	440,698	(53,736)
Total Expenditures	15,425,972	15,278,711	15,766,720	(1,029,753)	14,736,967	541,744
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,115,515)	(2,494,421)	(2,282,726)	193,063	(2,089,663)	404,758
Other Financing Sources (Uses)						
Transfers In	3,657,529	5,092,143	4,764,166	-	4,764,166	(327,977)
Transfers Out	(585,600)	(2,396,378)	(2,618,388)	222,010	(2,396,378)	-
Insurance Proceeds	43,586	43,586	19,309	-	19,309	(24,277)
Total other financing sources and (uses)	3,115,515	2,739,351	2,165,087	222,010	2,387,097	(352,254)
Net change in fund balance	-	244,930	(117,639)	415,073	297,434	52,504
Fund balance - beginning	3,720,802	3,720,802	4,861,283	(1,140,481)	3,720,802	-
Fund balance - ending	$ 3,720,802	$ 3,965,732	$ 4,743,644	$ (725,408)	$ 4,018,236	$ 52,504

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, 2015

	Business-type Activities - Enterprise Funds						
	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Internal Service Funds
Assets							
Current assets:							
Cash and Equivalents	$ 4,543,769	$ 1,406,193	$ 1,759,369	$ 1,493,924	$ 973,031	$ 10,176,286	$ 233,086
Interest Receivable	273,714	-	-	-	-	273,714	-
Receivables - Accounts, Net	2,709,820	176,321	553,324	350,338	265,545	4,055,348	-
Receivables - Interfund	509,818	-	-	-	-	509,818	-
Intergovernmental Receivable	13,644	-	-	186	13,382	27,212	-
Inventory at Cost	693,145	135,194	397,766	52,750	-	1,278,855	920
Prepaid Water Agreement	-	-	271,425	-	-	271,425	-
Other Current Assets	-	-	-	-	32,048	32,048	100
Notes Receivable, Net	62,747	-	-	-	-	62,747	-
Restricted Cash	1,259,058	-	-	-	-	1,259,058	162,951
Total current assets	10,065,715	1,717,708	2,981,884	1,897,198	1,284,006	17,946,511	397,057
Noncurrent assets:							
Capital Assets, Net	12,085,290	1,788,557	19,629,440	18,912,129	635,926	53,051,342	97,601
Prepaids	-	-	1,420	3,312	-	4,732	-
Notes Receivable, Long Term	1,135,289	-	-	-	-	1,135,289	-
Total noncurrent assets	13,220,579	1,788,557	19,630,860	18,915,441	635,926	54,191,363	97,601
Total assets	23,286,294	3,506,265	22,612,744	20,812,639	1,919,932	72,137,874	494,658
Deferred Outflows of Resources							
Deferred Amount from Refundings	-	-	95,014	559,490	-	654,504	-
Deferred Outflows - TMRS Pension	114,333	21,480	39,880	32,410	33,561	241,664	-
Total deferred outflows	114,333	21,480	134,894	591,900	33,561	896,168	-
Liabilities							
Current liabilities:							
Accounts Payable & Other Current Liabilities	$ 1,546,770	$ 80,634	$ 209,595	$ 93,386	$ 156,948	$ 2,087,333	$ 2,820
Other Liabilities	-	900	2,353	1,050	-	4,303	-
Accrued Interest	32	7	41,255	27,746	12	69,052	-
Interfund Payable	-	123,095	243,819	268,207	142,904	778,025	-
Compensated Absences, Current	48,159	9,082	14,623	5,621	12,366	89,851	-
Lease Payable, Current	9,242	1,964	3,180	63,452	3,430	81,268	-
Revenue Bonds Payable, Current	-	-	498,938	1,049,163	-	1,548,101	-
Consumer Deposits	1,128,336	-	-	-	-	1,128,336	-
Total current liabilities	2,732,539	215,682	1,013,763	1,508,625	315,660	5,786,269	2,820
Noncurrent liabilities:							
Compensated Absences	26,270	7,417	7,406	6,238	10,904	58,235	-
Post Employment Benefits	96,877	20,553	27,702	27,019	26,065	198,216	-
Net Pension Liability - TMRS	1,271,139	238,815	443,383	360,332	373,124	2,686,793	-
Long Term Debt, Net	4,574	973	7,073,670	7,152,071	1,698	14,232,986	-
Total noncurrent liabilities	1,398,860	267,758	7,552,161	7,545,660	411,791	17,176,230	-
Total liabilities	4,131,399	483,440	8,565,924	9,054,285	727,451	22,962,499	2,820
Deferred Inflows of Resources							
Deferred Inflows - TMRS Pension	50,634	9,513	17,661	14,353	14,863	107,024	-
Deferred Amount from Refundings	-	-	97,918	-	-	97,918	-
Total deferred inflows	50,634	9,513	115,579	14,353	14,863	204,942	-
Net Position							
Net Investment in Capital Assets	12,071,474	1,785,620	12,052,168	11,210,245	630,798	37,750,305	97,601
Unrestricted	7,147,120	1,249,172	2,013,967	1,125,656	580,381	12,116,296	394,237
Total net position	$ 19,218,594	$ 3,034,792	$ 14,066,135	$ 12,335,901	$ 1,211,179	$ 49,866,601	$ 491,838

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. 415,538

Net Position of business-type activities $ 50,282,139

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

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City of Brenham, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year ended September 30, 2015

	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	$ 24,042,704	$ 2,824,075	$ 3,759,869	$ 3,413,850	$ 3,226,180	$ 37,266,678	$ 278,489
Total Operating Revenues	24,042,704	2,824,075	3,759,869	3,413,850	3,226,180	37,266,678	278,489
Operating expenses:							
Cost of Sales and Services	17,755,381	1,422,022	292,250	-	-	19,469,653	-
Salaries	1,926,730	361,545	634,960	460,420	614,801	3,998,456	-
Supplies	211,221	27,196	317,822	109,511	262,124	927,874	7,155
Maintenance	11,362	12,516	207,478	170,512	150,169	552,037	31,594
Contractual Services	297,861	41,915	323,141	590,947	1,536,034	2,789,898	105,005
Depreciation	560,330	151,445	884,243	883,858	129,666	2,609,542	21,232
Gross Revenue Tax	1,645,892	197,191	255,306	226,126	58,796	2,383,311	-
Miscellaneous	92,539	13,879	30,150	28,958	14,326	179,852	5,487
Total operating expenses	22,501,316	2,227,709	2,945,350	2,470,332	2,765,916	32,910,623	170,473
Operating Income (loss)	1,541,388	596,366	814,519	943,518	460,264	4,356,055	108,016
Nonoperating revenues (expenses):							
Investment Income	74,510	725	1,132	1,114	463	77,944	138
Interest Expense & Fiscal Charges	(701)	(128)	(337,364)	(339,061)	(223)	(677,477)	-
Gain on Sale of Capital Assets	-	498	-	773	645,798	647,069	-
Miscellaneous, Net	61,411	-	922	2,845	1,898	67,076	-
Total non operating revenue (expenses)	135,220	1,095	(335,310)	(334,329)	647,936	114,612	138
Income (loss) before contributions and transfers	1,676,608	597,461	479,209	609,189	1,108,200	4,470,667	108,154
Capital Contributions	-	-	139,803	152,929	-	292,732	-
Transfers In	606,199	4,600	19,800	9,700	27,600	667,899	-
Transfers Out	(1,695,466)	(515,744)	(528,369)	(426,038)	(1,803,046)	(4,968,663)	(358,540)
Total Transfers In/(Out)	(1,089,267)	(511,144)	(508,569)	(416,338)	(1,775,446)	(4,300,764)	(358,540)
Change in net position	587,341	86,317	110,443	345,780	(667,246)	462,635	(250,386)
Total net position - beginning as previously reported	19,760,392	3,160,612	14,349,544	12,310,199	2,209,867		742,224
Restatement of net position	(1,129,139)	(212,137)	(393,852)	(320,078)	(331,442)		-
Total net position - beginning as restated	18,631,253	2,948,475	13,955,692	11,990,121	1,878,425		742,224
Total net position - ending	$ 19,218,594	$ 3,034,792	$ 14,066,135	$ 12,335,901	$ 1,211,179		$ 491,838

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	(2,172)
Change in net position of business-type activities	$ 460,463

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, 2015

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	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total Proprietary	Gov. Activities Internal Service
Cash Flows from Operating Activities							
Receipts from customers and users	$ 24,885,831	$ 2,903,979	$ 3,832,892	$ 3,521,208	$ 3,225,044	$ 38,368,954	$ -
Receipts from interfund services provided	-	-	-	-	-	-	278,489
Gross revenue tax paid to General Fund	(1,645,892)	(197,191)	(255,306)	(226,126)	(58,796)	(2,383,311)	-
Payments to suppliers	(18,734,892)	(1,483,777)	(731,543)	(873,753)	(1,992,369)	(23,816,334)	(149,670)
Payments to employees	(1,828,871)	(351,300)	(612,542)	(447,366)	(590,673)	(3,830,752)	-
Net cash provided (used) by operating activities	2,676,176	871,711	2,233,501	1,973,963	583,206	8,338,557	128,819
Cash Flows from Non Capital Financing Activities							
Transfers in	606,199	4,600	19,800	9,700	27,600	667,899	-
Transfers out	(1,695,466)	(515,744)	(528,369)	(426,038)	(1,803,046)	(4,968,663)	(358,540)
Interest paid on consumer deposits	(100)	-	-	-	-	(100)	-
Net cash provided (used) by noncapital financing activities	(1,089,367)	(511,144)	(508,569)	(416,338)	(1,775,446)	(4,300,864)	(358,540)
Cash Flows from Capital and Related Financing Activities							
Acquisition and construction of capital assets	(1,571,798)	(214,223)	(628,237)	(156,075)	(64,406)	(2,634,739)	(44,046)
Principal paid on bonds and capital leases	(8,942)	(1,901)	(483,038)	(1,083,448)	(3,319)	(1,580,648)	-
Insurance proceeds	-	-	739	1,435	-	2,174	-
Proceeds from sales of capital assets	-	500	-	824	1,435,145	1,436,469	-
Interest and fees paid on bonds and capital leases	(622)	(132)	(336,048)	(263,336)	(231)	(600,369)	-
Net cash provided (used) by capital and related financing activities	(1,581,362)	(215,756)	(1,446,584)	(1,500,600)	1,367,189	(3,377,113)	(44,046)
Cash Flows from Investing Activities							
Principal received on notes receivable	59,693	-	-	-	-	59,693	-
Investment income received	16,098	722	1,130	1,113	464	19,527	138
Net cash provided (used) by investing activities	75,791	722	1,130	1,113	464	79,220	138
Net increase (decrease) in cash and cash equivalents	81,238	145,533	279,478	58,138	175,413	739,800	(273,629)
Cash and cash equivalents, beginning of year	5,721,589	1,260,660	1,479,891	1,435,786	797,618	10,695,544	669,666
Cash and cash equivalents, end of year	$ 5,802,827	$ 1,406,193	$ 1,759,369	$ 1,493,924	$ 973,031	$ 11,435,344	$ 396,037
Reconciliation of cash and cash equivalents to statement of net assets							
Cash and equivalents	$ 4,543,769	$ 1,406,193	$ 1,759,369	$ 1,493,924	$ 973,031	$ 10,176,286	$ 233,086
Restricted cash and equivalents	1,259,058	-	-	-	-	1,259,058	162,951
Cash and cash equivalents, end of year	$ 5,802,827	$ 1,406,193	$ 1,759,369	$ 1,493,924	$ 973,031	$ 11,435,344	$ 396,037

Reconciliation of operating income to net cash provided							
(used) by operating activities							
Operating income (loss)	$ 1,541,388	$ 596,366	$ 814,519	$ 943,518	$ 460,264	$ 4,356,055	$ 108,016
Adjustments to reconcile net cash provided (used) by operating activities							
Depreciation	560,330	151,445	884,243	883,858	129,666	2,609,542	21,232
Provision for uncollectible accounts	35,937	3,412	5,715	7,034	1,972	54,070	-
Other income (expense)	61,411	-	187	1,414	1,897	64,909	-
Changes in assets and liabilities affecting cash provided by operations:							
(Increase) decrease in accounts receivable	698,533	76,492	67,122	98,911	(5,005)	936,053	-
(Increase) decrease in inventory	(74,437)	(37,162)	29,238	(6,624)	-	(88,985)	624
(Increase) decrease in interfund receivables	(234,810)	-	154,162	-	-	(80,648)	-
(Increase) decrease in intergovernmental receivables	(294)	-	-	(186)	(210)	(690)	-
Increase (decrease) in interfund payables	-	123,095	243,819	(6,802)	(11,258)	348,854	-
(Increase) decrease in other assets	389,472	-	(3,850)	-	(13,746)	371,876	-
Increase (decrease) in accounts payable and other current liabilities	(446,459)	(52,182)	15,928	39,786	(4,502)	(447,429)	(1,053)
Increase (decrease) in salaries & benefits payable	18,859	4,349	8,879	5,046	6,225	43,358	-
Increase (decrease) in compensated absences	1,848	(101)	(1,555)	(4,701)	1,131	(3,378)	-
Increase (decrease) in postemployment benefits	(1,149)	(8,714)	(12,218)	(9,487)	(6,212)	(37,780)	-
Increase (decrease) in pension benefits	78,301	14,711	27,312	22,196	22,984	165,504	-
Increase (decrease) in consumer deposits	47,246	-	-	-	-	47,246	-
Net cash provided (used) by operating activities	$ 2,676,176	$ 871,711	$ 2,233,501	$ 1,973,963	$ 583,206	$ 8,338,557	$ 128,819
					-	-	
Noncash investing, capital and financing activities							
Contribution of capital assets	-	-	139,803	152,929	-	292,732	-

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

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NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Reporting Entity

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

1. Discretely presented component unit

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

The government reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds.
- The *US 290 Pass-Thru Finance Fund* accounts for pass-thru toll revenue bond proceeds and payments pursuant to the Pass-Thru Agreement with Texas Department of Transportation.
- The *2014 Capital Projects Fund* accounts for the resources used for the acquisition of land for the construction of a fire substation; the acquisition of two fire trucks; the construction and equipping of a new City animal shelter; and the expansion, renovation and equipping of the City library. The resources for these improvements are derived from the proceeds of certificates of obligation.

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

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

D. Assets, Liabilities, and Net Position

1. Deposits and investments

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

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

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

2. Receivables and payables

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

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

3. Inventories and prepaid items

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

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

4. Restricted assets

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

5. Capital assets

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

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

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:

Assets	Years
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 $68,027 by meeting the financial assurance test. Estimated closure cost is $15,000.

10. Post-employment benefits

The City provides the availability of post-retirement health care for certain retirees. Retirees whose sum of age and years of service was equal to or greater than 75 at the time of retirement may purchase group health until they and their covered spouses reach Medicare eligibility. As of September 30, 2015, 6 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 new 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. Three Assistant City Managers report to the City Manager. These include Assistant City Manager-Chief Financial Officer, Assistant City Manager-General Government and Assistant City Manager-Public Utilities. 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 Community 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,* seven other governmental funds were combined with the General Fund for financial reporting purposes. The effect of these items is shown in the adjustments to budget basis column.

2. Budgeted funds

Annual appropriated budgets are adopted for all governmental fund types.

For the year ended September 30, 2015, annual appropriated budgets were adopted by passage of a budget ordinance for the General Fund, Electric Fund, Gas Fund, Water Fund, Wastewater Fund, Sanitation Fund, Debt Service Fund, US 290 Pass-Thru Finance Fund, and the 2014 Capital Projects Fund. Non major governmental funds for which budgets were adopted include the Hotel/Motel Tax, Washington County Hotel/Motel Tax, PD Criminal Law Enforcement Fund, Courts Technology/Security, Airport Capital Improvements Fund, Capital Leases 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 Asset Balances

No fund had a deficit fund balance at year end.

D. Excess of Expenditures Over Appropriations

For fiscal year end September 30, 2015, all expenditures of the General Fund were within appropriations.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2015, the City had an investment in a State Money Pool (TexPool) which had a balance of $9,421,935 which was included in cash and cash equivalents at September 30, 2015. "*TexPool*" is a local government investment pool created and managed by the Texas State Treasurer to invest funds on behalf of Texas political subdivisions. The pool seeks to maintain a $1.00 value per share as required by the Texas Public Fund Investment Act. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was $1.00005 per share. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment is limited to 13 months. TexPool was rated AAAm by Standard & Poor's. Authorized investments for TexPool funds include government securities, repurchase and reverse repurchase agreements, certificates of deposit, money market mutual funds and commercial paper.

The City also had an investment in TexSTAR, another public funds investment pool, which had a balance of $18,546,199 and was included in cash and cash equivalents and restricted cash at September 30, 2015. "*TexSTAR*" is a local government investment pool created and jointly managed by First Southwest Asset Management, Inc. and JP Morgan Chase Bank to invest funds on behalf of Texas political subdivisions. Its fair value approximates carrying value, and the City's net asset value in the pool at fiscal year-end was $1.00008 per share. The stated objective of TexSTAR is to maintain a stable $1.00 net asset value per unit, and immediate action must be taken if the net asset value of the units of any fund falls below $0.996 or rises above $1.004. The fund maintains a weighted average maturity of less than 60 days and was rated AAAm by Standard and Poor's. Authorized investments for TexSTAR funds include government securities, repurchase and reverse repurchase agreements and no-load money market mutual funds.

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

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

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

At year end, the government's carrying amount of deposits for the primary government and BCDC component unit was $1,097,876 and the bank balances totaled $1,633,596. Of the bank balances, $272,001 was covered by federal depository insurance and $1,361,595 was collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

B. Receivables - Account

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

Governmental Funds

	General Fund	Other Governmental Funds
Accounts	$ 268,482	$ 4,208
Assessments	107,875	-
	376,357	4,208
Less Allowance for Uncollectibles	(6,000)	-
Accounts Receivable, Net	$ 370,357	$ 4,208

Proprietary Funds

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund	Total
Accounts	$ 2,771,820	$ 181,821	$ 565,324	$ 359,338	$ 268,545	$4,146,848
Less Allowance for Uncollectibles	(62,000)	(5,500)	(12,000)	(9,000)	(3,000)	(91,500)
Accounts Receivable, Net	$ 2,709,820	$ 176,321	$ 553,324	$ 350,338	$ 265,545	$4,055,348

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)	$ 145,077	$ -	$ 145,077
Delinquent property taxes receivable (Debt Service Fund)	85,322	-	85,322
Franchise fees receivable	188,890	-	188,890
Lien assessments and pending seizures	102,078	-	102,078
Total deferred/unearned revenue for governmental funds	$ 521,367	$ -	$ 521,367
Balances not expected to be collected within one year	$ 102,078	$ -	$ 102,078

C. Receivables – Property Taxes

The following information relates to property taxes receivable for the year ended September 30, 2015:

Original Certified Tax Roll	$ 1,102,225,372
Approved Rate (Per $100 Valuation)	0.4912
Original Levy	5,414,131
Supplements	11,828
Adjusted Levy	$ 5,425,959
Collections on Current Tax Roll	5,347,550
Total Collections/Refunds/Adjustments	5,412,091
Property Taxes Receivable	$ 230,399

D. Notes Receivable

Notes receivable at September 30, 2015 consisted of the following:

Business-type Activities - Electric Fund

Note receivable from component unit Brenham Community Development Corporation, in a sum not to exceed $2,500,000; payable on demand or at the expiration of one year, whichever is later; interest payable monthly at 5.5%; unsecured	$ 198,036
Note receivable from component unit Brenham Community Development Corporation, prinicipal amount $1,000,000; Interest payable at 4.750% with the first payment due September 30, 2017; maturing September 2029, unsecured	1,000,000
	$ 1,198,036
Less Current Portion	(62,747)
	$ 1,135,289

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

Governmental Activities	Beginning Balance	Increases	Reclass/CIP to Complete	Donations	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:						
Land	$ 4,307,831	$ 29,034	$ -	$ -	$ (28,467)	$ 4,308,398
Land Improvements	91,559	-	-	-	-	91,559
Intangibles-Easements	10,593	-	-	-	-	10,593
Construction in Progress	807,240	1,450,997	(429,906)	-	(37,066)	1,791,265
Total Not Being Depreciated	$ 5,217,223	1,480,031	(429,906)	-	(65,533)	6,201,815
Capital Assets, Being Depreciated:						
Buildings	23,835,004	52,908	-	-	(674,407)	23,213,505
Improvements Other Than Buildings	11,614,721	189,727	14,196	-	-	11,818,644
Furniture, Fixtures and Equipment	1,443,382	-	-	-	-	1,443,382
Machinery	375,697	-	-	-	-	375,697
Vehicles	6,763,814	1,851,796	-	-	(788,168)	7,827,442
Radios	645,621	-	-	-	-	645,621
Intangibles-Software	181,891	16,582	-	-	-	198,473
Infrastructure	44,569,382	2,518,540	415,710	1,582,954	(236,770)	48,849,816
Total Being Depreciated	89,429,512	4,629,553	429,906	1,582,954	(1,699,345)	94,372,580
Less Impairment	-	-	-	-	-	-
Less Accumulated Depreciation for:						
Buildings	(7,101,069)	(723,878)	-	-	469,432	(7,355,515)
Improvements Other Than Bldgs.	(6,553,042)	(571,662)	-	-	-	(7,124,704)
Furniture, Fixtures and Equipment	(1,324,196)	(75,729)	-	-	-	(1,399,925)
Machinery	(227,815)	(30,098)	-	-	-	(257,913)
Vehicles	(4,312,518)	(488,000)	-	-	788,168	(4,012,350)
Radios	(261,700)	(64,614)	-	-	-	(326,314)
Intangibles-Software	(49,364)	(10,123)	-	-	-	(59,487)
Infrastructure	(23,176,865)	(1,057,933)	-	-	192,808	(24,041,990)
Total Accumulated Depreciation	(43,006,569)	(3,022,037)	-	-	1,450,408	(44,578,198)
Total Being Depreciated, Net	46,422,943	1,607,516	429,906	1,582,954	(248,937)	49,794,382
Capital Assets, Net	$51,640,166	$ 3,087,547	$ -	$1,582,954	$ (314,470)	$ 55,996,197

Business-type Activities	Beginning Balance	Additions	Reclass/CIP to Complete	Contributed Capital	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:						
Land	$ 1,351,401	$ -	$ -	$ -	$ (789,398)	562,003
Intangibles-Easements	33,811	-	-	-	-	33,811
Construction in Progress	436,593	584,135	(366,894)	-	-	653,834
Total Not Being Depreciated	1,821,805	584,135	(366,894)	-	(789,398)	1,249,648
Capital Assets, Being Depreciated:						
Buildings	800,501	101,202	-	-	(37,227)	864,476
Improvements Other Than Buildings	32,579,887	67,890	-	-	-	32,647,777
Furniture, Fixtures and Equipment	1,682,626	-	-	-	(16,953)	1,665,673
Vehicles	4,217,664	292,519	-	-	(45,349)	4,464,834
Intangibles-Software	152,583	-	-	-	-	152,583
Infrastructure	56,061,991	1,633,039	366,894	292,732	(21,944)	58,332,712
Total Being Depreciated	95,495,252	2,094,650	366,894	292,732	(121,473)	98,128,055
Less Accumulated Depreciation for:						
Buildings	(378,238)	(26,927)	-	-	37,227	(367,938)
Improvements Other Than Bldgs.	(12,343,492)	(743,645)	-	-	-	(13,087,137)
Furniture, Fixtures and Equipment	(1,236,707)	(99,159)	-	-	16,953	(1,318,913)
Vehicles	(2,743,435)	(294,757)	-	-	45,349	(2,992,843)
Intangibles-Software	(38,441)	(21,835)	-	-	-	(60,276)
Infrastructure	(26,979,147)	(1,444,451)	-	-	21,945	(28,401,653)
Total Accumulated Depreciation	(43,719,460)	(2,630,774)	-	-	121,474	(46,228,760)
Total Being Depreciated, Net	51,775,792	(536,124)	366,894	292,732	1.00	51,899,295
Capital Assets, Net	$53,597,597	$ 48,011	$ -	$ 292,732	$ (789,397)	53,148,943

III. DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental Activities		
Culture and Recreation	$	655,688
General Government		401,009
Health and Welfare		12,636
Highways and Streets		1,245,755
Public Safety		706,949
Total Governmental Activities	$	3,022,037
Business-type Activities		
Electric	$	560,330
Gas		151,445
Water		884,243
Sewer		883,858
Sanitation		129,666
Total Business-type Activities	$	2,609,542
Internal Service Funds		
Central Fleet	$	21,232
Total Internal Service Funds	$	21,232

As of September 30, 2015, capital assets of the component unit consists of land (not being depreciated) with a balance of $2,035,626, land improvements (not being depreciated) with a balance of $143,721 and other improvements (being depreciated) with a balance of $16,484. The Construction in Progress has a balance of $25,935 for engineering for wastewater system improvements.

