

**CITY OF BRYAN, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2018**

**Prepared by**

**Fiscal Services Department**  
**Joe Hegwood, Chief Financial Officer**

**CITY OF BRYAN, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended September 30, 2018**

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Transmittal Letter	viii
GFOA Certificate of Achievement	xiv
Principal Officials	xv
Organizational Chart	xvi
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis - Unaudited	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	26
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet - Governmental Funds	30
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	32
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Net Position - Proprietary Funds	34
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	36
Statement of Cash Flows - Proprietary Funds	38
Fiduciary Fund:	
Statement of Fiduciary Net Position - OPEB Trust	40
Statement of Assets and Liabilities - Payroll Fund	41
Statement of Changes in Fiduciary Net Position - OPEB Trust	42

**CITY OF BRYAN, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Year Ended September 30, 2018

TABLE OF CONTENTS

	<u>Page</u>
Statement of Changes in Assets and Liabilities - Payroll Fund	43
Notes to the Basic Financial Statements	45
Required Supplementary Information:	
Schedule of Contributions - Texas Municipal Retirement System	115
Schedule of Changes in the City's Net Pension Liability and Related Ratios - Texas Municipal Retirement System	116
Schedule of Contributions - Other Post Employment Benefits (OPEB)	117
Schedule of Changes in the City's Net OPEB Liability and Related Ratios	118
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	119
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	129
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
Debt Service Fund	134
Special Revenue Funds:	
Community Development Fund	135
Hotel and Motel Room Tax Fund	136
Oil & Gas Fund	137
Capital Reserve Fund	138
Court Technology Fund	139
Street Improvement Fund	140

**CITY OF BRYAN, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Year Ended September 30, 2018

TABLE OF CONTENTS

		<u>Page</u>
Drainage Improvement Fund		141
Tax Increment Reinvestment Zone #10 Fund		142
Tax Increment Reinvestment Zone #19 Fund		143
Tax Increment Reinvestment Zone #21 Fund		144
Tax Increment Reinvestment Zone #22 Fund		145
Combining Statement of Net Position - Nonmajor Enterprise Funds		148
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds		150
Combining Statement of Cash Flows - Nonmajor Enterprise Funds		151
Internal Service Funds:		
Combining Statement of Net Position		154
Combining Statement of Revenues, Expenses and Changes in Fund Net Position		155
Combining Statement of Cash Flows		156
Capital Assets Used in the Operation of Governmental Funds:		
Comparative Schedules by Source		158
Schedule of Changes by Function and Activity		159
Schedule by Function and Activity		160
<u>STATISTICAL SECTION - UNAUDITED</u>	<u>Table</u>	<u>Page</u>
Financial Trends		
Net Position by Component	1	162
Change in Net Position	2	163
Fund Balances of Governmental Funds	3	165
Changes in Fund Balances of Governmental Funds	4	166

**CITY OF BRYAN, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Year Ended September 30, 2018

TABLE OF CONTENTS

	<u>Table</u>	<u>Page</u>
Revenue Capacity		
Governmental Activities Tax Revenues By Source	5	167
Assessed Value and Estimated Actual Value of Taxable Property	6	168
Property Tax Rates and Ratios - Direct and Overlapping Governments	7	169
Principal Property Taxpayers	8	170
Property Tax Levies and Collections	9	171
Top 10 Electric Customers	10	172
Electricity Sold by Type of Customer	11	173
Electric Rates	12	174
Top 10 Water Customers	13	175
Top 10 Sewer Customer	14	176
Water and Sewer Rates	15	177
Debt Capacity		
Ratios of Outstanding Debt by Type	16	178
Legal Debt Margin Information	17	179
Ratios of Net General Bonded Debt Outstanding	18	180
Direct and Overlapping Governmental Activities Debt	19	181
Pledged Revenue Coverage - City Electric	20	182
Pledged Revenue Coverage - Rural Electric	21	183
Pledged Revenue Coverage - Water and Wastewater	22	184
Demographic and Economic Information		
Sales Tax by Category	23	185
Demographic & Economic Statistics	24	186
Principal Employers	25	187

**CITY OF BRYAN, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Year Ended September 30, 2018

TABLE OF CONTENTS

	<u>Table</u>	<u>Page</u>
Operating Information		
Full Time Equivalent City Government Employees by Function	26	188
Operating Indicators by Function	27	189
Capital Asset Statistics by Function	28	190
Continuing Financial Disclosure Tables		
Valuations, Exemptions and General Obligation Debt	GO-1	192
Taxable Assessed Valuation by Category	GO-2	193
Valuation General Obligation Debt History	GO-3	194
Tax Rate, Levy and Collection History	GO-4	195
Ten Largest Taxpayers	GO-5	196
General Obligation Debt Service Requirements	GO-6	197
Interest and Sinking Fund Budget Projection	GO-7	198
Computation of Self-Supporting Debt	GO-8	199
Authorized but Unissued General Obligation Bonds	GO-9	200
Other Obligations	GO-10	201
General Fund Revenues and Expenditure History	GO-11	202
Changes in Net Position	GO-11A	203
Municipal Sales Tax History	GO-12	204
Current Investments and Cash Deposits	GO-13	205
Historical Water Consumption	RW-1	206
Ten Largest Water and Sewer Customers	RW-2	207
Monthly Water Rates	RW-3	208
Wastewater Usage	RW-4	209
Monthly Sewer Rates	RW-5	210
Waterworks and Sewer System Debt Service Requirements	RW-6	211
Waterworks and Sewer Systems Condensed Statement of Operations	RW-8	212

**CITY OF BRYAN, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended September 30, 2018**

TABLE OF CONTENTS

	<u>Table</u>	<u>Page</u>
Waterworks and Sewer System Coverage and Fund Balances	RW-9	213
Current Investment and Cash Deposits	RW-10	214
Electric Rates	REC-1	215
Energy Sales by Types of Customers - BTU City Electric	REC-2	216
Electric System Revenue Debt Service Requirements - City Electric	REC-3	217
Authorized by Unissued Revenue Bonds	REC-4	218
Condensed Statement of City Electric System Operations	REC-5	219
City Electric Coverage and Fund Balance	REC-6	220
Current Investments and Cash Deposits - City Electric	REC-7	221
Electric Rates	RER-1	222
Energy Sales by Types of Customers - Rural Electric	RER-2	223
Rural Electric System Revenue Debt Service Requirements	RER-3	224
Condensed Statement of Rural Electric System Operations	RER-4	225
Rural Electric Coverage and Fund Balances	RER-5	226
Current Investments and Cash Deposits - Rural Electric	RER-6	227



**CITY OF BRYAN**  
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March 25, 2019

Honorable Mayor, Members of the City Council,  
and Citizens of the City of Bryan, Texas

We are pleased to submit the Comprehensive Annual Financial Report (“CAFR”) for the City of Bryan (the “City”) for the fiscal year ended September 30, 2018. The purpose of this report is to provide the Council, management, staff, the public, and other interested parties with detailed information reflecting the City’s financial condition. The Texas Local Government Code (§103.001) as well as the Bryan City Charter (Sec. 5(j)(5)) require an annual audit of the City’s financial statements. The City has complied with these requirements and the auditor’s report is included.

The City’s independent auditor, Weaver and Tidwell, L.L.P., has issued an unmodified or “clean” opinion on the City of Bryan’s financial statements for the year ended September 30, 2018. An unmodified opinion represents the highest level of audit assurance issuable for financial statements. The independent auditor’s report is located at the front of the financial section of this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, which is based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE GOVERNMENT**

The City of Bryan, incorporated in 1871, is located in east central Texas approximately 100 miles northwest of Houston and approximately 90 miles east of Austin in an area referred to as the Brazos Valley. Bryan serves as the county seat for Brazos County. The City and the City of College Station to the south, which share common borders, are home to the Texas A&M University System. The City encompasses approximately 45.56 square miles and has an estimated population of 84,021.

The City is a home rule city operating under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which is comprised of the mayor and six other members. Five council members are elected by district. The mayor and one council member are elected at-large. The city manager is appointed by the City Council and is responsible for the daily management of the City.

The City Council annually enacts a budget through passage of an appropriation ordinance prior to the start of each fiscal year. The budget serves as the foundation for the City’s financial planning and control. Annual budgets are prepared for all governmental funds including the general fund, debt service fund, and special revenue funds. Annual budgets also are prepared for each enterprise fund, including BTU City, BTU Rural, Water, Wastewater, Solid Waste, Bryan Commerce and Development, Inc., and the Airport.

## CITY OF BRYAN TEXAS

The City provides the full range of municipal services contemplated by the City of Bryan charter and state law. These services include police, fire and emergency medical services, parks and recreational facilities and programs, library services, street maintenance and construction, public improvements, general administrative services, and electrical, water, sewer and solid waste systems. Internal services of the City, accounted for on a cost reimbursement basis, are general warehouse operations, risk management services, and employee health and disability insurance programs. The City is also financially accountable for Bryan Commerce and Development, Inc. (“BCD”), a local government corporation and the economic development arm of the City of Bryan.

### FACTORS AFFECTING FINANCIAL CONDITION

Bryan continued its strong growth trajectory during the fiscal year, realizing increases in current sales taxes and property values. Overall, governmental activity revenues in FY 2018 were up 10.1% over the previous year driven increased capital grants and contributions from development activities and by 8.7% and 8.6% increases in property taxes and sales taxes, respectively. Business-type activities revenues were up 6.2% for an overall increase government-wide of 7.0% in FY 2018 over FY 2017 totals. Bryan and College Station are the economic center of the region comprised of Brazos County and the surrounding seven counties. Texas A&M University, with a student enrollment of more than 60,000, ranks among the nation’s largest university campuses and dominates the financial landscape of the Bryan-College Station area. Additionally, Blinn College, a two year academic institution, has a campus in Bryan with a student enrollment of over 12,000. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: education, government and health care. Six of the top ten employers in the area fall into these classifications.

Historically, the Bryan-College Station area’s unemployment rate has been among the lowest in the state and the trend continues. As of December 2018, the unemployment rate for the Bryan-College Station area was 2.8%, compared to 3.7% state-wide.

### MAJOR INITIATIVES

In May 2016, the Texas A&M University System has invested over \$500 million to create a new research and development campus to help companies move ideas from the laboratory to the marketplace while also offering a new path toward a college degree. The campus, known as RELLIS, and located at a revamped and renamed Riverside Campus on approximately 2,000 acres, will initially include a cluster of seven new buildings and test beds to encourage the private sector to develop secure research facilities adjacent to the System’s site. The focus will include robotics, driverless and connected vehicles, advanced manufacturing, large-scale testing, as well as smart power grids and water systems. The RELLIS campus is within the City of Bryan’s extra territorial jurisdiction and is expected to have a significant impact on the area’s economy. Construction on several buildings began during FY 2017 and will continue for the next several years. During FY 2017 and into FY 2018, the City began an annexation feasibility study of the area adjacent to and including the RELLIS campus.

Shortly after the RELLIS announcement, Blinn College, headquartered in contiguous Washington County, announced an agreement with Texas A&M for plans to construct facilities on the RELLIS campus. Blinn has committed approximately \$34 million for RELLIS campus development. The Blinn development includes a four-story facility with eight science labs, twenty classrooms, and faculty and staff offices. Construction was completed in time for the Fall 2018 semester, with approximately 1,500 students. The new campus establishes a new educational community combining a major university system and a community college at

## CITY OF BRYAN TEXAS

a single physical location. This co-location will allow Blinn College students to transfer seamlessly to leading universities throughout the Texas A&M University System in the years to come. Blinn plans to maintain its existing facilities currently in Bryan.

During the last several years, the City of Bryan has experienced significant growth on its west side as a result of major investments in economic development partnerships and infrastructure improvements. The established Traditions development and growing BioCorridor development have seen growth centered on hospitality and wellness. The City's restated partnership agreements in 2009 with Traditions Acquisition Partnership lead to the completion of Traditions Club facilities, and now the establishment of the ATLAS Master Planned Development and Lake Walk Town Center, anchored by the Stella Hotel, a four-star boutique hotel and conference center which opened in March 2017. The construction of the Texas A&M Health Science Center in 2010 and the 2011 adoption of the Research Valley BioCorridor Inter-local Agreement between the cities of Bryan and College Station ultimately turned the international spotlight on Bryan, and enhanced the value of real estate holdings and property values in the City. The total value of taxable property within the Traditions Tax Increment Reinvestment Zone 10 (TIRZ 10) now exceeds \$299 million.

In June 2012, Texas A&M received a contract to develop one of three U.S. Department of Health and Human Services National Centers for Innovation in Advanced Development and Manufacturing. Under the Centers for Innovation in Advanced Development and Manufacturing contract, Texas A&M University System is responsible for developing and procuring medical countermeasures to address the public health and medical consequences of chemical, biological, radiological and nuclear incidents, pandemic influenza and emerging infectious diseases. The \$285.6 million contract includes an initial investment of \$176.6 million from the U.S. government with the remaining cost-shared by commercial and academic proposal partners. Located within the BioCorridor, the Pandemic Influenza Facility is now complete and began operations under FujiFilm Diosynth in FY 2017. The facility is expected to provide a major economic boost to Bryan and College Station as well as the Brazos Valley for many years to come.

Today, the Traditions, BioCorridor, Lake Walk, and ATLAS developments are evolving rapidly with expanding club facilities, new phases of single family and high-density residential, hospitality, dining, shopping, wellness and corporate offices. A few of these developments include the Stella Hotel, CHI St. Joseph MatureWell Lifestyle Center, Parc at Traditions senior living community, the iBio plant-based therapy and vaccine production facility, and the corporate campus for and ViaSat.

In FY 2016 the City entered into an economic development agreement to extend University Drive East past Boonville Road. The development, known as Oakmont, covers over 400 acres. Plans for the development include 800 single-family homes, retail and restaurants, walking trails and recreation space for residents. This development looks to bolster economic growth on the east side of the City bringing increased revenues from property and sales taxes. Additionally, commercial development in the area will bring jobs to the area both during the construction phase and beyond as new commercial businesses are attracted to the City's east side.

In December 2017, local citizen Wallace Phillips donated the 107-acre, \$4.9 million Phillips Event Center Golf Course to the City of Bryan. The City renamed the course the City Course at the Phillips Event Center ("City Course") and has closed the existing 117-acre Bryan Municipal Golf Course. The City is exploring options to convert the property into a regional park. Operations for the new City Course began on January 3, 2018.

## CITY OF BRYAN TEXAS

### LONG-TERM FINANCIAL PLANNING

The City annually prepares a five-year financial forecast to ensure current revenue and spending commitments are sustainable. The City began FY 2018 with 113 days of operating cash in the General Fund. In 2015, City Council set a target of 100 days of operating cash. The resulting days cash on hand for FY 2018 was 105 days based on FY 2019 budgeted expenditures. Through careful planning, City Council is helping to ensure the sustained long-term financial health of the City.

In addition to the General Fund balance, during FY 2016 the City established special revenue funds associated with the proceeds from oil and gas revenues and proceeds from City land sales. The funds, which contained a combined fund balance of \$4.6 million on September 30, 2018, are reserved for one-time capital projects to be determined by the City Council.

During FY 2016, through the budget setting process, the City Council approved the pre-funding of post-employment healthcare benefits for the City's employees. With the increased costs of healthcare and the growing liability, the City Council determined it would be in the best interest of the City to pre-fund these expenses similar in nature to the City's funding of its pension liability. The funding of the City's post-employment healthcare benefits commenced during FY 2017 through an irrevocable trust established by City Council. The balance of the trust at December 31, 2018 is \$1.1 million. Funding for this liability is expected to continue until it is fully funded. Historically, the City has funded these costs on a "pay-as-you-go" basis.

In FY 2017, staff developed and received City Council approval on a five-year Capital Improvement Plan ("CIP"). This five year CIP is for long-term and short-term capital needs. Debt payments are structured so that capital assets funded by debt have a longer life than the debt associated with those assets. The City employs an objective, analytical approach to determine whether new debt can be assumed each year. The City Council adopts its CIP every other year. As such, an updated CIP is scheduled to be adopted in FY 2019.

The City issued new debt in 2018 pursuant to the CIP adopted in 2017. New Certificates of Obligation issued in 2018 totaled approximately \$12.0 million for capital improvement projects. Additionally, the City issued \$6.3 million in general obligation refunding bonds in August 2018, which enabled the retirement of higher interest debt at a savings of over \$0.6 million. These bonds will be used to complete capital projects for the City. \$28.6 million in additional outstanding debt was retired in FY 2018. Future debt issues and operational expenses related to improvements will be funded with growth in revenues generated by increases in property valuations and sales taxes as well as improved efficiencies within City operations. The electric, water, and wastewater systems will continue their capital improvement programs with the issuance of bonds supported by utility revenues as deemed necessary.

### RELEVANT FINANCIAL POLICIES

The City's fund balance/operating reserve policies continue to be an important factor in planning decisions. In FY 2016 the City Council formally adopted the City of Bryan Financial Management Policy Statements. These policy statements outline the specific reserve policies for all major funds based on fund risks. The policies state the City will maintain an operating cash balance equal to at least 60 days of operating budget for the general fund and most other funds and at least 90 days of reserves in the City electric fund to be used for unanticipated emergencies. A copy of these policies can be found on the City's website at [www.bryantx.gov/fiscal-services](http://www.bryantx.gov/fiscal-services). The City Council also set a target operating cash balance of 100 days for the general fund. The funds available through these policies will assist the City in avoiding cash flow

## CITY OF BRYAN TEXAS

interruptions, generate investment income, reduce the need for short term borrowing, and assist in maintaining an investment-grade debt rating.

The City of Bryan invests funds prudently and has adopted an investment policy that is reviewed annually by the City Council as prescribed by law. The City Council has appointed an Investment Committee charged with monitoring staff adherence to the investment policy and providing investment advice. Staff provides a quarterly report of investments for the Investment Committee to review. The City's investment practice is to buy securities and hold to maturity to avoid potential losses from a sale. During FY 2018, the City complied with all aspects of the investment policy.

### AWARDS AND ACKNOWLEDGMENTS

In FY 2018, the Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for the FY 2017 Comprehensive Annual Financial Report ("CAFR"). To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both Generally Accepted Accounting Principles ("GAAP") and applicable legal requirements. City staff believes the current CAFR continues to meet the Certificate of Achievement requirements and it will be submitted to the GFOA to determine eligibility for another certificate. In FY 2018, the City was also awarded the Distinguished Budget Presentation Award from the GFOA for the FY 2018 budget document.

The preparation of this report is made possible by the dedicated services of the Fiscal Services Department staff and our independent auditor. We express sincere appreciation to all employees who contributed to its preparation. We also appreciate the leadership and support of the Mayor and City Council, without which this report would not be possible.

Respectfully submitted,



Kean Register  
City Manager



Joe Hegwood  
Chief Financial Officer



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**City of Bryan  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

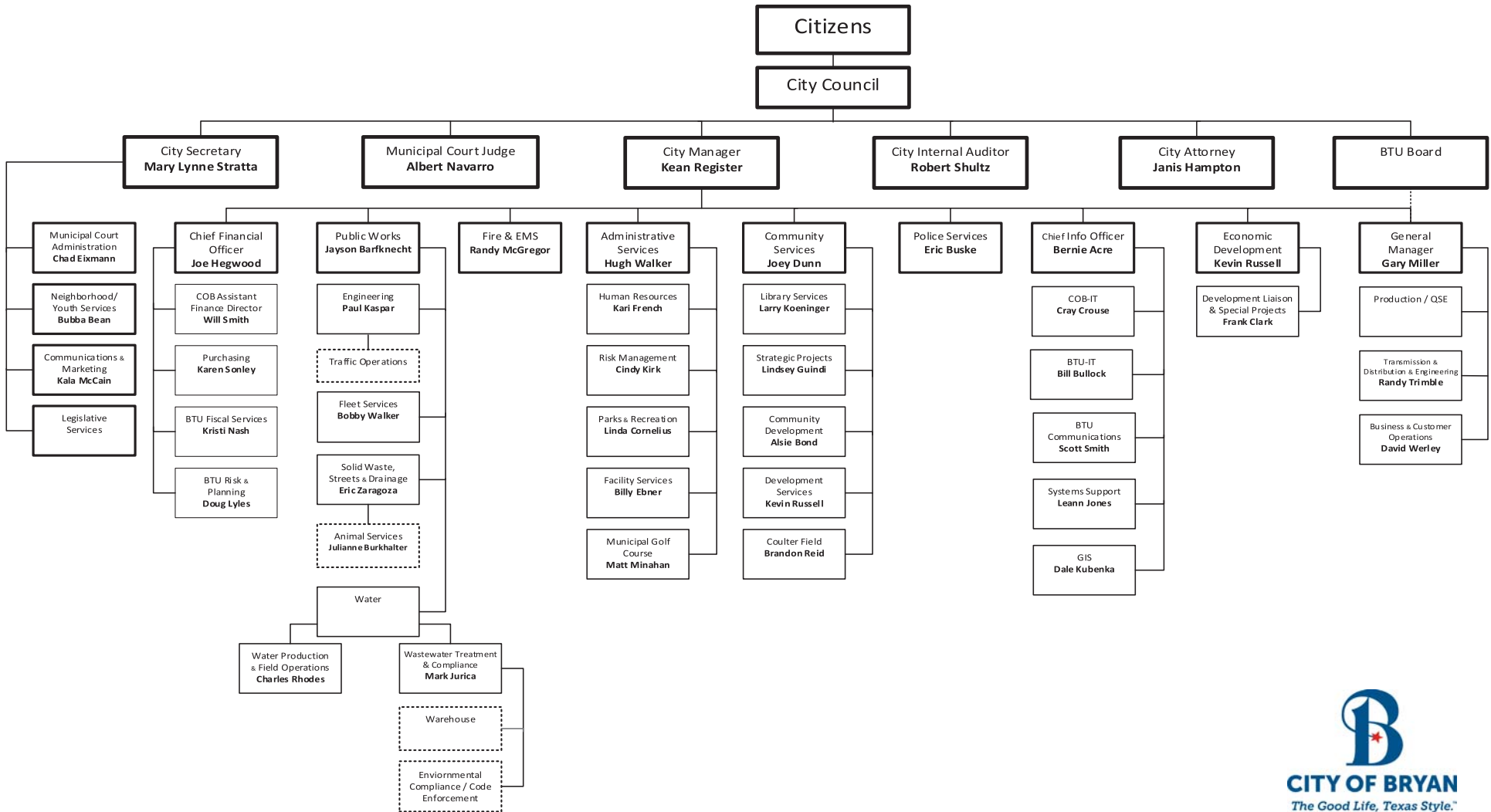
PRINCIPAL OFFICIALS

GOVERNING BODY:

Andrew Nelson	Mayor
Greg Owens	Mayor Pro Tem
Reuben Marin	City Council
Prentiss Madison	City Council
Mike Southerland	City Council
Brent Hairston	City Council
Sheldon “Buppy” Simank	City Council

OTHER PRINCIPAL OFFICIALS:

Kean Register	City Manager
Hugh Walker	Deputy City Manager – Support Services
Joseph Dunn	Deputy City Manager – Community Services
Janis Hampton	City Attorney
Mary Lynne Stratta	City Secretary
Joe Hegwood	Chief Financial Officer
Gary Miller	General Manager – Electric Utilities Services
Jayson Barfknecht	Public Works Director
Eric Buske	Police Chief
Randy McGregor	Fire Chief



City of Bryan Organization Chart



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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Bryan, Texas (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

The City's 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 did not audit the financial statements of the City of Bryan and Brazos County Economic Development Foundation (BBCEDF), a joint venture of the City, representing \$4,367,214 of the assets and \$218,163 of the revenues of the governmental activities of the City. We did not audit the financial statements of Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA), a joint venture of the City, representing \$17,261,243 of the assets and \$1,542,900 of the revenues of the business-type activities and aggregate remaining fund information of the City. The financial statements of BBCEDF and BVSWMA were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for BBCEDF and BVSWMA, is based solely on the reports of the other auditors. 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. The financial statements of BBCEDF and BVSWMA were not audited in accordance with *Government Auditing Standards*.

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.

The Honorable Mayor and  
Members of City Council of  
City of Bryan, Texas

## **Opinions**

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

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the fiscal year ended September 30, 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are 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, General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, Schedule of Contributions – Texas Municipal Retirement System, Schedule of Changes in the City's Net Pension Liability and Related Ratios – Texas Municipal Retirement System, Schedule of Contributions – Other Post Employment Benefits (OPEB) and Schedule of Changes in the City's Net OPEB Liability and Related Ratios - Other Post Employment Benefits 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.

### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor and  
Members of City Council of  
City of Bryan, Texas

The combining and individual fund financial statements and schedules 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 by us and the other auditors. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the City's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Houston, Texas  
March 25, 2019



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# City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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As management of the City of Bryan, Texas (the "City"), we offer readers of the City's financial statements this narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages viii -xii of this report.

## Financial Highlights

### Government-wide financial statements

- assets exceed liabilities by \$560,380,834 (net position)
- unrestricted net position was \$92,568,036; these funds may be used to meet ongoing obligations to citizens and creditors
- total net position increased by \$38,095,479 due to operations during FY 2018; this increase was offset by \$12,035,874 due to the restatement of net position due to GASB Statement No. 75 (see below and also see Note 11 on page 83 of this report); total net position increased by \$26,059,605 as a result of operations and the restatement
- total debt, net of premiums and discounts, decreased by \$11,606,527 or 2.8% (see note 5 on page 70 of this document for more information)
  - \$6,265,000 in general obligation refunding bonds were issued in FY 2018. Along with an offering premium, these bonds were used to refund \$6,460,000 of certificates of obligation, series 2008.
  - \$11,965,000 in combination tax and revenue certificates were issued in FY 2018 for infrastructure, a fire truck, and other improvements.
  - There were no revenue bonds issued for the enterprise funds of the City during FY 2018.
  - \$28,555,000 in outstanding debt was retired during FY 2018 including the refunding bonds.
  - \$44,720,000 of outstanding debt (principal) is due within one year as of September 30, 2018.

### Fund Financial Statements

- Total Governmental Funds reported combined ending fund balances of \$60,008,177
  - the increase in fund balances of \$2,561,740, or 4.5%, is due the issuance of debt in FY 2018.
  - approximately \$19,035,605, or 31.7%, is available for spending at the City's discretion (unassigned fund balance)
- General Fund unassigned fund balance was \$19,058,051, or 25.8% of total general fund expenditures during FY 2018. This represents 90 days of cash. Combined with the amounts assigned for encumbrances, the General Fund fund balance available for operations is \$22,295,252 representing 105 days of cash at September 30, 2018.

## Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements,

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve, to some extent, as an indicator of whether the City's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the City'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 reported in this statement may be for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City 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 describe services provided by the City and include general government, development services, public works (streets and drainage), public safety, cultural and recreational (parks and recreation, library service and other community service activities) and interest on long-term debt. The business-type activities of the City include electric generation, distribution and transmission, water supply and distribution, wastewater collection and treatment, solid waste collection, and a general purpose airport.

The government-wide financial statements include not only the City itself (known as the "primary government"), but also Bryan Business Council, Inc., a legally separate economic development corporation, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Bryan Texas Utilities' qualified scheduling entity (BTU QSE Services, Inc.) and Bryan Commerce and Development, Inc. are also legally separate functions, but for all practical purposes operate as departments of the City of Bryan, and therefore have been included as an integral part of the primary government. For reporting purposes, BTU QSE Services, Inc. is combined with the City Electric System. Included in Note 1 of the financial statements are the Condensed Statement of Net Position and Condensed Statement of Revenues, Expenses, and Changes in Net Position for BTU QSE Services, Inc.

The government-wide financial statements can be found on pages 26-28 of this report.

**Fund Financial Statements.** The fund financial statements are prepared on the basis of funds. A fund is a self balancing grouping of related accounts that is used to report and maintain control over resources that have been segregated for specific activities or objectives. The City of Bryan, like other state and local governments, uses fund accounting to demonstrate and ensure compliance with finance-related legal and

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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local policy requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds.* Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available to meet obligations at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial activities. 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 currently maintains twenty-six (26) 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 and the Debt Service Fund, both of which are considered to be major funds (2). Data from thirteen (13) special revenue funds, two (2) capital project funds, and nine (9) permanent funds have been combined into one single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary section of this report.

The City of Bryan adopts an annual appropriation budget for its General Fund, Debt Service Fund and special revenue funds. Individual fund budgetary comparison schedules are provided in the Required Supplementary and the Supplementary sections of this report (starting on page 113).

The basic governmental fund financial statements can be found on pages 30-33 of this report.

*Proprietary Funds.* The City maintains two different types of proprietary funds, enterprise funds and internal service funds, and adopts an annual appropriation budget for each. The City's ten (10) proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses seven (7) enterprise funds to account for its city electric, rural electric, water, wastewater, solid waste, economic development corporation and airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three (3) internal service funds to account for its warehouse operations, self-insurance operations and employee benefits activities.

Proprietary funds provide the same types of information as the government-wide financial statements. The proprietary fund financial statements provide separate information in the Proprietary Fund Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows for the city electric, rural electric, water and wastewater systems, all of which are considered major funds of the City. Data from three (3) non-major enterprise funds have been

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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combined into one single, aggregated presentation in the proprietary fund financial statements. All internal service funds are also combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the aggregated proprietary funds and the internal service funds is provided in the form of combining statements in the Supplementary section of this report (starting on page 121).

The basic proprietary fund financial statements can be found on pages 34-39 of this report.

*Fiduciary Funds.* The City maintains two (2) fiduciary funds, the payroll fund and the other post-employment benefits trust fund ("OPEB Fund"). Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 41-43 of this report.

**Notes to the Financial Statements.** The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-112 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and retiree health benefits to its employees. This presentation of the City's pension liability is based on the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*. The City's other post-employment benefits ("OPEB") liability is based on the adoption of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB)*. Ultimately ten (10) years of data for both the pension liability and the OPEB liability will be displayed in the Required Supplementary section of this report. Also included in the Required Supplementary section is a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. Required supplementary information can be found on pages 113-119 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 124-156 of this report.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$560,380,834 as of September 30, 2018.

The adoption of GASB Statement No. 75 This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The primary objective of this statement is to improve accounting and financial reporting by state

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

and local governments for postemployment benefits other than pensions ("other postemployment benefits" or "OPEB"). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This statement requires the restatement of net position as of October 1, 2017 as follows:

	Governmental Activities		Business Type Activities	
Net Position, beginning of period - as previously reported	\$	113,930,329	\$	420,390,900
Net OPEB liability		(9,526,838)		(5,108,008)
Reverse net OPEB obligation as reported 9/30/17		1,853,265		745,707
Net Position, beginning of period - as restated	\$	106,256,756	\$	416,028,599

The largest portion of the City's net position, \$410,945,624 or 73.3%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and improvements), less any outstanding 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, it should be noted that the resources needed to repay this debt must be provided from other sources. An additional portion of the City's net position, \$56,867,174, or 10.1%, represents resources that are subject to external restrictions on their usage. The remaining balance of unrestricted net position, \$92,568,036, or 16.5%, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of FY 2018, the City of Bryan was able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

### City of Bryan's Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 77,065,195	\$ 74,925,502	\$ 223,683,114	\$ 214,271,799	\$ 300,748,309	\$ 289,197,301
Capital assets	169,271,168	161,967,387	603,088,411	591,015,736	772,359,579	752,983,123
Total assets	<u>246,336,363</u>	<u>236,892,889</u>	<u>826,771,525</u>	<u>805,287,535</u>	<u>1,073,107,888</u>	<u>1,042,180,424</u>
Deferred outflows	12,017,211	14,097,717	13,186,397	23,931,344	25,203,608	38,029,061
Non-current liabilities	119,206,154	116,990,803	304,173,922	344,972,175	423,380,076	461,962,978
Other liabilities	18,447,672	19,116,345	68,219,774	52,329,922	86,667,446	71,446,267
Total liabilities	<u>137,653,826</u>	<u>136,107,148</u>	<u>372,393,696</u>	<u>397,302,097</u>	<u>510,047,522</u>	<u>533,409,245</u>
Deferred inflows	9,817,105	953,129	18,066,035	11,525,882	27,883,140	12,479,011
Net position:						
Net investment in						
capital assets	93,348,161	88,289,291	317,597,463	312,335,006	410,945,624	400,624,297
Restricted	20,799,558	19,918,996	36,067,616	28,731,318	56,867,174	48,650,314
Unrestricted	(3,265,076)	5,722,042	95,833,112	79,324,576	92,568,036	85,046,618
Total net position	<u>\$ 110,882,643</u>	<u>\$ 113,930,329</u>	<u>\$ 449,498,191</u>	<u>\$ 420,390,900</u>	<u>\$ 560,380,834</u>	<u>\$ 534,321,229</u>

# City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

The \$38,095,479 increase to \$560,380,834 in total net position is due to increases in both governmental activities and business-type activities. The net position of governmental activities increased \$4,625,887 due to increased revenues and a slight reduction in expenditures during FY 2018. The net position of business type activities increased \$33,469,592 due primarily to the excess of operating revenues over expenses in the City Electric, Rural Electric, Water, Wastewater, and Solid Waste funds. Net investment in capital assets for both governmental and business type activities increased by \$2,533,793 at September 30, 2018.

Unrestricted net position for governmental activities decreased by \$6,740,329 to \$(3,265,076) during FY 2018. This decrease is primarily due to the planned spend-down of General Fund operating cash for one-time parks and other projects. Additionally, reimbursement resolutions adopted by City Council were in place for capital improvement projects (streets and drainage improvements). These funds were expensed by the General Fund and will be reimbursed by bond funds in FY 2020.

Unrestricted net position of business-type activities increased by \$16,508,536 to \$95,833,112.