F. Contractual Commitments

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

A joint gas purchase contract to purchase natural gas at a price equal to an agreed index, less a discount, under a balancing and supply agreement. The current contract evergreens each year for a rolling 20 year period and will expire in 2033. Also, a contract with a supplier to provide natural gas at a rate based on inside FERC Gas Market report index plus $0.35 per MMBTU. This contract expired November 1, 2010 and continues thereafter on a year to year basis, until terminated. For the year ending September 30, 2015, $1,422,022 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, 2015 was $292,250.

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, 2015 was $17,755,381.

III. DETAILED NOTES ON ALL FUNDS (Continued)

On June 17, 2008, a Pass Thru Financing agreement with the Texas Department of Transportation (TxDOT) was approved for transportation improvements on US 290. Under this agreement, the City was responsible for providing TxDOT a maximum of $15 million over the course of one year in $5 million increments. Based on the current level of traffic, the City will be repaid by TxDOT a minimum payment of $2.5 million per year and a maximum payment of $3.75 million per year, until the original $15 million local contribution is repaid. As of September 30, 2012, the $15 million had been advanced to TxDOT. In years 2013 through 2015, the City has received repayments from TXDOT totaling $9,549,262. Future repayments will continue to be received during the years 2016 to 2020.

Also on June 17, 2008, an interlocal agreement with the County to share costs related to the US 290 Pass Thru Financing project was approved. Under this agreement, the City issued debt to finance the $15 million required local contribution. The City and County are responsible for 50% each of the annual debt service on this debt. On October 7, 2010, an ordinance was approved for the issuance of $14.18 Million Pass-Through Toll Revenue and Limited Tax Notes pursuant to the interlocal agreement. In March 2015, this debt was partially refunded with the issuance of $3.9 Million 2015 General Obligation Refunding Bonds.

In March 2013, the City entered into a lease agreement for office equipment. Monthly payments are $3,971 and the lease expires in March 2016. Minimum payments total $19,853 for fiscal year 2016. A new agreement is currently being negotiated and will be presented to City Council for approval in fiscal year 2016.

The City has the following active construction projects as of September 30, 2015:

General Government Projects

	Contract Amount	Spent-to-Date	Remaining Commitment
Fire Substation - Architect	$ 191,500	$ 141,245	$ 50,255
Fire Station Living Quarters Remodel			
Engineer	9,000	6,300	2,700
Contractor-Plumbing	18,190	3,000	15,190
Asbestos Abatement	14,080	-	14,080
Library Renovation & Expansion - Architect			
Architect	296,087	246,193	49,894
Contractor	3,139,692	379,757	2,759,935
Animal Shelter			
Engineer	19,375	16,975	2,400
Architect	180,017	157,345	22,672
Contractor	2,699,005	565,912	2,133,093
2015 Water Distribution System Improvements			
Engineer	49,900	30,606	19,294
Contractor	348,625	196,688	151,937
	$ 6,965,471	$ 1,744,021	$ 5,221,450

III. DETAILED NOTES ON ALL FUNDS (Continued)

G. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables represent money that is transferred among the various funds for cash flow purposes throughout the year. At September 30, 2015 the balances were as follows:

Receivable Fund	Payable Fund	Amount
Electric Fund	Gas Fund	$ 123,095
	Water Fund	243,819
	Sanitation Fund	142,904
		$ 509,818
2014 Capital Projects Fund	Wastewater Fund	$ 268,207
	Debt Serice Fund	21,400
	Streets & Drainage Fund	107,050
		$ 396,657

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

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

The following schedule shows transfers and payments within the reporting entity as of September 30, 2015:

Transfers From:	**Transfers To:**								Net Transfers From
	Governmental Activities			Business Type Activities					
	General	Debt Service	2014 Capital Projects	Electric	Gas	Water	Wastewater	Sanitation	
Governmental Activities									
Major Funds									
General Fund	$ -	$ -	$ 2,618,388	$ -	$ -	$ -	$ -	$ -	$ 2,618,388
Hwy 290 Pass Through	-	3,747,294	-	-	-	-	-	-	3,747,294
Other Govtl Funds	104,862	-	-	-	-	-	-	-	104,862
Internal Service	278,140	-	-	18,700	4,600	19,800	9,700	27,600	358,540
Business-type Activities									
Major Funds									
Electric	1,695,466	-	-	-	-	-	-	-	1,695,466
Gas	339,505	-	-	176,239					515,744
Water	314,126	-	-	214,243					528,369
Wastewater	310,073	-	-	115,965					426,038
Sanitation	1,721,994	-	-	81,052					1,803,046
Total Transfers To	$ 4,764,166	$ 3,747,294	$ 2,618,388	$ 606,199	$ 4,600	$ 19,800	$ 9,700	$ 27,600	$ 11,797,747

III. DETAILED NOTES ON ALL FUNDS (Continued)

Payments from the Brenham Community Development Corporation (BCDC) component unit consist of debt service payments on the Series 2009 General Obligation Refunded bonds (original Series 1998 which were issued in part to fund construction of a business center and recreational facilities). Also payment was made on the 2010 Tax Notes that were issued to fund improvements in the Southwest Industrial Business Park. Funding for the construction of these facilities is provided by a 3/8 cent sales tax collected and administered by the BCDC. During the year, BCDC provided $196,605 to the Parks Capital Improvement Fund for capital improvements to three different city parks and to the Aquatic Center. BCDC also provided $144,378 to the General Fund for Aquatic Center operations and for various other aquatic and recreation projects. The following schedule shows payments to and from the component unit for the year ended September 30, 2015:

Payments From:	**Payments To:**			
	General	Debt Service	Other Governmental	Total Pymts From
Component Unit				
Brenham Community Development Corp	$ 144,378	$ 569,318	$ 196,605	$ 910,301

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, 2015:

	Balance 9/30/2014	Refunding	Additions	FY15 Retirements	Balance 9/30/2015	Due Within One Year	Long Term
Governmental Activities							
2006 COB - Gen	$ 6,470,000	$ -	$ -	$ (345,000)	$ 6,125,000	$ 365,000	$ 5,760,000
2009 GOB Ref - Gen	3,424,174	-	-	(905,467)	2,518,707	935,543	1,583,164
2010 PTT-Hwy 290 - Gen	12,970,000	(5,235,000)	-	(2,480,000)	5,255,000	2,575,000	2,680,000
2010 Ltd Tax Notes - Gen	335,000	-	-	(110,000)	225,000	110,000	115,000
2010 GOB Ref - Gen	335,378	-	-	-	335,378	-	335,378
2011 GOB Ref - Gen	1,691,507	-	-	(170,390)	1,521,117	173,488	1,347,629
2011 Ltd Tax Notes - Gen	705,000	-	-	(170,000)	535,000	170,000	365,000
2012 COB -Gen	1,720,000	-	-	(75,000)	1,645,000	75,000	1,570,000
2014 COB-Gen	3,985,000	-	-	(165,000)	3,820,000	165,000	3,655,000
2014 GOB Ref-Gen	1,487,209	-	-	(17,869)	1,469,340	17,869	1,451,471
2015 GOB Ref-Hwy 290-General	-	3,910,000	-	-	3,910,000	-	3,910,000
	33,123,268	(1,325,000)	-	(4,438,726)	27,359,542	4,586,900	22,772,642
Unamort Bond Premium	861,769	2,749	-	(151,644)	712,874	NA	712,874
Ref Deferred Charges - '09 Ref GOB	(73,567)	-	-	18,590	(54,977)	NA	(54,977)
Ref Deferred Charges - '10 Ref GOB	(24,461)	-	-	4,133	(20,328)	NA	(20,328)
Ref Deferred Charges - '11 Ref GOB	(170,846)	-	-	19,251	(151,595)	NA	(151,595)
Ref Deferred Charges - '14 Ref GOB	(66,880)	-	-	9,670	(57,210)	NA	(57,210)
Ref Deferred Charges - '15 Ref GOB	-	153,454	-	(18,820)	134,634	NA	134,634
	33,649,283	**(1,168,797)**	**-**	**(4,557,546)**	**27,922,940**	**4,586,900**	**23,336,040**
Chase BVWACS Radio Lease	249,415	-	-	(98,000)	151,415	101,283	50,132
Chase Asphalt Zipper Lease	-	-	138,000	(26,825)	111,175	26,908	84,267
	249,415	**-**	**138,000**	**(124,825)**	**262,590**	**128,191**	**134,399**
Compensated Absences [1]	295,804	-	310,789	(305,933)	300,660	155,395	145,265
Total Governmental	**$ 34,194,502**	**$ (1,168,797)**	**$ 448,789**	**$ (4,988,304)**	**$ 28,486,190**	**$ 4,870,486**	**$ 23,615,704**

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

III. DETAILED NOTES ON ALL FUNDS (Continued)

	Balance 9/30/2014	Additions	FY15 Retirements	Balance 9/30/2015	Due Within One Year	Long Term
Business Type Activities						
2008 COB - Water	5,770,000	-	(205,000)	5,565,000	215,000	5,350,000
2009 GOB Ref - Water	810,136	-	(260,824)	549,312	269,800	279,512
2009 GOB Ref - Wastewater	1,890,691	-	(608,709)	1,281,982	629,657	652,325
2010 GOB Ref - Water	265,349	-	-	265,349	-	265,349
2010 GOB Ref - Wastewater	619,272	-	-	619,272	-	619,272
2011 GOB Ref - Wastewater	3,768,490	-	(379,610)	3,388,880	386,512	3,002,368
2014 GOB Ref-Water	1,176,675	-	(14,138)	1,162,537	14,138	1,148,399
2014 GOB Ref-Wastewater	2,746,116	-	(32,994)	2,713,122	32,994	2,680,128
	17,046,729	-	(1,501,275)	15,545,454	1,548,101	13,997,353
Unamort Bond Premium-Water	35,641	-	(6,806)	28,835	NA	28,835
Unamort Bond Premium-Wastewater	89,858	-	(16,631)	73,227	NA	73,227
09 Ref Deffered Chrg-Water	(45,041)	-	11,378	(33,663)	NA	(33,663)
09 Ref Deffered Chrg-Wastewater	(105,119)	-	26,554	(78,565)	NA	(78,565)
10 Ref Deferred Chrg-Water	(19,353)	-	3,271	(16,082)	NA	(16,082)
10 Ref Deferred Chrg-Waterwater	(45,168)	-	7,634	(37,534)	NA	(37,534)
11 Ref Deferred Chrg-Water	110,350	-	(12,431)	97,919	NA	97,919
11 Ref Deferred Chrg-Waterwater	(380,636)	-	42,885	(337,751)	NA	(337,751)
14 Ref Deferred Chrg-Water	(52,917)	-	7,651	(45,266)	NA	(45,266)
14 Ref Deferred Chrg-Wastewater	(123,497)	-	17,855	(105,642)	NA	(105,642)
Sub Total Bonds Payable	**16,510,847**	**-**	**(1,419,915)**	**15,090,932**		**13,542,831**
Compensated Absences	151,464	179,702	(183,080)	148,086	89,851	58,235
Chase BVWACS Radio Lease-Electric	22,758	-	(8,941)	13,817	9,241	4,576
Chase BVWACS Radio Lease-Gas	4,838	-	(1,901)	2,937	1,965	972
Chase BVWACS Radio Lease-Water	7,831	-	(3,077)	4,754	3,180	1,574
Chase BVWACS Radio Lease-Wastewater	9,061	-	(3,561)	5,500	3,680	1,820
Chase BVWACS Radio Lease-Sanitation	8,449	-	(3,319)	5,130	3,430	1,700
Chase Sewer Vacuum Truck Lease	241,275	-	(58,574)	182,701	59,772	122,929
Total Proprietary	**$ 16,956,523**	**$ 179,702**	**$ (1,682,368)**	**$ 15,453,857**	**$ 1,719,220**	**$ 13,734,637**
Component Unit Governmental Activities						
Note Payable-BCDC to City Elec Fund	$ 257,729	$ -	$ (59,693)	$ 198,036	$ 62,747	$ 135,289
Note Payable-BCDC to City Elec Fund-FY10	1,000,000	-	-	1,000,000	-	1,000,000
Total Governmental - BCDC	**$ 1,257,729**	**$ -**	**$ (59,693)**	**$ 1,198,036**	**$ 62,747**	**$ 1,135,289**

III. DETAILED NOTES ON ALL FUNDS (Continued)

The annual debt service requirement to maturity for all outstanding debt as of September 30, 2015 follows:

FISCAL YEAR ENDING 9/30	PRIMARY GOVERNMENT									
	GENERAL OBLIGATION		TAX NOTES		PTT REVENUE & TAX BONDS		CERTIFICATES OF OBLIGATION		TOTAL REQUIREMENTS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2016	$ 2,459,996	$ 577,185	$ 280,000	$ 14,780	$ 2,575,000	$ 210,200	$ 820,000	$ 639,417	$ 6,134,996	$ 1,441,582
2017	2,540,000	491,228	295,000	9,260	2,680,000	107,200	795,000	610,908	6,310,000	1,218,596
2018	4,810,000	402,264	185,000	3,164	-	-	830,000	582,289	5,825,000	987,717
2019	3,975,000	291,084	-	-	-	-	930,000	552,290	4,905,000	843,374
2020	2,245,000	172,121					1,035,000	519,381	3,280,000	691,502
2021-2025	3,705,000	158,557	-	-	-	-	7,035,000	1,937,946	10,740,000	2,096,503
2026-2030	-	-	-	-	-	-	4,390,000	586,585	4,390,000	586,585
2031-2035	-	-	-	-	-	-	1,320,000	105,250	1,320,000	105,250
	$ 19,734,996	$ 2,092,439	$ 760,000	$ 27,204	$ 5,255,000	$ 317,400	$ 17,155,000	$ 5,534,066	$ 42,904,996	$ 7,971,109

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding at September 30, 2015 for the primary government is comprised of the following:

$9,000,000, 2006 Combination Tax and Revenue Certificates of Obligation due in annual installments of $155,000 to $740,000 through August 15, 2026; interest rate 3.940%	$ 6,125,000
$5,985,000, 2008 Combination Tax & Revenue Certificates of Obligation due in annual installments of $30,000 to $695,000 through August 15, 2028; interest rate 4.1-4.8%	5,565,000
$8,970,000; 2009 General Obligation Refunding Bonds due in annual installments of $105,000 to $1,905,000 through August 15, 2018; interest rate 3.0-4.0%	4,350,000
$760,000; 2010 Limited Tax Notes due in annual installments of $105,000 to $115,000 through August 15, 2017; interest rate 2.0-2.625%	225,000
$14,180,000; 2010 Pass-Through Toll Revenue and Limited Tax Bonds Post-Refunding Debt due in installments of $2,480,000 to $2,680,000 through August 15, 2017; interest rate 4.00%	5,255,000
$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%	4,910,000
$1,200,000; 2011 Limited Tax Notes due in annual installments of $165,000 to $185,000 through August 15, 2018; interest rate 1.71%	535,000
$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%	1,645,000
$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%	3,820,000
$5,490,000; 2014 General Obligation Refunding Bonds due in annual installments of $65,000 to $1,730,000 through August 15, 2021; interest rate 2.09%	5,345,000
$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%	3,910,000
$782,650 lease payable dated February 16, 2010 due in monthly payments of $10,589 Including interest, through March, 2017 (BVWACS Radios)	183,551
$298,723 lease payable dated May 10, 2013 due in annual payments of $63,303 including interest, through May, 2018 (Sewer Vacuum Truck Lease)	182,701
$138,000 lease payable dated November 5, 2014 due in annual payments of $29,314 including interest, through September, 2019 (Asphalt Zipper)	111,175
Compensated Absences for accrued vacation	448,746
	$43,831,173
Unamortized Bond Premium	814,936
Unamortized Bond Discount	-
Deferred Charges on Bonds	(706,062)
	$43,940,047

III. DETAILED NOTES ON ALL FUNDS (Continued)

Debt outstanding for Brenham Community Development Corporation Component Unit at September 30, 2015 and annual debt service payments to maturity for the outstanding debt follows:

$899,347 note payable to primary government dated May 21, 1998 in a sum not to exceed $2,500,000, payable in one year or on demand, whichever is later; interest payable monthly at 5.5%; unsecured; note is being amortized for 20 years through September 30, 2018	$ 198,036
$1,000,000 note payable to primary government dated August 6, 2010, interest payable at 4.75%, unsecured, annual payments 2017 through 2029	1,000,000
	$ 1,198,036

FISCAL YEAR ENDING 9/30	COMPONENT UNIT NOTES PAYABLE PRINCIPAL	INTEREST
2016	$ 62,747	$ 8,477
2017	148,478	37,746
2018	148,069	38,154
2019	99,274	52,691
2020	94,721	57,244
2021-2025	412,297	347,529
2026-2030	232,450	291,314
	$ 1,198,036	$ 833,155

1. Advance Refunding of Debt.

In 2015, the City issued $3,910,000 of general obligation refunding bonds to provide resources to purchase federal securities that were placed in an irrevocable trust for the purpose of generating resources for the redemption on August 15, 2015 for 2010 Pass-Through Toll Revenue and Limited Tax Bonds maturing 2018 through 2019. As a result, the refunded bonds are considered to be defeased and the liability has been removed from long-term debt. At September 30, 2015 the outstanding principal on the defeased debt was $0.

As a result of the refunding, the City reduced its aggregate debt service payments to maturity by $430,730, and obtained an economic gain (difference between present value of the debt service payments on the old and new debt) of $320,941.

I. Capital Leases

In FY10, the city entered into a lease agreement to finance the acquisition of radios for proprietary and government funds. In FY13, the city entered into a lease agreement to finance the acquisition of a vacuum truck for the wastewater proprietary fund. In FY15, the city entered into a lease agreement to finance the acquisition of an asphalt zipper road mixer for the street department. 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:

Asset Class	Governmental Activities	Business-Type Activities
Vehicles/Large Equipment	$ 135,000	$ 298,723
Radios	644,714	137,029
Less: Accumulated Depreciation	(339,816)	(120,735)
Total Net Asset	$ 439,898	$ 315,017

The total future minimum lease payments and the net present value of these minimum payments as of September 30, 2015 were as follows:

Year Ending September 30	Governmental Activities	Business-Type Activities
2016	$ 134,129	$ 85,549
2017	79,946	74,049
2018	29,314	63,303
2019	29,314	-
Total Minimum Lease Payments	$ 272,703	$ 222,901
Less: Amount Representing Interest	(10,111)	(8,062)
Present Value of Minimum Payments	$ 262,592	$ 214,839

J. Rebatable Arbitrage

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

At September 30, 2015 the primary government had no liability for rebatable 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:

	Governmental Activities	Business-type Activities
Capital Projects	$ 5,303,877	$ -
Customer Deposits	-	1,259,058
Debt Service	426,670	-
Hotel/Motel Tax	260,424	-
PD Criminal Law Enforcement	15,240	-
Streets/Drainage Improvements	543,245	-
Worker's compensation	162,951	
Pass Thru Toll Agreement	4,625,716	-
	$ 11,338,123	$ 1,259,058

L. Classification of Net Position

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

M. Classification of Fund Balance:

In the fund financial statements, the components of fund balances reflect 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, 2015:

	General Fund	Debt Service Fund	US 290 Pass Thru Finance Fund	2014 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Inventory	$ 179,105	$ -	$ -	$ -	$ -	$ 179,105
Prepaid Assets	1,000	-	-	-	-	1,000
Restricted for:						
Court Technology and Security	-	-	-	-	111,118	111,118
Debt Service	-	220,208	4,625,716	-	-	4,845,924
Grantor and Contributor Purposes	10,713	-	-	2,033,370	-	2,044,083
Health & Welfare	-	-	-	789,929	-	789,929
Public Safety	-	-	-	232,454	15,240	247,694
Culture & Recreation	-	-	-	1,089,539	-	1,089,539
Transportation and Aviation Projects	-	-	-	-	430,400	430,400
Tourism Promotion	-	-	-	-	438,896	438,896
Committed to:						
Debt Service	-	185,680 (1)	-	-	-	185,680
Culture & Recreation	6,952	-	-	-	-	6,952
Park Capital Improvements	-	-	-	-	882	882
Transportation and Aviation Projects	-	-	-	-	7,137	7,137
Assigned to:						
Culture and Recreation	-	-	-	438,000	13,106	451,106
Public Safety	169,114	-	-	822,000	-	991,114
						-
Unassigned:	4,376,760	-	-	-	-	4,376,760
Total Fund Balances:	$ 4,743,644	$ 405,888	$ 4,625,716	$ 5,405,292	$ 1,016,779	$ 16,197,319

Note 1: In FY14, City Council approved the transfer of $371,359 from the General Fund to the Debt Service Fund for the specific purpose of funding the first 2 years' debt service payments on the 2014 Certificates of Obligation. $185,679 of these funds were utilized in FY15.

III. DETAILED NOTES ON ALL FUNDS (Continued)

N. Due from Other Governments

The government-wide statement of Net Position shows an amount of $5,542,166 in governmental activities as Due from Other Governments. $5,450,737 of this amount is related to the Pass-Through Toll Agreement with TxDOT. Pursuant to the Agreement, the City received two reimbursement payments from TxDOT in FY13 totaling $3,057,482, two payments in FY14 totaling $3,209,811 and two payments in FY15 totaling $3,281,968. Future payments are anticipated to occur through fiscal year 2020.

IV. OTHER INFORMATION

A. Risk Management

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

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, 2015 was $163,051.

B. Contingent Liabilities

The City is a defendant in a lawsuit filed on July 5, 2013 relating to an injury claim which occurred in the city limits and on a City owned utility pole. On November 30, 2015 a settlement was reached in this case. The resolution of this matter does not have a material adverse effect on the financial condition of the government.

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Audits for some of these federal programs for the year ended September 30, 2015 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.

IV. OTHER INFORMATION (Continued)

C. Deferred Compensation Plans

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

D. Retirement

1. Texas Municipal Retirement System

Plan Description

The City of Brenham participates as one of 860 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*.

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:

	Plan Year 2014	*Plan Year 2015*
Employee Deposit Rate	*5%*	*5%*
Matching Ratio (City to Employee)	*2 to 1*	*2 to 1*
Years Required for Vesting	*5*	*5*
Service Retirement Eligibility (Expressed as Age/Years of Service)	*60/5, 0/20*	*60/5, 0/20*
Updated Service Credit	*100%, Transfers*	*100%, Transfers*
Annuity Increase (To Retirees)	*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:

	2014
Membership	
Inactive employees or beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	109
Active employees	205
Total	418

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 6.98% and 6.35% in 2014 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were $671,101 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, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, 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 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0 %. The pension plan's policy in regards to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

IV. OTHER INFORMATION (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment plan expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
Total	100.00%	

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 12/31/2013	$ 45,470,294	$ 36,299,393	$ 9,170,901
Changes for the year:			
Service Cost	1,137,682	-	1,137,682
Interest	3,168,390	-	3,168,390
Change of benefit terms	-	-	-
Difference between expected and actual experience	(488,131)	-	(488,131)
Changes of assumptions	-	-	-
Contributions - employer	-	725,558	(725,558)
Contributions - employee	-	519,774	(519,774)
Net investment income	-	2,076,198	(2,076,198)
Benefit payments, including refunds of employee contributions	(1,552,848)	(1,552,848)	-
Administrative expense	-	(21,680)	21,680
Other changes	-	(1,782)	1,782
Net changes	2,265,093	1,745,220	519,873
Balance at 12/31/2014	$ 47,735,387	$ 38,044,613	$ 9,690,774

IV. OTHER INFORMATION (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0 %. 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 statue. 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.

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 7.0%, as well as what the City's NPL would be if it were calculated using a discount that is 1-percentage-point lower (6.0%) or 1-percentage-point-higher (8.0%) than the current rate.

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	$16,529,816	$9,690,774	$4,081,783

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.*

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

For the year ended September 30, 2015, the City of Brenham recognized pension expense of $1,257,622, 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	$ -	$ 386,016
Differences between projected and actual investment earnings	371,808	-
Contributions subsequent to the measurement date	499,831	-
Total	$ 871,639	$ 386,016

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling $499,831, will be recognized as a reduction of the net pension liability for the year ending September 30, 2015.

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:

Year Ended September 30	Pension Expense
2015	$ (9,163)
2016	(9,163)
2017	(9,163)
2018	13,281
2019	-
Thereafter	-
Total	$ (14,208)

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, 2014, there were 198 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, 2014, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,073
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,161
Active Participants (Vested and Non-vested)	4.036

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*. The separately issued actuarial valuations which may be of interest are also available at the same link.

Benefits Provided

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

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 the 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, 2014, the Part Two contribution rate was 0%, since the first actuarial valuation report after adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions.

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, 2014, total contributions (dues, prior service, and interest on prior service financing) of $54,320 were paid by the City. The State appropriated $1,530,343 for the fiscal year ending August 31, 2014 to the plan as a whole.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2014
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% corrridor on market value
Actuarial Assumptions:	
Investment Rate of Return*	7.75%
Projected Salary Increase	N/A
*Includes Inflation At	3.50%
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 2018 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 (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% 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%	5.20%
Small Cap Domestic	10.00%	5.80%
Developed International	21.00%	5.50%
Emerging Markets	6.00%	5.40%
Master Limited Partnership	5.00%	7.10%
Fixed Income		
Domestic	21.00%	1.40%
International	5.00%	1.60%
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, 2014 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. That UAAL was based on an actuarial value of assets that was $7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, 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:	$448,980	$217,878	$83,043

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

At August 31, 2014, the City reported a liability of $217,878 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:

IV. OTHER INFORMATION (Continued)

City's proportionate share of the collective net pension liability	$ 217,878
State's proportionate share that is associated with the City*	73,625
Total	$ 291,503

**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, 2014 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, 2014. The City used the assumption that any differences in the net pension liability measured as of August 31, 2014 versus September 30, 2014 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, 2013 through August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 1.199%. TESRS did not provide prior year proportions measured as of August 31, 2013. The City is using the assumption that the change in proportion would have been immaterial and therefore disregarded this year.

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 August 31, 2014, the City recognized pension expense of $45,877. The City recognized on-behalf revenues of $27,424 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At August 31, 2014, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ -	$ 54,907
Contributions paid to TESRS subsequent to the measurement data	$ 53,340	$ -
Total	$ 53,340	$ 54,907

IV. OTHER INFORMATION (Continued)

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

Year Ended September 30	Pension Expense
2016	$ 13,727
2017	13,727
2018	13,727
2019	13,726
Total	$ 54,907

E. Restatements

The net position of the City's governmental activities, business-type activities, Electric Fund, Gas Fund, Water Fund, Wastewater Fund and Sanitation Fund as previously reported, as of September 30, 2014, have been restated to give effect to the following:

During the year, the City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." This statement requires employers to report the difference between the actuarial total pension liability and the pension plan's fiduciary net position as the net pension liability on the statement of net position. Therefore, an adjustment was made to the beginning net position for the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date.

A table depicting this change to the fund level financial statements follows:

	Electric Fund	Gas Fund	Water Fund	Wastewater Fund	Sanitation Fund
Net position as previously reported	$ 19,760,392	$ 3,160,612	$ 14,349,544	$ 12,310,199	$ 2,209,867
Recording of net pension liability as of September 30, 2014-TMRS	(1,202,948)	(226,004)	(419,597)	(341,001)	(353,107)
Deferral for pension contributions made after the measurement date-TMRS	73,809	13,867	25,745	20,923	21,665
Net Position as restated	$ 18,631,253	$ 2,948,475	$ 13,955,692	$ 11,990,121	$ 1,878,425

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

	Governmental Activities	Business-Type Activities	Total
Net position as previously reported	$ 44,784,529	$ 52,208,324	$ 96,992,853
Recording of net pension liability as of September 30, 2014 - TMRS	(6,628,245)	(2,542,657)	(9,170,902)
Recording of net pension liability as of September 30, 2014 - TESRS	(308,652)	-	(308,652)
Deferral for pension contributions made after the measurement date-TMRS	406,687	156,009	562,696
Deferral for pension contributions made after the measurement date-TESRS	54,320	-	54,320
Net Position as restated	$ 38,308,639	$ 49,821,676	$ 88,130,315

IV. OTHER INFORMATION (Continued)

F. 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 through a fully-funded plan per the terms of an interlocal agreement with the Texas Municipal League Intergovernmental Employee Benefits Pool (TML IEBP). Plan benefits include medical and prescription coverage.

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

As of October 1, 2014, the effective date of the most recent OPEB valuation, 7 retirees met the plan eligibility requirements and have elected to receive this benefit. The retiree pays the established monthly premium for group health care coverage less the City supplement of $100 for retiree only and $200 for retiree and spouse.

Coverage	Premium(less supplement)
Retiree Only	$6,583.68
Retiree & Spouse	$17,614.38

The City is not required to make contributions to the plan on behalf of the retirees and funds the plan on a projected pay-as-you-go financing method. The plan had 193 active members as of October 1, 2014, the effective date of this OPEB valuation. For FY15, the City paid 95.6% of monthly premiums ($635.74) for active members, 85.1% of premiums ($1,454.78) for member and spouse, 83.2% of premiums ($978.10) for member and child, and 78.5% for family coverage ($1,544.60).

Employees who retire because of a disability may qualify for life insurance and long term disability benefits until reaching age 65 or the end of the disability eligibility, whichever comes first. Premiums for qualifying retirees are waived and there is no further cost to the City or the retiree. One person qualified for long term disability as of October 1, 2014.

IV. OTHER INFORMATION (Continued)

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

	FY Ending 09/30/2015	FY Ending 09/30/2014	FY Ending 09/30/2013
Determination of Annual Required Contribution			
Normal Cost at fiscal year end	$ 86,849	$ 83,411	$ 83,411
Amortization of UAAL	77,492	77,380	71,861
Annual Required Contribution (ARC)	$ 164,341	$ 160,791	$ 155,272
Determination of Net OPEB Obligation			
Annual Required Contribution	$ 164,341	$ 160,791	$ 155,272
Interest on prior year Net OPEB Obligation	22,349	18,515	14,545
Adjustment to ARC	(31,068)	(25,739)	(20,220)
Annual OPEB Cost	$ 155,622	$ 153,567	$ 149,597
Contributions made	(61,151)	(57,730)	(50,348)
Estimated increase in Net OPEB Obligation	$ 94,471	$ 95,837	$ 99,249
Estimated Net OPEB Obligation - begin of year	$ 558,716	$ 462,879	$ 363,630
Estimated Net OPEB Obligation - end of year	$ 653,187	$ 558,716	$ 462,879

Funded Status and Funding Progress. As of October 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $1,339,996, and the actuarial value of the assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,339,996. The covered payroll (annual payroll of active employees covered by the plan) was $10,876,376 and the ratio of the UAAL to the covered payroll was 12.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the included financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

IV. OTHER INFORMATION (Continued)

The following table shows the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the three preceding years:

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	4.0%	$ 191,244	34.62%	$ 363,630
9/30/2013	4.0%	$ 149,597	33.66%	$ 462,879
9/30/2014	4.0%	$ 153,567	37.59%	$ 558,716
9/30/2015	4.0%	$ 155,622	39.29%	$ 653,187

Actuarial Methods and Assumptions. The following assumptions were used in the October 1, 2014 actuarial valuation:

	Actuarial Valuation Information
	10/01/14
Asset valuation method	market value
Actuarial cost method	projected unit credit
Inflation rate	2.5%
Investment rate of return	4%
Projected salary increases	N/A
Healthcare cost trend rate	Initial rate of 7.20% declining to an ultimate rate of 4.5% after 60 years
Amortization method	level dollar
Amortization period in years	30 - open

The actuarial assumptions also included a projected increase in the amount of per capita medical and prescription benefit costs (gross of retiree cost sharing amounts) as shown below:

Age	Male	Female
50	-2%	-4%
55	12%	4%
60	23%	15%
64	25%	16%

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

IV. OTHER INFORMATION (Continued)

G. Subsequent Events

On October 15, 2015, the City Council approved the purchase of a residential garbage truck for the Sanitation Department through the BuyBoard Local Government Purchasing Cooperative in the amount of $174,510. This purchase was approved in the fiscal year 2016 budget.

On November 5, 2015, the City Council approved the acceptance of the Community Development Partnership Program Grant offered by the Lower Colorado River Authority in the amount of $20,000 for the construction of an outdoor reading room as part of the Nancy Carol Roberts Memorial Library Modernization and Renovation Project.

On November 5, 2015, the City Council awarded a contract to R&B Group, Inc. for the 2016 Surface Water Treatment Plan Rehabilitation in the amount of $425,300. This purchase was approved in the fiscal year 2016 budget.

On November 5, 2015, the City Council accepted a donation in the amount of $750,000 for a planned park development project connecting Fireman's Park and the Nancy Carol Roberts Memorial Library and approved a Memorandum of Understanding between the City of Brenham and the donor. On December 17, 2015, the City Council approved the purchase and installation of playground equipment from the PlayWell Group in the amount of $249,134 related to this project.

On November 19, 2015, the City Council approved a Resolution accepting a grant from the Bluebonnet Community Grant Program in the amount of $20,000 for audio and video technology as a part of the Nancy Carol Roberts Memorial Library expansion, modernization, and renovation project.

On December 17, 2015, the City Council approved the purchase of two backhoes for the Gas and Water Departments through the BuyBoard Local Government Purchasing Cooperative in the amount of $175,000 from Associated Supply Company. These purchases were approved in the fiscal year 2016 budget.

On February 4, 2016, the City Council accepted a grant from the 100 Club of Houston in the amount of $38,063 for tactical equipment for the Brenham Police Department.

H. New Pronouncements

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

- Statement No. 72, "Fair Value Measurement and Application." The requirements for this statement are effective for FY16.
- Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The requirements of this statement are effective for FY18.
- Statement No. 77, "Tax Abatement Disclosures." The requirements of this statement are effective for FY17.

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REQUIRED SUPPLEMENTARY
INFORMATION

City of Brenham, Texas
Required Supplementary Information
September 30, 2015

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio	Covered Payroll (3)	UAAL as a % of Covered Payroll
October 1, 2008	-	$ 1,219,154	$ 1,219,154	0%	$ 9,114,493	13%
October 1, 2009	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2010	-	$ 1,558,393	$ 1,558,393	0%	$10,139,094	15%
October 1, 2011	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2012	-	$ 1,242,624	$ 1,242,624	0%	$ 9,056,146	14%
October 1, 2013	N/A	N/A	N/A	N/A	N/A	N/A
October 1, 2014	-	$ 1,339,996	$ 1,339,996	0%	$10,876,376	12%

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

(2) Actuarial Accrued Liability less Actuarial Value of Assets

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

* Health Care Insurance Plan

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City of Brenham, Texas
Required Supplementary Information
September 30, 2015

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

Last 10 Years (will ultimately be displayed)

		12/31/2014
Total Pension Liability		
Service Cost	$	1,137,682
Interest (on the Total Pension Liability)		3,168,390
Changes of benefit terms		-
Difference between expected and actual experience		(488,131)
Change of assumptions		-
Benefit payments, including refunds of employee contributions		(1,552,848)
Net Change in Total Pension Liability		2,265,093
Total Pension Liability - Beginning		45,470,294
Total Pension Liability - Ending (a)	$	47,735,387
Plan Fiduciary Net Position		
Contributions - Employer	$	725,558
Contributions - Employee		519,774
Net Investment Income		2,076,198
Benefit payments, including refunds of employee contributions		(1,552,848)
Administrative Expense		(21,680)
Other		(1,782)
Net Change in Plan Fiduciary Net Position		1,745,220
Plan Fiduciary Net Position - Beginning		36,299,393
Plan Fiduciary Net Position - Ending (b)	$	38,044,613
Net Pension Liability - Ending (a) - (b)	$	9,690,774
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		79.70%
Covered Employee Payroll	$	10,395,487
Net Position Liability as a Percentage of Covered Employee Payroll		93.22%

Notes to Schedule:
N/A

City of Brenham, Texas
Required Supplementary Information
September 30, 2015

SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Actuarially Determined Contribution	$ 725,558	$ 726,981	$ 694,276	$ 698,787	$ 904,116	$ 833,706	$ 851,388	$ 844,732	$ 704,369	$ 552,841
Contributions in relation to the actuarially determined contribution	$ 725,558	$ 726,981	$ 694,276	$ 698,787	$ 904,116	$ 833,706	$ 851,388	$ 844,732	$ 704,369	$ 552,841
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$10,395,487	$10,158,757	$9,933,343	$9,856,804	$9,567,491	$9,171,150	$9,116,479	$8,228,123	$7,489,073	$7,113,531
Contributions as a percentage of covered employee payroll	6.98%	7.16%	6.99%	7.09%	9.45%	9.09%	9.34%	10.27%	9.41%	7.77%

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	14 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00%, including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation puruant to an experience study of the period 2005-2009.
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.) Granted 100% ad hoc USC with transfer.
2.) Granted 70% ad hoc COLA.

City of Brenham, Texas
Required Supplementary Information
September 30, 2015

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)

		8/31/2014
City's proportion of the net pension liability		1.1990%
City's proportionate share of the net pension liability	$	217,878
State's proportionate share of the net pension liability		73,625
Total	$	291,503
Number of Active Members*		32
City's Net Pension Liability per Active Member	$	6,809
Plan fiduciary net position as a percentage of the total pension liability		83.50%

*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 liablity 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, 2015

SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)

Last 10 Years (will ultimately be displayed)

	8/31/2015	8/31/2014
Contractually required contribution	$ 53,340	$ 54,320
Contributions in relation to the contractually required contribution	53,340	54,320
Contribution deficiency (excess)	$ -	$ -
Number of Active Members *	32	32
Contributions per Active Member	$ 1,667	$ 1,698

Notes to Schedule of Contributions:

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

COMBINING FUND STATEMENTS
AND SCHEDULES

CITY OF BRENHAM, TEXAS

Special Revenue Funds

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

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

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

PD Criminal Law Enforcement Fund
This fund is used to account for revenues specifically restricted for police department criminal law enforcement.

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

Capital Projects Funds

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

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

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

Parks Capital Improvements Fund
This fund is used to account for proceeds and expenditures related to park improvements.

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

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CITY OF BRENHAM, TEXAS

Internal Service Funds

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

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

Self-Insured Health Insurance Fund
This fund was used to account for self-insured health insurance risk management services to other funds of the City on a cost reimbursement basis. This fund is no longer used and was closed in fiscal year 2015.