### City of Bryan's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 8,622,165	\$ 8,191,986	\$ 288,588,619	\$ 270,711,230	\$ 297,210,784	\$ 278,903,216
Operating grants and contributions	2,963,921	3,040,292	-	-	2,963,921	3,040,292
Capital grants and contributions	4,885,776	2,657,984	2,709,437	3,677,071	7,595,213	6,335,055
General revenues:						
Property taxes	34,140,282	31,409,788	-	-	34,140,282	31,409,788
Other taxes	25,639,332	23,657,404	-	-	25,639,332	23,657,404
Other	13,197,102	12,288,692	4,619,649	4,361,937	17,816,751	16,650,629
Total revenues	89,448,578	81,246,146	295,917,705	278,750,238	385,366,282	359,996,384
Expenses:						
General Government	17,843,501	17,481,720	-	-	17,843,501	17,481,720
Development Services	6,077,939	8,956,465	-	-	6,077,939	8,956,465
Public Works Services	17,923,447	20,061,531	-	-	17,923,447	20,061,531
Public Safety	41,229,027	39,753,105	-	-	41,229,027	39,753,105
Cultural and Recreational	12,799,663	9,827,528	-	-	12,799,663	9,827,528
Interest on long-term debt	2,815,131	2,732,128	-	-	2,815,131	2,732,128
City Electric	-	-	170,963,238	176,616,366	170,963,238	176,616,366
Rural Electric	-	-	46,189,436	41,664,199	46,189,436	41,664,199
Water	-	-	11,287,775	11,385,667	11,287,775	11,385,667
Wastewater	-	-	11,566,231	11,756,197	11,566,231	11,756,197
Solid Waste	-	-	7,486,069	7,547,878	7,486,069	7,547,878
Other	-	-	1,089,347	938,355	1,089,347	938,355
Total expenses	98,688,708	98,812,477	248,582,096	249,908,662	347,270,804	348,721,139
Increase (decrease) in net position before transfers	(9,240,130)	(17,566,331)	47,335,609	28,841,576	38,095,479	11,275,245
Net Transfers	13,866,017	15,432,345	(13,866,017)	(15,432,345)	-	-
Increase (decrease) in net position	4,625,887	(2,133,986)	33,469,592	13,409,231	38,095,479	11,275,245
Net position - October 1	113,930,329	116,064,315	420,390,900	406,981,669	534,321,229	523,045,984
Prior period adjustment - OPEB (see Note 1.)	(7,673,573)	-	(4,362,301)	-	(12,035,874)	-
Net position - October 1 as restated	106,256,756	116,064,315	416,028,599	406,981,669	522,285,355	523,045,984
Net position - September 30	\$ 110,882,643	\$ 113,930,329	\$ 449,498,191	\$ 420,390,900	\$ 572,416,708	\$ 534,321,229

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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**Governmental Activities.** Total governmental activities revenues increased in FY 2018 from FY 2017 by \$8,202,432 or 10.1% to \$89,448,578. Several factors contributed to this increase in FY 2018. Property tax revenues increased by \$2,730,494, or 8.7%. Capital grants and contributions increased by \$2,227,792, or 83.8%, due to an increase in aid-in-construction ("AIC") and contributed capital from the Oakmont subdivision developer. Other taxes, including sales taxes, increased \$1,981,928, or 8.4%. This increase is mainly due to sales tax revenue increases in manufacturing, professional services, finance and rentals, wholesale goods, hotels and food services, and oil and gas production activities. During FY 2018, other revenues (including transportation and drainage assessments, investment earnings, and miscellaneous items) increased in total by \$908,410, or 7.4%.

The government-wide presentation of expenses attempts to consolidate all revenues and expenses on a basis similar to a private business. This presentation removes capital spending and principal payments on debt (see note 4 for capital assets of the governmental activities and note 5 for long term debt) and allocates expenses of internal service activities to all related parties. Governmental activities expenses decreased in FY 2018 compared to FY 2017 by \$123,769 to \$98,688,708. The major changes in this category were:

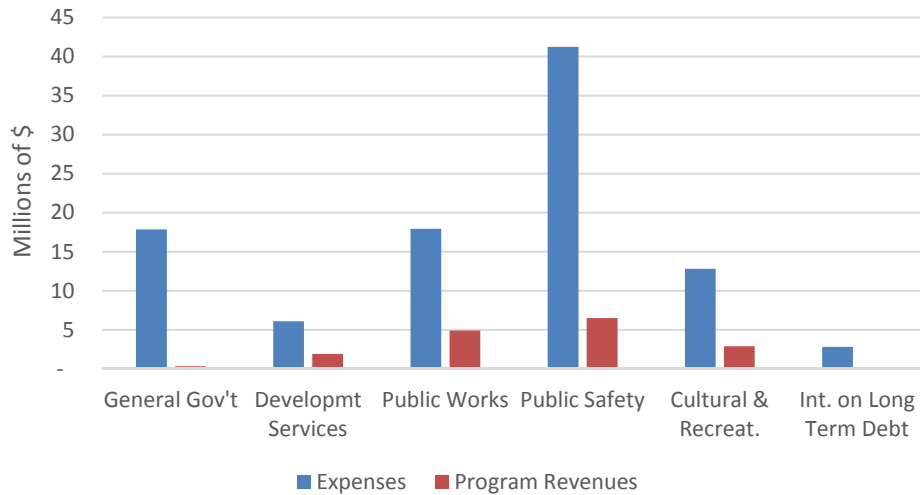
- Development Services expenses decreased \$2,878,526, or 32.1%, in FY 2018 compared to FY 2017. This decrease is due to design costs and contractual expenses in FY 2017 for projects that were funded by FY 2018 bond funds.
- Public Works Services expenses decreased \$2,138,084, or 10.7%, in FY 2018 compared to FY 2017. Completion of streets and drainage projects in the Transportation and Drainage funds in FY 2017 accounted for the majority of this decrease.
- Offsetting the decreases discussed above were increases in Public Safety and Cultural and Recreational expenses in FY 2018 when compared to FY 2017. Public Safety increases of \$1,475,922, or 3.7%, were primarily related to increases in salaries and benefits for added police officers and equipment and supplies for both police and fire. Cultural and Recreational expenses increased \$2,972,135, or 30.2%, due to design work and contractual services for new park design for Sienna Park and the to-be-named regional park, purchases of golf equipment and maintenance for the new City Course at Phillips Event Center, as well as increased Hotel Occupancy Tax expenditures for funded agencies and events including repairs to Travis Park (Bomber's Baseball Stadium).

# City of Bryan, Texas

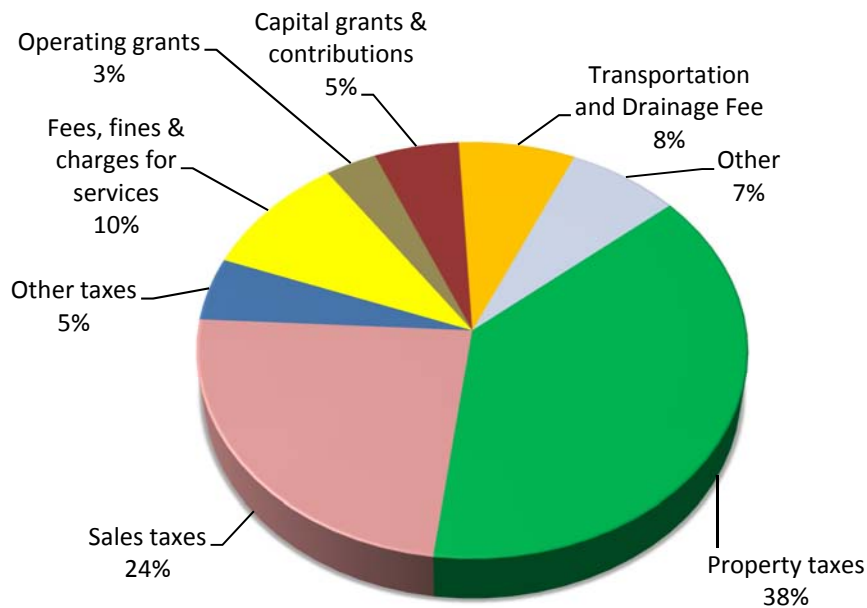
Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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## Expenses and Program Revenues - Governmental Activities



## Revenues by Source - Governmental Activities

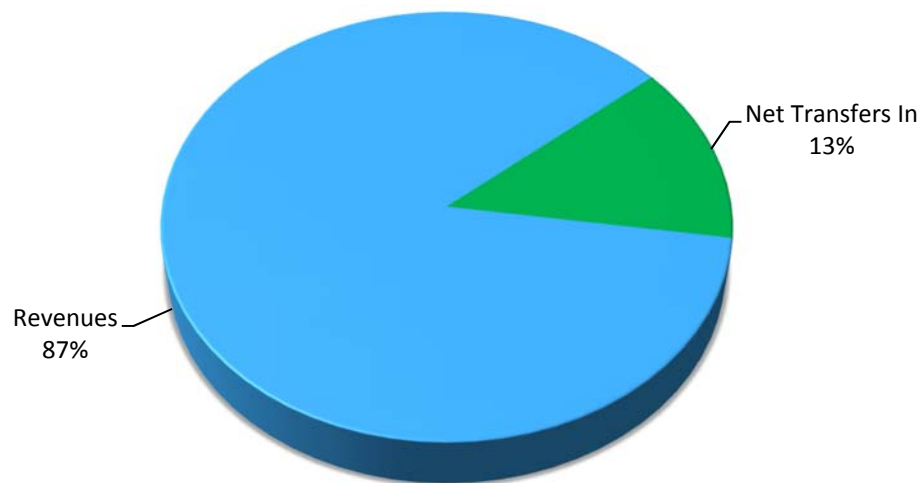


## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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### All Governmental Resources



**Business-type Activities.** Business-type activities net position increased by \$33,469,592, or 8.0%, to \$449,498,191 in FY 2018. Charges for services for business-type activities increased \$17,877,389, or 6.6%, to \$288,588,619, while expenses decreased \$1,326,566, or 0.5%, to \$248,582,096. Key elements of the variances are as follows:

- For the City and Rural Electric Systems, combined charges for services for FY 2018 and FY 2017 were \$248,018,345 and \$234,288,951, respectively, an increase of 5.9%. The increase in revenues for City and Rural Electric are primarily due to customer growth and higher fuel and purchased power costs which increased fuel revenues during the fiscal year ended September 30, 2018. Combined City and Rural Electric expenses for FY 2018 and FY 2017 were \$217,152,674 and \$218,280,565 respectively, a decrease of 0.5%. Combined net position for the electric systems at September 30, 2018 was \$262,878,926 of which \$71,830,259 is available to meet ongoing obligations.
- Water system charges for services showed an increase in FY 2018 of \$585,978, or 4.4%, to \$14,014,033 primarily due to higher than expected commercial water sales to Wixon Water in FY 2018. Water system expenses decreased by \$97,892, or 0.9% in FY 2018. This decrease from FY 2017 levels is primarily due to the timing of system maintenance projects and vacancies early in FY 2018. FY 2018 ending net position for the Water system was \$71,217,814, of which \$8,003,644 is available to meet ongoing obligations.
- FY 2018 ending net position for the Wastewater system was \$77,275,869, of which \$10,229,717 was available to meet ongoing obligations. Wastewater system charges for services increased by

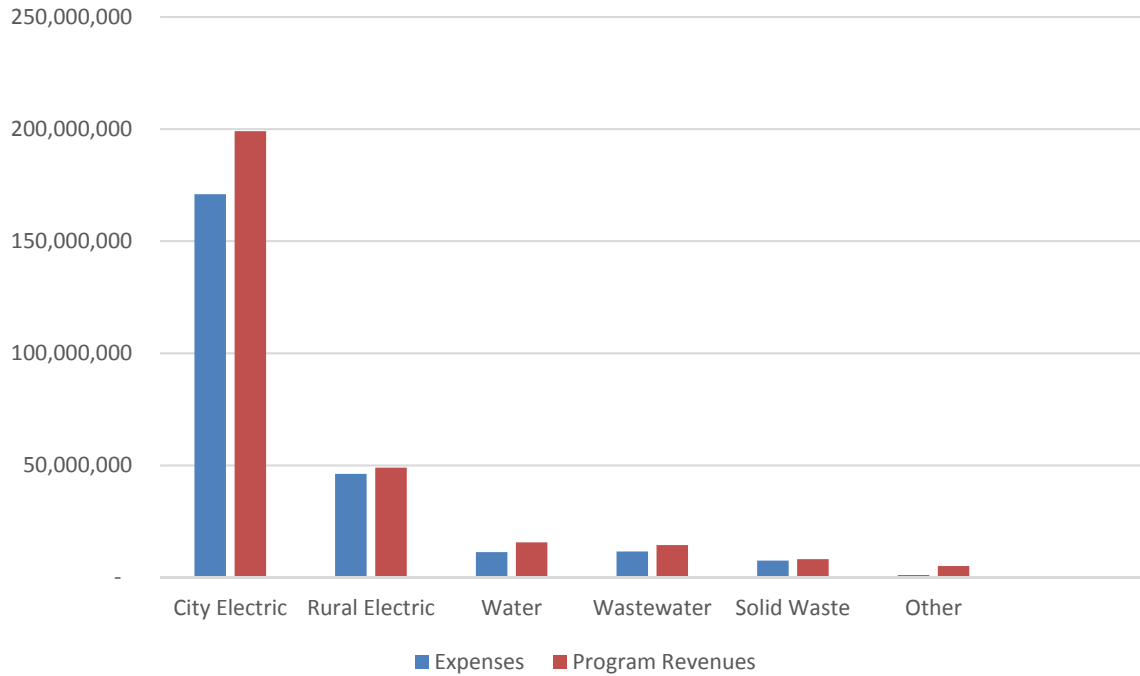
# City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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\$231,499 or 1.8%. Expenses for FY 2018 were \$11,566,231, a decrease from FY 2017 of \$189,966 or 1.6%. This decrease is primarily due to vacancies, timing of maintenance projects, and lower than projected allowances for doubtful accounts.

## Expenses and Program Revenues Business Type Activities

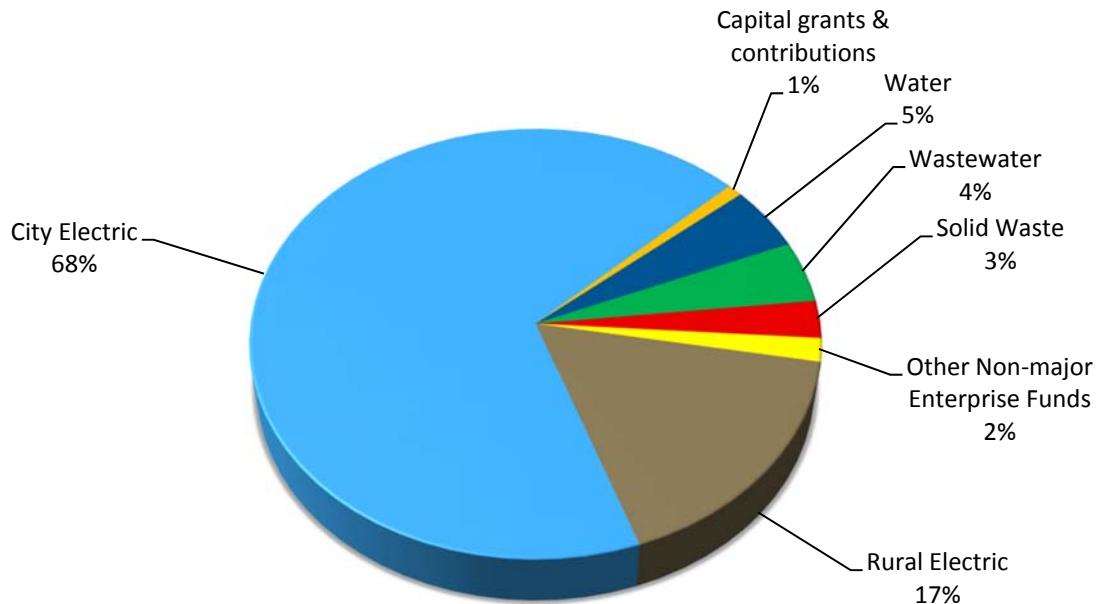


## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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### Revenues by Source: Business-Type Activities



#### Financial Analysis of the City's Funds

As noted earlier, the City of Bryan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements can be found starting on page 124 of this report.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the City'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.

**General Fund.** The General Fund is the primary governmental fund of the City of Bryan. The fund balance of the General Fund increased by \$512,785 during FY 2018 compared to a decrease of \$5,588,566 in FY 2017. Revenues of the fund increased \$4,200,144 and expenditures increased by \$540,960 during FY 2018. Expenditures were in excess of revenues by \$15,112,476. FY 2018 transfers in and out of the fund netted \$15,623,704. Increases in expenditures in FY 2018 are primarily for cultural and recreational activities including parks and libraries, public safety, and general government and administration. These increases were offset by decreases in development services and capital spending. More detailed General Fund budgetary highlights are discussed below under the "General Fund Budgetary Highlights" section. Some items to note in the General Fund are:

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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- Property tax revenues to the General Fund increased by \$2,139,371, or 10.6%, to \$22,261,017 due to new properties and an increase in property values on existing property. Additionally, the Debt Service Fund requirement for debt service decreased from FY 2017 to FY 2018 which resulted in a higher proportion of the tax rate to be allocated to the General Fund.
- Sales tax revenues increased by \$1,681,514, or 8.6%, due to increased activity in the oil and gas production industry.
- Capital outlay expenditures decreased significantly in FY 2018 by \$1,913,826 or, 29.5%, primarily due to parks and other projects that were completed in FY 2017. Additional decreases were seen in capital purchases of vehicles for the City's fleet including public safety vehicles.
- Cultural and recreational expenses increased by \$1,904,007, or 25.4%, due to design work and contractual services for new park design for Sienna Park and the to-be-named regional park, and purchases of golf equipment and maintenance for the new City Course at Phillips Event Center.
- Public safety non capital expenditures increased in FY 2018 by \$1,466,983, or 4.0%. This was mainly due to salaries and benefits increasing by \$1,651,831. Increases in salary and benefits are due to merit pool increases as well as the additions of three (3) Police personnel and salary increases for Fire personnel.
- General governmental and administration expenditures increased \$961,274, or 6.0%, due to increases in salaries and benefits in Economic Development and Executive, maintenance and services for in Economic Development and Information Technology ("IT"), and contractual services in Economic Development and IT.

**Debt Service Fund.** The Debt Service Fund ended the fiscal year with a total fund balance of \$5,827,239 compared to \$5,928,427 at the end of FY 2017. This fund balance is restricted for the payment of debt. Tax revenues in the Debt Service Fund decreased by \$208,592, or 2.6%, to \$7,882,596. As mentioned above, the debt service requirements of the fund decreased and lower property tax revenues were required to service the debt. As a result, a lower proportion of the tax rate was allocated to the Debt Service Fund. Debt service payments from the fund totaled \$10,437,641. Additional debt service is supported by transfers from TIRZ 10, TIRZ 19, and TIRZ 22 of \$1,879,222.

**Other Governmental Funds.** The Other Governmental Funds include the Special Revenue Funds, Capital Project Funds, and Permanent Funds. The total fund balance in Other Governmental Funds increased in FY 2018 compared to FY 2017 by \$2,150,143, or 9.1% to \$25,703,671. This is primarily due to unspent bond proceeds from the Series 2018 bonds.

**Special Revenue Funds.** The City's special revenue funds include the Grant Fund, Community Development fund, Hotel and Motel Tax fund, the Oil and Gas Fund, the Capital Reserve Fund, the Sidewalks fund, the Court Technology fund, Tax Increment Reinvestment Zones (TIRZ), and two special assessment funds (Street and Drainage Improvement Funds). The fund balances in the special revenue funds decreased by \$316,267, or 1.7%, in FY 2018.

- The Community Development Fund provides programs and services to low and moderate income persons. The most significant expense is \$1,074,499 spent on the various housing programs funded by state, local, and federal grants.

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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- Hotel Tax Revenues, including interest income, for FY 2018 were \$1,766,307. Expenditures total \$1,400,153. These funds primarily go to fund outside agencies who promote the hotel and tourism industries in Bryan, TX.
- The Oil and Gas fund was established to account for revenues associated with oil and gas property taxes and lease and royalty payments to the City. Revenues for FY 2018 were \$584,475 made up primarily of property tax revenues and royalty payments. Ending fund balance for FY 2018 was \$1,188,404. There were no expenditures in this fund during FY 2018.
- The Capital Reserve fund was established to account for one-time revenues, specifically land sales in the Traditions development. These one-time revenues should be used for one-time expenditures per the establishing ordinance. Total transfers in during FY 2018 total \$105,347 for land sales occurring in FY 2018. There were no expenditures in FY 2018. Total ending fund balance for FY 2018 is \$3,428,914.
- The Street Improvement Fund expenditures total \$7,441,454 on street maintenance and capital projects. The ending fund balance for FY 2018 was \$6,290,734, which is a decrease from FY 2017 totals of \$8,111,108. Fund balance in this fund is committed for street improvement projects at the end of FY 2018.
- The Drainage Improvement Fund expenditures totaled \$566,916 in FY 2018 on drainage projects throughout the City. Ending fund balance was \$3,310,765, which is committed or encumbered for drainage projects at the end of FY 2018.

**Capital Projects Funds.** In FY 2018, the 2018 Certificate of Obligation Fund was established with the issuance of Series 2018 Certificates of Obligation. Bonds issued in the amount of \$11,965,000, along with issuer premiums in the amount of \$359,538, total \$12,324,538 in available funding for CIP projects. The total expenditures from Capital Projects Funds for FY 2018 were \$8,817,128. The fund balance in the Capital Project Funds is \$6,661,659, an increase of \$2,400,516 from FY 2017. This increase in fund balance is due to unspent bond funds at the end of FY 2018. The entirety of the fund balance is either available for capital projects or encumbered for capital projects.

**Permanent Funds.** Expenditures from the permanent funds come from spendable revenue generated by non-spendable donations in the form of interest earnings. In FY 2018 there were no expenses from the permanent funds. The Permanent Funds fund balance increased by \$65,894 to \$1,094,401 due to investment earnings of \$8,838 and contributions of \$57,056. Non-spendable ending fund balances totaled \$1,051,295 for FY 2018. Spendable ending fund balances restricted for cemeteries was \$38,989 and spendable ending fund balances for libraries was \$4,117. These spendable fund balances are restricted to their stated purposes.

**Proprietary Funds.** The City of Bryan's Proprietary Funds are used to track the enterprise and internal service activities of the City. Detailed information regarding these activities is captured in the Business-Type activities in the Government Wide financial statements and is discussed above.

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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### General Fund Budgetary Highlights

General Fund revenues are mainly derived from taxes, charges for services, fines, and grants. Other miscellaneous, non-operating revenues are derived from items such as one time sales of capital assets and other items. Property taxes in the General Fund are derived from the maintenance and operations portion of the tax rate ("M&O rate"). The M&O rate in effect during FY 2018 was \$0.464587 per \$100 of valuation. The adopted tax rate for FY 2017 was \$0.629990 per \$100 of valuation. The remainder of the tax rate is used to fund the City's debt service and is called the interest and sinking fund rate ("I&S rate"). The I&S rate for FY 2018 was \$0.165403 per \$100 of valuation.

Total General Fund revenues for FY 2018 were \$58,648,634 and were \$3,983,902, or 7.3%, over budget and \$4,200,044, or 7.7%, more than revenues in FY 2017. Tax revenues for the General Fund include property tax, sales tax, franchise tax, bingo tax, and alcoholic beverage tax. General Fund tax revenues were 78.7% of total General Fund revenues in FY 2018 and totaled \$46,151,848. Items to note regarding General Fund tax revenues for FY 2018 are:

- FY 2018 General Fund property tax revenues were \$22,261,017 and \$109,587, or 0.5%, below budget. Property tax revenues for FY 2018 were \$2,139,371, or 10.6%, above FY 2017 totals.
- Sales taxes were \$22,261,017 and \$990,648, or 4.9%, above budget in FY 2018. Compared to FY 2017 revenues, FY 2018 sales taxes were up by \$1,681,514, or 8.6%.
- Franchise tax revenues for FY 2018 were \$2,230,544 and \$154,544, or 7.3%, above budget for FY 2018. Franchise tax revenues were \$51,341, or 2.4%, above FY 2017 revenues.

Charges for services in the General Fund include ambulance charges, recreational charges, health and public safety fees, and other miscellaneous charges. Charges for services make up 10.0% of General Fund total revenues in FY 2018. Some notable items in this category are:

- Ambulance charges in FY 2018 were \$2,684,415 and \$746,415, or 38.5%, over budget. In FY 2018 there was an increase of \$233,690, or 9.5% over FY 2017 revenues in this category. This increase in revenue is primarily due to increased transports during the year as well as increases in charges for medical equipment and supplies. The budget for this category is conservatively projected based on the variable nature of collections and this accounts for the large budget variance.
- Revenues for recreational activities were \$1,720,765 and \$436,365, or 34.0%, over budget in FY 2018. Compared to FY 2017 revenues, FY 2018 saw an increase of \$51,785, or 3.1%. Parkland dedication fees accounted for the majority of the variance in this category. Residential development continued to grow during FY 2018 and resulted in an increase in this category. Continuing education and recreational classes also saw a significant increase in FY 2018. Unbudgeted revenues for Games of Texas also contributed to the budget variance.
- Health and public safety revenues were \$1,153,315 and \$223,732, or 24.1%, over budget for FY 2018. The City of Bryan provides ambulance services for Brazos County on a contractual basis. The revenues for this contract were higher than budgeted for FY 2018. Additionally, the City of Bryan provides school resource officers to Bryan ISD. The revenues for this program were higher than projected for FY 2018.

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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Other categories of note for General Fund revenues include fines and court charges, licenses and permits, grants, investment earnings, and other revenues. Items to note in these categories are as follows:

- Fines and court charges of \$1,731,098 were \$253,998, or 17.2%, over budget in FY 2018 and were consistent with FY 2017. The number of citations issued has remained steady. Fines and court charges are conservatively projected based on the variable nature of collections and the frequency of citations being issued. However, citations are still below historical averages.
- Licenses and permit revenues for FY 2018 were \$976,345 and were \$203,326, or 26.3%, over budget. Totals for this category in FY 2017 were \$59,864, or 6.5%, above FY 2017 revenues. Residential and commercial permits remained steady during FY 2018 compared to FY 2017 and construction continues to remain higher than historical levels.
- Other revenues of \$2,171,515 were \$717,187, or 49.3% over budget during FY 2018 but were \$222,539, or 9.3%, below FY 2017 revenues. During FY 2018 the City collected revenues from the Texas Ambulance Supplemental Payment Program which is a federally funded program that provides supplemental, partial payment for unpaid ambulance transports. These funds are unbudgeted every year as the continuation of this federally funded program is uncertain.

Total General Fund operating expenditures are broken down into major categories in the accompanying required supplementary section of the report beginning on page 118. General fund activities are broken down into the following main categories:

- General Government and Administrative – This category includes Executive, City Secretary, Legal Services, Fiscal Services, Information Technology, Human Resources, and other administrative departments that serve the City.
- Development Services – This category includes Planning, Engineering, Building, and Special Projects.
- Public Works Services – Includes Drainage and Streets and Traffic Operations.
- Public Safety – Police, Fire and EMS, the Municipal Court, and the City of Bryan Animal Center/Control are included in this category.
- Cultural and Recreational – Includes the golf course, parks and recreation services, and the libraries.
- Other General Fund activities include capital expenditures, administrative reimbursements, and transfers in and out.

General Fund expenditures, including capital purchases, for the year totaled \$73,761,110 and were \$1,038,542, or 1.4%, under budget. Compared to FY 2017, expenditures were up by \$540,960, or 0.7%, during FY 2018. Increases in salaries and benefits for public safety accounted for an increase in General Fund spending. These increases were offset by decreases in capital projects and contractual services in Engineering.

Total general government and administrative expenditures were \$17,027,321 and were \$239,298, or 1.4%, under budget for FY 2018. This category makes up 23.1% of total FY 2018 General Fund expenditures. Some notable budget variances in this category are as follows:

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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- The City Secretary department was below budget by \$166,947, or 15.3%, due primarily to lower than expected council services costs and lower than expected election costs.
- Payments to other agencies were over budget by \$204,875, or 5.3%, due to miscellaneous expenditures and unbudgeted transfers to other departments.
- Information Technology was over budget by \$160,653, or 5.0%, due to maintenance costs that were higher than projected.
- Fleet services was below budget by \$197,875, or 23.1%, due to staff vacancies.

Development services finished FY 2018 below budget by \$460,969, or 10.3%. Expenditure totals in this category were \$3,994,057 and made up 5.4% of total General Fund expenditures for FY 2018. Notable budget variances in this category include Engineering which was \$236,413 or 13.1%, under budget for FY 2018. This variance is primarily due to staff vacancies and the timing of contractual services associated with capital projects. Planning was under budget by \$228,792, or 10.9%, due to the timing contractual services associated with an annexation study.

Public Works services total expenditures for FY 2018 were \$3,831,721 and made up 5.2% of total General Fund expenditures for the year. Overall Public Works was \$222,808, or 6.2%, over budget due to mowing contracts that were not budgeted.

Public Safety expenditures for FY 2018 were \$38,275,438 and were on budget for the year. Public safety accounts for 51.9% of all General Fund expenditures in FY 2018.

Cultural and recreational services expenditures for FY 2018 total \$9,411,660 and were \$1,310,306, or 16.2%, over budget for the year. Funds budgeted as capital expenditures were reclassified as operations and maintenance. Capital expenditures for the General Fund are \$1,874,454, or 29.1% under budget offsetting this variance in cultural and recreational services. Library, Parks and Recreation, and the Golf Course make up 12.8% of total General Fund expenditures in FY 2018.

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

### Capital Asset and Debt Administration

**Capital Assets.** The City of Bryan's investment in capital assets for its governmental and business-type activities as of September 30, 2018 was \$772,359,579 (net of accumulated depreciation), an increase of \$19,376,456 or 2.6%. This investment in capital assets includes land, park facilities, buildings and system improvements, machinery and equipment, street and drainage systems, and construction in progress.

Capital Assets for FY 2018 included the following:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 12,379,528	\$ 11,685,224	\$ 16,950,842	\$ 16,405,276	\$ 29,330,370	\$ 28,090,500
Buildings	29,633,690	22,682,622	19,303,435	17,908,065	48,937,125	40,590,687
Equipment	9,609,941	8,125,744	5,684,164	5,771,052	15,294,105	13,896,796
Improvements	13,451,189	14,011,168	533,732,372	519,010,949	547,183,561	533,022,117
Infrastructure	86,391,541	88,445,143	-	-	86,391,541	88,445,143
Construction in Progress	17,805,279	17,017,486	27,285,091	31,702,740	45,090,370	48,720,226
Retirement in Progress	-	-	132,507	217,654	132,507	217,654
Total	<u>\$ 169,271,168</u>	<u>\$ 161,967,387</u>	<u>\$ 603,088,411</u>	<u>\$ 591,015,736</u>	<u>\$ 772,359,579</u>	<u>\$ 752,983,123</u>

\*Note: Net of accumulated depreciation. See Note 4.

Additional information on the City's capital assets can be found in Note 4 to the financial statements on pages 68-69 of this report.

**Long-term Debt.** At the end of FY 2018, the City of Bryan had total debt outstanding of \$405,518,644 net of premiums and discounts. Of this amount, \$133,065,001 (general obligation bonds and certificates of obligation net of premiums and discounts) comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured by specified revenue sources (revenue bonds).

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bond	\$ 41,616,822	\$ 40,918,353	\$ 11,113,178	\$ 12,576,647	\$ 52,730,000	\$ 53,495,000
Revenue bonds	-	-	245,190,000	255,715,000	245,190,000	255,715,000
Certificates of obligation	40,245,000	36,975,000	40,090,000	42,395,000	80,335,000	79,370,000
Premium (discount)	1,968,768	1,463,381	25,294,876	27,081,790	27,263,644	28,545,171
Total, net	<u>\$ 83,830,590</u>	<u>\$ 79,356,734</u>	<u>\$ 321,688,054</u>	<u>\$ 337,768,437</u>	<u>\$ 405,518,644</u>	<u>\$ 417,125,171</u>

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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During FY 2018, the City's total debt decreased by \$11,606,527 or 2.8%. The City retired or refunded \$28,555,000 of outstanding debt. The City issued new and refunding debt totaling \$18,886,371 including original issue premiums.

The City's General Obligation, Certificates of Obligation and Revenue bond ratings are listed below.

	Moody's <u>Investors Service</u>	Standard & Poor's	Fitch
General Obligation Bonds	Aa2	AA	NR
Certificates of Obligation	Aa2	AA	NR
Revenue Bonds - Waterworks and Sewer	Aa2	AA	NR
Revenue Bonds - City Electric	NR	A+	AA-
Revenue Bonds - Rural Electric	NR	AA-	AA-

In November 2018 Standard and Poor's upgraded BTU Rural Electric's bond rating from A+ to AA-. At the same time, Fitch upgraded both BTU City and Rural Electric from A+ to AA-.

Additional information on the City's long-term debt can be found in Note 5 to the financial statements on pages 70-74 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

Bryan continued its strong growth trajectory during FY 2018, realizing increases in property values and increases in sales tax revenues which positively impacted the City's governmental funds. Bryan and neighboring College Station are the economic center of the region comprised of Brazos County and the surrounding seven counties. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: higher education, government and health care. Six of the top ten employers in the area fall into these classifications.