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, 2015

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Assets			
Cash and Equivalents	$ 219,616	$ 103,665	$ 323,281
Receivables (Net)			
Occupancy Tax	75,735	-	75,735
Accounts	1,847	2,361	4,208
Interfund Receivables	-	-	-
Other Current Assets	-	7,147	7,147
Restricted Cash	275,664	543,245	818,909
Total Assets	$ 572,862	$ 656,418	$ 1,229,280
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable & Other Current	$ 7,608	$ 97,843	$ 105,451
Interfund Payables	-	107,050	107,050
Total Liabilities	7,608	204,893	212,501
Fund Balances:			
Restricted	565,254	430,400	995,654
Committed	-	8,019	8,019
Assigned	-	13,106	13,106
Total Fund Balances	565,254	451,525	1,016,779
Total Liabilities and Fund Balances	$ 572,862	$ 656,418	$ 1,229,280

City of Brenham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue Funds	Nonmajor Capital Projects Funds	Total Other Governmental Funds
Revenues			
Taxes	$ 770,537	$ -	$ 770,537
Intergovernmental	-	1,314,649	1,314,649
Charges for Services	68,537	-	68,537
Investment Income	141	698	839
Payment from Component Unit	-	196,605	196,605
Contributions and Donations	-	45,747	45,747
Program Revenue/Restitution	8,760	-	8,760
Total revenues	847,975	1,557,699	2,405,674
Expenditures			
Current:			
Culture and Recreation	663,139	72,367	735,506
General Government	29,960	-	29,960
Highways and Streets	-	401,624	401,624
Public Safety	4,999	-	4,999
Capital Outlay	-	2,575,537	2,575,537
Total expenditures	698,098	3,049,528	3,747,626
Excess (Deficiency) of Revenues Over (Under) Expenditures	149,877	(1,491,829)	(1,341,952)
Other Financing Sources (Uses)			
Transfers Out	(104,862)	-	(104,862)
Lease Proceeds	-	138,000	138,000
Total other financing sources and (uses)	(104,862)	138,000	33,138
Net change in Fund Balances	45,015	(1,353,829)	(1,308,814)
Fund balances - beginning	520,239	1,805,354	2,325,593
Fund balances - ending	$ 565,254	$ 451,525	$ 1,016,779

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds
September 30, 2015

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Total Special Revenue Funds
Assets					
Cash and Equivalents	$ 99,462	$ 9,036	$ -	$ 111,118	$ 219,616
Receivables (Net)					
Occupancy Tax	75,735	-	-	-	75,735
Accounts	1,847	-	-	-	1,847
Restricted Cash	260,424	-	15,240	-	275,664
Total Assets	$ 437,468	$ 9,036	$ 15,240	$ 111,118	$ 572,862
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current	$ 7,608	$ -	$ -	$ -	$ 7,608
Total Liabilities	7,608	-	-	-	7,608
Fund Balances:					
Restricted	429,860	9,036	15,240	111,118	565,254
Total Fund Balances	429,860	9,036	15,240	111,118	565,254
Total Liabilities and Fund Balances	$ 437,468	$ 9,036	$ 15,240	$ 111,118	$ 572,862

City of Brenham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds - Special Revenue Funds
For the Year Ended September 30, 2015

	Hotel/Motel Tax Fund	Hotel/Motel Tax Fund- Washington County	PD Crim. Law Enforcement Fund	Courts Tech./Security Fund	Total Special Revenue Funds
Revenues					
Taxes	$ 635,411	$ 135,126	$ -	$ -	$ 770,537
Charges for Services	-	-	-	68,537	68,537
Investment Income	135	-	6	-	141
Program Revenue/Restitution	-	-	8,760	-	8,760
Total revenues	635,546	135,126	8,766	68,537	847,975
Expenditures					
Current:					
Culture and Recreation	533,445	129,694	-	-	663,139
General Government	-	-	-	29,960	29,960
Public Safety	-	-	4,999	-	4,999
Total expenditures	533,445	129,694	4,999	29,960	698,098
Excess (Deficiency) of Revenues Over (Under) Expenditures	102,101	5,432	3,767	38,577	149,877
Other Financing Sources (Uses)					
Transfers Out	(80,027)	-	-	(24,835)	(104,862)
Total other financing sources and (uses)	(80,027)	-	-	(24,835)	(104,862)
Net change in Fund Balances	22,074	5,432	3,767	13,742	45,015
Fund balances - beginning	407,786	3,604	11,473	97,376	520,239
Fund balances - ending	$ 429,860	$ 9,036	$ 15,240	$ 111,118	$ 565,254

City of Brenham
Combining Balance Sheet
Other Governmental Funds - Nonmajor Capital Projects Funds
September 30, 2015

	Airport Capital Impr. Fund	Capital Leases Fund	Parks Capital Improvements Fund	Streets & Drainage Improvements Fund	Total Nonmajor Capital Projects Funds
Assets					
Cash and Cash Equivalents	$ -	$ -	$ 103,665	$ -	$ 103,665
Receivables (Net)					
Accounts	-	-	-	2,361	2,361
Interfund Receivable	-	-	10	-	10
Other Current Assets	7,147	-	-	-	7,147
Restricted Cash	-	-	-	543,245	543,245
Total Assets	$ 7,147	$ -	$ 103,675	$ 545,606	$ 656,428
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable & Other Current Liabilities	$ -	$ -	$ 89,687	$ 8,156	$ 97,843
Interfund Payables	10	-	-	107,050	107,060
Total Liabilities	10	-	89,687	115,206	204,903
Fund Balances:					
Restricted	-	-	-	430,400	430,400
Committed	7,137	-	882	-	8,019
Assigned	-	-	13,106	-	13,106
Total Fund Balances	7,137	-	13,988	430,400	451,525
Total Liabilities and Fund Balances	$ 7,147	$ -	$ 103,675	$ 545,606	$ 656,428

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, 2015

	Airport Capital Impr. Fund	Capital Leases Fund	Parks Capital Improvements Fund	Streets & Drainaage Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues					
Intergovernmental	$ 1,314,649	$ -	$ -	$ -	$ 1,314,649
Investment Income	-	-	-	698	698
Payment from Component Unit	-	-	196,605	-	196,605
Contributions and Donations	-	-	4,947	40,800	45,747
Total revenues	1,314,649	-	201,552	41,498	1,557,699
Expenditures					
Current:					
Culture and Recreation	-	-	72,367	-	72,367
Highways and Streets	-	-	-	401,624	401,624
Capital Outlay	1,460,722	138,000	124,237	852,578	2,575,537
Total expenditures	1,460,722	138,000	196,604	1,254,202	3,049,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	(146,073)	(138,000)	4,948	(1,212,704)	(1,491,829)
Other Financing Sources (Uses)					
Lease Proceeds	-	138,000	-	-	138,000
Total other financing sources and (uses)	-	138,000	-	-	138,000
Net change in Fund Balances	(146,073)	-	4,948	(1,212,704)	(1,353,829)
Fund balances - beginning	153,210	-	9,040	1,643,104	1,805,354
Fund balances - ending	$ 7,137	$ -	$ 13,988	$ 430,400	$ 451,525

City of Brenham
Internal Service Funds
Combining Statement of Net Position
September 30, 2015

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Central Fleet Fund	Total
Assets				
Current assets:				
Cash and Cash Equivalents	$ -	$ -	$ 233,086	$ 233,086
Inventory at Cost	-	-	920	920
Other Current Assets	100	-	-	100
Restricted Cash	162,951	-	-	162,951
Total current assets	163,051	-	234,006	397,057
Noncurrent assets:				
Capital Assets, Net	-	-	97,601	97,601
Total noncurrent assets	-	-	97,601	97,601
Total Assets	$ 163,051	-	$ 331,607	$ 494,658
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable & Other Current Liabilities	$ -	$ -	$ 2,820	$ 2,820
Total Liabilities	-	-	2,820	2,820
Net Position				
Net Investment in Capital Assets	-	-	97,601	97,601
Unrestricted	163,051	-	231,186	394,237
Total Net Position	$ 163,051	$ -	$ 328,787	$ 491,838

City of Brenham, Texas
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year ended September 30, 2015

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Central Fleet Fund	Total
Operating revenues:				
Charges for Services	$ 137,589	$ -	$ 140,900	$ 278,489
Total operating revenues	137,589	-	140,900	278,489
Operating expenses:				
Supplies	-	-	7,155	7,155
Maintenance	-	-	31,594	31,594
Contractual Services	105,005	-	-	105,005
Depreciation	-	-	21,232	21,232
Miscellaneous	-	-	5,487	5,487
Total operating expenses	105,005	-	65,468	170,473
Operating Income (loss)	32,584	-	75,432	108,016
Nonoperating revenues (expenses):				
Investment Income	138	-	-	138
Total non-operating revenue (expenses):	138	-	-	138
Income (loss) before contributions and transfers	32,722	-	75,432	108,154
Transfers Out	(270,900)	(87,640)	-	(358,540)
Total Transfers In/(Out)	(270,900)	(87,640)	-	(358,540)
Change in net position	(238,178)	(87,640)	75,432	(250,386)
Total net position - beginning	401,229	87,640	253,355	742,224
Total net position - ending	$ 163,051	$ -	$ 328,787	$ 491,838

City of Brenham, Texas
Internal Service Funds
Combining Statement of Cash Flows
For the Year ended September 30, 2015

	Workers' Compensation Fund	Self-Insured Health Ins. Fund	Central Fleet Fund	Total
Cash Flows from Operating Activities				
Receipts from/(payments for) interfund services provided	$ 188,179	$ (50,590)	$ 140,900	$ 278,489
Payments to suppliers	(105,062)	(2,235)	(42,373)	(149,670)
Net cash provided (used) by operating activites	83,117	(52,825)	98,527	128,819
Cash Flows from Non Capital Financing Activites				
Transfers in (out)	(270,900)	(87,640)	-	(358,540)
Net cash provided (used) by non capital financing activities	(270,900)	(87,640)	-	(358,540)
Cash Flows from Capital and Related Financing Activities				
Acquistion and Construction of Capital Assets	-	-	(44,046)	(44,046)
Net cash provided (used) by capital and related financing activities	-	-	(44,046)	(44,046)
Cash Flows from Investing Activities				
Investment income received	138	-	-	138
Net cash provided (used) by investing activities	138	-	-	138
Net increase (decrease) in cash and cash equivalents	(187,645)	(140,465)	54,481	(273,629)
Cash and cash equivalents, beginning of the year	350,596	140,465	178,605	669,666
Cash and cash equivalents, end of the year	$ 162,951	$ -	$ 233,086	$ 396,037
Reconciliation of cash and cash equivalents to statement of net position				
Cash and equivalents	$ -	$ -	$ 233,086	$ 233,086
Restricted cash and equivalents	162,951	-	-	162,951
Cash and cash equivalents, end of year	$ 162,951	$ -	$ 233,086	$ 396,037
			-	
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	$ 32,584	$ -	$ 75,432	$ 108,016
Adjustments to reconcile net cash provided (used) by operating activites				
Depreciation	-	-	21,232	21,232
Changes in assets and liabilities affecting cash provided by operations:				
(Increase) decrease in interfund receivables	50,590	-	-	50,590
(Increase) decrease in inventory	-	-	624	624
Increase (decrease) in interfund payables	-	(50,590)	-	(50,590)
Increase (decrease) in accounts payable and other current liabilities	(57)	(2,235)	1,239	(1,053)
Net cash provided (used) by operating activities	$ 83,117	$ (52,825)	$ 98,527	$ 128,819

City of Brenham
Debt Service
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Taxes	$ 2,242,018	$ 2,242,018	$ 2,240,297	$ (1,721)
Investment Income	600	600	800	200
Payments from Other Governments	259,400	259,400	-	(259,400)
Payment from Component Unit	569,318	569,318	569,318	-
Total revenues	3,071,336	3,071,336	2,810,415	(260,921)
Expenditures				
Debt Service:				
Interest and Fiscal Charges	1,169,290	1,267,787	974,276	293,511
Principal Retirement	4,567,726	4,567,726	4,563,551	4,175
Total Expenditures	5,737,016	5,835,513	5,537,827	297,686
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,665,680)	(2,764,177)	(2,727,412)	36,765
Other Financing Sources (Uses)				
Transfer In	2,480,000	3,747,294	3,747,294	-
Refunding bonds issued	-	3,910,000	3,910,000	-
Premium on refunding bonds issued	-	259,994	259,994	-
Payment to refunded bond escrow agent	-	(5,338,791)	(5,338,791)	-
Total other financing sources and (uses)	2,480,000	2,578,497	2,578,497	-
Net change in fund balance	(185,680)	(185,680)	(148,915)	36,765
Fund balance - beginning	554,803	554,803	554,803	-
Fund balance - ending	$ 369,123	$ 369,123	$ 405,888	$ 36,765

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Hotel/Motel Occupancy Tax	$ 575,000	$ 635,411	$ 635,411	$ -
Investment Income	100	100	135	35
Total revenues	575,100	635,511	635,546	35
Expenditures				
Current:				
Culture and Recreation	528,725	550,225	533,445	16,780
Total Expenditures	528,725	550,225	533,445	16,780
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,375	85,286	102,101	16,815
Other Financing Sources (Uses)				
Transfers Out	(74,527)	(80,027)	(80,027)	-
Total other financing sources and (uses)	(74,527)	(80,027)	(80,027)	-
Net change in fund balance	(28,152)	5,259	22,074	16,815
Fund balance - beginning	407,786	407,786	407,786	-
Fund balance - ending	$ 379,634	$ 413,045	$ 429,860	$ 16,815

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Hotel/Motel Occupancy Tax	$ 90,000	$ 135,126	$ 135,126	$ -
Total revenues	90,000	135,126	135,126	-
Expenditures				
Current:				
Culture and Recreation	90,000	130,000	129,694	306
Total Expenditures	90,000	130,000	129,694	306
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	5,126	5,432	306
Net change in fund balance	-	5,126	5,432	306
Fund balance - beginning	3,604	3,604	3,604	-
Fund balance - ending	$ 3,604	$ 8,730	$ 9,036	$ 306

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Investment Income	$ 20	$ 20	$ 6	$ (14)
Program Income/Restitution	5,000	5,000	8,760	3,760
Total revenues	5,020	5,020	8,766	3,746
Expenditures				
Current:				
Public Safety	-	4,999	4,999	-
Total Expenditures	-	4,999	4,999	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,020	21	3,767	3,746
Net change in fund balance	5,020	21	3,767	3,746
Fund balance - beginning	11,473	11,473	11,473	-
Fund balance - ending	$ 16,493	$ 11,494	$ 15,240	$ 3,746

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Charges for Services	$ 41,500	$ 41,500	$ 68,537	$ 27,037
Total revenues	41,500	41,500	68,537	27,037
Expenditures				
Current:				
General Government	21,325	21,325	29,960	(8,635)
Total Expenditures	21,325	21,325	29,960	(8,635)
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,175	20,175	38,577	18,402
Other Financing Sources (Uses)				
Transfers Out	(15,000)	(15,000)	(24,835)	(9,835)
Total other financing sources and (uses)	(15,000)	(15,000)	(24,835)	(9,835)
Net change in fund balance	5,175	5,175	13,742	8,567
Fund balance - beginning	97,376	97,376	97,376	-
Fund balance - ending	$ 102,551	$ 102,551	$ 111,118	$ 8,567

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Grant Revenues	$ 1,525,174	$ 1,525,174	$ 1,314,649	$ (210,525)
Total revenues	1,525,174	1,525,174	1,314,649	(210,525)
Expenditures				
Current:				
Capital Outlay	1,694,638	1,694,638	1,460,722	233,916
Total Expenditures	1,694,638	1,694,638	1,460,722	233,916
Excess (Deficiency) of Revenues Over (Under) Expenditures	(169,464)	(169,464)	(146,073)	23,391
Net change in fund balance	(169,464)	(169,464)	(146,073)	23,391
Fund balance - beginning	153,210	153,210	153,210	-
Fund balance - ending	$ (16,254)	$ (16,254)	$ 7,137	$ 23,391

City of Brenham

Capital Leases Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Expenditures				
Current:				
Capital Outlay	$ 164,490	$ 164,490	$ 138,000	$ 26,490
Total Expenditures	164,490	164,490	138,000	26,490
Excess (Deficiency) of Revenues Over (Under) Expenditures	(164,490)	(164,490)	(138,000)	26,490
Other Financing Sources (Uses)				
Lease Proceeds	164,490	164,490	138,000	(26,490)
Total other financing sources and (uses)	164,490	164,490	138,000	(26,490)
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ -

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Contributions and Donations	$ 6,000	$ 6,000	$ 4,947	$ (1,053)
Payment from Component Unit	227,955	198,670	196,605	(2,065)
Total revenues	233,955	204,670	201,552	(3,118)
Expenditures				
Current:				
Culture and Recreation	72,335	72,335	72,367	(32)
Capital Outlay	155,620	126,335	124,237	2,098
Total Expenditures	227,955	198,670	196,604	2,066
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,000	6,000	4,948	(1,052)
Net change in fund balance	6,000	6,000	4,948	(1,052)
Fund balance - beginning	9,040	9,040	9,040	-
Fund balance - ending	$ 15,040	$ 15,040	$ 13,988	$ (1,052)

City of Brenham

Streets and Drainange Improvements Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Investment Income	$ 400	$ 400	$ 698	$ 298
Contributions and Donations	-	40,800	40,800	-
Total revenues	400	41,200	41,498	298
Expenditures				
Current:				
Highways and Streets	-	401,624	401,624	-
Capital Outlay	850,609	852,578	852,578	-
Total Expenditures	850,609	1,254,202	1,254,202	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(850,209)	(1,213,002)	(1,212,704)	298
Net change in fund balance	(850,209)	(1,213,002)	(1,212,704)	298
Fund balance - beginning	1,643,104	1,643,104	1,643,104	-
Fund balance - ending	$ 792,895	$ 430,102	$ 430,400	$ 298

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Investment Income	$ 1,200	$ 1,200	$ 3,096	$ 1,896
Intergovernmental	3,000,000	3,000,000	3,281,969	281,969
Total revenues	3,001,200	3,001,200	3,285,065	283,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,001,200	3,001,200	3,285,065	283,865
Other Financing Sources (Uses)				
Transfers Out	(2,480,000)	(3,747,294)	(3,747,294)	-
Total other financing sources and (uses)	(2,480,000)	(3,747,294)	(3,747,294)	-
Net change in fund balance	521,200	(746,094)	(462,229)	283,865
Fund balance - beginning	5,087,945	5,087,945	5,087,945	-
Fund balance - ending	$ 5,609,145	$ 4,341,851	$ 4,625,716	$ 283,865

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Investment Income	$ 1,200	$ 1,200	$ 2,515	$ 1,315
Contributions and Donations	164,387	164,387	-	(164,387)
Total revenues	165,587	165,587	2,515	(163,072)
Expenditures				
Capital Outlay	5,012,000	6,331,022	2,589,444	3,741,578
Total Expenditures	5,012,000	6,331,022	2,589,444	3,741,578
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,846,413)	(6,165,435)	(2,586,929)	3,578,506
Other Financing Sources (Uses)				
Transfers In	1,224,139	2,484,139	2,618,388	134,249
Total other financing sources and (uses)	1,224,139	2,484,139	2,618,388	134,249
Net change in fund balance	(3,622,274)	(3,681,296)	31,459	3,712,755
Fund balance - beginning	5,373,833	5,373,833	5,373,833	-
Fund balance - ending	$ 1,751,559	$ 1,692,537	$ 5,405,292	$ 3,712,755

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Taxes	$ 1,494,477	$ 1,494,477	$ 1,584,441	$ 89,964
Investment Income	250	250	956	706
Contribution from Developer	-	735,044	735,044	-
Miscellaneous	3,376	3,376	15,279	11,903
Total revenues	1,498,103	2,233,147	2,335,720	102,573
Expenditures				
Current:				
Economic Development	463,607	463,607	201,512	262,095
Debt Service:				
Interest and Fiscal Charges	11,530	11,530	11,531	(1)
Principal Retirement	59,693	59,693	59,693	-
Capital Outlay	657,000	1,157,660	997,660	160,000
Total Expenditures	1,191,830	1,692,490	1,270,396	422,094
Excess (Deficiency) of Revenues Over (Under) Expenditures	306,273	540,657	1,065,324	524,667
Other Financing Sources (Uses)				
Payment to Primary Government	(963,273)	(933,988)	(910,301)	23,687
Total other financing sources and (uses)	(963,273)	(933,988)	(910,301)	23,687
Net change in fund balance	(657,000)	(393,331)	155,023	548,354
Fund balance - beginning	1,608,659	1,608,659	1,608,659	-
Fund balance - ending	$ 951,659	$ 1,215,328	$ 1,763,682	$ 548,354

Net change in fund balance - component unit		$ 155,023
Amounts reported for component unit in the statement of activites are different because:		
The net effect of miscellaneous transactions involving capital assets (i.e. purchase) is to increase net assets.		
Capital Outlay	997,660	
Depreciation Expense	(875)	
Contribution of Infrastructure Assets to Primary Government	(997,660)	
Bond principal payments are expenditures in the component unit, but they reduce long term liabilities in the statement of net position.	59,693	
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		(58,413)
Change in net position of component unit		$ 155,428

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Investment Income	$ 50	$ 50	$ 48	$ (2)
Contributions and Donations	454,480	482,480	458,911	(23,569)
Total revenues	454,530	482,530	458,959	(23,571)
Expenditures				
Current:				
Culture and Recreation	1,600	1,600	9,201	(7,601)
General Government	22,000	22,000	7,937	14,063
Health and Welfare	1,000	1,000	3	997
Public Safety	4,000	38,585	51,481	(12,896)
Total Expenditures	28,600	63,185	68,622	(5,437)
Excess (Deficiency) of Revenues Over (Under) Expenditures	425,930	419,345	390,337	(29,008)
Other Financing Sources (Uses)				
Transfers Out	(1,224,139)	(1,252,139)	(1,386,388)	134,249
Total other financing sources and (uses)	(1,224,139)	(1,252,139)	(1,386,388)	134,249
Net change in fund balance	(798,209)	(832,794)	(996,051)	105,241
Fund balance - beginning	1,070,033	1,070,033	1,070,033	-
Fund balance - ending	$ 271,824	$ 237,239	$ 73,982	$ 105,241

City of Brenham

Emergency Management Grants Fund *(included as part of the General Fund)*

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Contributions and Donations	$ 1,000	$ 1,000	$ 1,000	$ -
Total revenues	1,000	1,000	1,000	-
Expenditures				
Current:				
Public Safety	5,000	5,000	2,758	2,242
Total Expenditures	5,000	5,000	2,758	2,242
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,000)	(4,000)	(1,758)	2,242
Net change in fund balance	(4,000)	(4,000)	(1,758)	2,242
Fund balance - beginning	11,702	11,702	11,702	-
Fund balance - ending	$ 7,702	$ 7,702	$ 9,944	$ 2,242

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Expenditures				
Current:				
General Government	$ 34,000	$ 83,500	$ 77,702	$ 5,798
Public Safety	-	-	280	(280)
Capital Outlay	609,822	588,321	503,905	84,416
Total Expenditures	643,822	671,821	581,887	89,934
Excess (Deficiency) of Revenues Over (Under) Expenditures	(643,822)	(671,821)	(581,887)	89,934
Other Financing Sources (Uses)				
Transfers In	585,600	1,164,378	1,164,378	-
Total other financing sources and (uses)	585,600	1,164,378	1,164,378	-
Net change in fund balance	(58,222)	492,557	582,491	89,934
Fund balance - beginning	58,222	58,222	58,222	-
Fund balance - ending	$ -	$ 550,779	$ 640,713	$ 89,934