Ad valorem property taxes comprised approximately 38.0% of General Fund revenues in FY 2018. FY 2019 budgeted General Fund property tax revenues increased 12.2% from FY 2018 bolstered by continued growth in Bryan and the surrounding area. Lower debt service requirements in the Debt Service Fund led to a higher M&O rate which also increased General Fund revenues. FY 2019 sales tax revenue is budgeted to increase by 1.4% when compared to FY 2018 actual sales tax revenue. This reflects the moderate approach the City has taken in projecting sales tax revenue based on historical trends. Thus far in FY 2019, actual sales tax receipts are slightly over budget. Actual sales tax receipts for the first three (3) months of FY 2019 are \$5,678,522, and are \$135,626, or 2.4%, over budget. While the City still expects some moderation in retail activities, any slowdown should be cushioned by the areas economic base previously described. As always, staff continues its efforts to hold the line on operating costs.

## City of Bryan, Texas

Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2018

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Revenues for the entire electric system for FY 2019 are budgeted to be \$238,706,707, which is an increase of \$162,156, or less than 0.1%, in FY 2019 versus the FY 2018 adopted budget. FY 2019 budgeted electric expenditures are projected to be \$245,511,781, which is an increase of \$23,250,815 or 10.5% from the FY 2018 budget. This increase in expenditures is primarily due to increases in debt service payments due to BTU's final TMPA generation related debt.

Revenues budgeted for the Water Fund for FY 2019 are \$13,559,862, and are \$505,362, or 3.9%, higher than FY 2018 budgeted revenues. The Water Fund has budgeted an increase in operating expenditures for FY 2019 compared to the FY 2018 budget of \$191,667, or 2.7%, to \$7,265,887. Total expenditures for the Water Fund, including debt service and capital expenditures, is budgeted to increase by \$1,132,342, or 8.3%. This increase is attributable to higher cash-funded capital purchases projected in FY 2019.

The Wastewater Fund budget for FY 2019 shows operating revenues of \$13,087,800, which is \$90,600 or 0.7% higher than the FY 2018 budget. Budgeted operating expenditures for FY 2019 are \$7,244,886 which is \$94,671 or 1.3% above the FY 2018 budget. Total expenditures including capital projects and debt service are projected to increase during FY 2019 by \$1,195,863, or 7.5%. This increase is attributable to higher cash-funded capital purchases projected in FY 2019.

The Solid Waste Fund budget for FY 2019 shows total revenues of \$8,355,970. This is a \$169,936, or 2.1%, increase from the FY 2018 budget. The FY 2019 budgeted operating expenditures are projected to be \$5,881,673, which is an increase of \$355,713, or 6.4% from the FY 2018 budget. This increase is due to the planned purchase of route optimization software. Total expenditures are budgeted for \$8,355,603 in FY 2019 which is a \$201,380, or 2.4%, decrease from FY 2018. This is primarily due to capital expenditure decreases resulting from the purchase of new Solid Waste trucks in FY 2018 when compared to FY 2019.

### Requests for Information

This financial report is designed to provide a general overview of the City of Bryan's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Bryan, Fiscal Services Department, Attention: Chief Financial Officer, P.O. Box 1000, Bryan, Texas 77805-1000 or visit our website at <http://www.bryantx.gov>.



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**CITY OF BRYAN, TEXAS**  
Statement of Net Position  
As of September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bryan Business Council, Inc.
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 9,551,400	\$ 41,416,359	\$ 50,967,759	\$ 2,113,525
Investments	49,646,363	73,829,161	123,475,524	-
Receivables:				
Accounts	8,567,403	25,829,181	34,396,584	-
Less allowance for uncollectible	(6,327,611)	(695,108)	(7,022,719)	-
Property taxes	1,375,855	-	1,375,855	-
Less allowance for uncollectible	(1,201,711)	-	(1,201,711)	-
Sales taxes	3,709,844	-	3,709,844	-
Grants	192,690	-	192,690	-
Interest	238,456	562,122	800,578	-
Internal balances	2,156,766	(2,156,766)	-	-
Inventories	236,908	5,690,336	5,927,244	-
Prepaid and other assets	51,707	1,027,027	1,078,734	1,477
Total current assets	<u>68,198,070</u>	<u>145,502,312</u>	<u>213,700,382</u>	<u>2,115,002</u>
Noncurrent assets:				
Receivables:				
Notes	3,448,616	-	3,448,616	-
Restricted assets:				
Cash and cash equivalents	-	5,072,275	5,072,275	-
Investments	1,051,295	55,847,284	56,898,579	-
Investment in BVSWMA	-	17,261,243	17,261,243	-
Investment in Economic Development Foundation	4,367,214	-	4,367,214	-
Capital assets:				
Land	12,379,528	16,950,842	29,330,370	1,130,870
Buildings	47,118,890	22,837,105	69,955,995	194,499
Improvements other than buildings	40,597,017	836,862,856	877,459,873	11,748
Machinery and equipment	37,932,863	17,250,364	55,183,227	1,230
Infrastructure	199,619,911	-	199,619,911	-
Construction in progress	17,805,279	27,285,091	45,090,370	-
Retirement in progress	-	132,507	132,507	-
Less accumulated depreciation	(186,182,320)	(318,230,354)	(504,412,674)	(127,011)
Total capital assets	<u>169,271,168</u>	<u>603,088,411</u>	<u>772,359,579</u>	<u>1,211,336</u>
Total noncurrent assets	<u>178,138,293</u>	<u>681,269,213</u>	<u>859,407,506</u>	<u>1,211,336</u>
Total assets	<u>\$ 246,336,363</u>	<u>\$ 826,771,525</u>	<u>\$ 1,073,107,888</u>	<u>\$ 3,326,338</u>
<u>Deferred outflows</u>				
Accumulated decrease in fair value of of hedging derivatives	-	928,054	928,054	-
Pensions	9,987,912	5,641,730	15,629,642	-
Other post-employment benefits	783,375	422,020	1,205,395	-
TMPA regulatory asset	-	5,175,538	5,175,538	-
Unamortized loss on refunded debt	1,245,924	1,019,055	2,264,979	-
Total deferred outflows	<u>\$ 12,017,211</u>	<u>\$ 13,186,397</u>	<u>\$ 25,203,608</u>	<u>\$ -</u>

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

	Primary Government			Component Unit
	Governmental	Business-type	Total	Bryan Business
	Activities	Activities		Council, Inc.
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 2,708,225	\$ 10,301,419	\$ 13,009,644	\$ -
Accrued liabilities and retainage	2,365,722	1,147,681	3,513,403	-
Claims	2,122,372	-	2,122,372	-
Accrued vacation and sick pay	2,441,538	1,171,187	3,612,725	-
Unearned revenue	164,871	266,466	431,337	-
Derivative financial instruments	-	682,072	682,072	-
Accrued interest	373,373	3,796	377,169	-
Payable from restricted assets:				
Accrued liabilities	-	725,815	725,815	-
Accrued interest	-	2,816,062	2,816,062	-
Over recovered fuel	-	6,295,910	6,295,910	-
Over recovered regulatory fee	-	397,689	397,689	-
Bonds payable, net	8,119,203	38,467,704	46,586,907	-
Customer deposits	152,368	5,943,973	6,096,341	-
Total current liabilities	18,447,672	68,219,774	86,667,446	-
Noncurrent liabilities:				
Bonds payable, net	75,711,387	283,220,350	358,931,737	-
Claims	800,067	-	800,067	-
Derivative financial instruments	-	245,982	245,982	-
Net pension liability (NPL)	25,775,510	14,624,451	40,399,961	-
Other post employment benefits (OPEB)	10,317,993	5,531,992	15,849,985	-
Accrued vacation and sick pay	6,601,197	551,147	7,152,344	-
Total noncurrent liabilities	119,206,154	304,173,922	423,380,076	-
Total liabilities	137,653,826	372,393,696	510,047,522	-
<u>Deferred Inflows</u>				
Pensions	9,817,105	5,298,532	15,115,637	-
Deferred regulatory liability	-	12,767,503	12,767,503	-
Total deferred inflows	\$ 9,817,105	\$ 18,066,035	\$ 27,883,140	\$ -
<u>Net Position</u>				
Net investment in capital assets	93,348,161	317,597,463	410,945,624	1,211,336
Restricted for:				
BVSWMA, Inc.	-	17,261,243	17,261,243	-
Economic Development Foundation	4,367,214	-	4,367,214	-
Debt retirement	-	5,530,868	5,530,868	-
Debt service	5,493,201	11,017,453	16,510,654	-
Perpetual care:				
Expendable	43,106	-	43,106	-
Nonexpendable	1,051,295	-	1,051,295	-
Rate stabilization	-	1,704,016	1,704,016	-
Collateral deposits	-	554,036	554,036	-
Noncurrent notes receivable	3,448,616	-	3,448,616	-
Tax abatements	1,490,450	-	1,490,450	-
Police activities	137,524	-	137,524	-
Court activities	288,904	-	288,904	-
Record preservation	86,848	-	86,848	-
TIRZ Development	1,169,520	-	1,169,520	-
Hotel/Motel	2,416,862	-	2,416,862	-
Other purposes	806,018	-	806,018	-
Unrestricted	(3,265,076)	95,833,112	92,568,036	2,115,002
Total net position	\$ 110,882,643	\$ 449,498,191	\$ 560,380,834	\$ 3,326,338

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

**CITY OF BRYAN, TEXAS**

Statement of Activities

For the Fiscal Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position			Component Unit Bryan Business Council, Inc.
		Fees, Fines and Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government and administration	\$ 17,843,501	\$ 318,557	\$ -	\$ -	\$ (17,524,944)	\$ -	\$ (17,524,944)	\$ -
Development services	6,077,939	976,345	917,199	-	(4,184,395)	-	(4,184,395)	-
Public works services	17,923,447	-	-	4,885,776	(13,037,671)	-	(13,037,671)	-
Public safety	41,229,027	5,606,498	888,948	-	(34,733,581)	-	(34,733,581)	-
Cultural and recreational	12,799,663	1,720,765	1,157,774	-	(9,921,124)	-	(9,921,124)	-
Interest on long-term debt	2,815,131	-	-	-	(2,815,131)	-	(2,815,131)	-
Total governmental activities	98,688,708	8,622,165	2,963,921	4,885,776	(82,216,846)	-	(82,216,846)	-
Business-type activities:								
City electric	170,963,238	199,082,844	-	-	-	28,119,606	28,119,606	-
Rural electric	46,189,436	48,935,501	-	-	-	2,746,065	2,746,065	-
Water	11,287,775	14,014,033	-	1,631,597	-	4,357,855	4,357,855	-
Wastewater	11,566,231	13,343,497	-	1,077,840	-	2,855,106	2,855,106	-
Solid waste	7,486,069	8,121,225	-	-	-	635,156	635,156	-
Other nonmajor enterprise funds	1,089,347	5,091,519	-	-	-	4,002,172	4,002,172	-
Total business-type activities	248,582,096	288,588,619	-	2,709,437	-	42,715,960	42,715,960	-
Total primary government	\$ 347,270,804	\$ 297,210,784	\$ 2,963,921	\$ 7,595,213	\$ (82,216,846)	\$ 42,715,960	\$ (39,500,886)	\$ -
Component unit:								
Bryan Business Council, Inc.	\$ 88,614	\$ -	\$ 150,008	\$ -	\$ -	\$ -	\$ -	\$ 61,394
General revenues:								
Property taxes					\$ 34,140,282	\$ -	\$ 34,140,282	\$ -
Sales taxes					21,290,148	-	21,290,148	-
Franchise taxes					2,230,544	-	2,230,544	-
Alcoholic beverage taxes					161,631	-	161,631	-
Bingo taxes					208,508	-	208,508	-
Hotel occupancy taxes					1,748,501	-	1,748,501	-
Transportation and drainage assessments					6,721,956	-	6,721,956	-
Unrestricted investment earnings					639,513	1,174,531	1,814,044	-
Miscellaneous					5,835,633	3,445,118	9,280,751	-
Transfers (net)					13,866,017	(13,866,017)	-	-
Total general revenues and transfers					86,842,733	(9,246,368)	77,596,365	-
Change in net position					4,625,887	33,469,592	38,095,479	61,394
Net position, October 1, 2017					113,930,329	420,390,900	534,321,229	3,264,944
Prior period adjustment-OPEB (See note 1.)					(7,673,573)	(4,362,301)	(12,035,874)	-
Net position, October 1, 2017, as restated					106,256,756	416,028,599	522,285,355	3,264,944
Net position, September 30, 2018					\$ 110,882,643	\$ 449,498,191	\$ 560,380,834	\$ 3,326,338

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



**CITY OF BRYAN**  
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**CITY OF BRYAN, TEXAS**

Balance Sheet

Governmental Funds

As of September 30, 2018

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 3,998,744	\$ 362,027	\$ 4,323,108	\$ 8,683,879
Investments	21,315,119	1,941,936	23,189,463	46,446,518
Receivables:				
Accounts	7,583,956	-	670,256	8,254,212
Less allowance for uncollectible	(6,273,789)	-	(53,822)	(6,327,611)
Property taxes	984,528	391,327	-	1,375,855
Less allowance for uncollectible	(856,105)	(345,606)	-	(1,201,711)
Sales taxes	3,709,844	-	-	3,709,844
Assessments	-	-	-	-
Grants	-	-	192,690	192,690
Interest	100,199	9,138	109,114	218,451
Notes	13,616	3,435,000	-	3,448,616
Due from other funds	884,881	72,752	496,520	1,454,153
Prepaid and other assets	50,082	-	1,625	51,707
Total assets	<u>\$ 31,511,075</u>	<u>\$ 5,866,574</u>	<u>\$ 28,928,954</u>	<u>\$ 66,306,603</u>
<u>Liabilities, Deferred Inflows, and Fund Balances</u>				
Liabilities:				
Accounts payable	920,084	-	1,508,312	2,428,396
Accrued liabilities	1,512,486	-	20,254	1,532,740
Retainage payable	230,984	-	585,950	816,934
Due to other funds	106,379	-	945,896	1,052,275
Customer deposits	152,368	-	-	152,368
Total liabilities	<u>2,922,301</u>	<u>-</u>	<u>3,060,412</u>	<u>5,982,713</u>
Deferred inflows:				
Deferred property taxes	111,507	39,335	-	150,842
Other deferred revenue	-	-	164,871	164,871
Total deferred inflows	<u>111,507</u>	<u>39,335</u>	<u>164,871</u>	<u>315,713</u>
Fund balances:				
Nonspendable	63,713	-	1,051,295	1,115,008
Restricted	2,606,587	5,827,239	10,451,531	18,885,357
Committed	3,511,715	-	14,223,291	17,735,006
Assigned	3,237,201	-	-	3,237,201
Unassigned	19,058,051	-	(22,446)	19,035,605
Total fund balances	<u>28,477,267</u>	<u>5,827,239</u>	<u>25,703,671</u>	<u>60,008,177</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 31,511,075</u>	<u>\$ 5,866,574</u>	<u>\$ 28,928,954</u>	<u>\$ 66,306,603</u>

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

**CITY OF BRYAN, TEXAS**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position  
As of September 30, 2018

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Total fund balances - governmental funds \$ 60,008,177

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. (Includes net capital assets of the Internal service funds in the amount of \$88,236). 169,271,168

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 150,842

The City's equity in the Economic Development Foundation is included in the Statement of Net Position but is not included at the fund level. 4,367,214

Internal service funds are used by management to charge the costs of risk management, employee health insurance benefits and central warehousing to individual funds. The assets and liabilities of the internal service funds related to governmental activities are included in the governmental activities in the statement of net position. (Net of amount allocated to business-type activities of \$(1,755,670 and net capital assets in the amount of \$88,236). 4,155,644

Interest payable on long-term debt does not require current financial resources, and therefore, is not reported as a liability in the governmental funds balance sheet. (373,373)

Long-term liabilities and related deferred outflows and inflows including bonds payable, net pension liability, net OPEB liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. These items are detailed below:

General obligation bonds payable	\$ 41,616,823	
Certificates of obligation payable	40,245,000	
Deferred amount on refunding and premium charges on debt	722,843	
Net Pension Liability	25,775,510	
Net other post employment benefits liability	10,317,993	
Deferred amounts on OPEB (net)	(783,375)	
Deferred amounts on pensions (net)	(170,807)	
Accrued vacation and sick leave (Net of internal service fund liability in the amount of \$69,693)	<u>8,973,042</u>	<u>(126,697,029)</u>

Net position of governmental activities \$ 110,882,643

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

**CITY OF BRYAN, TEXAS**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended September 30, 2018

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ 22,261,017	\$ 7,882,596	\$ 3,968,739	\$ 34,112,352
Sales taxes	21,290,148	-	-	21,290,148
Franchise taxes	2,230,544	-	-	2,230,544
Alcoholic beverage taxes	161,631	-	-	161,631
Bingo taxes	208,508	-	-	208,508
Hotel occupancy taxes	-	-	1,748,501	1,748,501
Transportation and drainage assessments	-	-	6,721,956	6,721,956
Charges for services	5,877,052	-	-	5,877,052
Fines and court charges	1,731,098	-	37,670	1,768,768
Licenses and permits	976,345	-	-	976,345
Grants	1,463,165	-	1,500,756	2,963,921
Investment earnings	277,611	79,169	236,921	593,701
Other	2,171,515	402,831	1,393,260	3,967,606
Total revenues	<u>58,648,634</u>	<u>8,364,596</u>	<u>15,607,803</u>	<u>82,621,033</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government and administration	17,027,321	-	-	17,027,321
Development services	3,994,057	-	3,038,183	7,032,240
Public works services	3,831,721	-	7,237,567	11,069,288
Public safety	38,275,438	-	585,062	38,860,500
Cultural and recreational	9,411,660	-	1,390,046	10,801,706
Administrative reimbursement	(3,351,396)	-	-	(3,351,396)
Capital outlay	4,572,309	-	9,619,012	14,191,321
<b>Deferred inflows:</b>				
<b>Debt service:</b>				
Bond and principal retirement	-	7,801,531	-	7,801,531
Interest and fiscal charges	-	2,543,474	-	2,543,474
Debt issuance costs	-	92,636	93,538	186,174
Total expenditures	<u>73,761,110</u>	<u>10,437,641</u>	<u>21,963,408</u>	<u>106,162,159</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(15,112,476)</u>	<u>(2,073,045)</u>	<u>(6,355,605)</u>	<u>(23,541,126)</u>
<b>Other financing sources (uses):</b>				
Sales of capital assets	61,557	-	-	61,557
Transfers in	16,196,215	1,879,222	105,347	18,180,784
Transfers out	(632,511)	-	(3,924,137)	(4,556,648)
Long-term debt issued	-	-	11,965,000	11,965,000
Refunding bonds issued	-	6,265,000	-	6,265,000
Premium on refunding bonds	-	314,046	-	314,046
Premium on long-term debt issued	-	-	359,538	359,538
Payment to refunded bond escrow agent	-	(6,486,411)	-	(6,486,411)
Total other financing sources (uses)	<u>15,625,261</u>	<u>1,971,857</u>	<u>8,505,748</u>	<u>26,102,866</u>
Net change in fund balances	512,785	(101,188)	2,150,143	2,561,740
Fund balances, October 1, 2017	<u>27,964,482</u>	<u>5,928,427</u>	<u>23,553,528</u>	<u>57,446,437</u>
Fund balances, September 30, 2018	<u>\$ 28,477,267</u>	<u>\$ 5,827,239</u>	<u>\$ 25,703,671</u>	<u>\$ 60,008,177</u>

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

**CITY OF BRYAN, TEXAS**
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended September 30, 2018
 

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Net change in fund balances - total governmental funds \$ 2,561,740

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

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 14,191,321

The City's investment in the Economic Development Foundation is reported at the government-wide level but not at the fund level. 218,163

The net effect of various transactions involving capital assets (i.e., sales and contributions) is to increase net position. 4,885,776

Depreciation expense on capital assets reported in the government-wide statement of activities does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (11,747,355)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is detailed below:

Issuance of certificates of obligation	(11,965,000)
General obligation refunding bonds issued	(6,265,000)
Payment to refunded bond escrow agent	6,486,411
Premium and deferred loss amount on refunding bond	(673,584)
Debt principal repayments	7,801,531

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. (1,406,479)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. (85,483)

Some property taxes will not be collected for several months after the City's fiscal year end, and are not considered "available" revenues in the governmental funds. 150,842

Some revenues reported in the governmental funds were earned in prior periods; and therefore, are not reported in the government-wide statement of activities. (122,911)

Internal service funds are used by management to charge the costs of risk management, employee health insurance benefits and central warehousing to individual funds. The net revenue of the internal service funds related to governmental activities is reported with governmental activities (net of amount allocated to business-type activities of (\$373,517)). 595,915

Change in net position of governmental activities. \$ 4,625,887

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

CITY OF BRYAN, TEXAS  
Statement of Net Position  
Proprietary Funds  
As of September 30, 2018

	Business-type Activities - Enterprise Funds						Governmental
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<u>Assets</u>							
Current assets:							
Cash and cash equivalents	\$ 26,684,914	\$ 10,171,605	\$ 1,264,092	\$ 1,817,549	\$ 1,478,199	\$ 41,416,359	\$ 867,521
Investments	46,023,154	3,347,810	6,780,678	9,749,455	7,928,064	73,829,161	4,251,140
Accounts receivable	16,964,416	5,043,116	1,791,323	1,388,026	642,300	25,829,181	313,191
Less allowance for uncollectible	(401,506)	(90,226)	(77,960)	(82,496)	(42,920)	(695,108)	-
Interest receivable	432,837	-	42,547	49,223	37,515	562,122	20,005
Inventories	5,237,663	-	430,803	-	21,870	5,690,336	236,908
Due from other funds	7,900,138	-	410,288	268,624	161,849	8,740,899	288
Prepaid and other assets	1,027,027	-	-	-	-	1,027,027	-
Total current assets	<u>103,868,643</u>	<u>18,472,305</u>	<u>10,641,771</u>	<u>13,190,381</u>	<u>10,226,877</u>	<u>156,399,977</u>	<u>5,689,053</u>
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	554,036	-	3,021,361	1,488,721	8,157	5,072,275	-
Investments	48,266,446	4,552,080	2,267,795	717,126	43,837	55,847,284	-
Investment in BVSWMA	-	-	-	-	17,261,243	17,261,243	-
Capital assets:							
Land	6,031,481	115,524	703,060	397,678	9,703,099	16,950,842	-
Buildings	-	-	308,930	19,868,088	2,660,087	22,837,105	23,420
Equipment	-	-	3,334,087	4,891,346	9,024,931	17,250,364	114,453
Improvements other than buildings	478,446,964	116,232,656	126,226,378	111,879,940	4,076,918	836,862,856	188,658
Construction in progress	18,078,015	648,187	2,954,058	5,519,331	85,500	27,285,091	-
Retirement in progress	132,507	-	-	-	-	132,507	-
Less accumulated depreciation	(173,991,680)	(35,547,709)	(46,929,771)	(52,384,459)	(9,376,735)	(318,230,354)	(238,295)
Total capital assets (net of accumulated depreciation)	<u>328,697,287</u>	<u>81,448,658</u>	<u>86,596,742</u>	<u>90,171,924</u>	<u>16,173,800</u>	<u>603,088,411</u>	<u>88,236</u>
Total noncurrent assets	<u>377,517,769</u>	<u>86,000,738</u>	<u>91,885,898</u>	<u>92,377,771</u>	<u>33,487,037</u>	<u>681,269,213</u>	<u>88,236</u>
Total assets	<u>\$ 481,386,412</u>	<u>\$ 104,473,043</u>	<u>\$ 102,527,669</u>	<u>\$ 105,568,152</u>	<u>\$ 43,713,914</u>	<u>\$ 837,669,190</u>	<u>\$ 5,777,289</u>
<u>Deferred outflows</u>							
Accumulated decrease in fair value of hedging derivatives	928,054	-	-	-	-	928,054	-
TMPA regulatory asset	5,175,538	-	-	-	-	5,175,538	-
Pensions	4,063,023	-	473,651	547,496	557,560	5,641,730	-
Other post employment benefits	258,488	-	46,884	54,665	61,983	422,020	-
Unamortized loss on refunded debt	-	-	665,282	353,773	-	1,019,055	-
Total deferred outflows	<u>\$ 10,425,103</u>	<u>\$ -</u>	<u>\$ 1,185,817</u>	<u>\$ 955,934</u>	<u>\$ 619,543</u>	<u>\$ 13,186,397</u>	<u>\$ -</u>

CITY OF BRYAN, TEXAS  
Statement of Net Position  
Proprietary Funds  
As of September 30, 2018

	Business-type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<u>Liabilities</u>							
Current liabilities:							
Accounts payable	\$ 9,278,014	\$ 732,304	\$ 76,993	\$ 59,821	\$ 154,287	\$ 10,301,419	\$ 279,829
Accrued liabilities	693,693	196,880	60,270	68,659	128,179	1,147,681	16,048
Claims payable	-	-	-	-	-	-	2,122,372
Due to other funds	1,241,857	7,900,138	-	-	-	9,141,995	1,070
Unearned revenue	-	-	-	266,466	-	266,466	-
Derivative financial instruments	682,072	-	-	-	-	682,072	-
Accrued interest	-	-	-	-	3,796	3,796	-
Accrued vacation and sick pay	669,914	-	169,067	177,504	154,702	1,171,187	18,817
Current liabilities payable from restricted assets:							
Accrued liabilities	-	-	526,748	199,067	-	725,815	-
Accrued interest	2,244,116	178,175	226,892	166,879	-	2,816,062	-
Over-recovered fuel cost	4,214,490	2,081,420	-	-	-	6,295,910	-
Over-recovered regulatory fee	190,765	206,924	-	-	-	397,689	-
Bonds payable, net	31,271,721	1,117,094	3,135,408	2,893,345	50,136	38,467,704	-
Customer deposits	4,428,996	1,499,792	-	-	15,185	5,943,973	-
Total current liabilities	<u>54,915,638</u>	<u>13,912,727</u>	<u>4,195,378</u>	<u>3,831,741</u>	<u>506,285</u>	<u>77,361,769</u>	<u>2,438,136</u>
Noncurrent liabilities:							
Bonds payable, net	212,785,740	20,753,921	25,974,710	22,625,168	1,080,811	283,220,350	-
Claims payable	-	-	-	-	-	-	800,067
Derivative financial instruments	245,982	-	-	-	-	245,982	-
Net pension liability	10,563,906	-	1,192,114	1,444,904	1,423,527	14,624,451	-
Net other post employment benefit liability (OPEB)	3,354,049	-	624,402	728,030	825,511	5,531,992	-
Accrued vacation and sick pay	315,254	-	79,561	83,531	72,801	551,147	50,876
Total noncurrent liabilities	<u>227,264,931</u>	<u>20,753,921</u>	<u>27,870,787</u>	<u>24,881,633</u>	<u>3,402,650</u>	<u>304,173,922</u>	<u>850,943</u>
Total liabilities	<u>282,180,569</u>	<u>34,666,648</u>	<u>32,066,165</u>	<u>28,713,374</u>	<u>3,908,935</u>	<u>381,535,691</u>	<u>3,289,079</u>
<u>Deferred Inflows</u>							
Pensions	3,790,912	-	429,507	534,843	543,270	5,298,532	-
Deferred regulatory liability	2,668,704	10,098,799	-	-	-	12,767,503	-
Total deferred inflows	<u>\$ 6,459,616</u>	<u>\$ 10,098,799</u>	<u>\$ 429,507</u>	<u>\$ 534,843</u>	<u>\$ 543,270</u>	<u>\$ 18,066,035</u>	<u>\$ -</u>
<u>Net Position</u>							
Net investment in capital assets	125,967,009	49,478,844	62,059,416	65,007,184	15,085,010	317,597,463	88,236
Restricted for:							
BVSWMA	-	-	-	-	17,261,243	17,261,243	-
Debt reserve	5,530,868	-	-	-	-	5,530,868	-
Debt service	7,228,125	585,769	1,154,754	2,038,968	9,837	11,017,453	-
Rate stabilization	1,704,016	-	-	-	-	1,704,016	-
Collateral deposits	554,036	-	-	-	-	554,036	-
Unrestricted	62,187,276	9,642,983	8,003,644	10,229,717	7,525,162	97,588,782	2,399,974
Total net position	<u>\$ 203,171,330</u>	<u>\$ 59,707,596</u>	<u>\$ 71,217,814</u>	<u>\$ 77,275,869</u>	<u>\$ 39,881,252</u>	<u>\$ 451,253,861</u>	<u>\$ 2,488,210</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(1,755,670)	
Net position of business-type activities						<u>\$ 449,498,191</u>	

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

**CITY OF BRYAN, TEXAS**

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds						Governmental
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Operating revenues:</b>							
Electrical system	\$ 197,412,987	\$ 48,935,501	\$ -	\$ -	\$ -	\$ 246,348,488	\$ -
Water system	-	-	14,014,033	-	-	14,014,033	-
Wastewater system	-	-	-	13,343,497	-	13,343,497	-
Solid waste	-	-	-	-	8,121,225	8,121,225	-
Other	1,669,857	-	-	-	5,091,519	6,761,376	12,925,494
<b>Total operating revenues</b>	<b>199,082,844</b>	<b>48,935,501</b>	<b>14,014,033</b>	<b>13,343,497</b>	<b>13,212,744</b>	<b>288,588,619</b>	<b>12,925,494</b>
<b>Operating expenses:</b>							
Personnel services	12,133,214	641,227	2,451,034	2,968,461	3,174,850	21,368,786	718,892
Electric operations	118,247,170	40,698,048	-	-	-	158,945,218	-
Maintenance	3,642,683	790,726	722,302	1,077,375	522,595	6,755,681	2,012
Claims	-	-	-	-	-	-	10,941,929
Other services and charges	724,117	-	2,244,446	1,205,370	1,783,319	5,957,252	3,140,504
Other expenses	2,124,438	-	415,550	387,425	714,368	3,641,781	37,542
General and administrative	2,683,516	231,825	968,715	1,050,156	1,165,092	6,099,304	-
<b>Total operating expenses before depreciation and amortization</b>	<b>139,555,138</b>	<b>42,361,826</b>	<b>6,802,047</b>	<b>6,688,787</b>	<b>7,360,224</b>	<b>202,768,022</b>	<b>14,840,879</b>
Operating income (loss) before depreciation and amortization	59,527,706	6,573,675	7,211,986	6,654,710	5,852,520	85,820,597	(1,915,385)
Depreciation and amortization	22,967,385	3,110,882	3,430,409	4,112,060	1,143,006	34,763,742	12,621
<b>Operating income (loss)</b>	<b>36,560,321</b>	<b>3,462,793</b>	<b>3,781,577</b>	<b>2,542,650</b>	<b>4,709,514</b>	<b>51,056,855</b>	<b>(1,928,006)</b>
<b>Nonoperating revenues (expenses):</b>							
Investment earnings	776,947	125,977	110,210	105,179	56,218	1,174,531	45,812
Interest expense	(8,200,308)	(716,728)	(1,016,688)	(714,593)	(28,498)	(10,676,815)	-
Distributive share of BWSWMA net income	-	-	-	-	1,542,900	1,542,900	-
Other - net	1,640,870	-	116,647	73,636	71,065	1,902,218	1,862,712
<b>Total nonoperating revenues (expenses)</b>	<b>(5,782,491)</b>	<b>(590,751)</b>	<b>(789,831)</b>	<b>(535,778)</b>	<b>1,641,685</b>	<b>(6,057,166)</b>	<b>1,908,524</b>
<b>Income (loss) before contributions and transfers</b>	<b>30,777,830</b>	<b>2,872,042</b>	<b>2,991,746</b>	<b>2,006,872</b>	<b>6,351,199</b>	<b>44,999,689</b>	<b>(19,482)</b>
Capital contributions	-	-	1,631,597	1,077,840	-	2,709,437	-
Transfers in	-	-	30,000	282,862	216,010	528,872	316,881
Transfers out	(12,379,099)	-	(767,338)	(708,849)	(539,603)	(14,394,889)	(75,000)
<b>Change in net position</b>	<b>18,398,731</b>	<b>2,872,042</b>	<b>3,886,005</b>	<b>2,658,725</b>	<b>6,027,606</b>	<b>33,843,109</b>	<b>222,399</b>
Net position, October 1, 2017	187,407,741	56,835,554	67,830,046	75,198,830	34,500,882		412,546
Prior period adjustment - OPEB	(2,635,142)	-	(498,237)	(581,686)	(647,236)		1,853,265
Net position, October 1, 2017, as restated	184,772,599	56,835,554	67,331,809	74,617,144	33,853,646		2,265,811
<b>Net position, September 30, 2018</b>	<b>\$ 203,171,330</b>	<b>\$ 59,707,596</b>	<b>\$ 71,217,814</b>	<b>\$ 77,275,869</b>	<b>\$ 39,881,252</b>		<b>\$ 2,488,210</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(373,517)	
<b>Change in net position of business-type activities.</b>						<b>\$ 33,469,592</b>	