City of Brenham

Fire Department Grant Fund *(included as part of the General Fund)*

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Grant Revenues	$ 1,000	$ 1,000	$ 700	$ (300)
Total revenues	1,000	1,000	700	(300)
Expenditures				
Current:				
Public Safety	1,000	1,000	700	300
Total Expenditures	1,000	1,000	700	300
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ -

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Grant Revenues	$ 36,270	$ 36,270	$ 15,814	$ (20,456)
Total revenues	36,270	36,270	15,814	(20,456)
Expenditures				
Current:				
Public Safety	36,270	36,270	15,814	20,456
Total Expenditures	36,270	36,270	15,814	20,456
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ -

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Grant Revenues	$ 3,500	$ 3,500	$ 3,591	$ 91
Total revenues	3,500	3,500	3,591	91
Expenditures				
Current:				
Public Safety	3,300	3,300	3,346	(46)
Total Expenditures	3,300	3,300	3,346	(46)
Excess (Deficiency) of Revenues Over (Under) Expenditures	200	200	245	45
Net change in fund balance	200	200	245	45
Fund balance - beginning	524	524	524	-
Fund balance - ending	$ 724	$ 724	$ 769	$ 45

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, 2015

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget**
Revenues				
Grant Revenues	$ 3,000	$ 3,000	$ 3,465	$ 465
Total revenues	3,000	3,000	3,465	465
Expenditures				
Current:				
Public Safety	3,000	3,000	3,465	(465)
Total Expenditures	3,000	3,000	3,465	(465)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ -

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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 **CITY OF BRENHAM**

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture and Recreation	Interest on Long-term Debt	Electric	Gas	Water	Wastewater	Sanitation
2006	$ 1,993,032	$ 4,719,613	$ 1,637,165	$ 624,350	$ 3,047,778	$ 709,650	$ 25,991,891	$ 6,027,066	$ 3,162,284	$ 3,544,654	$ 2,309,317
2007	1,888,188	5,028,102	2,279,505	580,118	3,264,409	991,486	23,342,221	5,646,666	3,164,010	3,559,574	2,331,316
2008	2,001,542	5,235,849	2,302,230	545,485	3,607,684	952,463	26,690,324	5,975,923	3,405,073	3,803,759	2,621,538
2009	5,241,430	5,414,468	2,410,013	271,509	3,585,647	918,260	22,428,215	2,905,012	3,316,393	3,286,770	2,464,142
2010	5,755,450	6,831,143	2,679,468	299,216	3,676,194	855,569	22,259,716	3,198,740	3,088,039	2,979,406	2,669,678
2011	5,177,514	6,579,061	2,628,682	288,699	3,513,628	938,663	23,962,803	2,602,842	3,430,862	2,860,922	2,706,750
2012	5,230,134	6,567,832	2,599,723	285,870	3,406,693	887,431	22,895,981	1,908,278	3,281,611	2,692,136	2,603,144
2013	5,453,313	6,899,558	2,611,294	318,672	3,635,589	916,548	23,009,788	2,401,303	3,342,073	2,846,895	2,737,307
2014	5,458,639	7,104,713	2,572,715	316,672	3,751,931	880,199	25,911,242	3,087,321	3,753,663	2,841,457	2,768,399
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

GOVERNMENT-WIDE REVENUES **CITY OF BRENHAM**

Last Ten Fiscal Years

	PROGRAM REVENUES			GENERAL REVENUES					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Investment Earnings	Miscell-aneous	Gain/(Loss) on Sale of Capital Assets	Payments from Component Unit	Total
2006	$ 42,045,906	$ 678,830	$ 1,130,716	$ 9,752,858	$ 574,417	$ 139,478	$ 15,490	$ 661,417	$ 54,999,112
2007	39,131,718	915,090	1,081,668	11,200,672	1,049,411	323,318	(129,116)	770,877	54,343,638
2008	44,181,733	683,485	1,656,226	11,756,532	808,726	335,043	37,643	927,717	60,387,105
2009	41,621,868	477,522	1,582,859	12,017,184	310,440	313,104	5,482	931,773	57,260,232
2010	39,840,742	865,607	1,442,512	12,034,031	63,631	150,906	7,879	850,941	55,256,249
2011	43,342,287	643,492	1,209,944	12,455,139	114,299	165,034	12,771	219,526	58,162,492
2012	39,465,830	635,562	1,613,347	13,043,092	94,334	221,185	53,693	803,174	55,930,217
2013	40,281,661	574,798	350,672	13,709,048	91,138	194,593	67,395	1,099,836	56,369,141
2014	42,776,901	824,209	4,302,762	14,429,859	78,882	184,324	75,275	828,247	63,500,459
2015	38,676,166	553,618	3,619,389	13,913,702	87,400	188,576	754,387	910,301	58,703,539

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION **CITY OF BRENHAM**

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Highways and Streets	Health and Welfare	Culture & Recreation	Debt Service	Capital Outlay	Totals
2006	$ 1,270,288	$ 4,179,268	$ 1,085,298	$ 614,794	$ 2,467,861	$ 1,875,109	$ 2,475,907	$ 13,968,525
2007	1,383,100	4,634,054	1,153,897	562,579	2,611,013	2,030,056	3,497,123	15,871,822
2008	1,491,349	4,801,776	1,240,278	535,818	2,993,583	2,096,195	2,340,500	15,499,499
2009	4,793,575	5,055,235	1,317,966	262,880	2,963,083	2,268,575	9,585,060	26,246,374
2010	4,987,652	5,977,319	1,535,385	281,388	2,985,738	2,111,683	2,002,664	19,881,829
2011	4,814,955	5,801,959	11,426,323	278,258	2,860,841	2,887,548	1,203,378	29,273,262
2012	4,849,317	5,870,921	6,061,296	280,468	2,778,854	2,647,851	1,303,258	23,791,965
2013	5,038,077	6,091,109	1,444,078	302,547	2,965,441	2,765,982	2,476,074	21,083,308
2014	5,067,284	6,382,845	1,379,361	305,008	3,081,793	4,111,871	1,520,404	21,848,566
2015	5,275,753	5,794,265	1,435,659	292,948	3,195,581	5,537,827	6,109,584	27,641,617

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.

RECONCILIATON OF PROPERTY TAX RECEIVABLES **CITY OF BRENHAM**

Last Ten Fiscal Years

Fiscal Year	Beginning Balance	Additions Net of Adjustments	Total Collections	Ending Balance
2006	$ 121,368	$ 3,466,184	$ (3,445,005)	$ 142,546
2007	142,546	4,105,907	(4,086,359)	162,094
2008	162,094	4,488,860	(4,510,087)	140,867
2009	140,867	4,737,395	(4,717,579)	160,684
2010	160,684	4,956,620	(4,936,188)	181,116
2011	181,116	4,924,126	(4,914,024)	191,219
2012	191,219	5,391,084	(5,387,057)	195,245
2013	195,245	5,589,907	(5,584,038)	201,115
2014	201,115	6,089,364	(6,068,876)	221,603
2015	221,603	5,420,886	(5,412,091)	230,399

REVENUES BY SOURCE - GOVERNMENTAL FUNDS (1) **CITY OF BRENHAM**

Last Ten Fiscal Years

FISCAL YEAR	TAXES	LICENSES & PERMITS	INTER-GOVERNMENTAL	CHARGES FOR SERVICES	FINES & FORFEITURES	MISCEL-LANEOUS	TOTAL REVENUES
2006	$9,728,777	$ 56,146	$ 1,656,366	$ 363,984	$ 337,014	$1,202,119	$13,344,406
2007	11,181,972	54,487	1,648,201	368,861	363,253	1,553,226	15,170,000
2008	11,770,388	58,260	769,904	458,378	493,664	1,713,621	15,264,215
2009	12,006,792	61,989	1,462,232	571,177	594,840	1,301,275	15,998,305
2010	12,013,599	76,999	1,817,216	603,568	668,762	1,149,059	16,329,203
2011	12,445,035	64,465	696,256	558,484	766,908	1,216,432	15,747,580
2012	13,039,066	72,425	545,942	509,278	782,276	1,128,916	16,077,903
2013	13,703,177	59,826	3,595,065	512,012	549,460	1,336,467	19,756,007
2014	14,409,371	76,379	4,260,002	517,114	573,355	3,222,540	23,058,761
2015	13,904,906	121,076	5,046,207	563,123	723,181	1,629,170	21,987,663

(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

FISCAL YEAR	PRINCIPAL	INTEREST AND FISCAL CHARGES	TOTAL DEBT SERVICE	TOTAL GENERAL GOVERNMENTAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
2006	$ 1,014,256	$ 647,046	$ 1,661,302	$ 13,968,525	11.89
2007	841,734	908,768	1,750,502	15,871,822	11.03
2008	955,912	900,024	1,855,936	15,499,499	11.97
2009	1,319,200	816,482	2,135,682	26,246,374	8.14
2010	1,291,944	819,739	2,111,683	19,881,829	10.62
2011	1,623,452	932,687	2,556,139	29,273,262	8.73
2012	1,664,835	967,466	2,632,301	23,791,965	11.06
2013	1,749,643	964,850	2,714,493	21,083,308	12.88
2014	3,090,133	926,007	4,016,140	21,848,566	18.38
2015	4,563,551	974,276	5,537,827	27,641,617	20.03

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
2006	$ 742,477,961	212	$13,094,207	136	$13,189,145	12	$95,875	13	$65,980	373	$26,445,207
2007	797,156,826	215	13,832,035	137	12,817,681	7	198,800	8	71,500	367	26,920,016
2008	879,817,843	224	11,320,174	135	18,898,102	7	110,673	18	22,800	384	30,351,749
2009	945,811,445	241	12,664,897	101	16,088,855	4	5,500	8	44,000	354	28,803,252
2010	982,776,938	218	18,814,016	136	26,768,176	7	84,485	1	15,000	362	45,681,677
2011	975,919,507	210	19,274,211	146	15,613,921	9	36,800	2	39,000	367	34,963,932
2012	997,362,133	164	5,141,225	114	30,891,830	10	759,666	3	165,000	291	36,957,721
2013	1,029,480,016	156	5,146,739	108	26,579,908	15	260,216	0	0	279	31,986,863
2014	1,080,568,292	205	9,983,223	152	13,902,008	8	174,666	1	100	366	24,059,997
2015	1,102,575,469	167	8,048,088	148	24,216,328	7	40,375	3	91,800	325	32,396,591

REVENUES BY SOURCE - BUSINESS TYPE ACTIVITIES **CITY OF BRENHAM**

Last Ten Fiscal Years

FISCAL YEAR	ELECTRIC	GAS	WATER	WASTEWATER	SANITATION	TOTAL REVENUES
2006	$26,440,575	$5,768,269	$2,427,160	$ 2,934,281	$ 3,718,368	$41,288,653
2007	23,184,463	5,639,536	2,468,172	3,798,212	3,254,617	38,345,000
2008	26,539,770	6,061,121	2,731,307	4,119,856	3,719,245	43,171,299
2009	25,678,975	3,338,384	2,723,637	4,045,839	4,606,941	40,393,776
2010	24,387,110	3,740,131	3,898,316	3,552,059	2,913,756	38,491,372
2011	26,814,022	3,178,809	5,122,167	3,717,881	3,119,513	41,952,392
2012	24,538,196	2,437,313	4,413,080	3,647,921	3,065,317	38,101,827
2013	25,240,840	2,965,796	4,326,320	3,584,026	3,043,375	39,160,357
2014	27,021,804	3,905,007	3,974,875	3,586,878	3,121,490	41,610,054
2015	24,042,704	2,824,075	3,759,869	3,413,850	3,226,180	37,266,678

ELECTRIC CUSTOMERS, CONSUMPTION AND SALES **CITY OF BRENHAM**

Last Ten Fiscal Years

	FISCAL YEAR									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Number of customers										
Residential	5,664	5,646	5,642	5,450	5,357	5,337	5,273	5,184	5,061	4,925
Commercial	1,009	1,010	1,000	1,132	1,178	1,154	1,146	1,165	1,191	1,138
Large commercial	296	292	301	309	317	308	303	294	288	282
Industrial	22	21	21	21	21	23	23	22	20	26
Street lights	1,275	1,272	1,263	1,257	1,248	1,238	1,228	1,218	1,205	1,175
Security lights	183	179	178	176	165	175	176	177	182	182
Total	8,449	8,420	8,405	8,345	8,286	8,235	8,150	8,060	7,947	7,728
Consumption (in KWH)										
Residential	77,311,527	78,361,082	75,322,524	75,853,482	80,534,797	76,664,387	74,039,837	73,296,005	70,267,796	73,781,005
Commercial	16,148,162	16,475,538	15,150,052	15,607,437	16,835,349	16,364,454	16,334,810	17,061,350	17,089,919	17,756,825
Large commercial	62,339,574	63,647,041	64,393,979	65,687,242	68,446,624	65,006,673	64,052,067	65,162,802	64,226,951	64,242,555
Industrial	112,386,240	128,179,180	124,709,000	122,894,960	122,217,940	111,567,780	115,129,160	133,073,570	148,939,620	157,358,022
Street lights	1,469,064	1,465,225	1,454,952	1,447,560	1,437,576	1,426,728	1,414,248	1,403,016	1,388,136	1,353,480
Security lights	306,048	299,040	298,608	295,488	296,472	289,440	278,448	276,192	277,728	280,800
Total	269,960,615	288,427,106	281,329,115	281,786,169	289,768,758	271,319,462	271,248,570	290,272,935	302,190,150	314,772,687
Sales (1)										
Residential	$ 7,884,485	$ 8,325,945	$ 7,783,426	$ 7,636,392	$ 8,477,097	$ 7,861,811	$ 8,077,592	$ 7,909,221	$ 6,419,733	$ 7,118,275
Commercial	1,676,277	1,778,764	1,600,573	1,628,597	1,829,938	1,727,624	1,838,138	1,877,315	1,607,902	1,760,370
Large commercial	5,414,602	5,788,208	5,632,488	5,623,885	6,195,255	5,662,262	6,055,319	5,979,719	4,867,798	5,253,311
Industrial	8,687,582	10,410,691	9,518,295	9,139,115	9,683,819	8,461,265	9,322,374	10,135,546	9,842,065	11,814,007
Street lights	98,223	104,046	98,050	95,163	101,171	95,651	106,217	92,907	81,595	81,238
Security lights	43,006	42,021	41,920	41,522	41,660	40,639	39,090	38,696	39,011	39,525
Total	$23,804,175	$26,449,675	$24,674,752	$24,164,675	$26,328,940	$23,849,252	$25,438,730	$26,033,404	$22,858,104	$26,066,726
Annual average consumption per customer (in KWH)										
Residential	13,650	13,879	13,350	13,918	15,034	14,365	14,041	14,138	13,884	14,981
Commercial	16,004	16,312	15,150	13,782	14,291	14,181	14,254	14,651	14,349	15,604
Large commercial	210,607	217,969	213,933	212,408	215,920	211,061	211,393	221,642	223,010	227,810
Industrial	5,108,465	6,103,770	5,938,524	5,783,292	5,819,902	4,850,773	5,005,616	6,048,799	7,446,981	6,052,232
Street lights	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152	1,152
Security lights	1,672	1,671	1,678	1,684	1,797	1,654	1,582	1,562	1,526	1,543
Monthly average bill per customer										
Residential	$ 116	$ 123	$ 115	$ 117	$ 132	$ 123	$ 128	$ 127	$ 106	$ 120
Commercial	138	147	133	120	129	125	134	134	113	129
Large commercial	1,524	1,652	1,559	1,515	1,629	1,532	1,665	1,695	1,409	1,552
Industrial	32,908	41,312	37,771	35,840	38,428	30,657	33,777	38,392	41,009	37,865
Street lights	6	7	6	6	7	6	7	6	6	6
Security lights	20	20	20	20	21	19	19	18	18	18
Average price per KWH purchased	$ 0.0611	$ 0.0718	$ 0.0632	$ 0.0613	$ 0.0656	$ 0.0637	$ 0.0626	$ 0.0691	$ 0.0557	$ 0.0650
Average price per KWH sold	$ 0.0882	$ 0.0917	$ 0.0877	$ 0.0858	$ 0.0909	$ 0.0879	$ 0.0938	$ 0.0896	$ 0.0756	$ 0.0828
% line loss	5.29%	4.74%	5.12%	5.71%	5.83%	5.83%	5.14%	5.32%	4.52%	4.06%

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

GAS CUSTOMERS, CONSUMPTION AND SALES **CITY OF BRENHAM**
Last Ten Fiscal Years

	FISCAL YEAR									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Number of customers										
Residential	3,852	3,815	3,808	3,733	3,686	3,653	3,611	3,562	3,490	3,443
Small commercial	313	315	310	348	363	368	350	357	369	345
Large commercial	124	125	128	129	129	126	125	122	124	127
Governmental	71	70	69	68	65	64	63	63	64	64
Industrial	1	1	1	1	1	1	2	3	3	3
Total	4,361	4,326	4,316	4,279	4,244	4,212	4,151	4,106	4,050	3,982
Consumption (in mcf)										
Residential	119,324	137,391	91,677	81,402	100,773	133,709	93,011	97,885	112,591	89,134
Small commercial	27,077	30,292	22,104	20,938	24,741	27,617	20,183	22,379	24,202	21,183
Large commercial	148,644	165,196	153,111	152,527	152,773	153,974	135,470	149,571	168,806	164,018
Governmental	46,253	52,724	48,692	42,938	40,885	46,813	41,174	42,332	43,576	40,741
Industrial	52,852	88,727	87,072	71,218	75,391	81,232	131,013	210,244	253,544	248,432
Total	394,150	474,330	402,656	369,023	394,563	443,345	420,851	522,411	602,719	563,508
Sales (1)										
Residential	$1,186,117	$1,496,320	$ 965,455	$ 831,794	$1,095,738	$1,430,671	$1,036,495	$1,386,177	$1,414,718	$1,227,469
Small commercial	201,897	264,724	176,043	154,636	215,979	253,361	181,313	280,878	261,881	247,547
Large commercial	878,697	1,179,110	975,201	847,219	1,077,654	1,141,328	964,811	1,656,716	1,501,897	1,653,440
Governmental	284,028	388,039	311,526	242,614	293,843	351,882	295,795	465,583	403,126	431,779
Industrial	287,067	573,525	508,802	355,647	489,495	542,846	884,593	2,254,059	2,058,256	2,250,948
Total	$2,837,806	$3,901,718	$2,937,027	$2,431,910	$3,172,709	$3,720,088	$3,363,007	$6,043,413	$5,639,878	$5,811,183
Annual average consumption per customer (in mcf)										
Residential	31	36	24	22	27	37	26	27	32	26
Small commercial	87	96	71	60	68	75	58	63	66	61
Large commercial	1,199	1,322	1,196	1,182	1,184	1,222	1,084	1,223	1,361	1,291
Governmental	651	753	706	631	629	731	654	676	681	637
Industrial	52,852	88,727	87,072	71,218	75,391	81,232	65,507	70,081	84,515	82,811
Monthly average bill per customer										
Residential	$ 26	$ 33	$ 21	$ 19	$ 25	$ 33	$ 24	$ 32	$ 34	$ 30
Small commercial	54	70	47	37	50	57	43	66	59	60
Large commercial	591	786	635	547	696	755	643	1,129	1,009	1,085
Governmental	333	462	376	297	377	458	391	619	525	562
Industrial	23,922	47,794	42,400	29,637	40,791	45,237	36,858	62,613	57,174	62,526
Average price per mcf purchased	$ 3.4900	$ 4.6500	$ 3.9000	$ 3.1400	$ 4.4400	$ 5.2824	$ 4.8929	$ 8.3838	$ 6.4885	$ 8.1660
Average price per mcf sold	$ 7.2000	$ 8.2300	$ 7.2900	$ 6.5900	$ 8.0400	$ 8.3910	$ 7.9910	$ 11.5683	$ 9.3524	$ 10.3125
% line loss (gain)	3.27%	1.36%	0.93%	1.47%	1.47%	2.72%	0.85%	0.04%	1.94%	-0.21%

(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 SINGLE PHASE	RESIDENTIAL THREE PHASE	SMALL COMMERCIAL SINGLE PHASE	SMALL COMMERCIAL THREE PHASE	LARGE COMMERCIAL SINGLE PHASE	LARGE COMMERCIAL THREE PHASE	SMALL INDUSTRIAL	LARGE INDUSTRIAL
Jan-01-2003	Customer charge	$ 11.60	$ 20.00	$ 15.00	$ 26.00	$ 40.00	$ 70.00	$ 100.00	$ 100.00
	Wires charge (per KWH)	$0.02520	$0.02520	$ 0.02430	$ 0.02430	$ 0.01650	$ 0.01650	$ 0.00993	$ 0.00700
Oct-01-2008	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 URBAN	RESIDENTIAL RURAL	SMALL COMMERCIAL URBAN	SMALL COMMERCIAL RURAL	LARGE COMMERCIAL URBAN	LARGE COMMERCIAL RURAL	SMALL INDUSTRIAL URBAN	SMALL INDUSTRIAL RURAL	LARGE INDUSTRIAL	GOVERN-MENTAL
Sep-22-2004	Customer charge	$ 7.29	$ 8.39	$ 7.29	$ 8.39	$ 39.63	$ 45.57	$ 39.63	$ 45.57	$ 39.63	$ 39.63
	Gas charge per mcf (1)	$ 4.00000	$ 4.30300	$ 4.00000	$ 4.30300	$3.54400	$ 3.77500	$3.54400	$ 3.77500	$ 3.13400	$3.67700
Feb-22-2006	Customer charge	$ 7.29	$ 8.39	$ 7.29	$ 8.39	$ 39.63	$ 45.57	$ 39.63	$ 45.57	$ 39.63	$ 39.63
	Gas charge per mcf (1)	$ 9.66500	$ 9.96800	$ 9.66500	$ 9.96800	$9.20900	$ 9.44000	$9.20900	$ 9.44000	$ 8.79900	$9.34200
Dec-08-2006	Customer charge	$ 8.00	$ 9.20	$ 8.00	$ 9.20	$ 45.00	$ 51.75	$ 45.00	$ 51.75	$ 45.00	$ 45.00
	Gas charge per mcf (1)	$10.53100	$10.93000	$10.53100	$10.93000	$9.79100	$10.07900	$9.79100	$10.07900	$ 9.68500	$9.52300
Oct-01-2013	Customer charge	$ 10.00	$ 11.50	$ 10.00	$ 11.50	$ 56.25	$ 64.69	$ 56.25	$ 64.69	$ 56.25	$ 56.25
	Gas charge per mcf (1)	$ 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 **CITY OF BRENHAM**

Current Year and Nine Years Ago

2015			2006		
NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES	NAME	ELECTRIC BILLINGS	PERCENTAGE OF TOTAL CITY ELECTRIC CHARGES
Blue Bell Creameries	$ 3,393,999	14.26%	Blue Bell Creameries	$ 3,414,287	13.10%
Valmont/Als	1,169,685	4.91%	Mount Vernon Mills, Inc.	3,045,769	11.68%
Blinn College	1,132,316	4.76%	Blinn College	1,124,201	4.31%
City of Brenham	1,072,621	4.51%	City of Brenham	965,642	3.70%
Brenham I.S.D.	772,679	3.25%	Valmont/Als	832,502	3.19%
Brenham State Supported Living Center	581,985	2.44%	Brenham State Supported Living Center	544,281	2.09%
Scott & White Hospital - Brenham	529,423	2.22%	Scott & White Hospital - Brenham	398,774	1.53%
StanPac USA	440,731	1.85%	Brenham Wholesale Grocery	371,474	1.43%
Brenham Wholesale Grocery	375,845	1.58%	Navisa, Inc.	357,304	1.37%
Germania Insurance	345,632	1.45%	Brenham I.S.D.	306,336	1.18%
Total	$ 9,814,917	41.23%	Total	$11,360,570	43.58%

2015 Total Electric Charges	$23,804,175	2006 Total Electric Charges	$26,066,726

TEN LARGEST GAS CUSTOMERS
Current Year and Nine Years Ago

CITY OF BRENHAM

2015			2006		
NAME	**GAS BILLINGS**	**PERCENTAGE OF TOTAL CITY GAS CHARGES**	**NAME**	**GAS BILLINGS**	**PERCENTAGE OF TOTAL CITY GAS CHARGES**
Blue Bell Creameries	$ 332,774	11.73%	Mount Vernon Mills, Inc.	$ 1,548,249	26.64%
Blinn College	180,249	6.35%	Blue Bell Creameries	766,201	13.18%
Longwood Elastomers	180,186	6.35%	Blinn College	328,950	5.66%
Valmont/Als	144,382	5.09%	Longwood Elastomers	253,320	4.36%
Scott & White Hospital - Brenham	70,160	2.47%	Valmont/Als	183,469	3.16%
Brenham I.S.D.	63,910	2.25%	Navisa, Inc.	147,240	2.53%
Brenham Housing Authority	39,021	1.38%	Scott & White Hospital - Brenham	134,195	2.31%
City of Brenham	28,898	1.02%	Brenham Housing Authority	112,147	1.93%
HEB Grocery Company	21,013	0.74%	Brenham I.S.D.	72,887	1.25%
Germania Insurance	20,779	0.73%	Ellison's Greenhouse	58,169	1.00%
Total	$ 1,081,371	38.11%	Total	$ 3,604,827	62.03%

2015 Total Gas Charges	$ 2,837,806	2006 Total Gas Charges	$ 5,811,183

THE WATER SYSTEM - UTILITY BILLING STATISTICS **CITY OF BRENHAM**

Current Year and Prior Year

	FISCAL YEAR		
	2015	**2014**	**(DEC)/INC**
Number of customers			
Residential	5,820	5,740	80
Commercial	1,073	1,068	5
Meter on Fire Hydrant	4	8	(4)
Sprinkler	606	582	24
Total	7,503	7,398	105
Consumption (in gallons)			
Residential	342,065,200	352,845,500	(10,780,300)
Commercial	263,158,100	284,694,000	(21,535,900)
Meter on Fire Hydrant	976,700	953,100	23,600
Sprinkler	109,915,400	125,052,500	(15,137,100)
Total	716,115,400	763,545,100	(47,429,700)
Sales (in dollars)			
Residential	$ 1,906,407	$ 1,937,089	$ (30,682)
Commercial	1,139,463	1,219,951	(80,488)
Meter on Fire Hydrant	7,542	7,135	407
Sprinkler	604,551	691,544	(86,993)
Total	$ 3,657,963	$ 3,855,719	$ (197,756)
Annual average consumption per customer			
Residential (in gallons)	58,774	61,471	(2,697)
Commercial	245,255	266,567	(21,313)
Meter on Fire Hydrant	244,175	119,138	125,038
Sprinkler	181,379	214,867	(33,488)
Monthly average bill per customer			
Residential	$ 27	$ 28	$ (1)
Commercial	88	95	(7)
Meter on Fire Hydrant	157	74	83
Sprinkler	83	99	(16)
Average price per 1,000 gallons purchased	$ 0.320	$ 0.269	$ 0.051
Average price per 1,000 gallons sold	$ 5.108	$ 5.050	$ 0.058
% line loss (gain)	1.89% *	10.33% *	-8.44%

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

THE WASTEWATER SYSTEM - UTILITY BILLING STATISTICS **CITY OF BRENHAM**

Current Year and Prior Year

	FISCAL YEAR		
	2015	**2014**	**(DEC)/INC**
Number of customers			
Residential	5,753	5,680	73
Commercial	945	946	(1)
Industrial	6	6	-
Oak Hill Acres Flow Meter	1	1	-
Total	6,705	6,633	72
Sales (in dollars)			
Residential	$ 1,846,446	$ 1,814,093	$ 32,353
Commercial	966,096	1,007,543	(41,447)
Industrial	436,289	618,039	(181,750)
Oak Hill Acres Flow Meter	43,002	35,519	7,483
Total	$ 3,291,833	$ 3,475,194	$ (183,361)
Monthly average bill per customer			
Residential	$ 27	$ 27	$ 0
Commercial	85	89	(4)
Industrial	6,060	8,584	(2,524)
Oak Hill Acres Flow Meter	3,584	2,960	624

THE SANITATION SYSTEM - UTILITY BILLING STATISTICS **CITY OF BRENHAM**

Current Year and Prior Year

	FISCAL YEAR		
	2015	**2014**	**(DEC)/INC**
Number of customers			
Residential	5,395	5,325	70
Residential - Rural	6	6	-
Commercial	545	542	3
Total	5,946	5,873	73
Sales (in dollars)			
Residential	$ 903,345	$ 892,430	$ 10,915
Residential - Rural	1,334	1,485	(151)
Commercial	947,616	946,009	1,607
Total	$ 1,852,295	$ 1,839,924	$ 12,371
Monthly average bill per customer			
Residential	$ 14	$ 14	$ (0)
Residential - Rural	19	21	(2)
Commercial	145	145	(1)

STATISTICAL
SECTION

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

Contents

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

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

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NET POSITION BY COMPONENT **CITY OF BRENHAM**

Last Ten Fiscal Years

(accrual basis of accounting) **TABLE 1**

	FISCAL YEAR									
Description	**2015**	**2014**	**2013**	**2012 (3)**	**2011**	**2010**	**2009 (2)**	**2008**	**2007**	**2006 (1)**
Governmental activities:										
Net investment in capital assets	$ 40,206,741	$ 36,830,206	$ 35,548,260	$ 34,415,305	$ 35,294,268	$ 35,289,795	$ 35,421,458	$ 33,407,787	$ 32,212,469	$ 32,062,294
Restricted	459,504	633,409	256,528	266,119	307,292	537,786	391,469	470,187	333,943	1,439,731
Unrestricted	1,676,818	7,320,914	4,953,603	6,310,807	3,952,381	4,502,834	5,227,975	6,649,435	4,764,217	2,336,891
Subtotal governmental activities net position	42,343,063	44,784,529	40,758,391	40,992,231	39,553,941	40,330,415	41,040,902	40,527,409	37,310,629	35,838,916
Business-type activities:										
Net investment in capital assets	37,750,305	36,724,082	36,081,573	33,977,027	31,846,549	29,364,559	28,504,390	28,296,722	27,082,608	27,842,335
Restricted	-	-	-	-	-	-	-	809	538,822	243,547
Unrestricted	12,531,834	15,484,242	15,715,277	15,389,182	15,098,756	13,332,206	11,851,906	8,766,360	8,201,530	6,940,747
Subtotal business-type activities net position	50,282,139	52,208,324	51,796,850	49,366,209	46,945,305	42,696,765	40,356,296	37,063,891	35,822,960	35,026,629
Primary government:										
Net investment in capital assets	77,957,046	73,554,288	71,629,833	68,392,332	67,140,817	64,654,354	63,925,848	61,704,509	59,295,077	59,904,629
Restricted	459,504	633,409	256,528	266,119	307,292	537,786	391,469	470,996	872,765	1,683,278
Unrestricted	14,208,652	22,805,156	20,668,880	21,699,989	19,051,138	17,835,040	17,079,881	15,415,795	12,965,747	9,277,638
Total primary government net position (4)	$ 92,625,202	$ 96,992,853	$ 92,555,241	$ 90,358,440	$ 86,499,247	$ 83,027,180	$ 81,397,198	$ 77,591,300	$ 73,133,589	$ 70,865,545
Component unit:										
Net investment in capital assets	$ 1,023,730	$ 964,912	$ 904,031	$ 850,007	$ 838,450	$ 867,353	$ 135,227	$ 223,467	$ 163,683	$ 163,683
Restricted	1,489,966	1,393,356	986,165	903,879	1,353,823	551,160	1,110,691	890,106	782,051	513,699
Total component unit net position (4)	$ 2,513,696	$ 2,358,268	$ 1,890,196	$ 1,753,886	$ 2,192,273	$ 1,418,513	$ 1,245,918	$ 1,113,573	$ 945,734	$ 677,382

(1) As restated for infrastructure valuations in compliance with GASB 34 implementation.
(2) As restated for prior year capital assets and unbilled accounts receivable which were not recorded.
(3) As restated for recalculation of post employment benefits liability.
(4) See Table 2 for changes in net position from year to year.

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

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Program expenses										
Governmental activities:										
General government	$ 5,909,039	$ 5,458,639	$ 5,453,313	$ 5,230,134	$ 5,177,514	$ 5,755,450	$ 5,241,430	$ 2,001,542	$ 1,888,188	$ 1,993,032
Public safety	6,705,267	7,104,713	6,899,558	6,567,832	6,579,061	6,831,143	5,414,468	5,235,849	5,028,102	4,719,613
Highways and streets	2,811,875	2,572,715	2,611,294	2,599,723	2,628,682	2,679,468	2,410,013	2,302,230	2,279,505	1,637,165
Health and welfare	314,352	316,672	318,672	285,870	288,699	299,216	271,509	545,485	580,118	624,350
Culture and recreation	4,120,261	3,751,931	3,635,589	3,406,693	3,513,628	3,676,194	3,585,647	3,607,684	3,264,409	3,047,778
Debt service	837,928	880,199	916,548	887,431	938,663	855,569	918,260	952,463	991,486	709,650
Total government activities program expenses	20,698,722	20,084,869	19,834,974	18,977,683	19,126,247	20,097,040	17,841,327	14,645,253	14,031,808	12,731,588
Business-type activities:										
Electric	22,485,206	25,911,242	23,009,788	22,895,981	23,962,803	22,259,716	22,428,215	26,690,324	23,342,221	25,991,891
Gas	2,217,022	3,087,321	2,401,303	1,908,278	2,602,842	3,198,740	2,905,012	5,975,923	5,646,666	6,027,066
Sanitation	2,754,244	2,768,399	2,737,307	2,603,144	2,706,750	2,669,678	2,464,142	2,621,538	2,331,316	2,309,317
Wastewater	2,785,435	2,841,457	2,846,895	2,692,136	2,860,922	2,979,406	3,286,770	3,803,759	3,559,574	3,544,654
Water	3,268,023	3,753,663	3,342,073	3,281,611	3,430,862	3,088,039	3,316,393	3,405,073	3,164,010	3,162,284
Total business-type activities program expenses	33,509,930	38,362,082	34,337,366	33,381,150	35,564,179	34,195,579	34,400,532	42,496,617	38,043,787	41,035,212
Total primary government expenses	54,208,652	58,446,951	54,172,340	52,358,833	54,690,426	54,292,619	52,241,859	57,141,870	52,075,595	53,766,800
Program revenues										
Governmental activities:										
Charges for services:										
General government	945,154	714,188	675,909	936,160	934,808	866,090	782,976	652,831	482,252	423,312
Public safety	14,743	8,878	4,959	5,971	6,258	8,548	5,446	6,138	2,321	34,020
Highways and streets	63,084	68,300	56,920	51,616	51,666	51,996	44,094	38,284	13	14
Health and welfare	34,647	31,492	30,004	29,507	32,452	35,606	47,472	37,566	30,290	32,094
Culture and recreation	351,860	343,989	353,510	340,739	364,696	387,113	348,065	275,555	271,842	267,813
Operating grants and contributions	553,618	817,748	574,798	628,127	626,870	865,607	469,206	678,485	915,090	678,830
Capital grants and contributions	3,326,657	4,022,261	25,209	1,495,920	610,145	1,213,423	1,467,320	1,415,745	1,081,668	1,120,556
Total governmental activities program revenues	5,289,763	6,006,856	1,721,309	3,488,040	2,626,895	3,428,383	3,164,579	3,104,604	2,783,476	2,556,639
Business-type activities:										
Charges for services:										
Electric	24,042,704	27,021,804	25,240,842	24,538,200	26,814,028	24,387,117	26,016,817	26,539,793	23,184,463	26,440,575
Gas	2,824,075	3,905,007	2,965,796	2,437,314	3,178,811	3,740,133	3,372,455	6,061,128	5,639,536	5,768,269
Sanitation	3,226,180	3,121,490	3,043,375	3,065,318	3,119,515	2,913,758	2,767,713	2,731,314	2,468,172	2,427,160
Wastewater	3,413,850	3,586,878	3,584,026	3,647,923	3,717,883	3,552,062	4,104,465	4,119,867	3,798,212	2,934,281
Water	3,759,869	3,974,875	4,326,320	4,413,082	5,122,170	3,898,319	4,688,689	3,719,257	3,254,617	3,718,368
Operating grants and contributions	-	6,461	-	7,435	16,622	-	8,316	5,000	-	-
Capital grants and contributions	292,732	280,501	325,463	117,427	599,799	229,089	115,539	240,481	-	10,160
Total business-type activities program revenues	37,559,410	41,897,016	39,485,822	38,226,699	42,568,828	38,720,478	41,073,994	43,416,841	38,345,000	41,298,813
Total primary government program revenues	42,849,173	47,903,872	41,207,131	41,714,739	45,195,723	42,148,861	44,238,573	46,521,445	41,128,476	43,855,452
Net (expense)/revenue										
Governmental activities	(15,408,959)	(14,078,013)	(18,113,665)	(15,489,643)	(16,499,352)	(16,668,657)	(14,676,748)	(11,540,649)	(11,248,332)	(10,174,949)
Business-type activities	4,049,480	3,534,934	5,148,456	4,845,549	7,004,649	4,524,899	6,673,462	920,224	301,213	263,601
Total primary government net expense	(11,359,479)	(10,543,079)	(12,965,209)	(10,644,094)	(9,494,703)	(12,143,758)	(8,003,286)	(10,620,425)	(10,947,119)	(9,911,348)

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

CITY OF BRENHAM

TABLE 2

	FISCAL YEAR									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
General revenues and other changes in net position										
Governmental activities:										
Property taxes	5,465,940	6,145,913	5,647,218	5,449,748	4,980,377	5,011,013	4,787,893	4,547,830	4,152,080	3,505,543
Sales taxes	4,753,324	4,391,151	4,404,296	4,107,558	3,774,894	3,678,707	3,727,329	3,696,762	3,524,009	3,290,760
Other taxes	3,694,438	3,892,795	3,657,534	3,485,786	3,699,868	3,344,311	3,501,962	3,511,940	3,524,583	2,956,555
Investment income not restricted	9,398	3,947	7,125	6,817	18,501	12,790	181,281	460,201	587,125	261,901
Miscellaneous	121,500	128,809	102,935	150,630	143,988	105,935	120,375	208,690	55,483	120,666
Gain (loss) on sale of capital assets	107,318	75,275	67,395	53,693	12,771	7,879	5,482	37,643	9,508	5,458
Payments from component Unit	910,301	828,247	1,099,836	791,218	219,526	850,941	931,773	927,717	770,877	661,417
Transfers	4,381,164	3,034,718	2,893,486	2,715,519	2,872,953	2,836,566	3,146,621	154,171	96,380	239,378
Total government activities	19,443,383	18,500,855	17,879,825	16,760,969	15,722,878	15,848,142	16,402,716	13,544,954	12,720,045	11,041,678
Business-type activities:										
Investment income not restricted	78,002	74,935	84,013	87,517	95,798	50,841	129,159	348,525	462,286	312,516
Miscellaneous	67,076	55,515	91,658	70,555	21,046	44,971	192,729	126,353	267,835	18,812
Gain (loss) on sale of capital assets	647,069	-	-	-	-	-	-	-	(138,624)	10,032
Payments from component Unit	-	-	-	11,956	-	-	-	-	-	-
Transfers	(4,381,164)	(3,034,718)	(2,893,486)	(2,715,519)	(2,872,953)	(2,836,566)	(3,146,621)	(154,171)	(96,380)	(239,378)
Total business-type activities	(3,589,017)	(2,904,268)	(2,717,815)	(2,545,491)	(2,756,109)	(2,740,754)	(2,824,734)	320,707	495,117	101,982
Total primary government general revenues and other changes in net position	15,854,366	15,596,587	15,162,010	14,215,478	12,966,769	13,107,388	13,577,982	13,865,661	13,215,162	11,143,660
Change in net position										
Governmental activities, as previously reported	4,034,424	4,422,842	(233,840)	1,271,326	(776,474)	(820,515)	1,725,968	2,004,305	1,471,713	866,729
Restatement in capital assets (1)	-	-	-	-	-	-	-	-	-	17,915,958
Restatement in deferred revenue (2)	-	-	-	-	-	-	-	-	-	127,197
Restatement in capital assets (3)	-	-	-	-	-	110,028	-	-	-	-
Restatement in post employment benefits (5)	-	-	-	166,964	-	-	-	-	-	-
Governmental activities, restated	4,034,424	4,422,842	(233,840)	1,438,290	(776,474)	(710,487)	1,725,968	2,004,305	1,471,713	18,909,885
Business-type activities, as previously reported	460,463	630,666	2,430,641	2,300,058	4,248,540	1,784,145	3,292,404	1,240,931	796,330	365,583
Restatement in capital assets (1)	-	-	-	-	-	-	-	-	-	113,453
Restatement in charges for services (4)	-	-	-	-	-	556,324	-	-	-	-
Restatement in post employment benefits (5)	-	-	-	120,846	-	-	-	-	-	-
Business-type activities, restated	460,463	630,666	2,430,641	2,420,904	4,248,540	2,340,469	3,292,404	1,240,931	796,330	479,036
Total primary government change in net position	$ 4,494,887	$ 5,053,508	$ 2,196,801	$ 3,859,194	$ 3,472,066	$ 1,629,982	$ 5,018,373	$ 3,245,236	$ 2,268,044	$ 19,388,921
Component unit										
Program expenses	$ 1,269,991	$ 245,479	$ 236,449	$ 1,107,871	$ 269,757	$ 205,065	$ 190,761	$ 191,425	$ 163,868	$ 137,649
Program revenues										
Brenham Community Development Corporation	-	-	-	-	-	-	-	-	-	-
Net expenses	(1,269,991)	(245,479)	(236,449)	(1,107,871)	(269,757)	(205,065)	(190,761)	(191,425)	(163,868)	(137,649)
General revenues and other changes in net position										
Component unit activities:										
Sales taxes	1,584,441	1,463,717	1,468,099	1,369,186	1,258,298	1,226,236	1,242,443	1,232,254	1,174,670	1,096,920
Investment income not restricted	956	282	1,120	1,434	1,645	2,365	7,088	24,727	28,427	14,220
Contribution from Developer	735,044	-	-	-	-	-	-	-	-	-
Miscellaneous	15,279	3,232	3,376	102,038	-	-	-	30,000	-	-
Gain (loss) on sale of capital assets	-	74,567	-	-	3,100	-	5,348	-	-	-
Payments from component unit	(910,301)	(828,247)	(1,099,836)	(803,174)	(219,526)	(850,941)	(931,773)	(927,717)	(770,877)	(661,417)
Total component unit activities	1,425,419	713,551	372,759	669,484	1,043,517	377,660	323,106	359,264	432,220	449,723
Component unit change in position	$ 155,428	$ 468,072	$ 136,310	$ (438,387)	$ 773,760	$ 172,595	$ 132,345	$ 167,839	$ 268,352	$ 312,074

(1) As restated for infrastructure valuations in compliance with GASB 34 implementation.
(2) As restated for prior year accrued franchise taxes which were not recorded.
(3) As restated for prior year capital assets which were not recorded.
(4) As restated for prior year correction to charges for services.
(5) As restated for recalculation of post employment benefits liability.