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



**CITY OF BRYAN**  
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**CITY OF BRYAN, TEXAS**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds						Governmental
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Cash flows from operating activities:</b>							
Receipts from customers and users	\$ 200,173,614	\$ 48,676,037	\$ 13,909,523	\$ 13,408,834	\$ 13,335,214	\$ 289,503,222	\$ 4,161,104
Receipts for interfund services provided	-	-	-	-	-	-	9,962,816
Payments to suppliers	(137,643,777)	(34,244,627)	(4,144,897)	(3,003,502)	(3,184,426)	(182,221,229)	(15,739,613)
Payments to employees	(12,041,547)	(741,498)	(2,394,662)	(2,918,785)	(3,135,494)	(21,231,986)	(704,251)
Other receipts	-	-	-	-	-	-	1,860,736
Payments for interfund services used	-	-	(968,715)	(1,050,156)	(1,165,092)	(3,183,963)	-
Net cash provided (used) by operating activities	<u>50,488,290</u>	<u>13,689,912</u>	<u>6,401,249</u>	<u>6,436,391</u>	<u>5,850,202</u>	<u>82,866,044</u>	<u>(459,207)</u>
<b>Cash flows from noncapital financing activities:</b>							
Transfers in	1,640,870	-	30,000	282,862	216,010	2,169,742	316,881
Transfers out	(12,379,099)	-	(767,338)	(708,849)	(539,603)	(14,394,889)	(75,000)
Net cash provided (used) by noncapital financing activities	<u>(10,738,229)</u>	<u>-</u>	<u>(737,338)</u>	<u>(425,987)</u>	<u>(323,593)</u>	<u>(12,225,147)</u>	<u>241,881</u>
<b>Cash flows from capital and related financing activities:</b>							
Acquisition and construction of capital assets	(15,251,017)	(9,633,562)	(3,769,423)	(1,727,747)	(3,170,353)	(33,552,102)	-
Proceeds from sale of assets	-	-	4,925	9,810	230,543	245,278	-
Principal paid on outstanding bonds	(7,500,000)	(1,030,000)	(3,091,951)	(2,623,892)	(47,627)	(14,293,470)	-
Interest paid on bonds, contractual obligations, and notes	(9,773,173)	(794,759)	(1,075,689)	(762,268)	(31,322)	(12,437,211)	-
Net cash provided (used) by capital and related financing activities	<u>(32,524,190)</u>	<u>(11,458,321)</u>	<u>(7,932,138)</u>	<u>(5,104,097)</u>	<u>(3,018,759)</u>	<u>(60,037,505)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>							
Purchase of investment securities	(87,554,805)	(17,898,342)	(8,686,512)	(10,017,659)	(7,750,308)	(131,907,626)	(4,069,156)
Sale of investment securities	77,000,000	11,000,000	9,178,065	8,108,501	4,956,887	110,243,453	3,728,494
Interest on investments	962,119	122,766	100,563	85,467	36,562	1,307,477	40,219
Net cash provided (used) by investing activities	<u>(9,592,686)</u>	<u>(6,775,576)</u>	<u>592,116</u>	<u>(1,823,691)</u>	<u>(2,756,859)</u>	<u>(20,356,696)</u>	<u>(300,443)</u>
Net increase (decrease) in cash and cash equivalents	(2,366,815)	(4,543,985)	(1,676,111)	(917,384)	(249,009)	(9,753,304)	(517,769)
Cash and cash equivalents, October 1, 2017	<u>29,605,765</u>	<u>14,715,590</u>	<u>5,961,564</u>	<u>4,223,654</u>	<u>1,735,365</u>	<u>56,241,938</u>	<u>1,385,290</u>
Cash and cash equivalents, September 30, 2018	<u>\$ 27,238,950</u>	<u>\$ 10,171,605</u>	<u>\$ 4,285,453</u>	<u>\$ 3,306,270</u>	<u>\$ 1,486,356</u>	<u>\$ 46,488,634</u>	<u>\$ 867,521</u>

**CITY OF BRYAN, TEXAS**  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended September 30, 2018

	Business-type Activities - Enterprise Funds						Governmental
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 36,560,321	\$ 3,462,793	\$ 3,781,577	\$ 2,542,650	\$ 4,709,514	\$ 51,056,855	\$ (1,928,006)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	22,967,385	3,110,882	3,430,409	4,112,060	1,143,006	34,763,742	12,621
Bad debts	123,680	50,394	-	-	-	174,074	-
Other revenue	-	-	-	-	-	-	1,862,712
Change in assets and liabilities:							
Change in accounts receivable	696,009	(314,000)	(89,600)	85,777	119,575	497,761	(298,006)
Change in inventory	(496,815)	-	(15,507)	-	(5,589)	(517,911)	(6,789)
Change in due from other funds	(6,839,476)	-	(14,910)	(20,440)	(3,029)	(6,877,855)	(276)
Change in over (under) recovered fuel	272,622	224,985	-	-	-	497,607	-
Change in over (under) recovered regulatory fee	11,068	157,221	-	-	-	168,289	-
Change in other assets	(2,835)	-	-	-	-	(2,835)	-
Deferred outflows/inflows of resources - pensions	1,084,743	-	-	-	-	1,084,743	-
Change in accounts payable	(3,473,563)	203,897	(51,171)	(364,470)	(163,515)	(3,848,822)	(182,681)
Change in accrued liabilities	(77,472)	(100,271)	(680,547)	42,650	10,295	(805,345)	(251)
Change in other liabilities	-	-	-	-	7,048	7,048	-
Change in customer deposits	122,139	54,536	-	-	4,465	181,140	-
Change in due to other funds	456,088	6,839,475	-	-	-	7,295,563	946
Change in claims payable	-	-	-	-	-	-	66,557
Change in accrued vacation and sick pay	-	-	21,550	15,488	8,082	45,120	13,966
Change in post employment benefits and NPL	(915,604)	-	19,448	22,676	20,350	(853,130)	-
Net cash provided (used) by operating activities	<u>\$ 50,488,290</u>	<u>\$ 13,689,912</u>	<u>\$ 6,401,249</u>	<u>\$ 6,436,391</u>	<u>\$ 5,850,202</u>	<u>\$ 82,866,044</u>	<u>\$ (459,207)</u>
Reconciliation of total cash and cash equivalents:							
Current assets - cash and cash equivalents	26,684,914	10,171,605	1,264,092	1,817,549	1,478,199	41,416,359	867,521
Restricted assets - cash and cash equivalents	554,036	-	3,021,361	1,488,721	8,157	5,072,275	-
Total cash and cash equivalents	<u>\$ 27,238,950</u>	<u>\$ 10,171,605</u>	<u>\$ 4,285,453</u>	<u>\$ 3,306,270</u>	<u>\$ 1,486,356</u>	<u>\$ 46,488,634</u>	<u>\$ 867,521</u>

Total non-cash capital contributions equaled \$4,595,879 for the fiscal year.

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

**CITY OF BRYAN, TEXAS**

Statement of Fiduciary Net Position

OPEB Trust

As of December 31, 2017

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Assets

Cash and cash equivalents	\$	641,541
Total assets	\$	<u>641,541</u>

Liabilities

Accounts payable	\$	-
Total liabilities	\$	<u>-</u>
Net position restricted for OPEB	\$	<u>641,541</u>

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

**CITY OF BRYAN, TEXAS**  
Statement of Assets and Liabilities  
Payroll Fund  
As of September 30, 2018

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Assets

Cash and cash equivalents	\$	1,186,890
Accounts receivable		<u>90,226</u>
Total assets	\$	<u><u>1,277,116</u></u>

Liabilities

Accounts payable	\$	<u>1,277,116</u>
Total liabilities	\$	<u><u>1,277,116</u></u>

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

**CITY OF BRYAN, TEXAS**

Statement of Changes in Fiduciary Net Position

OPEB Trust

For Plan year Ended December 31, 2017

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Additions

Contributions	
Employer contributions	\$ 1,608,981
Investment Income	
Interest	17,311
Total additions	<u>\$ 1,626,292</u>

Deductions

Expenses	
Benefit payments	983,981
Administration	770
Total deductions	<u>984,751</u>
Net Increase	<u>\$ 641,541</u>

Net position restricted for OPEB December 31, 2017	<u>\$ 641,541</u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF BRYAN, TEXAS**

Statement of Changes in Assets and Liabilities

Payroll Fund

For the Fiscal Year Ended September 30, 2018

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	Balance October 1, 2017	Additions	Deductions	Balance September 30, 2018
<u>Assets</u>				
Cash and cash equivalents	\$ 1,687,383	\$ 79,734,757	\$ 80,235,250	\$ 1,186,890
Accounts Receivable	76,524	664,834	651,132	90,226
Total assets	<u>\$ 1,763,907</u>	<u>\$ 80,399,591</u>	<u>\$ 80,886,382</u>	<u>\$ 1,277,116</u>
 <u>Liabilities</u>				
Benefits and employment taxes payable	<u>\$ 1,763,907</u>	<u>\$ 36,612,284</u>	<u>\$ 37,099,075</u>	<u>\$ 1,277,116</u>



**CITY OF BRYAN**  
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# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Financial Reporting Entity

The City of Bryan, Texas (the “City”) is a municipal corporation which operates under a Council-Manager form of government. The accompanying financial statements present the City and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations. A 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 City.

### Blended component units

BTU QSE Services, Inc. (“QSE”) was created as a result of deregulation of the electric market within the state of Texas. The QSE exists to perform qualified scheduling services of electrical generation for the City of Bryan City Electric Fund. The QSE is a separate legal entity whose primary purpose is to provide a service to the City. The BTU Board of Directors serve as the board of the QSE. The QSE is reported as an enterprise fund and is combined with City Electric Fund.

Bryan Commerce and Development Incorporated (“BCD”) was created to assist and act on behalf of the City in promoting, developing, encouraging, and maintaining employment, commerce, economic development, and public facility development in the City. The Bryan City Council serves as the Board of Directors of BCD. Since the elected officials of the City are financially accountable for BCD and the primary purpose of BCD is to provide a service to the City, BCD is considered a blended component unit. BCD is not separately presented here as it is separately presented in the supplementary section of this report. See page 148.

## City of Bryan, Texas

### Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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The condensed combined statements of net position for the City Electric System and QSE as of September 30, 2018 are as follows:

	September 30, 2018		
	BTU City	QSE	Combined
Current assets	\$ 100,897,316	\$ 2,971,327	\$ 103,868,643
Internal balance	1,175,466	(1,175,466)	-
Capital assets, net	328,231,831	465,456	328,697,287
Restricted assets	48,820,482	-	48,820,482
Other	-	-	-
Total assets	<u>479,125,095</u>	<u>2,261,317</u>	<u>481,386,412</u>
Deferred outflows	10,425,103	-	10,425,103
Current liabilities	12,433,768	140,685	12,574,453
Current liabilities payable from restricted assets	40,888,367	-	40,888,367
Noncurrent liabilities	228,717,749	-	228,717,749
Total liabilities	<u>282,039,884</u>	<u>140,685</u>	<u>282,180,569</u>
Deferred inflows	6,459,616	-	6,459,616
Net Position:			
Net investment in capital assets	125,501,553	465,456	125,967,009
Restricted	15,017,045	-	15,017,045
Unrestricted	60,532,100	1,655,176	62,187,276
Total net position	<u>\$ 201,050,698</u>	<u>\$ 2,120,632</u>	<u>\$ 203,171,330</u>

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

The condensed combined statements of revenues, expenses, and changes in net position for the City Electric System and QSE for the year ended September 30, 2018, are as follows:

	Fiscal Year Ended September 30, 2018		
	BTU City	QSE	Combined
Operating revenues	\$ 197,591,122	\$ 1,491,722	\$ 199,082,844
Operating expenses	<u>(161,030,801)</u>	<u>(1,491,722)</u>	<u>(162,522,523)</u>
Operating income	36,560,321	-	36,560,321
Investment income	776,947	-	776,947
Interest expense	<u>(8,200,308)</u>	-	<u>(8,200,308)</u>
Income before operating transfers	29,136,960	-	29,136,960
Transfers, net	<u>(10,738,229)</u>	-	<u>(10,738,229)</u>
Change in net position	18,398,731	-	18,398,731
Net position, beginning of period	<u>185,287,109</u>	<u>2,120,632</u>	<u>187,407,741</u>
Prior period adjustment - changes in net OPEB liability	(2,635,142)	-	(2,635,142)
Net position, beginning of period, restated	182,651,967	2,120,632	184,772,599
Net position, end of period	<u>\$ 201,050,698</u>	<u>\$ 2,120,632</u>	<u>\$ 203,171,330</u>

### Discretely presented component unit

The City has included the Bryan Business Council, Inc. ("BBC") in its financial statements as a discretely presented component unit, since the City is financially accountable for the entity. The BBC, a non-profit corporation, was originally formed to market properties within the City owned Bryan Industrial Park. In addition, the BBC currently serves as an economic development arm of the City, and as such, provides a financial benefit to the City. The City provides coverage for the board of directors under the City's officer and employee liability plan and provides limited administrative support to the BBC. The BBC's board of directors is appointed by and serves at the discretion of the Bryan City Council. The Bryan City Council also directs the work plan and objectives of the BBC. During FY 2016 the BBC board of directors voted to change the fiscal year-end for BBC from September 30 to June 30. Therefore, the financial position as of June 30, 2018 and the changes in net position from July 1, 2017 to June 30, 2018 are presented in the statement of net position and statement of activities, respectively. Financial statements may be obtained by contacting:

The Bryan Business Council, Inc.  
P. O. Box 1000  
Bryan, Texas 77805

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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### Cooperative Efforts

In January 2010, the City of Bryan entered into an Interlocal Cooperation Agreement with the City of College Station to create a local government corporation under Subchapter D of Chapter 431, Texas Transportation Code, to be known as the Brazos Valley Solid Waste Management Agency, Inc. ("BVSWMA). The purpose of this Corporation is to finance, construct, own, manage and operate the existing and future municipal solid waste landfill facilities on behalf of the two cities. The City's one-half undivided interest in BVSWMA is reported in the Solid Waste Fund (see Note 14).

The City's financial statements do not include the Texas Municipal Power Agency ("TMPA"). TMPA, a separate municipal corporation, is a joint venture entered into by the Texas cities of Bryan, Garland, Denton and Greenville for the purpose of obtaining the economic advantages of jointly financing, constructing and operating electric generating units and transmission grid to supply the cities' electric energy needs. The eight-member board of directors of TMPA includes two members appointed by the Bryan City Council. The City has an ongoing financial interest in TMPA due to the City's guarantee of a portion of TMPA's debt (see Note 13).

In 2009, the City of Bryan and Brazos County entered into an agreement to create the City of Bryan and Brazos County Economic Development Foundation Inc. ("BBCEDF"), a local government corporation formed under Subchapter D of Chapter 431 of the Texas Transportation Code. The BBCEDF was created to promote, develop, encourage, and maintain employment, commerce, and economic development in the City and the County (see Note 21).

### Government-wide and fund financial statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity, within the governmental and business-type activities columns, 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 certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

In fund financial statements (the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances, the Proprietary Funds Statement of Net Position and

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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Statement of Revenues, Expenses, and Changes in Net Position and the Fiduciary Fund Statement of Fiduciary Net Position), the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate financial statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column in the appropriate governmental fund and proprietary fund statements.

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The Debt Service Fund accounts for the financial resources accumulated for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Other Governmental Funds is a summarization of all the non-major governmental funds, including Special Revenue, Capital Projects, and Permanent funds. The purpose and source of revenue for each Special Revenue fund is:

- Grant Fund – The source of funds is grants awarded to the City. The use of these funds is restricted by the terms of each grant.
- Community Development Fund – The source of funds is federal grants awarded to the City and use of the grant money is restricted by the terms of the grants. Primarily, the Community Development fund provides programs and services to low and moderate income persons.
- Hotel and Motel Room Tax Fund – The source of funds is the hotel occupancy tax. The use of these funds is restricted by the tax code of the State of Texas.
- Oil and Gas Fund – This fund was established by City of Bryan Ordinance to account for revenues associated with oil and gas leases, royalties and mineral property taxes. The use of these funds is committed for projects of a non-recurring nature determined by City Council.
- Capital Reserve Fund – This fund was established by City of Bryan Ordinance to accumulate miscellaneous one-time revenues. The use of these funds is committed for projects of a non-recurring nature determined by City Council.
- Sidewalks Fund – This fund was established by City of Bryan Ordinance to collect and track funds from developers and property owners for the construction and maintenance of

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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- sidewalks. The use of these funds is committed for this purpose. Funds received are refunded to the remitter if not used within 10 years.
- Court Technology Fund – This fund was established by City Ordinance and the source of funds is a \$4.00 fee for each case that comes before the City’s Municipal Court. These funds are restricted to technology necessary for the Court’s operations.
  - Street Improvement Fund – Per the City of Bryan Code of Ordinances, a transportation user fee was established in order to provide a properly maintained road system. That fee is the source of revenue for this fund. The use of these funds is committed to the purposes of planning, constructing, operating, monitoring and maintaining the transportation system of the City.
  - Drainage Improvement Fund – The drainage fee was established by the City of Bryan Code of Ordinances and is the source of revenue for this fund. The use of these funds is committed for the planning, constructing, operating, monitoring, and maintaining the City’s drainage system.
  - Tax Increment Reinvestment Zone #10 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
  - Tax Increment Reinvestment Zone #19 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
  - Tax Increment Reinvestment Zone #21 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
  - Tax Increment Reinvestment Zone #22 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.

Proprietary funds include enterprise and internal service funds and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are a determination of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position.

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. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. At fiscal year end, the City accrues estimated unbilled revenues (excluding fuel expense) for electric, water, and wastewater customers.

The City reports the following major enterprise funds:

The City Electric Fund (Bryan Texas Utilities or BTU) accounts for the activities necessary to provide electric services to the residents of the City. These activities include administration, electric

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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generation, distribution, transmission system operations and maintenance, new construction, financing and related debt service, and billing and collection.

The Rural Electric Fund accounts for the activities necessary to provide electric services to its customers living outside the City and within its service area. These activities include electric distribution, operations and maintenance, new construction, financing and related debt service. Administrative, billing and collection services are provided by the City Electric Fund.

The Water Fund accounts for the activities necessary to provide water services to the residents of the City. These activities include administrative services, water production and distribution system operations and maintenance, new construction, financing and related debt service. Billing and collection services are provided by the City Electric Fund under a contractual agreement.

The Wastewater Fund accounts for the activities necessary to provide wastewater collection and treatment services to the residents of the City. These activities include administrative services, wastewater system operations and maintenance, new construction, financing and related debt service. Billing and collection services are provided by the City Electric Fund under a contractual agreement.

Other Enterprise Funds is a summarization of all of the non-major enterprise funds of the City.

Internal service funds account for the City's central warehouse function, administration of self-funded health insurance provided to City employees, and the City's risk management activities, including general liability and workers' compensation claims and associated administrative expenses on a cost reimbursement basis.

Additionally, fiduciary funds account for the City's payroll and OPEB ("other post-employment benefits") funds. For the Payroll Fund, each of the other funds contributes its respective share of personnel costs to the Payroll Fund. Employee wages, associated employment taxes and employee benefits are paid from the fund. The OPEB Fund was created to account for the funding of the Post-employment Benefits Trust. The contributed funds are based on full time employee count and contributed by the respective funds. See Note 11 for specific details of the OPEB Fund. These funds are excluded from the government-wide Statement of Net Position and Statement of Activities since the assets are not available to support the City's own programs.

### Measurement focus, basis of accounting, and financial statement presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The operating statements present increases (revenues) and decreases (expenses) in net total assets.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become 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 City considers property taxes available if they are collected within thirty (30) days of the end of the current fiscal period. A one hundred twenty (120) day availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, investment income and intergovernmental revenues. Sales taxes collected and held by the State at year end on behalf of the City are also recognized as revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu-of taxes, payments for use of rights-of-way, and other charges between the City's electric, water, wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB").

### Budgetary Control

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds and the permanent funds. Capital project fund expenditures are effectively controlled through bond indenture provisions. Permanent funds are controlled by the trust agreements which established the funds. All unexpended appropriations lapse at fiscal year-end.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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The City Charter establishes the City's fiscal year as the twelve-month period beginning October 1. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

The City's departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year. Prior to September 1, the City Manager submits to the City Council a proposed operating budget of estimated expenditures and revenues.

Upon receipt of the budget estimate the City Council publishes notice of and conducts public hearings on the proposed budget to obtain citizen comment. Prior to October 1, the budget is legally enacted through passage of the Appropriations Ordinance.

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.

Budgeted amounts are as originally adopted, or as amended in accordance with the annual appropriations ordinance.

Encumbrance accounting is employed in governmental funds. Encumbrances (purchase orders and contracts) outstanding at fiscal year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the amounts will be re-appropriated and honored in the subsequent year.

### Cash and Investments

Cash for all funds, including restricted cash, but excluding fiduciary fund cash and BTU City and Rural Electric System cash, is pooled into common accounts in order to maximize investment opportunities. Each fund participating in the pools has an equity interest therein. Investment earnings on these monies are allocated based upon relative equity at month end. An individual fund's pooled cash and investments are available upon demand. Negative balances incurred in pooled cash at fiscal year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Marketable securities with an original maturity of three months or less are considered to be cash equivalents.

Investments of all funds are stated at fair value with the exception of investments in local government investment pools. The carrying value of the investments in local government investment pools is determined by the valuation policy of the investment pool; either at amortized cost or net asset value of the underlying pool shares, as further described in Note 2.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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### Inventories

All inventories are valued at average cost. Inventories owned by the Enterprise and Internal Service Funds are accounted for using the consumption method (an expense is recorded when the inventory item is used).

### Prepaid Energy Costs, Impairment of Prepaid Energy Costs and Regulatory Assets

Effective October 17, 2017, TMPA's Gibbons Creek power plant entered into a seasonal operations mode, operating during the summer months only (June-September) and had no definite plans to run beyond that summer. As a result, \$9.5 million of the City Electric System's Prepaid Energy Costs associated with the City Electric System debt issued in 2010 for TMPA was determined to be impaired. The City Electric System's impaired asset qualifies as a Regulatory Asset under accounting rules and will be amortized through 2019, the life of the associated debt. The balance of Regulatory Assets was \$5.2 million at September 30, 2018. The remaining unimpaired \$2.6 million Prepaid Energy Costs associated with TMPA was fully amortized at September 30, 2018. See Note 13 – Texas Municipal Power Agency for a further discussion of TMPA activities. In 2007, BTU entered into a purchase power agreement with a subsidiary of Shell Energy North America (U.S.), L.P. As a part of the agreement, BTU prepaid \$14,000,000 of generation capacity costs. The prepayment was amortized over the life of the agreement which expired on December 31, 2017. The amortization of prepaid energy costs is reported on the Statement of Revenues, Expenses and Changes in Net Position in depreciation and amortization and totaled \$7,250,717 for the fiscal year ended September 30, 2018.

### Other Prepaid Items

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.

### Interfund Receivables and Payables

Short-term amounts owed between funds are classified 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".

### Transactions between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of both Governmental and Proprietary Funds.

The City allocates to the proprietary funds a percentage of indirect costs incurred to provide general and administrative support services to those funds that are paid through the General Fund.

# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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## Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. To the extent the construction is performed by the City, the cost includes payroll and related costs and certain general and administrative expenses. Interest is not capitalized in these accounts because interest is recovered concurrently in the proprietary fund rate structure. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and three or more years of useful life.

Depreciation has been calculated on each class of depreciable property using the straight-line method over the following estimated service lives:

	<u>Estimated Service Lives</u>
Buildings & improvements	15 - 40 years
Water and wastewater systems	40 years
Electric system	20 - 30 years
Electric generating and related equipment	20 - 40 years
Improvements other than buildings	5 - 40 years
Machinery and equipment	3 - 10 years
Library books	15 years
Software	3 years
Streets	20 years
Sidewalks	20 years
Traffic signals	20 years
Storm drains	35 years
Bridges and culverts	40 years
Works of art and historical treasures	Determined on individual basis

## Minimum Fund Balance Policy

The City has set financial guidelines regarding the retention of General Fund fund balances and reserves, to ensure that adequate funds are available to cover daily operating expenditures and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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standard to maintain a General Fund minimum fund balance of 60 days of annual operating expense totals.

In April 2016, the Bryan City Council adopted the City of Bryan Financial Management Policy Statements in order to assemble all of the City's major financial policies into one document. Included in these policies are recommendations and guidelines regarding the minimum balances for other City funds in order to maintain the City's financial ability to meet its current and future service needs. These policies were amended in January 2017 to better accommodate the amounts needed for the minimum fund balances. These statements are available on the City's website at [www.bryantx.gov/fiscal-services/](http://www.bryantx.gov/fiscal-services/).

### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Pension of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. 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. 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.tmr.com](http://www.tmr.com).

### Other Post-Employment Benefits (OPEB)

Financial statements for the Trust are prepared using the accrual basis of accounting and can be found in this report on page 115. Plan member contributions are recognized when due, and the City's contributions are recognized when due. Benefits and any refunds are recognized when due and payable according to the terms of the plan. Assets held by the Trust are valued at fair value.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about fiduciary net position of the City of Bryan Post-employment Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

### Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from these estimates.

### Bond Issuance Expenses

According to the financial reporting requirements of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, bond issuance expenses are to be expensed as incurred. Issuance expenses are reported on the Statement of Activities on the Government-Wide Financial Statements for Governmental Activities in interest on long-term debt expense and on the Statement of Revenues, Expenditures, and Changes in Fund Balances in debt issuance costs. There were two governmental debt issuances for the fiscal year ended September 30, 2018, Series 2018 CO's and Series 2018 GO Refunding Bonds. Issuance expenses for these debt issuances total \$186,135. Issuance expenses for Business-Type Activities are reported on the on the Statement of Revenues, Expenses and Changes in Net Position in interest expense. There were no business-type activity debt issuances for the fiscal year ended September 30, 2018.

### Utility Revenues, Fuel Recovery, and Regulatory Recovery

BTU City and Rural Electric customers are billed on the basis of monthly cycle billings. At year end, the City and Rural Electric Systems accrue estimated unbilled revenues for the period ended September 30. The difference between fuel revenue billed and fuel expense incurred is recorded as an addition or a reduction to fuel and purchased power expense, with a corresponding entry to accounts payable – over recovered fuel or accounts receivable – under recovered fuel, whichever is appropriate. At September 30, 2018, the City Electric System reported a current liability – over recovered fuel cost of \$4,214,490. At September 30, 2018, the Rural Electric System reported a current liability – over-recovered fuel cost of \$2,081,420.

The difference between regulatory revenue billed and regulatory expense incurred is recorded as an addition or a reduction to transmission cost of service expense, with a corresponding entry to accounts payable – over recovered regulatory fee or accounts receivable – under recovered regulatory fee, whichever is appropriate. At September 30, 2018, the City Electric System reported a current liability – over-recovered regulatory fee of \$190,765. At September 30, 2018, the Rural Electric System reported a current liability – over-recovered regulatory fee of \$206,924.

### Deferred Regulatory Liability

To better align certain benefits received with BTU's retail rate design, the City and Rural Electric Systems utilize regulatory accounting treatment for the funds it collects from customers and developers as contributions of aid in construction (AIC) under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB & AICPA Pronouncements*. The City and Rural Electric Systems recognize AIC received as a deferred regulatory liability in the deferred inflows section of the Statement of Net Position. The deferred regulatory liability is amortized to accumulated depreciation over the life of the asset constructed. During the fiscal year ended September 30, 2018, the City Electric System collected \$677,975 of AIC. During the

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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fiscal year ended September 30, 2018, the Rural Electric System collected \$1,517,007 of AIC. The amortization of the deferred regulatory liability was \$398,984 for the fiscal year ended September 30, 2018.

### Compensated Absences

The City's policy in effect during Fiscal Year 2018 allows employees to earn vacation leave at rates of 10 to 20 days (80 to 160 hours) per year with unlimited accumulation. Classified employees in the police and fire departments earn vacation at the rate of 15 days (120 hours) per year in accordance with Texas Local Government Code, Chapter 143, until the employee reaches 15 years employment at which time the rate of accrual becomes the same rate as that for other City employees. Upon termination, employees with a minimum of one year employment, who leave in good standing, are paid for unused vacation time up to a maximum of two times the employee's annual accrual rate at the time of separation.

City employees earn sick leave at a rate of 10 days (80 hours) per year and are permitted to accrue a maximum of 120 days (960 hours). Classified employees in the police and fire departments earn sick pay at the rate of 15 days (120 hours) per year in accordance with Texas Local Government Code, Chapter 143, with unlimited accumulation. Upon termination, classified police and fire department employees are paid for any unused sick leave up to a maximum of 90 days (720 hours or 1080 hours for shift firefighters). Non-classified employees are paid for accumulated sick leave up to a maximum of 240 hours upon termination, if they have a minimum of 480 hours accrued, dependent upon leaving in good standing and being continuously employed for a minimum of ten years in a regular, full time position immediately prior to separation.

The City accrues vacation and sick pay when the liability is incurred. Amounts related to governmental fund types are reported in the government-wide financial statements. The liabilities of the governmental fund types are typically liquidated by the General fund and Community Development fund. All amounts related to proprietary fund types are recorded within those funds.

### Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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### New Accounting Pronouncements and Changes in Accounting Principles

For the fiscal year ended September 30, 2018, the City adopted:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB). The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (“other postemployment benefits” or “OPEB”). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

The following table provides a reconciliation of net position at September 30, 2018, as previously reported to net position at September 30, 2018, as restated:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Net Position, beginning of period - as previously reported	\$ 113,930,329	\$ 420,390,900
Net OPEB liability	(10,399,542)	(5,575,926)
Reverse net OPEB obligation as reported 9/30/17	1,853,265	745,707
Unearned Revenue - not stated at 9/30/17	872,704	467,918
Net Position, beginning of period - as restated	<u>\$ 106,256,756</u>	<u>\$ 416,028,599</u>

GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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measure. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

The following guidance issued by GASB is effective for years following FY 2018 and is expected to be applicable to the City:

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

This statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. Therefore, if applicable, the City will implement this guidance in FY 2019.

GASB Statement No. 84, *Fiduciary Activities*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This statement is effective for periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and

# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

## 2. DEPOSITS AND INVESTMENTS

### Deposits

State statutes require that all deposits in financial institutions be fully collateralized with depository insurance or by U.S. Government obligations or its agencies and instrumentalities; or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. At year-end, the City's demand deposits at Branch Banking and Trust (BB&T), the City's depository bank, were entirely covered by federal depository insurance or by collateral held by the Federal Reserve Bank in the City's name. At September 30, 2018 the amount of the City's demand deposits were \$7,795,333, BTU's demand deposits were \$16,312,848 and the combined bank balance was \$24,108,181.

### Investments

The City's investment program is guided by State statutes, by various City ordinances and by the City's investment policy which amplifies those guidelines and prescribes how the City will operate its investment program in accordance with applicable laws and regulations.

The City's policy, which was adopted by the City Council on September 12, 2017, for the fiscal year ending September 30, 2018, sets forth (1) the basic principles governing the investment of City funds; (2) the objectives of the City's investment program; and (3) the authority, responsibilities, limitations, documentation and requirements to be used in the administration and operation of the City's investment program.

Investments authorized by the investment policy are those approved by the revised State of Texas Public Funds Investment Act, Chapter 2256. These investments include the following:

- a. Direct obligations of the United States or its agencies and instrumentalities;
- b. Debentures or discount notes issued by, guaranteed by, or for which the credit of any Federal Agencies and Instrumentalities is pledged for payment;
- c. Direct obligations of the State of Texas or its agencies;
- d. Bonds or other obligations, the principal and interest of which is guaranteed by the full faith and credit of the United States;

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

- e. Certificates of deposit issued by state and national banks within the state of Texas that are secured by obligations qualified as acceptable collateral;
- f. Bankers Acceptances eligible for discounting with the Federal Reserve maturing within 90 days;
- g. Commercial paper with a stated maturity of 180 days or less from the date of issuance that is rated not less than A-1, P-1, F-1 or its equivalent;
- h. Fully collateralized repurchase agreements having a defined termination date of 90 days or less, secured by qualified obligations, pledged with a third party, and placed through a primary government securities dealer as defined by the Federal Reserve, or a bank domiciled in Texas;
- i. Money-market mutual funds that are SEC registered no-load funds with dollar-weighted average portfolio maturity of 90 days or less;
- j. The City utilizes local government investment pools rated no lower than AAA or AAA-m from at least one nationally recognized rating agency;
- k. Hedging contracts and related security insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations;
- l. Reverse repurchase agreements are allowed only if the term does not exceed 90 days after delivery, and money received is used to acquire additional authorized investments with a maturity date not to exceed the expiration date stated in the agreement.

The City's investment policy prohibits the substitution of collateral on repurchase agreements without prior approval of the City.

The City's cash and cash equivalents and investments at September 30, 2018 as are follows:

	Carrying <u>Value</u>	Percentage <u>of Total</u>	Wgt. Avg. <u>Maturity (Days)</u>	Credit <u>Risk</u>
U. S. Agencies and Treasuries	\$ 180,374,103	77.09%	505	AA+/Aaa
Collateral Deposits	554,036	0.23%		
Government Pools	31,377,817	13.28%	40	AAAm
Demand Deposits	24,108,181	9.40%	1 day	
	<u>\$ 236,414,137</u>	<u>100.00%</u>		

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72 provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has recurring fair value measurements as presented in the table below. The investment balances at September 30, 2018 are as follows:

	<u>Value at FYE</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Investment measured at fair value				
U.S. Agencies and Treasuries	<u>\$ 180,374,103</u>	<u>\$ 80,943,310</u>	<u>\$ 99,430,793</u>	<u>\$ -</u>
	<u>\$ 180,374,103</u>	<u>\$ 80,943,310</u>	<u>\$ 99,430,793</u>	<u>\$ -</u>

The investments in government pools are measured at net asset value or amortized cost and are exempt from reporting in the fair value hierarchy. U.S. Treasury Securities classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for identical assets. U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

In accordance with GASB Statement No. 40, additional disclosures are provided below that address investment exposure to interest rate risk and credit risk including custodial credit risk and concentrations of credit risk. Because the City does not hold foreign investments, foreign currency risk is not discussed.