FUND BALANCES - GOVERNMENTAL FUNDS **CITY OF BRENHAM**

Last Ten Fiscal Years

(modified accrual basis of accounting) **TABLE 3**

	FISCAL YEAR									
	2015	**2014**	**2013**	**2012 (2)**	**2011 (1)**	**2010**	**2009**	**2008**	**2007**	**2006**
General fund:										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 37,908
Unreserved						2,764,850	2,764,850	2,687,654	2,251,108	1,661,118
Nonspendable	180,105	188,412	212,530	256,443	204,230	-	-	-	-	-
Restricted	10,713	801,061	74,074	103,959	103,052	-	-	-	-	-
Committed	6,952	10,304	10,304	-	-	-	-	-	-	-
Assigned	169,114	-	-	-	-	-	-	-	-	-
Unassigned	4,376,760	3,861,506	3,609,690	3,505,058	3,529,369	-	-	-	-	-
Total general fund	$ 4,743,644	$ 4,861,283	$ 3,906,598	$ 3,865,460	$ 3,836,651	$ 2,764,850	$ 2,764,850	$ 2,687,654	$ 2,251,108	$ 1,699,026
All other governmental funds:										
Reserved, reported in:										
Debt service fund	$ -	$ -	$ -	$ -	$ -	$ 481,884	$ 337,949	$ 418,335	$ 333,943	$ 200,931
Unreserved reported in:										
Special revenue funds	-	-	-	-	-	1,829,883	1,400,880	1,126,499	700,725	170,553
Capital projects funds	-	-	-	-	-	77,479	699,191	7,787,965	8,722,314	10,196,685
Restricted	9,986,870	12,808,565	5,613,677	1,793,596	5,600,913	-	-	-	-	-
Committed	193,699	525,451	12,000	15,689	111,424	-	-	-	-	-
Assigned	1,273,106	8,158	169,134	523,677	394,896	-	-	-	-	-
Total all other governmental funds	$ 11,453,675	$ 13,342,174	$ 5,794,811	$ 2,332,962	$ 6,107,233	$ 2,389,246	$ 2,438,020	$ 9,332,799	$ 9,756,982	$ 10,568,169

(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									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Revenues										
Taxes	$ 13,904,906	$ 14,409,371	$ 13,703,177	$ 13,039,066	$ 12,445,035	$ 12,013,599	$ 12,006,792	$ 11,770,388	$ 11,181,972	$ 9,728,777
Licenses and permits	121,076	76,379	59,826	72,425	64,465	76,999	61,989	58,260	54,487	56,146
Intergovernmental	5,046,207	4,260,002	3,595,065	545,942	696,256	1,817,216	1,462,232	769,904	1,648,201	1,656,366
Charges for services	563,123	517,114	512,012	509,278	558,484	603,568	571,177	458,378	368,861	363,984
Fines and forfeitures	723,181	573,355	549,460	782,276	766,908	668,762	594,840	493,664	363,253	337,014
Investment income	9,320	3,884	6,948	6,604	18,259	12,428	179,685	457,112	572,336	246,716
Payment from component unit	910,301	828,247	1,099,836	791,218	970,989	850,941	931,773	927,717	770,877	661,417
Contributions and donations	505,658	2,248,498	68,724	127,206	111,254	174,272	39,833	176,900	124,608	176,214
Miscellaneous	203,891	141,911	160,959	203,888	115,930	111,418	149,984	151,892	85,405	117,772
Total revenues	21,987,663	23,058,761	19,756,007	16,077,903	15,747,580	16,329,203	15,998,305	15,264,215	15,170,000	13,344,406
Expenditures										
Current:										
Culture and recreation	3,195,581	3,081,793	2,965,441	2,778,854	2,860,841	2,985,738	2,963,083	2,993,583	2,611,013	2,467,861
General government	5,275,753	5,067,284	5,038,077	4,849,317	4,814,955	4,987,652	4,793,575	1,491,349	1,383,100	1,270,288
Health and welfare	292,948	305,008	302,547	280,468	278,258	281,388	262,880	535,818	562,579	614,794
Highways and streets	1,435,659	1,379,361	1,444,078	6,061,296	11,426,323	1,535,385	1,317,966	1,240,278	1,153,897	1,085,298
Public safety	5,794,265	6,382,845	6,091,109	5,870,921	5,801,959	5,977,319	5,055,235	4,801,776	4,634,054	4,179,268
Debt service:										
Interest & fiscal charges	974,276	926,007	964,850	967,466	932,687	818,939	816,482	929,359	938,159	664,571
Principal retirement	4,563,551	3,090,133	1,749,643	1,664,835	1,623,452	1,291,944	1,319,200	1,165,767	1,070,825	1,138,070
Issuance costs	-	95,731	51,489	15,550	331,409	800	132,893	1,069	21,072	72,468
Capital outlay	6,109,584	1,520,404	2,476,074	1,303,258	1,203,378	2,002,664	9,585,060	2,340,500	3,497,123	2,475,907
Total expenditures	27,641,617	21,848,566	21,083,308	23,791,965	29,273,262	19,881,829	26,246,374	15,499,499	15,871,822	13,968,525
Excess (deficiency) of revenues over(under) expenditures	(5,653,954)	1,210,195	(1,327,301)	(7,714,062)	(13,525,682)	(3,552,626)	(10,248,069)	(235,284)	(701,822)	(624,119)
Other financing sources (uses)										
Transfers in	11,129,848	4,704,485	3,201,225	3,060,200	3,091,370	3,849,305	4,092,165	1,036,319	723,787	802,738
Transfers out	(6,470,544)	(1,669,767)	(314,213)	(344,681)	(218,417)	(1,012,739)	(945,544)	(882,148)	(848,384)	(563,360)
Payment to Component Unit	-	-	-	-	(751,463)	-	-	-	-	-
Issuance of debt	3,910,000	4,075,000	1,886,423	1,200,000	16,097,674	-	-	-	-	9,000,000
Refunding bonds issued	259,994	1,509,201	-	-	3,060,619	-	5,941,995	-	1,524,321	-
Premium on debt issued	(5,338,791)	71,819	-	-	-	-	194,962	-	-	-
Payment to refunded bond escrow agent	138,000	(1,490,242)	-	-	(3,004,387)	-	(6,004,364)	-	(1,501,306)	-
Proceeds from capital lease	-	-	-	-	-	645,621	131,933	-	544,300	288,810
Miscellaneous	19,309	91,357	56,853	53,081	40,074	21,665	19,339	93,476	-	-
Total other financing sources (uses)	3,647,816	7,291,853	4,830,288	3,968,600	18,315,470	3,503,852	3,430,486	247,647	442,718	9,528,188
Net change in fund balance	$ (2,006,138)	$ 8,502,048	$ 3,502,987	$ (3,745,462)	$ 4,789,788	$ (48,774)	$ (6,817,583)	$ 12,363	$ (259,104)	$ 8,904,069
Debt service as a percentage of non-capital expenditures	25.72%	19.76%	14.59%	11.70%	9.11%	11.81%	12.82%	15.92%	16.23%	15.69%

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS **CITY OF BRENHAM**

Last Ten Fiscal Years

(modified accrual basis of accounting) **TABLE 5**

Fiscal Year	Sales Tax	Ad Valorem Taxes (1)	Franchise Taxes (2)	Motel Tax	Mixed Beverage	Other Tax	Total Tax Revenues
2006	$ 3,290,760	$ 3,481,463	$ 2,567,933	$ 356,745	$ 20,664	$ 11,212	$ 9,728,777
2007	3,524,009	4,133,381	3,117,224	371,468	26,525	9,365	11,181,972
2008	3,696,762	4,561,685	3,047,240	432,687	23,881	8,133	11,770,388
2009	3,727,329	4,777,500	3,031,923	438,632	23,454	7,954	12,006,792
2010	3,678,707	4,990,580	2,879,641	434,330	24,642	5,698	12,013,599
2011	3,774,894	4,970,273	3,145,892	523,605	24,247	6,124	12,445,035
2012	4,107,558	5,445,722	2,888,603	571,918	25,265	-	13,039,066
2013	4,404,296	5,641,349	2,972,220	658,646	26,668	-	13,703,179
2014	4,391,151	6,125,425	3,164,298	704,638	23,859	-	14,409,371
2015	4,753,324	5,457,145	2,874,901	770,537	49,000	-	13,904,906

(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 **CITY OF BRENHAM**
Last Ten Fiscal Years

TABLE 6

Fiscal Year	Residential	Commercial	Personal Property	Gross Valuation	Exemption	Net Taxable Value	Total Direct Tax Rate
2006	$ 370,683,893	$ 208,798,536	$ 251,690,047	$ 831,172,476	$ 88,694,515	$ 742,477,961	0.46620
2007	422,316,663	220,190,107	257,897,502	900,404,272	103,247,446	797,156,826	0.50630
2008	465,073,145	247,703,127	290,075,024	1,002,851,296	123,033,453	879,817,843	0.50630
2009	496,035,865	293,274,572	302,853,623	1,092,164,060	146,352,615	945,811,445	0.50420
2010	518,208,990	327,644,944	307,326,105	1,153,180,039	170,403,101	982,776,938	0.50420
2011	531,338,057	330,838,349	276,091,085	1,138,267,491	162,347,984	975,919,507	0.50420
2012	543,733,871	339,233,301	284,765,763	1,167,732,935	170,370,802	997,362,133	0.54320
2013	553,888,549	338,903,778	305,901,720	1,198,694,047	169,214,031	1,029,480,016	0.54320
2014	588,967,628	341,750,962	329,190,550	1,259,909,140	179,340,848	1,080,568,292	0.56320
2015	588,614,227	359,317,477	356,131,045	1,304,062,749	201,487,280	1,102,575,469	0.49120

(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)									
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Sales subject to sales tax										
Retail trade	$ 206,935,782	$ 200,269,660	$ 192,880,386	$ 185,845,076	$ 184,434,383	$ 185,958,779	$ 184,899,069	$ 176,374,582	$ 165,564,470	$ 154,723,485
Accommodation/food services	42,307,898	39,733,063	38,172,199	36,330,789	36,309,229	35,547,090	34,609,238	31,635,974	28,528,631	25,761,532
Wholesale trade	25,121,744	24,724,048	16,762,409	13,616,793	12,950,217	13,395,632	16,490,784	16,316,965	17,216,891	14,364,045
Manufacturing	20,485,742	20,879,720	18,536,084	15,277,547	14,031,339	15,744,268	25,038,093	16,522,060	16,115,966	14,012,727
Admin/support/waste mgmt/remediation services	12,314,737	11,916,308	10,380,780	6,229,057	5,148,773	5,420,141	7,191,225	6,385,434	6,511,431	6,535,273
Information	9,357,216	5,092,179	4,222,671	3,924,959	3,403,518	3,293,086	2,587,597	6,743,249	1,662,880	2,743,990
Other services	8,631,759	8,417,362	8,397,832	7,852,686	8,254,664	7,646,118	7,642,688	7,529,497	6,339,914	6,837,315
Construction	4,636,339	3,634,513	5,929,461	4,250,898	4,874,143	5,485,705	4,183,561	5,313,078	4,009,748	3,529,516
Real estate/rental/leasing	4,596,074	4,726,546	4,578,407	4,270,107	3,784,914	4,934,661	7,408,045	5,840,137	4,927,370	4,082,531
Mining/quarrying/oil/gas extraction	3,784,238	9,957,614	6,728,368	2,999,333	3,152,929	4,229,845	9,146,075	7,752,965	5,464,529	2,019,117
Professional/scientific/technical services	3,164,426	3,015,878	2,269,454	2,112,551	2,002,752	1,864,755	2,931,954	2,202,976	2,250,152	2,294,657
Educational services	2,231,771	2,199,657	2,164,287	2,157,341	1,886,553	1,759,260	1,767,263	1,815,152	1,585,995	1,270,482
Arts/entertainment/recreation	1,266,465	1,104,985	1,157,707	1,135,531	1,098,302	1,135,902	1,016,048	664,880	428,104	401,372
Finance/insurance	709,837	981,964	2,056,713	1,905,231	2,399,368	2,649,199	1,399,762	1,074,663	1,182,103	1,263,093
Transportation/warehousing	304,802	289,064	306,194	246,296	223,081	225,203	273,397	111,957	27,959	33,263
Health care/social assistance	125,376	125,304	134,722	114,402	47,212	37,369	52,738	34,638	33,136	39,545
Agriculture/forestry/fishing hunting	75,721	73,717	195,546	171,394	136,705	116,141	163,971	367,864	338,068	130,726
Public administration	-	-	-	-	-	-	-	-	1,778,439	-
Other	-	-	-	-	-	-	-	-	-	110
All industries (2)	$ 353,637,327	$ 344,094,009	$ 321,297,875	$ 295,952,623	$ 291,297,972	$ 297,373,449	$ 314,645,173	$ 293,550,391	$ 269,363,326	$ 246,650,161
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 2015 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 **CITY OF BRENHAM**

Last Ten Fiscal Years

TABLE 8

	PROPERTY TAX RATES (per $100 of assessed value) (1)							SALES TAX RATES (2)		
	City Direct Rates									
Fiscal Year	General Fund	Debt Service	Total	Brenham Independent School District	Blinn College	Washington County	Total Overlapping Governments	City of Brenham	Washington County	Total Overlapping Governments
2006	0.31650	0.14970	0.46620	1.61000	0.05100	0.44350	2.57070	0.01500	0.00500	0.02000
2007	0.31650	0.18980	0.50630	1.44450	0.05130	0.43350	2.43560	0.01500	0.00500	0.02000
2008	0.32450	0.18180	0.50630	1.10840	0.05480	0.43490	2.10440	0.01500	0.00500	0.02000
2009	0.34200	0.16220	0.50420	1.08840	0.05320	0.42600	2.07180	0.01500	0.00500	0.02000
2010	0.34200	0.16220	0.50420	1.08840	0.05450	0.42600	2.07310	0.01500	0.00500	0.02000
2011	0.34200	0.16220	0.50420	1.11840	0.05590	0.43580	2.11430	0.01500	0.00500	0.02000
2012	0.34200	0.20120	0.54320	1.13500	0.05660	0.44080	2.17560	0.01500	0.00500	0.02000
2013	0.34200	0.20120	0.54320	1.13500	0.05670	0.44260	2.17750	0.01500	0.00500	0.02000
2014	0.35790	0.20530	0.56320	1.13500	0.06000	0.46260	2.22080	0.01500	0.00500	0.02000
2015	0.28900	0.20220	0.49120	1.13500	0.05840	0.52110	2.20570	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

2015			2006		
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	$ 47,382,967	4.30%	Blue Bell Creameries	$ 30,112,880	4.06%
Valmont/Als	30,123,520	2.73%	Mount Vernon Mills, Inc.	17,585,740	2.37%
MIC Group LLC (West)	16,492,360	1.50%	Valmont Industries	15,233,560	2.05%
Germania Farm Mutual Aid Association	11,843,910	1.07%	Wal-Mart Stores Texas LLC #4109	14,146,040	1.91%
Sealy Mattress Company	11,365,680	1.03%	Valmont/Als - Abated	12,581,010	1.69%
MIC LLC (East)	11,035,840	1.00%	Lowe's Home Centers, Inc. #2521	11,576,775	1.56%
PI Components Corporation	10,648,880	0.97%	Germania Farm Mutual Aid Association	9,881,280	1.33%
Longwood Elastomers, Inc.	10,241,075	0.93%	Moore Wallace North America	9,152,000	1.23%
Lowe's Home Centers, Inc. #2521	8,865,990	0.80%	Longwood Elastomers, Inc.	8,040,690	1.08%
Brenham Wholesale Grocery Company	8,055,080	0.73%	PI Components Corporation	7,757,000	1.04%
Total	$ 166,055,302	15.06%		$ 136,066,975	18.33%

(1) Data is from Washington County Appraisal District.

PROPERTY TAX LEVIES AND COLLECTIONS **CITY OF BRENHAM**

Last Ten Fiscal Years

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
2006	$ 3,486,009	$ 3,410,719	97.84%	$ 73,364	$ 3,484,084	99.94%
2007	4,092,611	4,020,713	98.24%	67,751	4,088,464	99.90%
2008	4,492,284	4,424,623	98.49%	62,838	4,487,461	99.89%
2009	4,738,718	4,666,545	98.48%	67,357	4,733,902	99.90%
2010	4,951,641	4,866,421	98.28%	75,084	4,941,505	99.80%
2011	4,918,828	4,840,737	98.41%	68,198	4,908,934	99.80%
2012	5,408,489	5,320,079	98.37%	68,010	5,388,090	99.62%
2013	5,591,033	5,507,178	98.50%	48,754	5,555,932	99.37%
2014	6,093,490	6,001,567	98.49%	35,307	6,036,875	99.07%
2015	5,425,959	5,347,550	98.55%	-	5,347,550	98.55%

PRINCIPAL SALES TAX PAYERS BY INDUSTRY (1)
Calendar Years 2014 and 2005 (2)

CITY OF BRENHAM

TABLE 11

2014			
Sales Tax Payers By Industry	**Sales Subject to Sales Tax**	**Percentage of All Industries**	**Number of Reporting Outlets 4th Q**
Retail trade	$ 206,935,782	58.52%	349
Accommodation/food services	42,307,898	11.96%	88
Wholesale trade	25,121,744	7.10%	54
Manufacturing	20,485,742	5.79%	99
Admin/support/waste mgmt/remediation services	12,314,737	3.48%	61
Information	9,357,216	2.65%	8
Other services	8,631,759	2.44%	103
Construction	4,636,339	1.31%	83
Real estate/rental/leasing	4,596,074	1.30%	17
Mining/quarrying/oil/gas extraction	3,784,238	1.07%	5
Professional/scientific/technical services	3,164,426	0.89%	65
Educational services	2,231,771	0.63%	13
Arts/entertainment/recreation	1,266,465	0.36%	18
Finance/insurance	709,837	0.20%	15
Transportation/warehousing	304,802	0.09%	10
Health care/social assistance	125,376	0.04%	10
Agriculture/forestry/fishing hunting	75,721	0.02%	14
Public administration	-	0.00%	3
Management of companies/enterprises	-	0.00%	1
Other	-	0.00%	5
All industries (3)	$ 353,637,327	100.00%	1,021

2005			
Sales Tax Payers By Industry	**Sales Subject to Sales Tax**	**Percentage of All Industries**	**Number of Reporting Outlets 4th Q**
Retail trade	$ 154,723,485	62.73%	373
Accommodation/food services	25,761,532	10.44%	79
Wholesale trade	14,364,045	5.82%	43
Manufacturing	14,012,727	5.68%	70
Other services	6,837,315	2.77%	109
Admin/support/waste mgmt/remediation services	6,535,273	2.65%	71
Real estate/rental/leasing	4,082,531	1.66%	13
Construction	3,529,516	1.43%	78
Information	2,743,990	1.11%	15
Professional/scientific/technical services	2,294,657	0.93%	55
Mining/quarrying/oil/gas extraction	2,019,117	0.82%	7
Educational services	1,270,482	0.52%	11
Finance/insurance	1,263,093	0.51%	15
Arts/entertainment/recreation	401,372	0.16%	12
Agriculture/forestry/fishing hunting	130,726	0.05%	10
Health care/social assistance	39,545	0.02%	6
Transportation/warehousing	33,263	0.01%	6
Other	110	0.00%	20
Public administration	-	0.00%	3
Management of companies/enterprises	-	0.00%	1
All industries (3)	$ 246,650,161	100.00%	997

(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 2015 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

	Governmental Activities					Business-Type Activities						
Fiscal Year	Certificates of Obligation	General Obligation Refunding	Revenue Bonds	Limited Tax Notes	Capital Leases	Certificates of Obligation	General Obligation Refunding	Capital Leases	Settlement	Total Primary Government	Percentage of Personal Income	Per Capita
2006	$22,278,242	$ -	$ -	$ -	$ 597,743	$17,086,758	$3,530,000	$138,387	$ 25,614	$43,656,744	8.69%	$ 3,036
2007	19,848,522	1,511,950	-	-	878,321	12,826,478	7,133,050	417,259	9,719	42,625,299	8.15%	2,960
2008	18,899,484	1,505,078	-	-	635,451	12,125,517	6,714,923	335,720	-	40,216,173	7.11%	2,681
2009	12,019,923	7,371,700	-	-	471,085	14,680,078	9,273,300	250,733	-	44,066,819	7.43%	2,886
2010	11,407,845	6,906,103	-	-	866,584	13,892,156	8,763,898	291,763	-	42,128,349	6.90%	2,681
2011	7,947,643	9,127,587	15,191,283	665,873	552,333	6,535,198	14,311,233	188,043	-	54,519,193	7.76%	3,403
2012	7,426,711	8,391,568	15,061,647	1,594,036	435,986	6,192,281	13,266,678	92,535	-	52,461,442	6.81%	3,294
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	6.76%	3,180
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	6.30%	3,111
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	5.24%	2,657

(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 **CITY OF BRENHAM**

Last Ten Fiscal Years

TABLE 13

Fiscal Year	Certificates of Obligation	General Obligation Refunding	Revenue Bonds	Limited Tax Notes	Gross Bonded Debt	Less Debt Service Funds Available	Net Bonded Debt	Taxable Assessed Value	Ratio of Net Bonded Debt to Assessed Values	Net Bonded Debt Per Capita (1)
2006	$ 22,278,242	$ -	$ -	$ -	$ 22,278,242	$ 198,430	$ 22,079,812	$ 742,477,961	2.97%	1,535
2007	19,848,522	1,511,950	-	-	21,360,472	332,812	21,027,660	797,156,826	2.64%	1,460
2008	18,899,484	1,505,078	-	-	20,404,562	418,335	19,986,227	879,817,843	2.27%	1,332
2009	12,019,923	7,371,700	-	-	19,391,623	337,949	19,053,674	945,811,445	2.01%	1,248
2010	11,407,845	6,906,103	-	-	18,313,948	481,884	17,832,064	982,776,938	1.81%	1,135
2011	7,947,643	9,127,587	15,191,283	665,873	32,932,386	245,654	32,686,732	975,919,507	3.35%	2,040
2012	7,426,711	8,391,568	15,061,647	1,594,036	32,473,962	199,181	32,274,781	997,362,133	3.24%	2,026
2013	8,705,034	7,632,103	14,932,012	1,322,198	32,591,347	185,850	32,405,497	1,029,480,016	3.15%	2,007
2014	12,280,891	6,715,656	13,607,376	1,045,360	33,649,283	554,803	33,094,480	1,080,568,292	3.06%	2,031
2015	11,688,697	9,920,792	5,549,929	763,522	27,922,940	405,888	27,517,052	1,102,575,469	2.50%	1,681

(1) See Table 17 for population information.