As of September 30, 2018, the City had the following investments:

<u>Investment Types</u>	<u>Value</u>	<u>Investment Maturity</u> <u>(in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>Greater Than 5</u>
Investments in agency securities and treasuries	<u>\$ 180,374,103</u>	<u>\$ 101,429,270</u>	<u>\$ 78,944,833</u>	<u>\$ -</u>
Total	<u>\$ 180,374,103</u>	<u>\$ 101,429,270</u>	<u>\$ 78,944,833</u>	<u>\$ -</u>

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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The City's investments in government pools include deposits in TexPool and TexSTAR.

TexPool is a public funds investment pool operated by the Texas Treasury Safekeeping Trust Company, an entity of which the Texas Comptroller of Public Accounts is the sole officer, director, and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Texas Public Funds Investment Act. Administrative and investment services are provided by Federated Investors, Inc., and the assets are kept in a separate custodial account at the State Street bank in the name of TexPool.

TexSTAR was created in April 2003 pursuant to the Interlocal Cooperation Act of the State of Texas, chapter 791 of the Texas Government Code and the Public Funds Investment Act, chapter 2256 of the Texas Government Code. TexSTAR policies require that local government deposits be used to purchase investments authorized by the Texas Public Funds Investment Act. The State Comptroller of Public Accounts exercises responsibility over TexSTAR. TexSTAR is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management. J.P. Morgan Investment Management, Inc. provides investment advisory services.

The investment pools do not have any limitations or restrictions on withdrawals, such as notice periods or maximum transaction amounts, and do not impose any liquidity or redemption gates.

The revenue bond ordinances require disclosure of the investments held by the reserve fund. Sufficient investments exist in the pool to adequately meet reserve fund requirements. A detailed list of those securities is available in the office of the Chief Financial Officer.

*Custodial Risk* – City deposits in excess of the \$250,000 amount covered by the Federal Depository Insurance Corporation (“FDIC”) must be secured by authorized securities with a market value equal to or greater than 105% of the total deposits. At September 30, 2018, all City deposits were insured or adequately collateralized.

*Interest Rate Risk* – The City minimized the risk associated with the decline in market value of securities due to rising interest rates (interest rate risk) by maintaining a (“buy and hold”) strategy whereby investment securities are purchased with the intent to hold the securities in the portfolio until maturity. Additionally, the City's Investment Policy limits the weighted average maturity of all securities and Certificates of Deposit in the City's portfolio to no more than three years at any given time. The City's investment strategy acts to reduce interest rate risk through investing funds to meet cash flow requirements; monitoring the credit ratings of portfolio investments to assure compliance with the Investment Policy and the Texas Public Funds Investment Act; and investing in a diversified portfolio of assets including obligations of the United States and its agencies and instrumentalities, money market mutual funds, and government investment pools.

*Credit Risk and Concentration of Credit Risk* – In compliance with the City's Investment Policy and the Texas Public Funds Investment Act, the City managed credit risk through portfolio diversification by limiting investments to avoid over concentration in securities from a specific issuer; limiting investments in securities with high credit risk; and investing in securities with varying maturities.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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*Foreign Currency Risk* – By virtue of the City’s Investment Policy and the Texas Public Funds Investment Act, the City is not exposed to foreign currency risk because the City is not authorized to maintain deposits or investments denominated in a foreign currency.

### 3. PROPERTY TAXES

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxpayers have two options for paying property taxes, the full payment option or the split payment option. Taxpayers electing the full payment option have from October 1 of the tax year to January 31 of the following year to pay the full amount of taxes without penalty or interest. Taxes become delinquent on February 1. Any unpaid balance will accrue penalty and interest. Taxpayers electing the split payment option have from October 1 to November 30 of the tax year to pay half of the tax amount. The remaining half may be paid without penalty or interest any time on or before June 30 of the following year. Taxes become delinquent on July 1.

Taxpayers who were 65 years of age or older on January 1, and have filed an application for exemption may pay the taxes on their homestead in four equal installments. Quarterly payments are due January 31, March 31, May 31, and July 31.

Delinquent taxes are subject to interest and penalty charges. The tax rate to finance general governmental services including debt service was 62.999 cents per \$100 of assessed valuation for the year ended September 30, 2018. Under provisions adopted by the City, the maximum tax rate is limited to \$1.50 per \$100 of assessed valuation.

The Brazos Central Appraisal District (“Appraisal District”) is responsible for the recording and appraisal of property for all taxing units in the County. The Appraisal District is required to assess property at 100% of its appraised value. Real property must be reappraised at least every three years. The City may, at its own expense, require annual reviews by the Appraisal District through various appeals and, if necessary, legal action. Under this system, if the rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The Brazos County Tax Office bills and collects the property taxes of the City.

# City of Bryan, Texas

## Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

### 4. CAPITAL ASSETS

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

	Balance October 1	Additions / Completions	Retirements / Adjustments	Balance September 30
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 11,685,224	\$ 694,304	\$ -	\$ 12,379,528
Construction in Progress	17,017,486	9,885,072	(9,097,279)	17,805,279
Total capital assets not being depreciated	<u>28,702,710</u>	<u>10,579,376</u>	<u>(9,097,279)</u>	<u>30,184,807</u>
Capital assets, being depreciated				
Buildings	39,131,550	\$ 7,987,340	-	47,118,890
Equipment	34,869,692	\$ 3,517,570	(454,399)	37,932,863
Improvements	39,598,237	\$ 998,780	-	40,597,017
Infrastructure	194,528,601	\$ 5,091,310	-	199,619,911
Total capital assets being depreciated	<u>308,128,080</u>	<u>17,595,000</u>	<u>(454,399)</u>	<u>325,268,681</u>
Less accumulated depreciation for:				
Buildings	(16,448,928)	\$ (1,035,103)	(1,169)	(17,485,200)
Equipment	(26,743,948)	\$ (2,033,373)	451,661	(28,325,660)
Improvements	(25,587,069)	\$ (1,546,587)	(9,434)	(27,143,090)
Infrastructure	(106,083,458)	\$ (7,144,912)	-	(113,228,370)
Total accumulated depreciation	<u>(174,863,403)</u>	<u>(11,759,975)</u>	<u>441,058</u>	<u>(186,182,320)</u>
Total capital assets being depreciated, net	<u>133,264,677</u>	<u>5,835,025</u>	<u>(13,341)</u>	<u>139,086,361</u>
Governmental activities capital assets, net	<u>\$ 161,967,387</u>	<u>\$ 16,414,401</u>	<u>\$ (9,110,620)</u>	<u>\$ 169,271,168</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 16,405,276	\$ 545,566	\$ -	\$ 16,950,842
Construction In Progress	31,702,740	31,825,787	(36,243,436)	27,285,091
Retirement in Progress	217,654	1,039,228	(1,124,375)	132,507
Total capital assets not being depreciated	<u>48,325,670</u>	<u>33,410,581</u>	<u>(37,367,811)</u>	<u>44,368,440</u>
Capital assets, being depreciated				
Buildings	20,565,744	2,271,361	-	22,837,105
Equipment	17,465,846	1,776,044	(1,991,526)	17,250,364
Improvements	799,430,479	39,289,737	(1,857,360)	836,862,856
Total capital assets being depreciated	<u>837,462,069</u>	<u>43,337,142</u>	<u>(3,848,886)</u>	<u>876,950,324</u>
Less accumulated depreciation for:				
Buildings	(2,657,679)	(875,991)	-	(3,533,670)
Equipment	(11,694,794)	(1,537,001)	1,665,595	(11,566,200)
Improvements	(280,419,529)	(25,499,016)	2,788,061	(303,130,484)
Total accumulated depreciation	<u>(294,772,002)</u>	<u>(27,912,008)</u>	<u>4,453,656</u>	<u>(318,230,354)</u>
Total capital assets being depreciated, net	<u>542,690,067</u>	<u>15,425,134</u>	<u>604,770</u>	<u>558,719,971</u>
Business-type activities capital assets, net	<u>\$ 591,015,737</u>	<u>\$ 48,835,715</u>	<u>\$ (36,763,041)</u>	<u>\$ 603,088,411</u>

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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

Governmental activities:

General government and administration	\$ 807,049
Development services	785,437
Public works services	6,780,877
Public safety	2,022,481
Cultural and recreational	1,364,131
Total depreciation expense - Governmental activities	<u>\$ 11,759,975</u>

Business-type activities:

City Electric	15,800,065
Rural Electric	3,426,469
Water	3,430,409
Wastewater	4,112,060
Other Enterprise Funds	1,143,006
Total depreciation expense - Business-type activities	<u>\$ 27,912,009</u>

The City has active construction projects as of September 30, 2018. Total accumulated commitments for ongoing capital projects are composed of the following:

	<u>Committed</u>
Street improvements	\$ 1,043,036
Drainage improvements	191,995
Parks Development	977,631
Water system improvements	1,301,156
Wastewater Treatment Plant	1,671,145
Wastewater system improvements	2,065,818
Total	<u>\$ 7,250,781</u>

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

### 5. LONG-TERM DEBT

The following is a summary of long-term debt transactions (except vacation and sick pay and claims and judgments) for the year ended September 30, 2018:

	Beginning Balance	Issued	Matured/ Refunded	Ending Balance	Due within one year
<b><u>Governmental Activities:</u></b>					
General Obligation Bonds	\$ 40,918,353	\$ 6,265,000	\$ 5,566,531	\$ 41,616,822	\$ 5,876,005
Certificates of Obligation	36,975,000	11,965,000	8,695,000	40,245,000	2,075,000
Total governmental activities	77,893,353	18,230,000	14,261,531	81,861,822	7,951,005
Total Premium (Discount)	1,463,381	656,371	150,984	1,968,768	168,198
Total Governmental Activities, net	79,356,734	18,886,371	14,412,515	83,830,590	8,119,203
<b><u>Business-type Activities:</u></b>					
Water, Sewer & Airport Systems:					
General Obligation Bonds	6,301,647	-	713,469	5,588,178	673,995
Certificates of Obligation	5,675,000	-	1,030,000	4,645,000	980,000
Revenue Bonds	47,785,000	-	4,020,000	43,765,000	4,260,000
Electric System :					
General Obligation Bonds	6,275,000	-	750,000	5,525,000	725,000
Certificates of Obligation	36,720,000	-	1,275,000	35,445,000	1,300,000
Revenue Bonds	207,930,000	-	6,505,000	201,425,000	28,830,000
Total business type activities	310,686,647	-	14,293,469	296,393,178	36,768,995
Total Premium (Discount)	27,081,790	-	1,786,914	25,294,876	1,698,709
Total Business-type Activities, net	337,768,437	-	16,080,383	321,688,054	38,467,704
Total long-term debt	388,580,000	18,230,000	28,555,000	378,255,000	44,720,000
Total long-term debt, net	\$ 417,125,171	\$ 18,886,371	\$ 30,492,898	\$ 405,518,644	\$ 46,586,907

# City of Bryan, Texas

## Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

Long-term debt at September 30, 2018 consists of bonds and certificates of obligation maturing serially and is summarized as follows:

<u>Issue</u>	<u>Interest Rates (%)</u>	<u>Series Matures</u>	<u>First Callable Date</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
<b>General Obligation Bonds:</b>						
Refunding, Series 2010	2.00 - 4.00	2021	None	\$ 3,300,000	\$ -	\$ 3,300,000
Refunding, Series 2013	2.00 - 3.50	2026	08/15/23	13,120,106	3,859,894	16,980,000
Refunding, Series 2014	2.00 - 3.25	2031	08/15/24	5,246,716	1,728,284	6,975,000
Refunding, Series 2015	2.00 - 4.00	2025	None	7,390,000	5,525,000	12,915,000
Refunding, Series 2016	1.50 - 3.00	2026	None	6,295,000	-	6,295,000
Refunding, Series 2018	2.00 - 5.00	2028	None	6,265,000	-	6,265,000
Total General Obligation Bonds				<u>41,616,822</u>	<u>11,113,178</u>	<u>52,730,000</u>
<b>Certificates of Obligation:</b>						
Combination Tax & Revenue, Series 2009	3.00 - 5.00	2029	08/15/19	5,260,000	-	5,260,000
Combination Tax & Revenue, Series 2010	2.00 - 4.38	2030	08/15/20	8,835,000	-	8,835,000
Combination Tax & Revenue Refunding, Series 2011	3.00 - 4.00	2022	None	-	3,580,000	3,580,000
Combination Tax & Revenue, Series 2013	3.00 - 4.25	2033	08/15/23	-	4,495,000	4,495,000
Combination Tax & Revenue, Series 2014	2.00 - 5.00	2039	08/15/24	5,765,000	30,950,000	36,715,000
Combination Tax & Revenue, Series 2016	2.00 - 5.00	2036	08/15/26	8,420,000	1,065,000	9,485,000
Combination Tax & Revenue, Series 2018	3.00 - 4.00	2038	08/15/27	11,965,000	-	11,965,000
Total Certificates of Obligation				<u>40,245,000</u>	<u>40,090,000</u>	<u>80,335,000</u>
<b>Revenue Bonds:</b>						
Water and Sewer System Revenue, Series 2009A	2.50 - 4.63	2029	07/01/19	-	3,625,000	3,625,000
Sewer System Revenue, Series 2009B	1.35 - 2.60	2019	None	-	145,000	145,000
Water Revenue, Series 2010A	2.00 - 4.25	2030	07/01/20	-	3,485,000	3,485,000
Sewer System Revenue, Series 2011	0.00 - 2.70	2030	None	-	12,875,000	12,875,000
Electric System Revenue City, Series 2010	5.00 - 5.00	2019	07/01/17	-	20,975,000	20,975,000
Electric System Revenue Rural, Series 2011	3.00 - 5.00	2021	None	-	1,005,000	1,005,000
Electric System Revenue City, Series 2012	3.13 - 5.00	2037	07/01/22	-	39,130,000	39,130,000
Electric System Revenue City, Series 2016	3.00 - 5.00	2041	07/01/26	-	70,680,000	70,680,000
Electric System Revenue Rural, Series 2016	2.00 - 5.00	2041	07/01/26	-	14,945,000	14,945,000
Water System Revenue, Series 2016A	2.25 - 5.00	2036	07/01/26	-	4,015,000	4,015,000
Water System Revenue, Series 2016B	0.61 - 2.16	2041	None	-	2,170,000	2,170,000
Water and Sewer System Revenue, Series 2017	3.00 - 4.00	2032	07/01/27	-	17,450,000	17,450,000
Electric System Revenue Rural, Series 2017	3.00 - 5.00	2034	07/01/27	-	54,690,000	54,690,000
Total Revenue Bonds				<u>-</u>	<u>245,190,000</u>	<u>245,190,000</u>
Total long-term debt				<u>81,861,822</u>	<u>296,393,178</u>	<u>378,255,000</u>
Total Premium (Discount)				<u>1,968,768</u>	<u>25,294,876</u>	<u>27,263,644</u>
Total long-term debt, net				<u>\$ 83,830,590</u>	<u>\$ 321,688,054</u>	<u>\$ 405,518,644</u>

# City of Bryan, Texas

## Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

Debt service requirements to maturity for all bonds, certificates of obligation, contractual obligations and notes payable are summarized as follows:

### General Obligation Bonds

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 5,876,005	\$ 1,213,938	\$ 1,398,995	\$ 327,002	\$ 8,815,940
2020	6,009,991	1,091,488	1,430,009	299,022	8,830,510
2021	5,761,498	902,751	1,473,502	250,109	8,387,860
2022	4,682,201	732,131	1,497,799	214,979	7,127,110
2023	4,819,162	584,565	1,550,838	162,970	7,117,535
2024-2028	13,595,393	1,079,508	3,474,607	227,330	18,376,838
2029-2031	872,572	56,196	287,428	18,511	1,234,707
Total	<u>\$ 41,616,822</u>	<u>\$ 5,660,577</u>	<u>\$ 11,113,178</u>	<u>\$ 1,499,923</u>	<u>\$ 59,890,500</u>

### Certificates of Obligation

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2019	2,075,000	1,616,861	2,280,000	1,378,607	7,350,468
2020	2,320,000	1,373,506	2,230,000	1,317,888	7,241,394
2021	2,405,000	1,296,806	2,310,000	1,257,863	7,269,669
2022	2,395,000	1,213,356	2,345,000	1,177,613	7,130,969
2023	2,485,000	1,125,056	1,485,000	1,095,763	6,190,819
2024-2028	13,705,000	4,089,889	8,290,000	4,645,455	30,730,344
2029-2033	9,395,000	1,682,429	9,795,000	3,166,340	24,038,769
2034-2038	5,465,000	459,352	9,325,000	1,441,909	16,691,261
2039	-	-	2,030,000	77,140	2,107,140
Total	<u>\$ 40,245,000</u>	<u>\$ 12,857,255</u>	<u>\$ 40,090,000</u>	<u>\$ 15,558,578</u>	<u>\$ 108,750,833</u>

### Revenue Bonds

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2019	-	-	33,090,000	10,326,587	43,416,587
2020	-	-	12,215,000	8,819,946	21,034,946
2021	-	-	12,740,000	8,316,786	21,056,786
2022	-	-	12,945,000	7,785,615	20,730,615
2023	-	-	10,140,000	7,246,334	17,386,334
2024-2028	-	-	57,150,000	29,199,705	86,349,705
2029-2033	-	-	59,005,000	15,578,962	74,583,962
2034-2038	-	-	33,425,000	5,941,639	39,366,639
2039-2041	-	-	14,480,000	998,701	15,478,701
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,190,000</u>	<u>\$ 94,214,275</u>	<u>\$ 339,404,275</u>

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

### Total Long Term Debt

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 7,951,005	\$ 2,830,799	\$ 36,768,995	\$ 12,032,196	\$ 59,582,995
2020	8,329,991	2,464,994	15,875,009	10,436,856	37,106,850
2021	8,166,498	2,199,557	16,523,502	9,824,758	36,714,315
2022	7,077,201	1,945,487	16,787,799	9,178,207	34,988,694
2023	7,304,162	1,709,621	13,175,838	8,505,067	30,694,688
2024-2028	27,300,393	5,169,397	68,914,607	34,072,490	135,456,887
2029-2033	10,267,572	1,738,625	69,087,428	18,763,813	99,857,438
2034-2038	5,465,000	459,352	42,750,000	7,383,548	56,057,900
2039-2041	-	-	16,510,000	1,075,841	17,585,841
Total	<u>\$ 81,861,822</u>	<u>\$ 18,517,832</u>	<u>\$ 296,393,178</u>	<u>\$ 111,272,776</u>	<u>\$ 508,045,608</u>

On September 13, 2018, the City issued \$6,265,000 in General Obligation refunding bonds, Series 2018. These bonds mature serially from August 15, 2019 through August 15, 2028 with coupon rates ranging from 2.0% to 5.0%. After the payment of issuance costs, the proceeds from the sale of the 2018 refunding bonds were used to refund a total of \$6,460,000 of Certificate of Obligation bonds, Series 2008. This represents a deferred loss of \$26,411, a reduction in debt service payments over the next 10 years of \$687,846, and an economic gain of \$598,148 by an average interest rate of 2.757%.

On March 21, 2018, the City issued combination tax and revenue certificates totaling \$11,965,000. These bonds mature serially from August 15, 2019 through August 15, 2038 with coupon rates ranging from 3.0% to 4.0%. The proceeds from the sale of the 2018 Bonds are restricted for: constructing, improving, renovating, extending, expanding and developing streets, including drainage, traffic signalization, lighting, sidewalks, soundwalls and landscaping, and acquiring right-of-way related thereto; constructing, renovating and improving fire department facilities and purchasing fire-fighting equipment, including fire trucks; and related professional services, including legal, fiscal, engineering and design fees, and costs of the issuance of the certificates.

The net revenues of the City Electric Fund, Rural Electric Fund, Water and Wastewater Systems are pledged for the payment of each funds' respective revenue bonds. Net revenues, as defined by the various revenue bond ordinances, include substantially all of the revenues and expenses of each respective system other than certain interest income and expense and depreciation and amortization. These bond ordinances further require that the net revenues as defined equal at least 1.10 times the average annual debt service on all outstanding City Electric Fund revenue bonds, 1.20 times the average annual debt service on all outstanding Rural Electric Fund revenue bonds and 1.25 times the average annual debt service on all outstanding Water and Wastewater System revenue bonds.

Under the terms of the bond covenants, the City Electric and Rural Electric Funds are required to maintain minimum reserve fund requirements equal to approximately one year of debt service requirements. The reserve fund requirements may be satisfied by cash, letter of credit or an insurance policy. The reserve fund requirements for the Series 2010, 2011 (Rural) and 2012 Bonds are satisfied with restricted funds. The reserve fund requirements for the City Electric Fund Series 2016 and 2017 bonds are satisfied with insurance policies, as are the Rural Electric Fund's Series 2016 bonds. There

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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are no reserve requirements for the 2013 (Rural) and 2014 Certificates of Obligation or the 2015 General Obligation Refunding Bonds.

The ordinance authorizing the Waterworks and Sewer System revenue bonds stipulates that the City will deposit certain amounts into a reserve fund for the purpose of retiring the last of the bonds as they become due or to pay principal of and interest on the outstanding bonds if necessary. The ordinance also allows the City to replace or substitute a credit facility for cash or investments on deposit in the reserve fund. For the Series 2009A, 2016AB and 2017 bonds, the City has exercised the option to replace the reserve fund requirement with a surety bond.

The City reserves the right at any time to merge its City Electric Fund and its Rural Electric Fund into a single operating electric utility system. The merger of the Rural Electric Division would not have an adverse impact on the bondholders.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As provided for by the bond ordinances, this amount would be as a liability in the Proprietary funds for the benefit of the federal government and will be paid as required by applicable regulations. The City did not have an arbitrage liability as of September 30, 2018.

### Other long term liabilities

Changes in the accrual for unpaid vacation and sick pay are detailed below:

	Year Ended September 30, 2018		
	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 8,260,737	\$ 1,606,186	\$ 9,866,923
Plus additions	2,724,859	790,024	3,514,883
Less payments	<u>(1,942,861)</u>	<u>(673,876)</u>	<u>(2,616,737)</u>
Ending balance	<u>\$ 9,042,735</u>	<u>\$ 1,722,334</u>	<u>\$ 10,765,069</u>
Amount due in one year	\$ 2,441,538	\$ 1,171,187	\$ 3,612,725
Amount due in over one year	\$ 6,601,197	\$ 551,147	\$ 7,152,344

### 6. PRIOR-YEAR DEFEASANCE OF DEBT

As of September 30, 2018, the City had no outstanding general obligation bonds, certificates of obligation, and revenue bonds which were considered defeased.

# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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## 7. BONDS AVAILABLE FOR SALE

Authorized general obligation bonds available for future issue are as follows:

	<u>Year Authorized</u>	<u>Unissued Amount</u>
Streets	1984	\$ 8,225,000
Parks and Recreation Facilities	1984	1,775,000
Railroad Grade Separation	1984	2,850,000
Sanitary Landfill	1984	200,000
Total		<u>\$ 13,050,000</u>

During FY 1984, the City Council voted to comply with the option provided by state law that does not require voter approval on revenue bonds prior to issuance.

## 8. NATURE AND PURPOSE OF CLASSIFICATION OF FUND EQUITY

The fund balance classifications for Governmental Funds are:

- Nonspendable – includes fund balance amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through the adoption of an ordinance by the City Council. In order for fund balance to be committed, the City Council must adopt an ordinance stating the purpose for which the fund balance is committed. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (adoption of an ordinance) it employed to previously commit these amounts.
- Assigned – includes fund balance amounts that are self-imposed by the City to be used for a particular purpose. Fund balance can be assigned by the City Manager, the Chief Financial Officer or their designee. This authority was delegated to the City Manager and the Chief Financial Officer by formal resolution of the City Council. Assignments also include encumbrances for streets, drainage and capital projects.
- Unassigned – includes the residual fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

The City's classification of fund balances is as follows at September 30, 2018:

	General Fund	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
<b>Nonspendable:</b>						
Permanent Funds Corpus	\$ 63,713	\$ -	\$ -	\$ -	\$ 1,051,295	\$ 1,115,008
Other Purposes	-	-	-	-	-	-
<b>Restricted for:</b>						
Debt Service	-	5,827,239	-	-	-	5,827,239
Grants	-	-	332	-	-	332
Hotel/Motel	-	-	2,416,862	-	-	2,416,862
Municipal Court	128,852	-	160,052	-	-	288,904
TIRZ Development	-	-	1,169,520	-	-	1,169,520
Capital Projects	-	-	-	6,661,659	-	6,661,659
Cemeteries	-	-	-	-	38,989	38,989
Libraries	-	-	-	-	4,117	4,117
Police	137,524	-	-	-	-	137,524
Record Preservation	86,848	-	-	-	-	86,848
Other Purposes	762,913	-	-	-	-	762,913
Tax Abatements	1,490,450	-	-	-	-	1,490,450
<b>Committed to:</b>						
Parks	1,866,112	-	-	-	-	1,866,112
Libraries	233,103	-	-	-	-	233,103
Streets	-	-	6,290,734	-	-	6,290,734
Drainage	-	-	3,310,765	-	-	3,310,765
Severance Reserve	1,412,500	-	-	-	-	1,412,500
Other Purposes	-	-	4,621,792	-	-	4,621,792
<b>Assigned to:</b>						
Parks	974,178	-	-	-	-	974,178
Streets and Drainage	1,769,518	-	-	-	-	1,769,518
Other Purposes	493,505	-	-	-	-	493,505
Unassigned	19,058,051	-	(22,446)	-	-	19,035,605
<b>Total fund balances</b>	<b>\$28,477,267</b>	<b>\$ 5,827,239</b>	<b>\$ 17,947,611</b>	<b>\$ 6,661,659</b>	<b>\$ 1,094,401</b>	<b>\$ 60,008,177</b>

# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

Net position has been restricted at September 30, 2018 as follows:

Restricted for:	Business-Type Activities				Total
	Electric	Water	Waste Water	Other Enterprise	
Rate Stabilization	\$ 1,704,016	\$ -	\$ -	\$ -	\$ 1,704,016
Debt Retirement	5,530,868	-	-	-	5,530,868
Debt Service	7,813,894	1,154,754	2,205,847	9,837	11,184,332
Collateral Deposits	554,036	-	-	-	554,036
BVSWMA	-	-	-	17,261,242	17,261,242
<b>Total</b>	<b>\$ 15,602,814</b>	<b>\$ 1,154,754</b>	<b>\$ 2,205,847</b>	<b>\$ 17,271,079</b>	<b>\$ 36,234,494</b>

## 9. RETIREMENT PLAN

### Plan Description

The City of Bryan participates as one of 823 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.tmr.com](http://www.tmr.com).

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 benefit in one of seven payments options. Members may 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.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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

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

### Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	579
Inactive employees entitled to but not yet receiving benefits	442
Active employees	<u>875</u>
Total	1,896

### 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 as 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 for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.29% and 15.22% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$8,887,727, and were equal to the required contributions.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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### Net Pension Liability

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

### Actuarial assumptions:

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. 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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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(conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100%</u>	

### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. The projection of cash flows used to determine the single discount rate assumed the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial liability over a fixed period of time based on the actuarial assumptions. This funding policy also provides for the financing of the employer portion of all future benefits as they accrue.

# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

## Changes in the Net Pension Liability

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
<b>Balance at 12/31/2016</b>	\$ 309,513,804	\$ 251,942,835	\$ 57,570,969
Changes for the year:			
Service Cost	8,991,102	-	8,991,102
Interest	20,795,590	-	20,795,590
Change of benefit terms	-	-	-
Difference between expected and actual experience	395,105	-	395,105
Changes of assumptions	-	-	-
Contributions - employer	-	8,656,073	(8,656,073)
Contributions - employee	-	3,964,541	(3,964,541)
Net investment income	-	34,922,324	(34,922,324)
Benefit payments, including refunds of employee contributions	(11,853,082)	(11,853,082)	-
Administrative expense	-	(180,962)	180,962
Other changes	-	(9,171)	9,171
Net changes	<u>18,328,715</u>	<u>35,499,723</u>	<u>(17,171,008)</u>
<b>Balance at 12/31/2017</b>	<u>\$ 327,842,519</u>	<u>\$ 287,442,558</u>	<u>\$ 40,399,961</u>

## 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 6.75%, 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 (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease in Discount Rate 5.75%</u>	<u>Discount Rate 6.75%</u>	<u>1% Increase in Discount Rate 7.75%</u>
City's net pension liability	\$88,901,011	\$40,399,961	\$855,564

## 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.com](http://www.tmrs.com).

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

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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For the year ended September 30, 2018 the city recognized pension expense of \$9,498,493.

At September 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 557,027	\$ (770,309)
Changes in actuarial assumptions	1,197,867	-
Difference between projected and actual investment earnings	7,063,992	(14,345,328)
Contributions subsequent to the measurement date	6,810,756	-
Total	<u>\$ 15,629,642</u>	<u>(15,115,637)</u>

\$6,810,756 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended September 30</u>
2019	\$ 617,528
2020	75,738
2021	(3,451,463)
2022	(3,538,554)
2023	-
Thereafter	-
Total	<u>\$ (6,296,751)</u>

### 10. EMPLOYEE HEALTH BENEFITS

The City established the Employee Benefits Trust Fund effective October 1, 1986, covering health benefits for eligible employees. At that time the Council approved a formal trust agreement establishing the Fund. Employee premium costs are shared by the City and the employee, while dependent coverage is paid by the employee. The City's contract with its third party administrator and reinsurer sets an individual stop loss deductible in the amount of \$150,000 and a maximum aggregate stop loss deductible of \$12,260,892 for the twelve month period which began January 1, 2018 and ends December 31, 2018. These stop loss levels apply to both medical and prescription drug coverage. Dental coverage is not included. There were no significant reductions in insurance coverage in the current year from coverage in the prior year. For the City's aggregate stop loss coverage, there have been no settlements that have exceeded insurance coverage for the past three calendar years. However, the City has paid out \$238,255 for calendar year 2016, \$601,994 for

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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calendar year 2017, and \$364,840 for calendar year 2018 to date in settlements that exceed insurance coverage applicable to individual stop loss coverage.

The following schedule represents the changes in claims liabilities for the year:

	<u>FY 2018</u>	<u>FY 2017</u>
Beginning balance unpaid claims	\$ 1,264,047	\$ 1,063,007
Incurred claims	10,089,459	9,747,452
Claim payments	<u>(9,970,530)</u>	<u>(9,546,412)</u>
Ending balance unpaid claims	<u>\$ 1,382,976</u>	<u>\$ 1,264,047</u>
Amounts due in one year	\$ 1,382,976	\$ 1,264,047

### 11. OTHER POST-EMPLOYMENT BENEFITS

Effective January 1, 1991, by action of the City Council, the City began offering post-retirement health care benefits to employees. Effective January 1, 1993, retiree spouses were granted eligibility for benefits. Dependents were granted eligibility effective January 1, 1994. This plan is a single employer defined benefit, other post-employment benefit plan. A separate, audited GAAP-basis post-employment benefit plan report is not available.

On February 28, 2017 the City established the City of Bryan Post-employment Benefits Trust (Trust). The Trust is a single employer irrevocable trust established by action of the City Council. This trust is held by Public Agency Retirement Services (PARS) who is the administrator of the plan. US Bank serves as the trustee.

To qualify for healthcare an employee must be at least 60 years of age and have five years of TMRS service credit or have at least 20 years of service credit. In order to be eligible, employees must elect to retire at time of separation, must elect in writing to continue health benefits coverage at the time of separation, and must pay the appropriate premium. Coverage can continue for life.

Employees terminating before normal retirement conditions are not eligible for retiree health coverage. Employees who retire under a disability retirement are not eligible for retiree health coverage.

Eligible retirees may continue health insurance benefits for eligible spouses and dependents covered at the time of retirement. A dependent not covered under the plan at this time is not eligible for coverage. If the retiree elects to continue coverage for any dependent and on any subsequent date elects to discontinue coverage, the dependent is no longer eligible for coverage.

Survivors of employees who die while actively employed are not eligible for retiree health coverage. However, surviving spouses and dependents of Texas public officers (as defined by Texas Government Code, Chapter 615) killed in the line of duty are entitled to purchase continued health insurance benefits. The surviving spouse is entitled to continue to purchase health insurance coverage until the

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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date the surviving spouse becomes eligible for federal Medicare benefits. Surviving dependent minor children are entitled to continue health insurance coverage until the dependent reaches the age of 18 years or a later date to the extent required by state or federal law. A surviving dependent who is not a minor child is entitled to continue health insurance coverage until the earlier of: (1) the date the dependent becomes eligible for group health insurance through another employer or (2) the date the dependent becomes eligible for federal Medicare benefits. Eligible survivors are entitled to purchase the continued coverage at the group rate for that coverage that exists at the time of payment.

Surviving covered spouses and dependents of deceased retired employees may continue health care coverage for up to 36 months through COBRA.

Once the retiree or spouse is enrolled in Medicare, the City's plan becomes the secondary payer. The retiree is responsible for payment of any Medicare premiums. The City does not provide any cash payment in lieu of electing the City's health care plan. Retirees who do not elect to continue coverage at time of separation are not eligible to opt back in.

The City does not offer life insurance coverage for retirees or their dependents. Employees who retire are eligible to convert their group life insurance coverage to a Whole Life Policy without accidental death and dismemberment until the employee reaches age 100 or a Group Term Life with AD&D until the employee reaches age 70.

The City's health care plan includes medical, dental, and prescription coverage. Retiree health plan coverage is the same as coverage provided to active City employees in accordance with the terms and conditions of the current City of Bryan Health Plan. The City also offers a fully insured optional vision plan that retirees and their dependents may purchase. The City Council reserves the right to modify premium amounts, to modify eligibility requirements and to modify or discontinue retiree health benefits.

In the year ended September 30, 2018, retirees paid \$616,120 in premiums and \$1,673,984 in claims and premiums were paid for post-retirement health care and administrative charges. As of September 30, 2018, the City has 80 retirees and beneficiaries participating in the plan.