DIRECT AND OVERLAPPING DEBT
Current Year

CITY OF BRENHAM

TABLE 14

NAME OF GOVERNMENTAL UNIT	GROSS BONDED DEBT OUTSTANDING	2014 TAX ROLL TAXABLE VALUE	PERCENTAGE APPLICABLE TO CITY OF BRENHAM (1)	CITY OF BRENHAM'S SHARE OF DEBT
City of Brenham	$ 27,922,940	$ 1,102,575,469	100.00%	$ 27,922,940
Total direct debt	27,922,940	1,102,575,469		27,922,940
Brenham I. S. D.	34,827,086	2,044,673,299	53.92%	18,780,257
Washington County	3,545,000	2,461,123,666	44.80%	1,588,149
Blinn College	-	2,495,662,371	0.00%	-
Total overlapping debt	38,372,086	7,001,459,336		20,368,406
Total direct and overlapping debt	**$ 66,295,026**	**$ 8,104,034,805**		**$ 48,291,346**

Ratio of direct and consolidated overlapping funded debt to taxable assessed valuation	0.60%
Per capita consolidated overlapping tax supported debt (based on population of 16,372)	$2,950

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									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Taxable assessed valuations	$ 1,102,575,469	$ 1,080,568,292	$ 1,029,480,016	$ 997,362,133	$ 975,919,507	$ 982,776,938	$ 945,811,445	$ 879,817,843	$797,156,826	$742,477,961
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	0.28900	0.35790	0.34200	0.34200	0.34200	0.34200	0.34200	0.32450	0.31650	0.31650
Debt limit per $100 valuation	1.36100	1.29210	1.30800	1.30800	1.30800	1.30800	1.30800	1.32550	1.33350	1.33350
Debt limit	15,006,052	13,962,023	13,465,599	13,045,497	12,765,027	12,854,722	12,371,214	11,661,986	10,630,086	9,900,944
Total net debt applicable to limit	5,537,827	4,016,140	2,714,493	2,632,301	2,611,307	2,107,581	2,219,350	2,046,971	1,980,831	1,754,883
Legal debt margin	$ 9,468,225	$ 9,945,883	$ 10,751,106	$ 10,413,196	$ 10,153,720	$ 10,747,141	$ 10,151,864	$ 9,615,015	$ 8,649,255	$ 8,146,061
Total net debt applicable to the limit as a percentage of debt limit	36.90%	28.76%	20.16%	20.18%	20.46%	16.40%	17.94%	17.55%	18.63%	17.72%

PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 16

Water Fund (1)

Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest (3)	Debt Service Coverage
2006	$ 3,718,352	$ 2,797,111	$ 921,241	$ 397,213	$ 328,534	1.27
2007	3,254,601	2,784,247	470,354	522,026	303,652	0.57
2008	3,719,245	3,088,309	630,936	537,025	281,166	0.77
2009	4,606,941	2,835,706	1,771,235	569,498	426,689	1.78
2010	3,898,316	2,509,163	1,389,153	629,780	492,080	1.24
2011	5,122,167	2,969,660	2,152,507	690,635	430,063	1.92
2012	4,413,080	2,819,979	1,593,101	600,229	481,901	1.47
2013	4,326,320	2,877,823	1,448,497	613,738	472,594	1.33
2014	3,974,875	3,146,191	828,684	703,854	399,330	0.75
2015	3,759,869	2,945,350	814,519	479,962	335,835	1.00

Wastewater Fund - Self-Supporting Debt (2)

Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest (3)	Debt Service Coverage
2006	$ 2,934,264	$ 2,895,413	$ 38,851	$ 303,332	$ 640,901	0.04
2007	3,798,195	2,888,251	909,944	571,241	617,220	0.77
2008	4,119,856	3,191,900	927,956	582,064	592,494	0.79
2009	4,045,839	2,639,477	1,406,362	633,196	544,878	1.19
2010	3,552,059	2,406,199	1,145,860	667,545	497,324	0.98
2011	3,717,881	2,396,120	1,321,761	790,302	375,458	1.13
2012	3,647,921	2,353,385	1,294,536	856,283	271,196	1.15
2013	3,584,026	2,509,164	1,074,862	888,133	249,074	0.95
2014	3,586,878	2,549,655	1,037,223	925,835	214,615	0.91
2015	3,413,850	2,470,332	943,518	1,021,313	258,364	0.74

Total Water and Wastewater Funds

Fiscal Year	Utility Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest (3)	Debt Service Coverage
2006	$ 6,652,616	$ 5,692,524	$ 960,092	$ 700,545	$ 969,435	0.57
2007	7,052,796	5,672,498	1,380,298	1,093,267	920,872	0.69
2008	7,839,101	6,280,209	1,558,892	1,119,089	873,660	0.78
2009	8,652,780	5,475,183	3,177,597	1,202,694	971,567	1.46
2010	7,450,375	4,915,362	2,535,013	1,297,325	989,404	1.11
2011	8,840,048	5,365,780	3,474,268	1,480,937	805,522	1.52
2012	8,061,001	5,173,364	2,887,637	1,456,512	753,097	1.31
2013	7,910,346	5,386,987	2,523,359	1,501,871	721,668	1.13
2014	7,561,753	5,695,846	1,865,907	1,629,689	613,945	0.83
2015	7,173,719	5,415,682	1,758,037	1,501,275	594,199	0.84

(1) Water fund-supported debt includes 2001 general obligation refunding bonds, 2001 and 2008 certificates of obligation, and 2007, 2009, 2010, 2011, and 2014 general obligation refunding bonds.
(2) Wastewater fund-supported debt includes 2001 and 2002 certificates of obligation, and 2007, 2009, 2010, 2011, and 2014 general obligation refunding bonds.
(3) Interest is represented on a cash basis.

DEMOGRAPHIC AND ECONOMIC STATISTICS **CITY OF BRENHAM**

Last Ten Fiscal Years

TABLE 17

Fiscal Year	Population (1)	Total Personal Income (000's) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2006	14,614	$ 495,283	$ 33,891	4.4
2007	14,873	533,851	35,894	3.8
2008	15,049	603,766	40,120	3.8
2009	15,270	588,689	38,552	5.3
2010	15,716	619,242	39,402	5.9
2011	16,022	702,501	43,846	6.0
2012	15,927	770,787	48,395	4.8
2013	16,144	759,688	47,057	4.9
2014	16,297	804,501	49,365	4.0
2015	16,372	829,198	50,648	5.0

(1) Population data for 2006 to 2009 and 2011 to 2014 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 2015 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 2006 to 2014 are projections for Washington County provided by the Bureau of Economic Analysis. Year 2015 is an estimate based on a five year compound average annual growth rate.

(4) Unemployment rates are taken from U.S. Bureau of Labor Statistics. Under the new U.S. Bureau of Labor Statistics mandated methodology for producing labor statistics, a city must have a population of at least 25,000 for city-level estimates to be produced; therefore, the unemployment rates shown for 2006 to 2015 are for Washington County.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

CITY OF BRENHAM

TABLE 18

2015			2006		
Employer (1)	**Employees**	**Percentage of Total City Employment**	**Employer**	**Employees**	**Percentage of Total City Employment**
Brenham State Supported Living Center	1,051	14.92%	Blinn College	900	14.11%
Blue Bell Creameries	874	12.40%	Brenham State Supported Living Center	880	13.80%
Brenham I.S.D.	693	9.84%	Blue Bell Creameries	786	12.32%
Blinn College	475	6.74%	Brenham I.S.D.	719	11.27%
Wal-Mart Supercenter	385	5.46%	Wal-Mart Supercenter	380	5.96%
Tempur Sealy International	341	4.84%	Germania Insurance	324	5.08%
Germania Insurance	336	4.77%	Mount Vernon Mills	305	4.78%
Scott & White Hospital - Brenham	300	4.26%	Trinity Medical Center	285	4.47%
City of Brenham	284	4.03%	City of Brenham	235	3.68%
Washington County	236	3.35%	Sealy Mattress Company	211	3.31%
Total	4,975	70.61%	Total	5,025	78.78%
Employment (2)	7,046		Employment	6,379	

(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 2015 is an estimate based on Washington County employment estimates reported by the U.S. Bureau of Labor Statistics for 2014. City employment is an allocation using the proportion of City to County estimated populations.

FULL-TIME EQUIVALENT EMPLOYEES **CITY OF BRENHAM**

Last Ten Fiscal Years

TABLE 19

	FISCAL YEAR									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Function/program										
Administration	5.90	6.00	6.00	5.00	6.28	8.08	8.08	7.00	10.00	8.00
Development Services	4.50	4.50	4.10	1.00	1.00	-	-	-	-	-
Human Resources	2.43	2.00	2.00	2.80	2.80	-	-	-	-	-
Main Street	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	-	-
Maintenance	8.47	7.97	7.50	8.00	8.00	8.00	8.00	8.38	9.38	9.38
Finance	9.27	9.27	9.08	8.08	9.39	10.39	10.45	10.00	10.00	11.00
Purchasing/Warehouse	3.47	4.44	3.47	3.47	-	-	-	-	-	-
Streets	16.75	16.75	16.46	16.46	16.90	16.90	16.90	17.50	17.50	17.88
Parks	15.42	15.42	17.62	18.62	21.06	21.06	27.38	20.10	20.10	20.08
Library	5.99	5.99	5.99	7.41	8.14	8.14	8.03	8.92	8.92	7.88
Community Programs/Marketing	3.18	1.94	2.19	4.66	4.74	4.74	-	-	-	-
Aquatic Center	15.40	15.15	14.90	13.92	15.04	15.04	15.04	20.19	20.19	22.50
City Communications	0.25	-	-	-	-	-	-	-	-	-
Communications	-	17.17	17.17	16.92	17.16	17.16	13.13	14.17	13.17	13.19
Police	41.50	40.50	38.50	38.00	38.00	37.00	34.00	34.00	33.00	32.00
Fire	16.25	16.25	15.25	15.00	15.00	15.00	12.13	12.00	11.00	11.00
Animal Shelter/Control	4.00	4.00	4.00	4.00	4.00	3.00	4.00	4.40	3.40	3.00
Municipal Court	4.60	4.80	4.80	4.80	4.60	4.60	4.75	4.60	4.60	4.60
Public Works	1.50	1.50	1.90	5.50	6.00	6.00	6.00	6.14	6.14	6.14
Information Technology	5.00	5.00	5.00	6.00	5.00	5.00	5.00	4.50	3.50	4.50
Utility Customer Service	6.00	5.60	7.20	9.00	10.00	10.00	10.00	10.00	10.00	10.00
Public Utilities	12.00	11.00	8.00	7.50	7.00	7.00	7.00	6.00	6.00	6.00
Electric	12.00	12.00	12.00	12.00	13.00	12.00	12.00	11.00	11.00	11.00
Gas	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.33	5.33
Water Treatment	7.50	6.50	6.50	6.50	6.50	6.50	7.00	7.00	6.00	6.00
Water Construction	5.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.34	5.34
Wastewater Construction	4.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.33	5.33
Wastewater Treatment	4.50	4.50	4.50	4.50	4.50	4.50	5.50	7.00	7.00	7.00
Transfer Station	2.75	2.75	2.75	2.75	2.75	2.75	3.08	3.08	3.08	3.08
Collection Station	3.25	3.25	3.25	2.83	2.83	2.83	1.39	1.08	1.08	1.08
Recycling Center	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Residential Collection	2.75	2.75	2.75	2.75	2.75	2.75	3.59	4.03	5.03	4.59
Public Information	-	-	-	-	-	2.00	2.00	2.00	2.00	2.00
Total	**231.88**	**245.25**	**241.13**	**245.72**	**251.69**	**250.69**	**244.70**	**243.34**	**240.34**	**240.15**

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

CITY OF BRENHAM

TABLE 20

	FISCAL YEAR									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Recreation/Parks										
Number of athletic tournaments	28	32	42	45	41	36	33	31	32	38
Aquatic Center										
Number of Visitors	60,685	66,434	67,353	65,703	68,997	67,000	67,526	73,506	66,793	70,363
Number of Annual Passes	89	99	131	132	87	97	145	143	137	140
Number of Monthly Passes	916	960	910	991	1,156	962	930	927	907	878
Number of Summer Passes	77	78	76	80	84	-	-	-	-	-
Streets										
Road maintenance in linear feet	5,525	10,794	5,178	8,796	16,430	33,958	11,186	9,376	11,738	16,393
Library										
Circulation	61,689	57,949	62,782	63,737	73,288	75,174	73,700	70,174	44,933	49,004
Communications (1)										
Number of Incoming Calls	-	633,648	644,070	683,380	759,065	712,766	749,499	682,254	561,436	519,038
Number of 9-1-1 Calls	-	45,515	38,540	36,332	34,924	30,388	30,594	30,001	30,702	27,253
Police										
Traffic Citations	5,436	4,372	4,425	4,081	5,240	6,230	8,036	6,445	3,593	2,988
Traffic Warning Tickets Issued	5,854	5,694	4,964	4,964	9,740	7,493	4,274	3,426	3,536	4,188
Mileage on Police units	448,691	466,688	419,124	443,909	401,630	422,313	382,597	296,882	296,422	299,527
Fire (2)										
Fire Responses	661	568	547	547	570	429	352	376	401	402
Rescues	83	58	36	36	18	17	52	36	46	34
Animal Control/Shelter/Adoption (3)										
Number of Incoming Animals	1,240	1,419	1,645	1,906	1,611	1,760	1,455	1,723	1,846	1,464
Animals Adopted	279	284	256	263	336	343	300	385	401	343
Municipal Court										
Traffic dispositions	3,978	2,517	2,880	5,186	4,270	5,703	5,582	4,444	5,614	5,132
Other dispositions	1,680	1,959	2,132	4,302	2,458	1,527	1,603	1,647	1,413	1,505
Public Works										
Building Inspection Visits	1,878	2,315	1,901	1,621	1,835	1,956	1,818	1,936	1,742	1,692
Electric										
kWh delivered	269,960,615	288,427,106	281,329,115	281,786,169	289,768,758	271,319,462	271,248,570	290,272,935	302,190,150	314,772,687
Customers served	8,449	8,420	8,405	8,345	8,286	8,235	8,150	8,060	7,947	7,728
Gas										
mcf delivered	394,150	474,330	402,656	369,023	394,563	443,345	420,851	522,411	602,719	563,508
Customers served	4,361	4,326	4,316	4,279	4,244	4,212	4,151	4,106	4,050	3,982
Water										
Gallons delivered	716,115,400	763,545,100	847,002,400	872,381,300	996,362,800	752,748,100	926,510,200	883,015,900	799,546,600	956,383,100
Customers served	7,503	7,398	7,345	7,271	7,164	7,077	6,946	6,816	6,654	6,372
Wastewater										
Effluent plant gallons processed	732,231,000	687,835,000	672,065,000	704,378,000	657,568,000	727,301,000	762,338,000	772,589,000	810,562,100	751,247,000
Commercial/industrial gallons processed	294,107,600	328,694,600	326,351,900	340,551,800	351,747,400	327,125,800	385,150,300	393,674,700	394,462,700	406,897,100
Customers served	6,705	6,633	6,614	6,536	6,434	6,373	6,284	6,198	6,073	5,839
Sanitation										
Customers served	5,946	5,873	5,858	5,812	5,728	5,610	5,468	5,299	5,168	5,065

(1) Communications department transferred from the City of Brenham to Washington County effective October 1, 2014 per the Comprehensive Exchange of Services Interlocal Agreement.
(2) Operating indicators for the Fire Department are based on calendar year. Figures for 2008 are year-to-date, December 12, 2008.
(3) Operating indicators for the Animal Control/Shelter/Adoption are based on calendar year.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM **CITY OF BRENHAM**

Last Ten Fiscal Years

TABLE 21

	FISCAL YEAR									
	2015	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Recreation/Parks										
Park acreage	191	191	191	191	191	150	150	150	150	150
Parks	8	8	8	8	8	7	7	7	7	7
Amphitheatres	1	1	1	1	1	-	-	-	-	-
Aquatic centers	1	1	1	1	1	1	1	1	1	1
Baseball fields	7	7	8	8	8	8	8	8	8	8
Softball fields	9	9	9	9	9	9	9	9	9	9
Tennis courts	6	6	6	6	6	6	6	6	6	6
Soccer fields	12	12	12	12	12	12	12	12	12	12
Skateboard parks	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Airports	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	45	45	44	43	43	43	43	40	38	33
Fire										
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire trucks	6	6	6	6	5	5	5	5	5	5
Animal control/shelter/adoption										
Shelters	1	1	1	1	1	1	1	1	1	1
Electric										
Miles of electric mains	120	119	118	118	118	118	118	118	116	115
Gas										
Miles of gas mains	124	122	121	118	118	116	115	115	111	111
Water										
Miles of water mains	155	154	153	153	153	149	148	145	143	138
Wastewater										
Miles of wastewater mains	143	141	141	138	138	137	137	136	135	129
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

FEDERAL AWARDS
SECTION

SEIDEL
SCHROEDER
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 29, 2016.

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

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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.

Siedel Schroeder

Brenham, Texas
February 29, 2016

SEIDEL
SCHROEDER
CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited City of Brenham, Texas (the "City") compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

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Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

February 29, 2016
Brenham, Texas

Seidel Schroeder

CITY OF BRENHAM, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the City of Brenham, Texas (the "City").

2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the City of Brenham, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

5. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion on all major federal programs.

6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 to be reported in this Schedule.

7. The program tested as a major program was the

   - U.S. Department of Transportation/Texas Department of Transportation CFDA No. 20.106

8. The threshold for distinguishing Types A and B programs was $300,000.

9. The City did not qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CITY OF BRENHAM, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/14	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/15
U.S. DEPARTMENT OF JUSTICE								
Bulletproof Vest Partnership 2012 Grant	16.607		$ 3,975	$ 1,231	$ (1,231)	$ -	$ -	$ -
Bulletproof Vest Partnership 2013 Grant	16.607		2,263	-	-	2,263	-	2,263
Bulletproof Vest Partnership 2014 Grant	16.607		4,825	840	(840)	1,202	-	1,202
			$ 11,063	$ 2,071	$ (2,071)	$ 3,465	$ -	$ 3,465
U.S. DEPARTMENT OF HOMELAND SECURITY & FEMA								
FY2008 Staffing for Adequate Fire & Emergency Response Grant	97.083	EMW-2008-FR-00416	$ 325,140	$ -	$ -	$ -	$ -	$ -
			$ 325,140	$ -	$ -	$ -	$ -	$ -
U.S. DEPARTMENT OF TRANSPORTATION								
Texas Department of Transportation								
Selective Traffic Enforcement Program-2015 Speed	20.600		$ 36,270	$ -	(9,509)	13,494	$ -	3,985
Selective Traffic Enforcement Program-2015 Impaired Driving Mobilization	20.616		3,831	-	(1,800)	2,320	-	520
Selective Traffic Enforcement Program-2016 Speed	20.600		53,541	-	-	-	-	-
			$ 93,642	$ -	$ (11,310)	$ 15,814	$ -	$ 4,505
Texas Department of Transportation								
Routine Airport Maintenance Program (RAMP)		M1417 BREN	$ 50,000	$ 31,369	$ (31,369)	$ -	$ -	$ -
Routine Airport Maintenance Program (RAMP)		M1517 BREN	50,000	-	(50,000)	50,000	-	-
Routine Airport Maintenance Program (RAMP)		M1617 BREN	50,000	-	-	-	-	-
			$ 150,000	$ 31,369	$ (81,369)	$ 50,000	$ -	$ -
Texas State Library and Archives Commission								
Edge Implementation Reimbursement Program	45.310		$ 5,000	$ -	$ (5,000)	$ 5,000	$ -	$ -
			$ 5,000	$ -	$ (5,000)	$ 5,000	$ -	$ -
Texas Commission on the Arts								
Arts Respond Performance Support Grant			$ 328	$ -	$ (328)	$ 328	$ -	$ -
			$ 328	$ -	$ (328)	$ 328	$ -	$ -
TOTAL FEDERAL AND STATE CASH AWARDS			$ 585,173	$ 33,440	$ (100,078)	$ 74,607	$ -	$ 7,970

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

CITY OF BRENHAM, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT NUMBER	PROGRAM AWARD AMOUNT	ACCRUED OR (DEFERRED) REVENUE AT 09/30/14	FEDERAL/ STATE FUNDS RECEIVED	FEDERAL/ STATE EXPENDITURES	NET OTHER TRANSACTIONS	ACCRUED OR (DEFERRED) REVENUE AT 09/30/15
U.S. DEPARTMENT OF TRANSPORTATION - FAA								
Texas Department of Transportation (1)								
Federally Assisted Airport Development Grant HANGAR & TAXIWAY	20.106	13HGBRENM	$ 1,885,129	$ -	$ (1,314,649)	$ 1,314,649	$ -	$ -
TOTAL NON-CASH FEDERAL AND STATE AWARDS			$ 1,885,129	$ -	$ (1,314,649)	$ 1,314,649	$ -	$ -

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

City of Brenham, Texas
Notes to Federal Awards Section
September 30, 2015

Note 1: Basis of Presentation

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