The City also provides health benefits as required by the Federal Government under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). COBRA requires employers that sponsor group health plans to provide continuation of group coverage to employees and their dependents under certain circumstances where coverage would otherwise end. Terminated employees who qualify under COBRA pay premium costs for themselves and dependents.

COBRA participants are reimbursed at the same levels as active employees. Participants paid premiums of \$39,565 and incurred claims and administrative expenses of \$159,119 during the year ended September 30, 2018. As of September 30, 2018, the City has 4 COBRA participants.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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Future year estimated claims for all health plan participants are actuarially determined by the reinsurer. All assets of the Employee Benefits Trust Fund are available for future claim payments for health plan participants.

Prior to January 1, 2010, all retirees electing health plan coverage received a health premium subsidy averaging 40%. Beginning January 1, 2010, the City implemented new eligibility requirements for subsidized retiree premiums. The new eligibility requirements require retirees to meet the 'Rule of 80' (sum of age plus years of service at retirement must equal at least 80), in order to receive the subsidized retiree premium. Retirees not meeting the 'Rule of 80' may still elect the City's retiree health plan coverage, but will not receive a subsidy.

### Funding Policy and Annual OPEB Cost

During FY 2017, the City Council adopted a funding policy for the City's OPEB liability. During FY 2018 \$625,000 was contributed to the Trust. The long term policy of the City is to contribute \$500,000 every year until the liability is fully funded, subject to annual appropriations and availability of funds.

The following is a summary of the employees covered by the Plan at September 30, 2018:

Inactive plan members or beneficiaries currently receiving benefits	80
Inactive plan members entitled but not yet receiving benefits	0
Active plan members	<u>843</u>
Total plan members	923

### Contributions to the Plan

For the year ended September 30, 2018, the City's contribution rate was \$1,471,374, or 2.52% of covered-employee payroll. (See the Required Supplementary section of this report for more information on contributions to the Plan). Employees are not required to contribute to the plan.

### Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2017 (the measurement date), and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. As of the measurement date the total OPEB liability was \$16,491,526 and the net OPEB liability (net of plan fiduciary net position of \$641,541) was \$15,849,985.

The total OPEB liability, and the Actuarial Determined Contribution (ADC) at the measurement date were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

## City of Bryan, Texas

### Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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Acutarial Cost Method	Individual Entry Age Normal
Amortization method	Level percentage of payroll
Remaining Amortization period	Closed, 30-years as of September 30, 2018
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Payroll Growth	1.50%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates being multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Participation Rates	It was assumed that 65% of retirees who are eligible for the rule of 80 discount and 10% of those who are not eligible for the rule of 80 discount would choose to receive coverage through the City.
Health Care Cost Trend Rates	Initial rates of 7.50% declining to ultimate rates of 5.25% after 11 years; Ultimate trend rate includes a 1.00% adjustment for the excise tax.

The actuarial assumptions used at the measurement date valuation were based on the results of an actuarial experience study performed as of December 31, 2017 and a measurement date of December 31, 2017.

For the purposes of the valuation performed as of December 31, 2017, the expected rate of return on OPEB plan investments is 6.50%. The municipal bond rate is 3.31% (based on the daily rate closest do but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"), and the resulting Single Discount Rate is 6.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal or in excess of the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Allocation-weighted Long-term Expected Real Rate of Return
Domestic Equity - Large Cap	26.50 %	5.58 %	1.48 %
Domestic Equity - Small/Mid Cap	12.50 %	5.92 %	0.74 %
Non-US Equity - Developed	6.00 %	5.71 %	0.34 %
Non-US Equity - Emerging	3.25 %	6.80 %	0.22 %
US Corporate Bonds - Core	43.50 %	2.27 %	0.99 %
US Corporate Bonds - Long Dur.	0.00 %	2.56 %	0.00 %
US Corporate Bonds - High Yield	1.50 %	4.50 %	0.07 %
Non-US Debt - Developed	0.00 %	1.39 %	0.00 %
Non-US Debt - Emerging	0.00 %	4.12 %	0.00 %
US Treasuries (Cash Equivalents)	5.00 %	0.84 %	0.04 %
TIPS (Inflation Protected)	0.00 %	1.63 %	0.00 %
Real Estate	1.75 %	4.44 %	0.08 %
Hedge Funds	0.00 %	3.85 %	0.00 %
Commodities	0.00 %	2.53 %	0.00 %
Infrastructure	0.00 %	4.81 %	0.00 %
Private Equity	0.00 %	8.02 %	0.00 %
<b>Total</b>	<b>100.00 %</b>		<b>3.96 %</b>
Expected Inflation			<b>2.50 %</b>
<b>Total Return</b>			<b>6.46 %</b>

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

### Changes in the Net OPEB Liability

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Beginning Balance</b>	\$15,975,467	\$ -	\$15,975,467
Service cost	478,077	-	478,077
Interest on the total OPEB liability	1,021,963	-	1,021,963
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Employer contributions	-	(1,608,981)	(1,608,981)
Net investment income	-	(17,311)	(17,311)
Benefits payments	(983,981)	983,981	-
Administrative expense	-	770	770
Other	-	-	-
<b>Net changes</b>	516,059	(641,541)	(125,482)
<b>Ending Balance</b>	<u>\$16,491,526</u>	<u>\$ (641,541)</u>	<u>\$15,849,985</u>

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following shows the sensitivity of the net OPEB liability to a 1.0% increase and a 1.0% decrease in the discount rate assumption:

	<b>1.0% Decrease 5.50%</b>	<b>Discount Rate 6.50%</b>	<b>1.0% Increase 7.50%</b>
Net OPEB Liability	\$17,644,727	\$15,849,985	\$14,277,268

### Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following shows the sensitivity of the net OPEB liability to a 1.0% increase and a 1.0% decrease in the healthcare cost trend rate assumption:

	<b>1.0% Decrease</b>	<b>Current Rate Assumption</b>	<b>1.0% Increase</b>
Net OPEB Liability	\$14,045,969	\$15,849,985	\$17,998,427

# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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## OPEB Expense and Deferred Outflows of Resources

For the year ended September 30, 2018, the City recognized OPEB expense of \$1,481,118. At September 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources and in the following amounts:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience, liability	\$ -	\$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual experience, asset	2,381	-
Contributions subsequent to the measurement date	1,203,015	-
Total	<u>\$ 1,205,395</u>	<u>\$ -</u>

The \$1,203,015 reported as deferred outflows of resources related to OPEB resulting from contributions made after the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2019. Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30</u>	<u>Net Deferred Outflows (Inflows)</u>
2019	\$ 595
2020	595
2021	595
2022	596
2023	-
Thereafter	-
Total	<u>\$ 2,381</u>

See page 40 for the statement of fiduciary net position for the OPEB Fund.

## 12. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, as amended, is available to all employees, and permits them to defer a portion of their salary until future years. The plan funds are not available to employees until termination, retirement, death, or emergency.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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All amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in trust for the exclusive benefit of the participants and the beneficiaries. This is in accordance with changes made to Section 457 of the Internal Revenue Code. Since the City is no longer the Plan Administrator or the trustee, the assets of the Plan are no longer a reportable fund in the City's basic financial statements.

Similar to the Section 457, the City of Bryan offered its employees the Retiree Health Savings (RHS) Plan. The plan allowed employees to make pre-tax contributions from their salary or accrued leave time to fund medical expenses for employees and their family on a tax-free basis during retirement. Once an employee elected to participate, this cannot ever be changed or revoked unless there is employment separation.

Like the Section 457, all amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in trust for the exclusive benefit of the participants and the beneficiaries. The City is not the Plan Administrator or the trustee; therefore, the assets of the Plan are not a reportable fund in the City's basic financial statements.

### 13. TEXAS MUNICIPAL POWER AGENCY

The Texas Municipal Power Agency ("TMPA") was created in July 1975 by concurrent ordinances of the Texas cities of Bryan, Denton, Garland, and Greenville ("Member Cities") pursuant to Acts 1995 64th Leg. Ch. 143, sec 1 (the "Act"). Under the provisions of the Act, TMPA is a separate municipal corporation. TMPA is exempt from federal income tax under section 115 of the Internal Revenue Code.

TMPA operates the Gibbons Creek Steam Electric Station ("Gibbons Creek"), a coal-fired generating plant located in Grimes County, Texas with a net generating capability of 470 MW within the jurisdiction of the Electric Reliability Council of Texas (ERCOT). The plant began commercial operation October 1, 1983. Additionally, TMPA owns and operates approximately 350 circuit miles of transmission lines and 14 substations within ERCOT. TMPA also owns approximately 10,500 acres of land adjacent to the plant previously used to mine lignite for generation.

Effective October 17, 2017, Gibbons Creek entered into a seasonal operations mode, operating during the summer months only (June-September). This change was authorized by ERCOT through an NSO Initial and Final Determination, dated August 2017. Due to the significant decline in the service utility of the generation assets, such assets were deemed impaired and the Agency recognized \$227,278,000 in impairment losses in its Statement of Revenues, Expenses and Changes in Net Position through September 30, 2018. Gibbons Creek was placed in mothball status beginning November 2018.

TMPA is governed by a Board of Directors made up of two representatives from each Member City and is empowered to plan, finance, acquire, construct, own, operate and maintain facilities to be used in the business of generation, transmission and sale of electric energy to each Member City. Each of the Member Cities entered into separate but identical Power Sales Contracts with TMPA (as amended, the "TMPA Agreements"). For more than 40 years, the TMPA Agreement governed the relationship

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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between, and the rights and obligations of, TMPA and each of the Member Cities with respect to, among other items, generation, including Gibbons Creek, transmission and sale of electric energy to each Member City. Under the terms of the TMPA Agreement, each of the Member Cities was unconditionally obligated to pay to TMPA, without offset or counterclaim and without regard to whether energy was delivered by TMPA to the Member Cities, its percentage of TMPA's Annual System Cost as defined in the TMPA Agreement, including the payment of TMPA's debt service requirements and operating and maintenance expenses in the following percentages: City of Bryan – 21.7%; City of Denton – 21.3%; City of Garland – 47.0% and City of Greenville – 10.0%. On September 1, 2018 TMPA made the final debt service payment on TMPA's generation debt which extinguished the Member City's unconditional obligation with respect to such TMPA debt. The TMPA Agreement has expired by its terms and none of the Member Cities elected to extend the TMPA Agreement beyond September 30, 2018.

TMPA and the Member Cities entered into a Joint Operating Agreement ("JOA") effective September 1, 2016. The JOA was amended effective September 15, 2016 ("Amendment No. 1"), in large part to accommodate a proposed sale of certain assets of TMPA, including Gibbons Creek and a portion of the transmission facilities of TMPA. Amendment No. 1 was conditioned on the closing of that sale, but in May 2017 negotiations for that sale were finally discontinued and Amendment No. 1 became ineffective in accordance with its terms. A second amendment to the JOA ("Amendment No. 2") was negotiated and became effective on September 22, 2017. In addition to removing the terms of Amendment No. 1, Amendment No. 2 (i) clarified provisions related to mine reclamation bonds; (ii) provided for some sales of TMPA transmission assets (\$250,000 individual / \$500,000 total per year); and (iii) allowed for seasonal operations notification without enacting the 24-month termination provision. The JOA consists of the original agreement dated September 1, 2016 as amended by Amendment No. 2. The JOA shall remain in effect until the dissolution of TMPA or termination by the Member Cities.

Since all of the Member Cities elected not to extend the TMPA Agreement and the TMPA Agreement has expired, TMPA will, unless the parties enter into a new power sales agreement, cease power production at Gibbons Creek. The JOA represents the post-2018 plans for TMPA and the Member Cities and is intended to provide terms of agreement for (1) TMPA operations outside the scope of the TMPA Agreement, (2) matters relating to decommissioning of Gibbons Creek at such time as it may be removed from service, (3) disposition of TMPA assets, and (4) matters relating to dissolution of TMPA, at such time as it may be dissolved.

Among other matters, the JOA (1) allocates the costs of TMPA transmission operations to the Member Cities in accordance with Member City percentages as they existed at expiration of the TMPA Agreement, (2) establishes formulas for determining each Member City's ownership interest in TMPA assets (such calculations generally being based on each City's proportional share of payments made to TMPA) and used to allocate TMPA assets or proceeds of the sale thereof to each Member City, and (3) provides for the allocation among the Member Cities of TMPA transmission assets if a majority of the Member Cities authorize the transfer of ownership of the TMPA transmission assets. The JOA divides TMPA assets and operations into three business categories – generation, transmission, and mining – and establishes protocols for Member Cities to exit one or more business categories. The

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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JOA creates a reserve account to be held by an escrow agent for decommissioning costs for Gibbons Creek to be funded at \$30,000,000, and a reserve account to be held by an escrow agent for indemnification costs for environmental claims against Member Cities to be funded at \$5,000,000 or such other amount approved by the Member Cities. The decommissioning and indemnification reserves are to be funded over time from surplus TMPA operating revenues and from asset sale proceeds after payment of any related debt. Decommissioning costs above amounts in the decommissioning reserve account are to be allocated to the Member Cities. Under the JOA as written, the TMPA Board of Directors is obligated to adopt a decommissioning plan no later than September 1, 2017 for Gibbons Creek at such time as it may be removed from service. However, pending the effort to sell Gibbons Creek, discussed below, the Member Cities have executed documentation waiving and suspending this deadline until such time as the effort to sell Gibbons Creek is discontinued. Finally, the JOA requires Member City approval for a number of TMPA actions, including the: (i) sale of all or part of TMPA transmission assets to a third party, (ii) adoption of a budget or amended budget that exceeds 20% of the previous year's budget, (iii) issuance of debt (other than transmission debt), (iv) execution of a contract exceeding a term of two years, or a contract for more than \$10 million, and (v) sale of property having a value in excess of \$10 million (other than mining property).

Under the JOA, each Member City has covenanted to establish, maintain and collect rates and charges for the electric service of its electric system which shall produce revenues at least sufficient, together with other revenue available to such electric system and available electric system reserves, to enable it to pay to TMPA, when due, all amounts payable by such Member City under the JOA.

In January 2016 and again in June 2017, TMPA issued requests for proposals ("RFPs") regarding the proposed sale of Gibbons Creek generating station and certain transmission assets. Proposals received in connection with the January 2016 RFP were pursued, but negotiations were ultimately discontinued. Proposals received through the June 2017 RFP are currently under evaluation by TMPA with some negotiations between the proposers and TMPA. The City can make no assurances regarding whether a qualifying proposal for the sale of Gibbons Creek generating facilities and certain TMPA transmission assets will be selected. The City does not anticipate a sale of the transmission assets prior to September 1, 2020, when TMPA transmission debt can be redeemed or prepaid.

At September 30, 2018, BTU's portion of outstanding TMPA bonds and note purchase agreement was approximately \$45.7 million.

During the year ended September 30, 2018, the City Electric System paid TMPA \$27,602,871 for power purchases and related activity under the contract. As of September 30, 2018, the City Electric System had payables to TMPA amounting to \$0.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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The TMPA's Comprehensive Annual Financial Report for the year ended September 30, 2018 reported the following:

	<u>FY 2018</u>
Total Assets	\$ 269,423,000
Total Deferred Outflows of Resources	-
Total Liabilities	255,208,000
Total Deferred Inflows of Resources	-
Total Net Position	<u>\$ 14,215,000</u>
Change in Net Position for year ended September 30, 2018	 \$ 30,672,000

TMPA's audited financial statements may be obtained by writing TMPA, P.O. Box 7000, Bryan, TX 77805.

#### 14. BRAZOS VALLEY SOLID WASTE MANAGEMENT AGENCY

In 2010, the City Councils of Bryan and College Station approved, through an interlocal agreement, the creation of a local government corporation, BVSWMMA, Inc., which currently owns and manages landfill operations for both Cities. The expectation was that a combined landfill operation will minimize solid waste management costs for both Cities. BVSWMMA, Inc. superseded a previous agreement established in 1990 which combined landfill operations under the then newly created Brazos Valley Solid Waste Management Agency (BVSWMMA). The powers of BVSWMMA, Inc. are vested in a seven member Board of Directors, consisting of appointees from each City Council.

The bylaws for BVSWMMA, Inc., establish powers that include the issuance of debt, acquisition of land and equipment, the hiring of a general manager and staff to maintain and operate the facilities and the establishment of tipping fees. BVSWMMA, Inc., revenues are derived from tipping fees paid by landfill customers that include the Cities of Bryan and College Station, other unaffiliated businesses and the general public.

BVSWMMA, Inc. owns two landfill sites. The initial landfill site known as Rock Prairie Landfill, located in College Station, was closed in 2011 as it reached operating capacity. The Twin Oaks Landfill, located in Grimes County, was opened in 2011 and has an expected capacity of over 50 years.

In 2010, the City issued \$5,145,000 in Certificates of Obligation, Series 2010 to finance the construction of the Twin Oaks Landfill site. BVSWMMA has agreed to pay the City an amount equal to the future debt service requirements of these certificates of obligation. At September 30, 2018 the City reported a receivable in the amount of \$3,435,000 of which \$255,000 is due and payable to the City within one year.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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The City of Bryan and the City of College Station each recognize a 50% ownership in BSWMA, Inc. The City of Bryan's 50% ownership is reflected in the Solid Waste Fund.

BWSMA's audited annual financial statements for the year ended September 30, 2018 reported the following:

	<u>FY 2018</u>
Total Assets	\$ 47,036,996
Total Liabilities	12,338,483
Total Deferred Inflow of Resources	<u>176,028</u>
Total Net Position	<u>\$ 34,522,485</u>
Change in net position for the year ended September 30, 2018	\$ 3,085,799
Bryan's undivided 50% share of changes in net position for the year ended September 30, 2018	\$ 1,542,900

Audited financial statements for BWSMA, Inc. may be obtained from:

BWSMA, Inc.  
2690 Hwy. 30  
Anderson, TX 77830

# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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## 15. INTERFUND BALANCES

Interfund receivable and payable balances at September 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	City Electric	\$ 321,406
	Nonmajor governmental	562,405
	Internal service funds	1,070
Debt service	General	72,752
Nonmajor governmental	City Electric	122,520
City Electric	Rural Electric	7,900,138
	General	33,626
	Nonmajor governmental	9,491
Water	City Electric	410,288
Wastewater	City Electric	268,624
Nonmajor enterprise funds	City Electric	161,849
Internal service funds	City Electric	288
Total		<u>\$ 9,864,457</u>

Interfund receivable and payable balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. Transactions are recorded in the accounting system and payments between funds are made. The interfund balances presented agree with the sum of interfund balances in the balance sheet for governmental funds and statement of net position for proprietary funds.

# City of Bryan, Texas

## Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

### 16. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2018 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>						<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>City Electric Fund</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Nonmajor Enterprise Funds</u>	
General Fund	\$ -	\$ 2,044,915	\$ 12,379,099	\$ 700,657	\$ 665,462	\$ 406,082	\$ 16,196,215
Debt Service	-	1,879,222	-	-	-	-	1,879,222
Nonmajor governmental funds	-	-	-	-	-	105,347	105,347
Water Fund	25,000	-	-	-	-	5,000	30,000
Wastewater Fund	259,688	-	-	-	-	23,174	282,862
Nonmajor enterprise funds	189,113	-	-	23,791	3,106	-	216,010
Internal service funds	158,710	-	-	42,890	40,281	-	241,881
Total transfers out	<u>\$ 632,511</u>	<u>\$ 3,924,137</u>	<u>\$ 12,379,099</u>	<u>\$ 767,338</u>	<u>\$ 708,849</u>	<u>\$ 539,603</u>	<u>\$ 18,951,537</u>

Transfers are primarily used to move funds from:

- The proprietary funds to the General Fund for use of City owned rights-of-way and as payments in lieu of property taxes
- The proprietary funds to the Debt Service Fund as payments in lieu of property taxes
- The Capital Project Funds to the Water and Wastewater Funds as incidental utility system improvements made relative to street and drainage capital improvement projects
- The Tax Increment Reinvestment Zone Funds to the Debt Service Fund and Bryan Commerce and Development, Inc. for debt service payments as they become due
- Funds that are no longer needed and are closed by transferring all balances to other appropriate funds

The sum of all transfers presented agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

# City of Bryan, Texas

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2018

## 17. ADMINISTRATIVE ALLOCATIONS TO OTHER FUNDS

The General Fund provides general and administrative support services to the City Electric Fund, Rural Electric Fund, Water Fund, Wastewater Fund, Solid Waste Fund, Insurance Fund, TIRZ funds, Special Projects Fund, Employee Benefits Fund, Bryan Commerce and Development Fund, and Coulter Airfield Fund. Costs of these services are allocated as follows:

	<u>General Fund</u>
<u>Administrative costs allocated to:</u>	
City Electric Fund	\$ 867,368
Water Fund	512,574
Wastewater Fund	609,785
Nonmajor Enterprise Fund (Solid Waste Fund)	564,752
Internal Service Fund (Insurance Fund)	170,901
Street Improvement	161,085
Drainage Fund	64,913
Employee Benefits Fund	181,058
Warehouse Fund	78,579
Bryan Commerce & Development	41,336
Coulter Airfield Fund	99,045
	<u>\$ 3,351,396</u>

## 18. DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

The balance of deferred inflows of resources and unearned revenues at September 30, 2018 consists of the following:

	<u>Deferred Inflows of Resources</u>	<u>Unearned</u>	<u>Totals</u>
Delinquent property taxes receivable (General Fund)	\$ 111,507	\$ -	\$ 111,507
Delinquent property taxes receivable (Debt Service Fund)	39,335	-	39,335
Wastewater unearned revenue	-	266,466	266,466
Nonmajor governmental funds	<u>164,871</u>	<u>-</u>	<u>164,871</u>
Total	<u>\$ 315,713</u>	<u>\$ 266,466</u>	<u>\$ 582,179</u>

\*This table does not include deferred inflows related to Pensions from Note 9 or OPEB from Note 11.

# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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## 19. LITIGATION

There are several lawsuits pending in which the City is involved. In the event of an unfavorable outcome in any suit, in management's opinion, a claim against the City would be covered by insurance or funds available in the Insurance Fund and would not materially affect the financial statements of the City.

## 20. RISK MANAGEMENT

In fiscal year 1989, the City decided not to purchase commercial liability insurance. At that time, City management believed that it was more economical to manage liability risks internally and set aside assets for the payment of claims in an internal service fund. The "Insurance Fund" was established to service all claims for risk of losses relating to general liability and workers' compensation.

In fiscal year 1994, the City began purchasing excess liability insurance to reduce its exposure to catastrophic losses. Liability insurance providing a \$5,000,000 limit per occurrence/\$5,000,000 aggregate limit for general, auto, public officials, and police liability with a \$500,000 self-insured retention for claims was purchased with coverage effective October 1, 2015. Worker's compensation coverage is provided at \$20,000,000 with \$2,000,000 retention. There have been no settlements that have exceeded insurance coverage for each of the past three fiscal years.

All funds of the City participate in the Insurance Fund. The costs of providing claims servicing and claims payment are allocated by charging each fund a "premium" based upon a percentage of the respective fund's estimated current-year payroll and expenses and management's estimate of projected current costs. These charges consider exposure and recent trends in actual claims experience of the City as a whole and make provision for catastrophic losses.

The Insurance Fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City has recorded a potential liability in the amount of \$1,539,463 for claims that have been incurred but not reported as of September 30, 2018. Because actual claims liabilities depend on such complex factors as changes in legal doctrines and damage awards, the process used in computing liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The schedule below represents the changes in estimated claims liabilities:

	<u>2018</u>	<u>2017</u>
Unpaid claims at beginning of fiscal year	\$ 1,591,835	\$ 1,398,010
Change in unpaid claims	170,499	368,540
Claim payments	<u>(222,871)</u>	<u>(174,715)</u>
Total unpaid claims at end of fiscal year	<u>\$ 1,539,463</u>	<u>\$ 1,591,835</u>
Amounts due in one year	\$ 739,396	\$ 766,494

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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Texas law limits recovery, under legislatively defined governmental functions, to \$500,000 per occurrence. Claims proceeding from proprietary functions are not limited.

### 21. COMMITMENTS AND CONTINGENCIES

#### Traditions Development

In 1999, the City embarked on a major development program for the City's west side encompassing approximately 850 acres. The City identified the land for possible development, located in Brazos County east of Highway 47 and south of Villa Maria Road. The City believed that a public interest would be served by purchasing this land and that economic development would be stimulated by developing this land into a first class resort, golf course, and planned community known as the Bryan Resort Project (subsequently known as the Traditions Development).

As a result, the City and Jordan Community Properties, L.P. entered into a Master Economic Development Agreement (MEDA) in 1999. One of the provisions of the MEDA was for the City to create a local government corporation to aid the City in completion of certain provisions in the MEDA. The local government corporation created was Bryan Commerce and Development, Incorporated (BCDI). BCDI purchased the land, identified by the City, for development. The City agreed to provide public infrastructure improvements including all major arterial streets, all major utilities including electrical, gas, water, sewer, telephone, cable, drainage structures, water delivery systems, street lighting, landscaping of median entryways, all signage for the project, traffic signals, entryway structures, and lighting necessary for the project.

The partnership between BCDI and Jordan Community Properties, L.P. was named Bryan/Jordan L.P. (subsequently known as Bryan/Traditions, L.P.). Bryan/Jordan L.P. was formed as a limited partnership, in 2000, under the laws of the State of Texas. The partners in Bryan/Jordan L.P. were CFJ Properties, Inc., a Texas corporation and the general partner, BCDI, a Texas local government corporation, a limited partner, and Jordan Community Properties, L.P., a Texas limited partnership and a limited partner. The partnership interest was as follows: 1%, 55% and 44% for Jordan Properties, Inc. or an affiliate thereof, Jordan L.P. and BCDI, respectively.

The purpose of Bryan/Jordan L.P. was to develop a portion of the land, purchased by BCDI, into a planned community, including a residential community and a commercial development. This community would become known as Traditions. In order for Bryan/Jordan L.P. to develop the land, BCDI would periodically contribute portions of the land, as a partnership contribution, to Bryan/Jordan, L.P. by a special warranty deed.

Several changes to the original partnership agreement have taken place since 2000. The following is a history of the changes that have occurred.

In 2004, the partnership agreement was amended to reflect the change in names of certain partners. CFJ Properties, Inc. was now known as Rosemel Properties, Inc. and Jordan Community Properties,

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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L.P. was now known as Melrose Community Properties, L.P. In addition, the name of the partnership was changed from Bryan/Jordan, L.P. to Bryan/Traditions, L.P.

In 2009, the partnership agreement, was amended and restated (Amendment) to reflect certain changes. Traditions Acquisition Partnership, GP, LLC, a Texas limited liability company, acquired the general partnership interest originally owned by CFJ Properties, Inc. and subsequently known as Rosemel Properties, Inc. Traditions Acquisition Partnership GP, a Texas limited partnership, acquired the limited partnership interest originally owned by Jordan Community Properties, Inc. subsequently known as Melrose Community Properties, L.P. Concurrent with the Amendment, Traditions Acquisition Partnership, L.P. agreed to acquire a group of loans payable from Bryan/Traditions, L.P. and payable to M&I Bank, relating to the Melrose entities, with a balance at the closing date of \$1,840,432. Traditions Acquisition Partnership, L.P. executed a release that released the guarantors from their respective obligations for the loan from M&I Bank to Bryan/Traditions, L.P. In consideration for Traditions Acquisition Partnership, L.P.'s contribution, the Amendment specified the deeding of 34 existing lots, within the Traditions Development, from Bryan/Traditions, L.P. to Traditions Acquisition Partnership.

Other special provisions of the Amendment provided that:

- BCDI agreed to provide funding for the construction of a future bridge, roadways or other infrastructure as future development occurs.
- Upon Traditions Acquisition Partnership's completion of a club house to certain specifications, additional provisions were activated. Traditions Acquisition Partnership completed the club house as specified in the Agreement on March 1, 2011. The subsequent provisions included that Traditions Acquisition Partnership is entitled to receive the first \$150,000 of the net sales proceeds of each of the next 20 lots developed by Bryan/Traditions, L.P., and additionally, that Traditions Acquisition Partnership has the option to purchase 50 acres of BCDI land known as Parcel 35 for \$1. If they choose to exercise the option to purchase Parcel 35, they forgo a number of construction commitments by the City.

Prior to FY 2017, Traditions Acquisition Partnership had received proceeds for all 20 of the committed 20 lots from which the partnership is entitled to receive the first \$150,000 of net sales proceeds, thereby fulfilling that obligation under the Amendment. Also on September 28, 2016, Traditions Acquisition Partnership exercised its option to purchase Parcel 35 for \$1, eliminating the City's future obligations for a bridge, roadways and other infrastructure under the Amendment.

Except as noted above, the partnership interest is: 1%, 55% and 44% for Traditions Acquisition Partnership, GP, LLC, Traditions Acquisition Partnership GP and BCDI, respectively, on lot sales and 25% and 75% for Traditions Acquisition Partnership GP and BCDI, respectively, on larger parcel sales.

In 2000, the City approved an Ordinance creating Tax Increment Reinvestment Zone Ten (TIRZ Ten). TIRZ Ten, which includes most of the Traditions Development, funds public infrastructure improvements as further described in Note 26.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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The Traditions Development currently includes a Jack Nicklaus designed golf course, an 800 acre high-end housing development and the new Atlas/Lake Walk development. At September 30, 2018, BCDI holds approximately 190 acres under the Agreement that remain to be developed. The Partnership is expected to stay operational until all Partnership property is sold. There is no debt outstanding related to land held by BCDI in the Traditions development. The City anticipates that the proceeds from BCDI's portion of future land sales will exceed the cost of future City infrastructure required by the Traditions Development.

Through September 30, 2018, the City of Bryan has invested \$39 million towards land, infrastructure and operating costs in the Traditions development. Funding sources include TIRZ #10 tax revenues, Traditions land sales, water and wastewater funds, the general fund and special projects funds.

### City of Bryan and Brazos County Economic Development Foundation Inc.

In 2009, the City of Bryan and Brazos County entered into an agreement to create the City of Bryan and Brazos County Economic Development Foundation Inc. ("BBCEDF"), a local government corporation formed under Subchapter D of Chapter 431 of the Texas Transportation Code. The BBCEDF was created to promote, develop, encourage and maintain employment, commerce, and economic development in the City and the County. In 2009, the BBCEDF purchased 191 acres of land in north Brazos County to be developed as a business park. Also in 2009, the BBCEDF entered into an option agreement that gave BBCEDF the right to purchase up to 724 adjacent acres. In fiscal year 2016, BBCEDF exercised the option to purchase all remaining acres under the option agreement. In fiscal year 2017, BBCEDF purchased an adjacent 119 acres. The business park, known as the Texas Triangle Park, is currently the primary focus for economic development for the BBCEDF. Through September 30, 2018, BBCEDF sold 403 acres of the Texas Triangle Park and holds approximately 616 acres currently for sale.

The City of Bryan's 50% ownership in BBCEDF is reflected on the Statement of Net Position as Investment in Economic Development Foundation.

### Research Valley BioCorridor

In December 2011, the Cities of Bryan and College Station (the Cities) adopted an inter-local agreement (ILA) for the development of the Research Valley BioCorridor. The purpose of the BioCorridor is to attract bio-related industries that develop life-changing medical technologies, build tax base, and attract high-paying jobs and investment to the Cities. The ILA outlines a number of ways the Cities will work together to create and manage an environment conducive for development and growth of the BioCorridor. The agreement applies to four tracts of land totaling approximately 196 acres owned by Bryan Commerce and Development, of which, approximately 147 acres are located in College Station.

The agreement provides for the joint construction and cost-sharing of HSC Parkway, the major roadway within the BioCorridor, creation of joint development standards, ad valorem revenue sharing on real and personal properties, sewer service to be provided by Bryan; Water service to be

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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provided by College Station and a swap of exclusive sewer service territories that enables each City to more effectively provide service due to terrain and proximity to existing sewer systems.

Through September 30, 2018, The City of Bryan has expended \$5.6 million on roadways and sewer improvements under the agreement. Ad valorem taxes to be shared under the agreement are based on the lower of the Cities of Bryan and College Station's O&M tax rates, subject to a minimum rate of \$0.24 per \$100 valuation, and will be split on a 50/50 basis. Through September 30, 2018, the City of Bryan has paid a total of \$19,372 to the City of College Station under the tax sharing agreement.

### Bryan Texas Utilities

BTU purchase and construction commitments were \$520.2 million at September 30, 2018. This amount primarily includes provisions for future fuel and energy purchases related to BTU's native load obligations and wholesale contract sales. Specific to the wholesale contracts, BTU has executed forward market power purchases with four different counterparties which have varying terms expiring from 2019, through 2022.

On April 9, 2018, BTU executed forward market power purchases for the years 2023 through 2027, to support BTU's projected baseload energy requirements over those respective years. BTU transacted with one counterparty for the total purchase of approximately 4,666,000 MWh.

On May 24, 2017, BTU executed forward market power purchases for the years 2018 through 2022, to replace BTU's share of expected capacity from Gibbons Creek over those respective years. BTU transacted with two counterparties for the total purchase of approximately 3,905,000 MWh.

On October 6, 2015, BTU executed forward market power purchases for the years 2018 through 2022. Spread over five years, BTU transacted with four counterparties for the total purchase of approximately 949,000 MWh.

On August 28, 2014, BTU entered into a 25 year power purchase agreement with Los Vientos Windpower, LLC, a subsidiary of Duke Energy. Under the agreement, BTU purchases 33% of the output from wind turbines with a generating capacity of 110 MW from the Los Vientos V wind project in Starr County, Texas; which began commercial operation in December, 2015.

On October 14, 2010, BTU entered into a 15 year power purchase agreement with Peñascal II Wind Power, LLC, a subsidiary of Iberdrola Renewables; now known as Avangrid Texas Renewables, LLC (Avangrid). Under the agreement, which extends from January 1, 2011 to December 31, 2025, BTU purchases the output from wind turbines representing 30MW of generating capacity from Avangrid's existing Peñascal 2 Wind Project in Kenedy County, Texas.

On April 30, 2010, BTU entered into a 25 year power purchase agreement with Fotowatio Renewable Ventures (FRV). FRV owns and operates a photovoltaic solar power plant in Presidio County, Texas. Under the agreement, which extends from 2013 to 2037, BTU purchases the output from the 10MW facility.

# City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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## Crossfulton Investments, Ltd.

In 2012, the City of Bryan entered into an economic development agreement with Crossfulton Investments, Ltd. related to a retail center development located in west Bryan. The agreement provides sales tax revenue sharing of up to \$5,000,000 through 2029 to reimburse a portion of the cost of design, development and construction of the retail center. The reimbursements are based on sales tax collections from the retail businesses at the location. As of September 30, 2018, the developer has not provided the required information on sales tax to the City therefore no payment to Crossfulton has been made. The City estimates the liability to be \$1.5 million as of September 30, 2018. These amounts have been committed in the General Fund fund balance during FY 2018. Additionally, the City agreed to reimburse up to \$250,000 for construction costs of the traffic signal at Villa Maria and Jaguar which was paid in FY 2016.

## Encumbrances

The General Fund committed and assigned fund balance includes the impact of encumbrances. Encumbrances are commitments related to contracts for goods or services. At year end the amount of encumbrances expected to be honored in the next year in the General Fund were \$7.6 million.

## 22. ACCOUNTS RECEIVABLE

As of September 30, 2018, the receivables not expected to be collected within one year are notes receivable as follows:

	General Fund	Debt Service Fund	Total
Notes receivable	<u>\$ 13,616</u>	<u>\$ 3,435,000</u>	<u>\$ 3,448,616</u>

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

### 23. RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Below is a reconciliation of the various restricted cash, cash equivalents and investments reported as of September 30, 2018:

	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Total
Bond Retirement Reserve	\$ 5,530,868	\$ 362,200	\$ -	\$ -	\$ -	\$ 5,893,068
Bond Debt Service	9,472,241	401,744	1,381,646	2,205,847	9,837	13,471,315
Rate Stabilization Reserve	1,704,016	-	-	-	-	1,704,016
Customer Deposits Payable	4,428,996	1,499,792	-	-	-	5,928,788
Over-Recovered Fuel Expense	4,214,490	2,081,420	-	-	-	6,295,910
Over-Recovered Regulatory Fee	190,765	206,924	-	-	-	397,689
Collateral Deposits	554,036	-	-	-	-	554,036
Capital Debt Proceeds	22,725,070	-	3,907,510	-	42,157	26,674,737
	<u>\$ 48,820,482</u>	<u>\$ 4,552,080</u>	<u>\$ 5,289,156</u>	<u>\$ 2,205,847</u>	<u>\$ 51,994</u>	<u>\$ 60,919,559</u>

\*This table does not include investments in Brazos Valley Solid Waste Management Agency or City of Bryan and Brazos County Economic Development Foundation Inc.

### 24. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended September 30, 2018 budgetary expenditures in excess of appropriations are reported as indicated below:

Governmental Funds	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - (Negative)
Street Improvement Fund			
Capital Outlay	\$ 128,314	\$ 714,618	\$ (586,304)
Drainage Improvement Fund			
Capital Outlay	-	56,185	(56,185)
General Fund			
Public Works Services	3,608,913	3,831,721	(222,808)
Cultural and Recreational	8,101,354	9,411,660	(1,310,306)

For the fiscal year ended September 30, 2018, the Drainage Improvement fund and the Street Improvement fund exceeded budget in the capital outlay expenditures by \$56,185 and \$586,304. The funds did not exceed budget in total expenditures.

Appropriations are made at the fund level. No funds were over appropriations at the fund level.

### 25. FUND DEFICITS

The Community Development Fund, a Special Revenue Fund, has a deficit unassigned fund balance as of September 30, 2018 in the amount of \$22,446. This is the result of expenditures incurred in advance of processing the related grant requests. The City will submit grant fund requests to cover the fund deficit in fiscal year 2019.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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### 26. TAX INCREMENT REINVESTMENT ZONES

Chapter 311 of the Texas Tax Code allows for the creation of Tax Increment Reinvestment Zones (“TIRZ”). TIRZ are statutory tools available to municipalities in Texas to promote development or redevelopment in an area that would not occur in the foreseeable future solely through private investment. TIRZ are also a means to allow a community to enhance their ability to attract economic development or to allow businesses currently located within their area to expand. Once a City has designated a TIRZ, the governing bodies of the county and school district may choose to participate.

When a TIRZ is formed, a base value for the property located within the TIRZ is established. At the date of creation the appraised value is normally accepted as the base value. As the property within the TIRZ develops, property taxes are collected based upon appreciated appraised values at the rate established annually by the participating entities. Each participant in the TIRZ remits the amount of taxes attributable to the increase in the appraised values to the Tax Increment Financing Zone to be used to fund the project plan. Project plans normally include the creation of infrastructure such as roads, street improvements, water and sewer systems, lighting, landscaping, etc. A TIRZ may be terminated either on the date designated in the ordinance creating the zone, or the date on which all project costs, tax increment debt, and associated interest have been paid. A TIRZ may also be terminated by a subsequent ordinance providing for an earlier or later termination date.

As of September 30, 2018, the City had four active Tax Increment Financing Zones:

Tax Increment Reinvestment Zone #10: In 2000, the City approved an ordinance creating a TIRZ known as “Reinvestment Zone Number Ten, City of Bryan, Texas” (“Zone Ten”). Zone Ten encompasses a portion of the west side of the City in the area known as Traditions. The development includes a Jack Nicklaus designed golf course and an 800-acre high end housing development. Through the fiscal year ended September 30, 2018, the City estimates that it has funded \$23.9 million in public infrastructure improvements and associated costs within Zone Ten. Combination Tax and Surplus Utility System Revenue Certificates of Obligation, Series 2000A, in the aggregate principal amount of \$17,000,000 were issued by the City to provide funds to commence certain of the public infrastructure improvements. In 2005, the Series 2000A bonds were refunded through the City’s issuance of \$13,696,712 of General Obligation refunding bonds. In 2015, the 2005 GO Ref bonds were refunded through the City’s issuance of \$12,150,000 of General Obligation refunding bonds of which \$7,965,728 was assigned to Zone Ten. The outstanding debt balance as of September 30, 2018 is \$5,012,068 with debt service payments through 2025. The City contributes all of its incremental tax revenues to Zone Ten. Brazos County has agreed to allow 80% of its maintenance and operations rate to be diverted to Zone Ten through 2025. Incremental ad valorem property taxes provided 262% of the debt service payments in FY 2018.

Tax Increment Reinvestment Zone #19: In 2005, the City approved an ordinance creating a TIRZ known as “Reinvestment Zone Number Nineteen, City of Bryan, Texas” (“Zone Nineteen”). The development consists of 122 acres in the central portion of the City of Bryan in the vicinity of Nash Street. Through the fiscal year ended September 30, 2018, the City estimates that it has funded \$1.8 million in public infrastructure improvements and associated costs within Zone Nineteen. Tax and

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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Revenue Certificates of Obligation, Series 2005, in the aggregate principal amount of \$1,747,642 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Nineteen. Subsequently, in 2007, the City issued Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$200,000 for TIRZ Nineteen projects. In 2013 and 2014, the Series 2005 bonds were refunded through the City's issuance of \$1,534,542 of General Obligation refunding bonds. In 2016, the 2007 CO Ref bonds were refunded through the City's issuance of \$7,755,000 of General Obligation refunding bonds of which \$108,803 was assigned to Zone Nineteen. The outstanding debt balance as of September 30, 2108 is \$1,068,248 with debt service payments through 2031. The City contributes all of its incremental tax revenues to Zone Nineteen. Brazos County agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Nineteen through 2013. Incremental ad valorem property taxes provided 205% of debt service payments in FY 2018.

Tax Increment Reinvestment Zone #21: In 2006, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Twenty-One, City of Bryan, Texas" ("Zone Twenty-One"). Zone Twenty-One is located in Downtown Bryan and was created to support the re-development of the Downtown district. Through the fiscal year ended September 30, 2018, the City estimates that it has funded \$662,000 in public infrastructure improvements and associated costs within Zone Twenty-One.

Tax Increment Reinvestment Zone #22: In 2007, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Twenty-Two, City of Bryan, Texas" ("Zone Twenty-Two"). Zone Twenty-Two is a retail development on the east side of the City of Bryan in the vicinity of Bryan Towne Center. Through the fiscal year ended September 30, 2018, the City estimates that it has funded \$5.5 million in public infrastructure improvements and associated costs within Zone Twenty-Two. Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$3,721,414 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Twenty-Two. Subsequently, in 2008, the City issued Tax and Revenue Certificates of Obligation, Series 2008, in the aggregate principal amount of \$287,914 for TIRZ Twenty-Two projects. In September 2013, bond funds of \$1,481,500 were assigned to Zone Twenty-Two from Tax and Revenue Certificates of Obligation, Series 2010. In 2016, the 2007 CO Ref bonds were refunded through the City's issuance of \$7,755,000 of General Obligation refunding bonds of which \$2,404,981 was assigned to Zone Twenty-Two. In 2018, the 2008 CO bonds were refunded through the City's issuance of \$6,265,000 of General Obligation refunding bonds of which \$162,649 was assigned to Zone Twenty-Two. The outstanding debt balance as of September 30, 2018 is \$3,257,741 with debt service payments through 2030. The City contributes all of its incremental tax revenues to Zone Twenty-Two. Brazos County has agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Twenty-Two through 2023. Incremental ad valorem property taxes provided 129% of debt service payments in FY 2018.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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The following schedule is a five year history of relevant data with regard to these TIRZ:

<u>Zone/ Fiscal Year</u>	<u>Net Taxable Value</u>	<u>Base Value</u>	<u>Captured Value</u>	<u>TIRZ Tax Levy</u>
<u># 10</u>				
2018	\$ 299,121,995	\$ 637,640	\$298,484,355	\$ 1,856,355
2017	240,320,359	637,640	239,682,719	1,461,676
2016	217,741,206	637,640	217,103,566	1,360,038
2015	178,967,116	637,640	178,329,476	1,233,993
2014	139,749,374	637,640	139,111,734	952,249
<u># 19</u>				
2018	50,851,435	2,213,289	48,638,146	308,802
2017	33,997,545	2,213,289	31,784,256	203,778
2016	28,643,248	2,213,289	26,429,959	171,643
2015	23,048,143	2,213,289	20,834,854	154,180
2014	20,519,511	2,213,289	18,306,222	135,322
<u># 21</u>				
2018	60,549,105	41,070,995	19,478,110	379,392
2017	59,789,233	41,070,995	18,718,238	374,960
2016	57,870,274	41,070,995	16,799,279	363,237
2015	56,999,200	41,070,995	15,928,205	361,173
2014	54,701,063	41,070,995	13,630,068	345,556
<u># 22</u>				
2018	53,693,670	2,464,400	51,229,270	338,265
2017	40,702,500	2,464,400	38,238,100	256,422
2016	49,872,963	2,464,400	47,408,563	314,195
2015	33,898,290	2,464,400	31,433,890	214,920
2014	27,947,440	2,464,400	25,483,040	176,066

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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### 27. TAX ABATEMENTS

As of September 30, 2018, the City of Bryan provides tax abatement economic development incentives through four programs:

#### Chapter 311 Texas Tax Code

The City uses Tax Increment Financing as a tool to assist with needed improvements to infrastructure and buildings within a designated reinvestment zone. The cost of projects and improvements to the reinvestment zone is repaid by the future tax revenues of each taxing unit that levies taxes against the property. The City can choose to dedicate all, a portion of, or none of the tax revenue gained as a result of improvements within the reinvestment zone.

#### Chapter 312 Texas Tax Code

The City allows for the creation of tax abatement agreements between the taxpayer and the city exempting all or part of the value increase from real property and/or tangible personal property from taxation for up to 10 years. In return, the developer is required to make certain improvements to their property or meet certain performance benchmarks.

#### Chapter 351 Texas Tax Code

The City can reimburse all or portions of Hotel Occupancy Tax (HOT) collected by the City. Reimbursed funds can be used for the management and supervision of certain promotional services, programs and activities that are eligible to be funded with revenue derived by the City from Hotel HOT (collectively "Statutorily Authorized Promotional Programs" or "SAPP(s)") specifically permitted under the Texas Tax Code Section 351.101(a) (1-5), including, by way of example, advertising, solicitation, and promotional programs promoting visitor attractions, points of interest, entertainment opportunities, recreational facilities, and historical sites to attract tourists and convention delegates or registrants to the City.

#### Chapter 380 Local Government Code

The City uses Economic Development Agreements to provide a grant or a loan of city funds or services to promote economic development. Under a Chapter 380 agreement, a developer and the City negotiate a contract to provide incentives such as permit fee waivers, payments of portions of sales and property tax, grants for façade and safety improvements, assistance with infrastructure and other items in return for the project meeting performance benchmarks.

# City of Bryan, Texas

## Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

At September 30, 2018, the City had established the following abatement agreements:

Property Owner	Date of Abatement	FY 2018 Appraised Values	FY 2018 Taxable Values	FY 2018 Abated Values	FY 2018 Eligible Taxes Levied *	FY 2018 Taxes Abated
<b>Chapter 311</b>						
TIRZ 10	2001-2025	\$ 299,121,995	\$ 299,121,995	\$ 298,484,355	\$ 1,851,724	\$ 1,851,724
TIRZ 19	2006-2028	50,851,435	50,851,435	48,638,146	294,308	292,039
TIRZ 21	2007-2026	60,549,105	60,549,105	19,478,110	121,135	119,027
TIRZ 22 NORTH	2008-2027	18,566,120	18,566,120	18,139,810	114,279	114,279
TIRZ 22 TARGET	2008-2027	35,127,550	35,127,550	33,089,460	208,460	208,460
Total Chapter 311		<u>\$ 464,216,205</u>	<u>\$ 464,216,205</u>	<u>\$ 417,829,881</u>	<u>\$ 2,589,906</u>	<u>\$ 2,585,529</u>
<b>Chapter 312</b>						
Woodbolt Distribution, LLC	2015-2024	10,713,220	10,713,220	7,941,807	50,033	50,033
Lubrizol	2018-2027	5,465,460	5,465,460	-	-	-
Total Chapter 312		<u>\$ 16,178,680</u>	<u>\$ 16,178,680</u>	<u>\$ 7,941,807</u>	<u>\$ 50,033</u>	<u>\$ 50,033</u>
<b>Chapter 351</b>						
Atlas Hotel	2015-2025	N/A	N/A	-	159,422	138,035
Total Chapter 351		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,422</u>	<u>\$ 138,035</u>
<b>Chapter 380</b>						
<b>Property Tax</b>						
Five Ags	2014-2018	7,839,216	7,839,216	2,632,883	16,587	16,587
Adam Development	2019-2030	5,882,980	5,882,980	-	-	-
BCS Modern Living, LLC - Jordan Center	2019-2025	630,650	630,650	-	-	-
BRV Partners, L.P. (Bowie School Renovation)	10 years	100,880	100,880	-	-	-
Caljo, Inc. (Callaway Jones)	2018-2022	1,627,210	1,627,210	1,376,210	8,670	8,670
Cozumel Investors, Ltd. (The Ranch at Turkey Creek)	2018-2025	414,840	414,840	-	-	-
Clay Street Townhomes (Rock Pad, LLC)	2019-2025	300,000	300,000	-	-	-
Oney Hervey Properties, LLC (Midtown Properties)	2012-2018	5,307,627	5,307,627	2,570,607	16,195	-
Viasat, Inc.	2015-2024	3,378,590	3,378,590	-	-	-
Total Property Tax		<u>25,481,993</u>	<u>25,481,993</u>	<u>6,579,700</u>	<u>41,452</u>	<u>25,257</u>
<b>Sales Tax</b>						
CrossFulton	2012-2027	N/A	N/A	N/A	N/A	-
Five Ags	2016-2018	N/A	N/A	N/A	N/A	6,936
Total Sales Tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,936</u>
Total Chapter 380		<u>\$ 25,481,993</u>	<u>\$ 25,481,993</u>	<u>\$ 6,579,700</u>	<u>\$ 41,452</u>	<u>\$ 32,193</u>
Total		<u>\$ 505,876,878</u>	<u>\$ 505,876,878</u>	<u>\$ 432,351,388</u>	<u>\$ 2,840,813</u>	<u>\$ 2,805,789</u>

\* Taxes levied for the TIRZ only include the taxes related to the captured values.

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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The City of Bryan has other contracts providing other economic incentives to attract businesses to the city. A full listing of these incentives are found on our website: <https://www.bryantx.gov/economic-development/>.

### 28. FINANCIAL HEDGING

BTU's Energy Risk Management Policy (Risk Policy) allows for the purchase and sale of certain financial instruments defined as hedge instruments. The essential goal of the Risk Policy is to provide a framework for the operation of a fuel and energy purchasing and hedging program to better manage BTU's risk exposures in order to stabilize pricing and costs for the benefit of BTU's customers.

BTU applies GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments ("GASB 53"), which addresses the recognition, measurement, and disclosures related to derivative instruments. BTU utilizes natural gas commodity swaps to hedge its exposure to fluctuating fuel prices. Since these derivatives are entered into for risk mitigation purposes, the instruments are considered potential hedging derivative instruments under GASB 53.

In accordance with the requirements of GASB 53, the City Electric System reports all fuel hedges on the Statements of Net Position at fair value. The fair value of swap transactions is calculated as the difference between the closing futures price at the end of the reporting period, and the futures price at the time the positions were established, less applicable commissions.

BTU evaluated all potential hedging derivative instruments for effectiveness as of September 30, 2018, and determined the derivatives to be effective in substantially offsetting the changes in cash flows of the hedgeable items. BTU's hedgeable items are expected Houston Ship Channel (HSC) natural gas purchases, or related commodities, to serve budgeted load. BTU projects total natural gas needs as part of a 5-year forecast. This forecast is the basis for the procurement amount of the hedgeable item. BTU's potential hedging derivatives are NYMEX and HSC indexed commodity swaps. These derivatives act as cash flow hedges.

BTU utilized regression analysis to test effectiveness of its NYMEX hedges. Testing was based on the extent of correlation between historical NYMEX index and HSC natural gas prices for the prompt months of January 2003, to September 2018. The correlation coefficient of (0.858) exceeds the minimum standard established by GASB 53 and indicates a strong linear relationship between the NYMEX and HSC prices. The calculated R2 value of 0.9597 indicates that the changes in cash flows of the hedge substantially offset the changes in cash flows of the hedgeable item. The City Electric System also utilizes HSC indexed gas commodity swaps to hedge its open exposure after a NYMEX-based swap contract month settles. The City Electric System entered into Platts Gas Daily swaps to hedge this exposure. These HSC indexed swaps are hedging the physical purchases of natural gas also based on the HSC index and are effective cash flow hedges under the consistent critical terms method as defined by GASB 53. The swap is for the purchase of virtually the same quantity of the hedgeable item, has zero fair value at inception, and the reference rate of the swap and the hedgeable item are the same (HSC index).

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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For the fiscal year ended September 30, 2018, the total fair value of outstanding hedging derivative instruments was a net liability of \$928,054. The fair value of those instruments maturing within one year are reported on the Statement of Net Position in current liabilities as derivative financial instruments and were \$682,072 at September 30, 2018. The fair value of those instruments with maturities exceeding one year are reported on the Statements of Net Position in noncurrent liabilities as derivative financial instruments and were \$245,982 at September 30, 2018.

Hedge accounting treatment outlined in GASB 53 and GASB 63 requires changes in the fair value of derivative instruments deemed effective in offsetting changes in cash flows of hedged items be reported as deferred (inflows) outflows of resources on the Statements of Net Position. During the fiscal year ended September 30, 2018, the fair value of the City Electric System's hedging derivative instruments - NYMEX-based commodity swaps - increased by \$5,311,190; which is reported in the Statement of Net Position as a decrease of deferred outflows of resources. The deferred outflows are reported until respective contract expirations occur in conjunction with hedged expected physical commodity purchases. When fuel purchase transactions occur, the deferred balance associated with the expired fuel hedging contract is recorded as an adjustment to fuel expense. At September 30, 2018, the deferred outflows of resources related to hedging derivatives were \$928,054, and are reported on the Statement of Net Position.

The following information details the City Electric System's hedging derivative instruments as of September 30, 2018:

Type	Terms	Volume Hedged (MMBtu)	Effective Dates	Maturity Dates	Reference Index	Fair Value
Commodity Swaps	BTU pays prices of \$2.522 - 6.42	4,288,000	Sep 2010 - Aug 2018	Oct 2018 - Dec 2020	NYMEX	\$(928,054)

The estimated fair value of the hedging derivative instruments is classified as a level 2 measurement under the hierarchy estimated by GASB 72 and are valued at the difference between the closing futures price at the end of the reporting period, and the futures price at the time the positions were established, less applicable commissions.

Fuel swap contracts represent a financial obligation to buy or sell the underlying settlement point price. If held to expiration, as is BTU's policy, the financial difference determined by mark-to-market valuation must be settled on a cash basis.

*Credit Risk* - BTU's hedging derivative instruments generate exposure to a certain amount of risk that could give rise to financial loss. Since current hedges have a net liability position, BTU is not exposed to counterparty credit risk. However, it is BTU's policy to require collateralization of the fair value of derivative instruments in asset positions as defined by the credit terms in counterparty contracts.

*Basis Risk* - BTU is exposed to basis risk because the expected gas purchases being hedged will settle based on a pricing point (HSC) different than the pricing point of the hedge transactions (NYMEX). For

## City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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September 2018, prompt month prices were \$2.895/MMBtu and \$2.994/MMBtu, for NYMEX and HSC, respectively.

*Termination Risk* - Exposure to termination risk occurs because BTU or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. BTU's fuel hedges are exchange-traded instruments, and consequently, termination risk is mitigated by rules established by NYMEX, which is governed by the Commodity Futures Trade Commission.

### 29. SUBSEQUENT EVENTS

On November 14, 2018, the materials management and inventory procurement contract between BTU and KBS Electric Distributors ceased and on November 15, 2018 a new contract for materials management and inventory procurement between BTU and Texas Electric Cooperative (TEC) went into effect. Under the contract with TEC, TEC purchased \$3.6 million of the existing BTU distribution inventory in January of FY19. BTU will purchase materials from TEC when issued for use in construction and system maintenance. Some minimal inventory will be carried on the BTU financials, representing mostly critical spare material and refurbished material that is available to be placed back into service.

During fiscal year 2018, BTU completed a cost-of-service and rate study. The study utilized a full test year of BTU's advanced meter infrastructure (AMI) data. As a result of the study, on October 1, 2018, customer class allocations were adjusted to more accurately reflect respective contributions to system costs. Overall, there were no changes to retail customers' base rates, but the Rural Electric System wholesale rate decreased by 38% to reflect capacity cost reductions from TMPA. BTU implemented minor changes to regulatory charges and fuel rates which were revenue neutral to the City System.

On October 8, 2018, BTU entered into a 15 year power purchase agreement with an energy developer that will construct a photovoltaic solar power plant in northeast Texas. Under the agreement, which has an expected commercial operation date of June 2022, BTU will purchase the output from 100MW of generating capacity.

On November 14, 2018, BTU executed forward market power purchases for the years 2023 through 2027, to support BTU's projected peak period energy requirements over those respective years. BTU transacted with one counterparty for the total purchase of approximately 440,785 MWh.

On November 15, 2018, the City of Bryan issued revenue bonds ("2018 Rural Bonds") totaling \$17,320,000 for the Rural Electric System. The 2018 Rural Bonds mature serially beginning July 1, 2020, through July 1, 2043, with coupon rates of 4.0% and 5.0%. The proceeds from the sale of the 2018 Rural Bonds are restricted to financing costs or expenses incurred in relation to the acquisition or construction of improvements, additions, or extensions to the Rural Electric System and capital assets, facilities, and equipment incident and related to the operation, maintenance, or administration of the Rural Electric System.

## **City of Bryan, Texas**

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2018

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On November 29, 2018, the City of Bryan issued revenue bonds (“2018 City Revenue Bonds”) totaling \$40,590,000 for the City Electric System. The 2018 City Revenue Bonds mature serially beginning July 1, 2020, through July 1, 2043, with coupon rates of 4.0% and 5.0%. The proceeds from the sale of the 2018 City Revenue Bonds are restricted to financing costs or expenses incurred in relation to the acquisition or construction of improvements, additions, or extensions to the City Electric System and capital assets, facilities, and equipment incident and related to the operation, maintenance, or administration of the City Electric System.



**CITY OF BRYAN**  
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**CITY OF BRYAN, TEXAS**

Required Supplementary Information

Schedule of Contributions

Texas Municipal Retirement System

Last Ten Fiscal Years (will ultimately be displayed)

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	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 7,686,872	\$ 8,279,509	\$ 8,521,169	\$ 8,887,727
Contributions in relation to the actuarially determined contribution	<u>7,686,872</u>	<u>8,279,509</u>	<u>8,521,169</u>	<u>8,887,727</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 48,991,679	\$ 54,614,239	\$ 55,894,466	\$ 58,312,792
Contributions as a percentage of covered payroll	15.69%	15.16%	15.25%	15.24%

Note to Schedule of Contributions

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Only four years of data are presented in accordance with GASB Standard No. 68 as the data for the years other than what is presented is not available. Additionally, GASB Standard No. 68 requires that the information on this schedule correspond with the period covered as of the City's fiscal year end of September 30, not the measurement date of the Actuary's report.

Methods and Assumptions Used to Determine the Contribution Ratio

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Actuarial Cost Method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization period	28 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information

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Notes: There were no benefits changes this year. The actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**CITY OF BRYAN, TEXAS**

Required Supplementary Information

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Texas Municipal Retirement System

Last Ten Calendar Years (will ultimately be displayed)

	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 7,088,933	\$ 7,796,505	\$ 8,498,467	\$ 8,991,102
Interest (on the Total Pension Liability)	18,281,849	19,160,943	19,655,455	20,795,590
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(1,764,543)	(1,545,768)	450,762	395,105
Change of assumptions	-	3,577,731	-	-
Benefit payments, including refunds of employee contributions	(11,117,789)	(11,685,311)	(12,067,133)	(11,853,082)
<b>Net Change in Total Pension Liability</b>	<u>12,488,450</u>	<u>17,304,100</u>	<u>16,537,551</u>	<u>18,328,715</u>
<b>Total Pension Liability - Beginning</b>	263,183,703	275,672,153	292,976,253	309,513,804
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 275,672,153</u>	<u>\$ 292,976,253</u>	<u>\$ 309,513,804</u>	<u>\$ 327,842,519</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 7,667,195	\$ 7,727,068	\$ 8,035,947	\$ 8,656,073
Contributions - Employee	3,312,987	3,490,130	3,741,223	3,964,541
Net Investment Income	12,827,812	349,403	15,980,505	34,922,324
Benefit payments, including refunds of employee contributions	(11,117,789)	(11,685,311)	(12,067,133)	(11,853,082)
Administrative expense	(133,929)	(212,814)	(180,465)	(180,962)
Other	(11,011)	(10,511)	(9,723)	(9,171)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>12,545,265</u>	<u>(342,034)</u>	<u>15,500,354</u>	<u>35,499,723</u>
<b>Plan Fiduciary Net Position - Beginning</b>	224,239,250	236,784,515	236,442,481	251,942,835
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 236,784,515</u>	<u>\$ 236,442,481</u>	<u>\$ 251,942,835</u>	<u>\$ 287,442,558</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 38,887,638	\$ 56,533,772	\$ 57,570,969	\$ 40,399,961
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	85.89%	80.70%	81.40%	87.68%
<b>Covered Payroll</b>	\$ 47,328,382	\$ 49,849,779	\$ 53,382,332	\$ 56,512,266
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	82.17%	113.41%	107.85%	71.49%

Note to Schedule of Changes in the City's Net Pension Liability and Related Ratios

Only four years of data is presented in accordance with GASB Standard No. 68 as the data for the years other than calendar years that are presented is not available. Additionally, GASB Standard No. 68 requires that the information on this schedule correspond with the period covered as of December 31, the measurement date of the City's net pension liability.

**CITY OF BRYAN, TEXAS**

Required Supplementary Information

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

Other Post Employment Benefits - City of Bryan

Last Ten Calendar Years (will ultimately be displayed)

	2017
<b>Total OPEB Liability</b>	
Service Cost	\$ 478,077
Interest (on the Total Opeb Liability)	1,021,963
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(983,981)
<b>Net Change in Total Pension Liability</b>	516,059
<b>Total Pension Liability - Beginning</b>	15,975,467
<b>Total Pension Liability - Ending (a)</b>	\$ 16,491,526
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 1,608,981
Contributions - Non-employer contributing entities	-
Contributions - Employee	-
Net Investment Income	17,311
Benefit payments	(983,981)
Plan administrative expense	(770)
Other	-
<b>Net Change in Plan Fiduciary Net Position</b>	641,541
<b>Plan Fiduciary Net Position - Beginning</b>	-
<b>Plan Fiduciary Net Position - Ending (b)</b>	\$ 641,541
<b>Net OPEB Liability - Ending (a) - (b)</b>	\$ 15,849,985
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	3.89%
<b>Covered Payroll</b>	\$ 56,523,781
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	28.04%

Note to Schedule of Changes in the City's Net OPEB Liability and Related Ratios

Only one year of data is presented in accordance with GASB Standard No. 75 as the data for the years other than calendar years that are presented are not available. Additionally, GASB Standard No. 75 requires that the information on this schedule correspond with the period covered as of December 31, the measurement date of the City's net pension liability.

**CITY OF BRYAN, TEXAS**

Required Supplementary Information

Schedule of Contributions

Other Post Employment Benefits - City of Bryan

Last Ten Fiscal Years (will ultimately be displayed) ending September 30

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	<u>2018</u>
Actuarially Determined Contribution	\$ 1,498,635
Actual Contributions	<u>1,471,374</u>
Contribution deficiency (excess)	\$ 27,261
Covered payroll	\$ 58,312,792
Actual Contribution as a % of Covered Payroll	2.52%

Note to Schedule of Contributions

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Only one year of data are presented in accordance with GASB Standard No. 75 as the data for the years other than what is presented is not available. Additionally, GASB Standard No. 75 requires that the information on this schedule correspond with the period covered as of the City's fiscal year end of September 30, not the measurement date of the Actuary's report.

Methods and Assumptions Used to Determine the Contribution Ratio

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Actuarial Cost Method	Individual Entry Age Normal
Amortization method	Level percentage of payroll
Remaining Amortization period	Closed, 30-years as of September 30, 2018
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Payroll Growth	1.50%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates being multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Participation Rates	It was assumed that 65% of retirees who are eligible for the rule of 80 discount and 10% of those who are not eligible for the rule of 80 discount would choose to receive coverage through the City.
Health Care Cost Trend Rates	Initial rates of 7.50% declining to ultimate rates of 5.25% after 11 years; Ultimate trend rate includes a 1.00% adjustment for the excise tax.

Other Information

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**CITY OF BRYAN, TEXAS**

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes:				
Property	\$ 22,370,604	\$ 22,370,604	\$ 22,261,017	\$ (109,587)
Sales	20,299,500	20,299,500	21,290,148	990,648
Franchise	2,078,000	2,078,000	2,230,544	152,544
Bingo	265,200	265,200	208,508	(56,692)
Alcoholic beverage	137,700	137,700	161,631	23,931
Charges for services:				
Ambulance charges	1,938,000	1,938,000	2,684,415	746,415
Recreational charges	1,284,400	1,284,400	1,720,765	436,365
Health and public safety	929,583	929,583	1,153,315	223,732
Miscellaneous charges	196,840	196,840	318,557	121,717
Fines and court charges:				
Municipal court	1,477,100	1,477,100	1,731,098	253,998
Library	-	-	-	-
Licenses and permits	773,019	773,019	976,345	203,326
Grants:				
Texas Attorney General	-	-	10,945	10,945
Texas Department of Transportation	-	-	-	-
U.S. Department of Justice	-	-	-	-
Contributions to Library - College Station	1,124,258	1,124,258	1,154,402	30,144
FEMA	-	-	131,720	131,720
Other	81,200	81,200	166,098	84,898
Investment earnings	255,000	255,000	277,611	22,611
Other	1,454,328	1,454,328	2,171,515	717,187
Total revenues	<u>54,664,732</u>	<u>54,664,732</u>	<u>58,648,634</u>	<u>3,983,902</u>
<b>Expenditures:</b>				
Current:				
General government and administration:				
Executive	2,953,905	2,953,905	2,899,349	54,556
City Secretary	1,093,431	1,093,499	926,552	166,947
Legal services	807,920	807,920	720,190	87,730
Payments to other agencies	3,881,561	3,881,561	4,086,436	(204,875)
Fiscal services	1,614,685	1,614,685	1,535,269	79,416
Information technology	3,227,428	3,227,428	3,388,081	(160,653)
Human resources	763,204	763,204	727,427	35,777
Fleet services	857,739	857,739	659,864	197,875
Facility services	2,066,678	2,066,678	2,084,153	(17,475)
Total general government and administration	<u>17,266,551</u>	<u>17,266,619</u>	<u>17,027,321</u>	<u>239,298</u>
Development services:				
Planning	2,099,089	2,099,089	1,870,297	228,792
Engineering	1,803,135	1,803,135	1,566,722	236,413
Building	370,233	370,233	356,278	13,955
Special Projects	182,569	182,569	200,760	(18,191)
Total development services	<u>4,455,026</u>	<u>4,455,026</u>	<u>3,994,057</u>	<u>460,969</u>
Public works services:				
Drainage and Streets	1,733,033	1,733,033	2,013,278	(280,245)
Traffic Operations	1,875,880	1,875,880	1,818,443	57,437
Total public works services	<u>3,608,913</u>	<u>3,608,913</u>	<u>3,831,721</u>	<u>(222,808)</u>

continued

**CITY OF BRYAN, TEXAS**

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual (continued)

For the Fiscal Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public safety:				
Police services	19,480,374	19,480,374	19,526,014	(45,640)
Fire and emergency medical services	15,579,487	16,229,487	16,290,716	(61,229)
Animal Center	980,157	980,157	909,313	70,844
Municipal court	1,582,355	1,582,355	1,549,395	32,960
Total public safety	<u>37,622,373</u>	<u>38,272,373</u>	<u>38,275,438</u>	<u>(3,065)</u>
Cultural and recreational:				
Library services	2,581,512	2,581,512	2,589,760	(8,248)
Parks and recreation services	5,019,842	5,519,842	6,821,900	(1,302,058)
Total cultural and recreational	<u>7,601,354</u>	<u>8,101,354</u>	<u>9,411,660</u>	<u>(1,310,306)</u>
Administrative reimbursement	(3,351,396)	(3,351,396)	(3,351,396)	-
Capital outlay	4,244,763	6,446,763	4,572,309	1,874,454
Total expenditures	<u>71,447,584</u>	<u>74,799,652</u>	<u>73,761,110</u>	<u>1,038,542</u>
Excess (deficiency) of expenditures over (under) revenues	(16,782,852)	(20,134,920)	(15,112,476)	5,022,444
Other financing sources (uses):				
Sale of capital assets	-	-	61,557	61,557
Transfers in	14,821,477	14,821,477	16,196,215	1,374,738
Transfers out	(646,943)	(646,943)	(632,511)	14,432
Total other financing sources (uses)	<u>14,174,534</u>	<u>14,174,534</u>	<u>15,625,261</u>	<u>1,450,727</u>
Net change in fund balance	(2,608,318)	(5,960,386)	512,785	6,473,171
Fund Balance, October 1, 2017	27,964,482	27,964,482	27,964,482	-
Fund Balance, September 30, 2018	<u>\$ 25,356,164</u>	<u>\$ 22,004,096</u>	<u>\$ 28,477,267</u>	<u>\$ 6,473,171</u>

## Supplementary Information

- Non-Major Governmental Funds
  - Special Revenue Funds
  - Capital Project Funds
  - Permanent Funds
- Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual
  - Debt Service Fund
  - Community Development Fund
  - Hotel/Motel Tax Fund
  - Oil and Gas Fund
  - Capital Reserve Fund
  - Court Technology Fund
  - Street Improvement Fund
  - Drainage Improvement Fund
  - TIRZ #10-22
- Non-Major Enterprise Funds
- Internal Service Funds
- Capital Assets used in the Operation of Governmental Funds

**COMBINING FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Grant Fund – To account for the receipt and expenditure of grant revenues for all governmental funds other than the Community Development Fund. The source of funds is grants awarded to the City. The use of these funds is restricted by the terms of each grant.

Community Development Fund – To account for Federal grant revenues provided through the Department of Housing and Urban Development for the development of environmental and economic opportunities, principally for persons of low and moderate income. The use of these funds is restricted by the terms of the grants.

Hotel and Motel Room Tax Fund – To account for the receipt and expenditure of funds received by the City from the assessment of hotel and motel occupancy tax. Usage of funds is restricted to construction and maintenance of convention and civic facilities, and the promotion of tourism and the arts within the City of Bryan.

Oil and Gas Fund – This fund was established by City of Bryan Ordinance to account for revenues associated with oil and gas leases, royalties and mineral property taxes. The use of these funds is committed for projects of a non-recurring nature determined by City Council.

Capital Reserve Fund – This fund was established by City of Bryan Ordinance to accumulate miscellaneous one-time revenues. The use of these funds is committed for projects of a non-recurring nature determined by City Council.

Sidewalks Fund – This fund was established by City of Bryan Ordinance to collect and track funds from developers and property owners for the construction and maintenance of sidewalks. The use of these funds is committed for this purpose. Funds received are refunded to the remitter if not used within 10 years.

Court Technology Fund – To account for revenues derived from a portion of court fees dedicated to use for technology improvements for Municipal Court functions. These funds are restricted to technology necessary for the Court's operations.

Street Improvement Fund – To account for revenue derived from a fee assessed on utility bills for the purpose of street improvements. The use of these funds is committed to the purposes of planning, constructing, operating, monitoring and maintaining the transportation system of the City

Drainage Improvement Fund – To account for revenue derived from a fee assessed on utility bills for the purpose of drainage improvements. The use of these funds is committed for the planning, constructing, operating, monitoring, and maintaining the City's drainage system.

Tax Increment Reinvestment Zone #10 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Traditions Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed

valuation will be used to retire the debt and handle other operating expenses within the zone. The use of these funds is restricted to the geographical area within this zone.

Tax Increment Reinvestment Zone #19 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Villa Maria-FM 158 Corridor Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone. The use of these funds is restricted to the geographical area within this zone.

Tax Increment Reinvestment Zone #21 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Downtown Bryan Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone. The use of these funds is restricted to the geographical area within this zone.

Tax Increment Reinvestment Zone #22 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for the Lauth Development Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone. The use of these funds is restricted to the geographical area within this zone.

#### **Capital Project Funds**

2016 Certificates of Obligation Fund – To account for the construction of streets, drainage, sidewalks, lighting, soundwalls, landscaping, traffic signal improvements and the acquisition of fire-fighting equipment and improving fire department facilities.

2018 Certificates of Obligation Fund – To account for the construction of streets, drainage, sidewalks, lighting, soundwalls, landscaping, traffic signal improvements and the acquisition of fire-fighting equipment and improving fire department facilities.

#### **Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City’s programs.

Relating to Bryan cemeteries:

Myrtie Conway Astin  
Bade Trust  
Brandon Cemetery  
J. W. English  
Lucy B. Hervey  
Mills Trust  
Cemetery

Relating to Bryan libraries:

F. L. Henderson Library  
Rountree Library

**CITY OF BRYAN, TEXAS**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 As of September 30, 2018

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 2,943,253	\$ 1,208,295	\$ 171,560	\$ 4,323,108
Investments	15,787,820	6,481,385	920,258	23,189,463
Receivables:				
Accounts	670,256	-	-	670,256
Less allowance for uncollectible	(53,822)	-	-	(53,822)
Grants	192,690	-	-	192,690
Interest	74,289	30,497	4,328	109,114
Due from other funds	496,520	-	-	496,520
Prepaid and other assets	1,625	-	-	1,625
Total assets	<u>\$ 20,112,631</u>	<u>\$ 7,720,177</u>	<u>\$ 1,096,146</u>	<u>\$ 28,928,954</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
Liabilities:				
Accounts payable	1,405,170	103,142	-	1,508,312
Accrued liabilities	20,254	-	-	20,254
Retainage payable	-	584,205	1,745	585,950
Due to other funds	574,725	371,171	-	945,896
Total liabilities	<u>2,000,149</u>	<u>1,058,518</u>	<u>1,745</u>	<u>3,060,412</u>
Deferred inflows:				
Other deferred revenue	164,871	-	-	164,871
Total deferred inflows	<u>164,871</u>	<u>-</u>	<u>-</u>	<u>164,871</u>
Fund balances:				
Nonspendable	-	-	1,051,295	1,051,295
Restricted	3,746,766	6,661,659	43,106	10,451,531
Committed	14,223,291	-	-	14,223,291
Unassigned (deficit)	(22,446)	-	-	(22,446)
Total fund balances	<u>17,947,611</u>	<u>6,661,659</u>	<u>1,094,401</u>	<u>25,703,671</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,112,631</u>	<u>\$ 7,720,177</u>	<u>\$ 1,096,146</u>	<u>\$ 28,928,954</u>

**CITY OF BRYAN, TEXAS**

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2018

	Grant Fund	Community Development Fund	Hotel and Motel Tax Fund	Oil and Gas Fund	Capital Reserve Fund	Sidewalks Fund	Court Technology Fund
<u>Assets</u>							
Cash and cash equivalents	\$ -	\$ -	\$ 313,766	\$ 185,926	\$ 536,664	\$ 26,504	\$ 25,050
Investments	-	-	1,683,066	997,318	2,878,704	142,172	134,370
Accounts receivable	-	27	167,138	9,958	-	-	-
Less allowance for uncollectible	-	-	-	-	-	-	-
Grants receivable	69,690	123,000	-	-	-	-	-
Interest receivable	-	-	7,919	4,693	13,546	669	632
Prepaid and other assets	-	-	1,625	-	-	-	-
Due from other funds	-	-	304,000	-	-	-	-
Total assets	<u>\$ 69,690</u>	<u>\$ 123,027</u>	<u>\$ 2,477,514</u>	<u>\$ 1,197,895</u>	<u>\$ 3,428,914</u>	<u>\$ 169,345</u>	<u>\$ 160,052</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>							
Liabilities:							
Accounts payable	1,303	2,040	60,652	-	-	-	-
Accrued liabilities	10,983	9,271	-	-	-	-	-
Retainage payable	-	-	-	-	-	-	-
Due to other funds	57,072	134,162	-	9,491	-	-	-
Total liabilities	<u>69,358</u>	<u>145,473</u>	<u>60,652</u>	<u>9,491</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows:							
Other deferred revenue	-	-	-	-	-	164,871	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,871</u>	<u>-</u>
Fund Balances:							
Restricted:							
Grants	332	-	-	-	-	-	-
Hotel/Motel	-	-	2,416,862	-	-	-	-
Municipal Court	-	-	-	-	-	-	160,052
TIRZ Development	-	-	-	-	-	-	-
Committed:							
Streets	-	-	-	-	-	-	-
Drainage	-	-	-	-	-	-	-
Other Purposes	-	-	-	1,188,404	3,428,914	4,474	-
Unassigned (deficit)	-	(22,446)	-	-	-	-	-
Total fund balances	<u>332</u>	<u>(22,446)</u>	<u>2,416,862</u>	<u>1,188,404</u>	<u>3,428,914</u>	<u>4,474</u>	<u>160,052</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 69,690</u>	<u>\$ 123,027</u>	<u>\$ 2,477,514</u>	<u>\$ 1,197,895</u>	<u>\$ 3,428,914</u>	<u>\$ 169,345</u>	<u>\$ 160,052</u>

**CITY OF BRYAN, TEXAS**

Combining Balance Sheet (continued)

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2018

	Street Improvement Fund	Drainage Improvement Fund	Tax Increment Reinvestment Zone #10 Fund	Tax Increment Reinvestment Zone #19 Fund	Tax Increment Reinvestment Zone #21 Fund	Tax Increment Reinvestment Zone #22 Fund	Total
<u>Assets</u>							
Cash and cash equivalents	\$ 1,103,493	\$ 510,271	\$ 117,942	\$ 23,915	\$ 67,362	\$ 32,360	\$ 2,943,253
Investments	5,919,215	2,737,131	632,649	128,281	361,333	173,581	15,787,820
Accounts receivable	422,615	70,518	-	-	-	-	670,256
Less allowance for uncollectible	(47,384)	(6,438)	-	-	-	-	(53,822)
Grants receivable	-	-	-	-	-	-	192,690
Interest receivable	27,853	12,880	2,976	604	1,700	817	74,289
Prepaid and other assets	-	-	-	-	-	-	1,625
Due from other funds	175,000	17,520	-	-	-	-	496,520
Total assets	<u>\$ 7,600,792</u>	<u>\$ 3,341,882</u>	<u>\$ 753,567</u>	<u>\$ 152,800</u>	<u>\$ 430,395</u>	<u>\$ 206,758</u>	<u>\$ 20,112,631</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>							
Liabilities:							
Accounts payable	1,310,058	31,117	-	-	-	-	1,405,170
Accrued liabilities	-	-	-	-	-	-	20,254
Retainage payable	-	-	-	-	-	-	-
Due to other funds	-	-	304,000	-	70,000	-	574,725
Total liabilities	<u>1,310,058</u>	<u>31,117</u>	<u>304,000</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>2,000,149</u>
Deferred inflows:							
Other deferred revenue	-	-	-	-	-	-	164,871
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,871</u>
Fund Balances:							
Restricted:							
Grants	-	-	-	-	-	-	332
Hotel/Motel	-	-	-	-	-	-	2,416,862
Municipal Court	-	-	-	-	-	-	160,052
TIRZ Development	-	-	449,567	152,800	360,395	206,758	1,169,520
Committed:							
Streets	6,290,734	-	-	-	-	-	6,290,734
Drainage	-	3,310,765	-	-	-	-	3,310,765
Other Purposes	-	-	-	-	-	-	4,621,792
Unassigned (deficit)	-	-	-	-	-	-	(22,446)
Total fund balances	<u>6,290,734</u>	<u>3,310,765</u>	<u>449,567</u>	<u>152,800</u>	<u>360,395</u>	<u>206,758</u>	<u>17,947,611</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,600,792</u>	<u>\$ 3,341,882</u>	<u>\$ 753,567</u>	<u>\$ 152,800</u>	<u>\$ 430,395</u>	<u>\$ 206,758</u>	<u>\$ 20,112,631</u>

**CITY OF BRYAN, TEXAS**

Combining Balance Sheet

Nonmajor Governmental Funds - Capital Project Funds

As of September 30, 2018

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	2016 Certificate of Obligation Fund	2018 Certificates of Obligation Fund	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 318,316	\$ 889,979	\$ 1,208,295
Investments	1,707,471	4,773,914	6,481,385
Interest receivable	8,034	22,463	30,497
Total assets	<u>\$ 2,033,821</u>	<u>\$ 5,686,356</u>	<u>\$ 7,720,177</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	103,142	-	103,142
Retainage payable	584,205	-	584,205
Due to other funds	-	371,171	371,171
Total liabilities	<u>687,347</u>	<u>371,171</u>	<u>1,058,518</u>
Fund balances:			
Restricted to capital projects	<u>1,346,474</u>	<u>5,315,185</u>	<u>6,661,659</u>
Total fund balances	<u>1,346,474</u>	<u>5,315,185</u>	<u>6,661,659</u>
Total liabilities and fund balances	<u>\$ 2,033,821</u>	<u>\$ 5,686,356</u>	<u>\$ 7,720,177</u>

**CITY OF BRYAN, TEXAS**

Combining Balance Sheet

Nonmajor Governmental Funds - Permanent Funds

As of September 30, 2018

	Brandon Cemetery Fund	J.W. English Cemetery Fund	L.B. Hervey Cemetery Fund	Mills Trust Cemetery Fund	Cemetery Fund	M.C. Astin Cemetery Fund	F.L. Henderson Library Fund	Rountree Library Fund	Bade Trust Cemetery Fund	Totals
<b>Assets</b>										
Cash and cash equivalents	\$ 414	\$ 1,482	\$ 2,355	\$ 149	\$ 155,221	\$ 9,776	\$ 812	\$ 1,209	\$ 142	\$ 171,560
Investments	2,221	7,951	12,634	796	832,615	52,439	4,356	6,484	762	920,258
Interest receivable	11	36	59	4	3,918	247	20	30	3	4,328
Total assets	<u>\$ 2,646</u>	<u>\$ 9,469</u>	<u>\$ 15,048</u>	<u>\$ 949</u>	<u>\$ 991,754</u>	<u>\$ 62,462</u>	<u>\$ 5,188</u>	<u>\$ 7,723</u>	<u>\$ 907</u>	<u>\$ 1,096,146</u>
<b>Fund Balances</b>										
Liabilities:										
Accounts payable	-	-	-	-	-	-	-	-	-	-
Retainage Payable	-	-	-	-	1,745	-	-	-	-	1,745
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,745</u>
Nonspendable - Permanent Funds Corpus	1,399	5,000	1,500	500	1,028,652	4,950	2,085	6,709	500	1,051,295
Restricted:										
Cemeteries	1,247	4,469	13,548	449	(38,643)	57,512	-	-	407	38,989
Libraries	-	-	-	-	-	-	3,103	1,014	-	4,117
Total fund balances	<u>2,646</u>	<u>9,469</u>	<u>15,048</u>	<u>949</u>	<u>990,009</u>	<u>62,462</u>	<u>5,188</u>	<u>7,723</u>	<u>907</u>	<u>1,094,401</u>
Total liabilities and fund balances	<u>\$ 2,646</u>	<u>\$ 9,469</u>	<u>\$ 15,048</u>	<u>\$ 949</u>	<u>\$ 991,754</u>	<u>\$ 62,462</u>	<u>\$ 5,188</u>	<u>\$ 7,723</u>	<u>\$ 907</u>	<u>\$ 1,096,146</u>

**CITY OF BRYAN, TEXAS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended September 30, 2018

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
<b>Revenues:</b>				
Property taxes	\$ 3,968,739	-	-	\$ 3,968,739
Hotel occupancy taxes	1,748,501	-	-	1,748,501
Transportation and drainage assessments	6,721,956	-	-	6,721,956
Fines and court charges	37,670	-	-	37,670
Grants	1,500,756	-	-	1,500,756
Investment earnings	172,328	55,755	8,838	236,921
Other	543,937	792,267	57,056	1,393,260
Total revenues	<u>14,693,887</u>	<u>848,022</u>	<u>65,894</u>	<u>15,607,803</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government and administration	-	-	-	-
Development services	3,038,183	-	-	3,038,183
Public works services	7,237,567	-	-	7,237,567
Public safety	585,062	-	-	585,062
Cultural and recreational	1,390,046	-	-	1,390,046
Capital outlay	895,422	8,723,590	-	9,619,012
Debt issuance costs	-	93,538	-	93,538
Total expenditures	<u>13,146,280</u>	<u>8,817,128</u>	<u>-</u>	<u>21,963,408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,547,607</u>	<u>(7,969,106)</u>	<u>65,894</u>	<u>(6,355,605)</u>
<b>Other financing sources (uses):</b>				
Long-term debt issued	-	11,965,000	-	11,965,000
Premium on long-term debt issued	-	359,538	-	359,538
Transfers in	105,347	-	-	105,347
Transfers out	<u>(1,969,221)</u>	<u>(1,954,916)</u>	<u>-</u>	<u>(3,924,137)</u>
Total other financing sources (uses)	<u>(1,863,874)</u>	<u>10,369,622</u>	<u>-</u>	<u>8,505,748</u>
Net change in fund balances	(316,267)	2,400,516	65,894	2,150,143
Fund balances, October 1, 2017	<u>18,263,878</u>	<u>4,261,143</u>	<u>1,028,507</u>	<u>23,553,528</u>
Fund balances, September 30, 2018	<u>\$ 17,947,611</u>	<u>\$ 6,661,659</u>	<u>\$ 1,094,401</u>	<u>\$ 25,703,671</u>

**CITY OF BRYAN, TEXAS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2018

	Grant Fund	Community Development Fund	Hotel and Motel Tax Fund	Oil and Gas Fund	Capital Reserve Fund	Sidewalks Fund	Court Technology Fund
<b>Revenues:</b>							
Property taxes	\$ -	\$ -	\$ -	\$ 142,353	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	1,748,501	-	-	-	-
Transportation and drainage assessments	-	-	-	-	-	-	-
Grants	583,557	917,199	-	-	-	-	-
Fines and court charges	-	-	-	-	-	-	37,670
Investment earnings	9	-	17,806	5,173	28,029	1,320	1,341
Other	-	102,234	-	436,949	-	-	-
Total revenues	<u>583,566</u>	<u>1,019,433</u>	<u>1,766,307</u>	<u>584,475</u>	<u>28,029</u>	<u>1,320</u>	<u>39,011</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government and administration	-	-	-	-	-	-	-
Development services	1,303	1,074,499	-	-	-	-	-
Public works services	-	-	-	-	-	-	-
Public safety	565,528	-	-	-	-	-	19,534
Cultural and recreational	16,987	-	1,373,059	-	-	-	-
Capital outlay	50,000	-	27,094	-	-	-	47,525
Total expenditures	<u>633,818</u>	<u>1,074,499</u>	<u>1,400,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,252)</u>	<u>(55,066)</u>	<u>366,154</u>	<u>584,475</u>	<u>28,029</u>	<u>1,320</u>	<u>(28,048)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	105,347	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,347</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(50,252)	(55,066)	366,154	584,475	133,376	1,320	(28,048)
Fund balances, October 1, 2017	<u>50,584</u>	<u>32,620</u>	<u>2,050,708</u>	<u>603,929</u>	<u>3,295,538</u>	<u>3,154</u>	<u>188,100</u>
Fund balances, September 30, 2018	<u>\$ 332</u>	<u>\$ (22,446)</u>	<u>\$ 2,416,862</u>	<u>\$ 1,188,404</u>	<u>\$ 3,428,914</u>	<u>\$ 4,474</u>	<u>\$ 160,052</u>

**CITY OF BRYAN, TEXAS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2018

	Street Improvement Fund	Drainage Improvement Fund	Tax Increment Reinvestment Zone #10 Fund	Tax Increment Reinvestment Zone #19 Fund	Tax Increment Reinvestment Zone #21 Fund	Tax Increment Reinvestment Zone #22 Fund	Total
<b>Revenues:</b>							
Property taxes	\$ -	\$ -	\$ 2,872,807	\$ 292,039	\$ 119,027	\$ 542,513	\$ 3,968,739
Hotel occupancy taxes	-	-	-	-	-	-	1,748,501
Transportation and drainage assessments	5,760,716	961,240	-	-	-	-	6,721,956
Grants	-	-	-	-	-	-	1,500,756
Fines and court charges	-	-	-	-	-	-	37,670
Investment earnings	65,192	26,165	18,132	2,014	3,308	3,839	172,328
Other	4,754	-	-	-	-	-	543,937
Total revenues	<u>5,830,662</u>	<u>987,405</u>	<u>2,890,939</u>	<u>294,053</u>	<u>122,335</u>	<u>546,352</u>	<u>14,693,887</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government and administration	-	-	-	-	-	-	-
Development services	-	-	1,785,000	-	117,381	60,000	3,038,183
Public works services	6,726,836	510,731	-	-	-	-	7,237,567
Public safety	-	-	-	-	-	-	585,062
Cultural and recreational	-	-	-	-	-	-	1,390,046
Capital outlay	714,618	56,185	-	-	-	-	895,422
Total expenditures	<u>7,441,454</u>	<u>566,916</u>	<u>1,785,000</u>	<u>-</u>	<u>117,381</u>	<u>60,000</u>	<u>13,146,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,610,792)</u>	<u>420,489</u>	<u>1,105,939</u>	<u>294,053</u>	<u>4,954</u>	<u>486,352</u>	<u>1,547,607</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	105,347
Transfers out	(209,582)	-	(1,147,927)	(192,239)	-	(419,473)	(1,969,221)
Total other financing sources (uses)	<u>(209,582)</u>	<u>-</u>	<u>(1,147,927)</u>	<u>(192,239)</u>	<u>-</u>	<u>(419,473)</u>	<u>(1,863,874)</u>
Net change in fund balances	(1,820,374)	420,489	(41,988)	101,814	4,954	66,879	(316,267)
Fund balances, October 1, 2017	<u>8,111,108</u>	<u>2,890,276</u>	<u>491,555</u>	<u>50,986</u>	<u>355,441</u>	<u>139,879</u>	<u>18,263,878</u>
Fund balances, September 30, 2018	<u>\$ 6,290,734</u>	<u>\$ 3,310,765</u>	<u>\$ 449,567</u>	<u>\$ 152,800</u>	<u>\$ 360,395</u>	<u>\$ 206,758</u>	<u>\$ 17,947,611</u>

**CITY OF BRYAN, TEXAS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds - Capital Project Funds

For the Fiscal Year Ended September 30, 2018

	2016 Certificates of Obligation Fund	2018 Certificates of Obligation Fund	Total
Revenues:			
Investment earnings	\$ 17,696	\$ 38,059	\$ 55,755
Other	792,267	-	792,267
Total revenues	<u>809,963</u>	<u>38,059</u>	<u>848,022</u>
Expenditures:			
Capital outlay	3,724,632	4,998,958	8,723,590
Debt issuance costs	-	93,538	93,538
Total expenditures	<u>3,724,632</u>	<u>5,092,496</u>	<u>8,817,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,914,669)</u>	<u>(5,054,437)</u>	<u>(7,969,106)</u>
Other financing sources (uses):			
Long-term debt issued	-	11,965,000	11,965,000
Premium on long-term debt issued	-	359,538	359,538
Transfers out	-	(1,954,916)	(1,954,916)
Total other financing sources (uses)	<u>-</u>	<u>10,369,622</u>	<u>10,369,622</u>
Net change in fund balances	(2,914,669)	5,315,185	2,400,516
Fund balances, October 1, 2017	<u>4,261,143</u>	<u>-</u>	<u>4,261,143</u>
Fund balances, September 30, 2018	<u>\$ 1,346,474</u>	<u>\$ 5,315,185</u>	<u>\$ 6,661,659</u>

**CITY OF BRYAN, TEXAS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds - Permanent Funds

For the Fiscal Year Ended September 30, 2018

	Brandon Cemetery Fund	J.W. English Cemetery Fund	L.B. Hervey Cemetery Fund	Mills Trust Cemetery Fund	Cemetery Fund	M.C. Astin Cemetery Fund	F.L. Henderson Library Fund	Rountree Library Fund	Bade Trust Cemetery Fund	Totals
Revenues:										
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 57,056	\$ -	\$ -	\$ -	\$ -	\$ 57,056
Investment earnings	22	78	124	8	7,976	517	42	64	7	8,838
Total revenues	<u>22</u>	<u>78</u>	<u>124</u>	<u>8</u>	<u>65,032</u>	<u>517</u>	<u>42</u>	<u>64</u>	<u>7</u>	<u>65,894</u>
Expenditures:										
General government and administration	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	22	78	124	8	65,032	517	42	64	7	65,894
Fund balances, October 1, 2017	<u>2,624</u>	<u>9,391</u>	<u>14,924</u>	<u>941</u>	<u>924,977</u>	<u>61,945</u>	<u>5,146</u>	<u>7,659</u>	<u>900</u>	<u>1,028,507</u>
Fund balances, September 30, 2018	<u>\$ 2,646</u>	<u>\$ 9,469</u>	<u>\$ 15,048</u>	<u>\$ 949</u>	<u>\$ 990,009</u>	<u>\$ 62,462</u>	<u>\$ 5,188</u>	<u>\$ 7,723</u>	<u>\$ 907</u>	<u>\$ 1,094,401</u>

**CITY OF BRYAN, TEXAS**

## Debt Service Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 7,764,467	\$ 7,764,467	\$ 7,882,596	\$ 118,129
Investment earnings	35,000	35,000	79,169	44,169
Other	401,431	401,431	402,831	1,400
Total revenues	<u>8,200,898</u>	<u>8,200,898</u>	<u>8,364,596</u>	<u>163,698</u>
Expenditures:				
Debt service:				
Bond and principal retirement	8,655,784	8,655,784	7,801,531	854,253
Interest and fiscal charges	2,670,873	2,670,873	2,543,474	127,399
Debt issuance costs	-	-	92,636	(92,636)
Total expenditures	<u>11,326,657</u>	<u>11,326,657</u>	<u>10,437,641</u>	<u>889,016</u>
Excess of expenditures over revenues	(3,125,759)	(3,125,759)	(2,073,045)	1,052,714
Other financing sources (uses):				
Transfers in	1,879,222	1,879,222	1,879,222	-
Refunding bonds issued	-	-	6,265,000	6,265,000
Premium (discount) on refunding bonds	-	-	314,046	314,046
Payment to refunded bond escrow agent	-	-	(6,486,411)	(6,486,411)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>1,879,222</u>	<u>1,879,222</u>	<u>1,971,857</u>	<u>92,635</u>
Net change in fund balance	(1,246,537)	(1,246,537)	(101,188)	1,145,349
Fund Balance, October 1, 2017	<u>5,928,427</u>	<u>5,928,427</u>	<u>5,928,427</u>	<u>-</u>
Fund Balance, September 30, 2018	<u>\$ 4,681,890</u>	<u>\$ 4,681,890</u>	<u>\$ 5,827,239</u>	<u>\$ 1,145,349</u>

**CITY OF BRYAN, TEXAS**

Community Development Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

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	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Grants	\$ 1,953,828	\$ 1,953,828	\$ 917,199	\$ (1,036,629)
Other	79,000	79,000	102,234	23,234
Total revenues	<u>2,032,828</u>	<u>2,032,828</u>	<u>1,019,433</u>	<u>(1,013,395)</u>
Expenditures:				
Current:				
Development services	<u>2,032,828</u>	<u>2,032,828</u>	<u>1,074,499</u>	<u>958,329</u>
Total expenditures	<u>2,032,828</u>	<u>2,032,828</u>	<u>1,074,499</u>	<u>958,329</u>
Net change in fund balance	-	-	(55,066)	(55,066)
Fund balance, October 1, 2017	<u>32,620</u>	<u>32,620</u>	<u>32,620</u>	-
Fund balance, September 30, 2018	<u>\$ 32,620</u>	<u>\$ 32,620</u>	<u>\$ (22,446)</u>	<u>\$ (55,066)</u>

**CITY OF BRYAN, TEXAS**

Hotel and Motel Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Occupancy taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,748,501	\$ 448,501
Investment earnings	-	-	17,806	17,806
Total revenues	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,766,307</u>	<u>466,307</u>
Expenditures:				
Current:				
Cultural and recreational	1,541,500	1,891,500	1,373,059	518,441
Capital outlay	-	-	27,094	(27,094)
Total expenditures	<u>1,541,500</u>	<u>1,891,500</u>	<u>1,400,153</u>	<u>491,347</u>
Other financing uses:				
Transfers out	-	-	-	-
Net change in fund balance	(241,500)	(591,500)	366,154	957,654
Fund balance, October 1, 2017	<u>2,050,708</u>	<u>2,050,708</u>	<u>2,050,708</u>	-
Fund balance, September 30, 2018	<u>\$ 1,809,208</u>	<u>\$ 1,459,208</u>	<u>\$ 2,416,862</u>	<u>\$ 957,654</u>

**CITY OF BRYAN, TEXAS**

Oil &amp; Gas Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

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	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Royalties	\$ 115,000	\$ 115,000	\$ 436,949	\$ 321,949
Property Taxes - Mineral	154,452	154,452	142,353	\$ (12,099)
Investment earnings	2,500	2,500	5,173	2,673
Total revenues	<u>271,952</u>	<u>271,952</u>	<u>584,475</u>	<u>312,523</u>
Net change in fund balance	271,952	271,952	584,475	312,523
Fund balances, October 1, 2017	<u>603,929</u>	<u>603,929</u>	<u>603,929</u>	<u>-</u>
Fund balances, September 30, 2018	<u>\$ 875,881</u>	<u>\$ 875,881</u>	<u>\$ 1,188,404</u>	<u>\$ 312,523</u>

**CITY OF BRYAN, TEXAS**

## Capital Reserve Fund

## Schedule of Revenues, Expenditures, and Changes in Fund Balance

## Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

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	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Investment earnings	\$ -	\$ -	\$ 28,029	\$ 28,029
Total revenues	<u>-</u>	<u>-</u>	<u>28,029</u>	<u>28,029</u>
Other financing sources (uses)				
Transfers in	-	-	105,347	\$ 105,347
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	105,347	105,347
Net change in fund balance	-	-	133,376	133,376
Fund balances, October 1, 2017	<u>3,295,538</u>	<u>3,295,538</u>	<u>3,295,538</u>	<u>-</u>
Fund balances, September 30, 2018	<u>\$ 3,295,538</u>	<u>\$ 3,295,538</u>	<u>\$ 3,428,914</u>	<u>\$ 133,376</u>

**CITY OF BRYAN, TEXAS**

Court Technology Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

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	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Technology fee	\$ 45,000	\$ 45,000	\$ 37,670	\$ (7,330)
Investment earnings - Interest income	1,500	1,500	1,341	(159)
Total revenues	<u>46,500</u>	<u>46,500</u>	<u>39,011</u>	<u>(7,489)</u>
Expenditures:				
Current:				
Public safety	19,500	26,500	19,534	6,966
Capital outlay	15,000	52,000	47,525	4,475
Total expenditures	<u>34,500</u>	<u>78,500</u>	<u>67,059</u>	<u>11,441</u>
Net change in fund balance	12,000	(32,000)	(28,048)	3,952
Fund balance, October 1, 2017	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	-
Fund balance, September 30, 2018	<u>\$ 200,100</u>	<u>\$ 156,100</u>	<u>\$ 160,052</u>	<u>\$ 3,952</u>

**CITY OF BRYAN, TEXAS**

Street Improvement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Transportation assessments	\$ 5,670,000	\$ 5,670,000	\$ 5,760,716	\$ 90,716
Investment earnings	80,000	80,000	65,192	(14,808)
Other	-	-	4,754	4,754
Total revenues	<u>5,750,000</u>	<u>5,750,000</u>	<u>5,830,662</u>	<u>80,662</u>
Expenditures:				
Current:				
Public works services	6,355,085	8,855,085	6,726,836	2,128,249
Capital outlay	<u>128,314</u>	<u>128,314</u>	<u>714,618</u>	<u>(586,304)</u>
Total expenditures	<u>6,483,399</u>	<u>8,983,399</u>	<u>7,441,454</u>	<u>1,541,945</u>
Excess (deficiency) of revenues over (under) expenditures	(733,399)	(3,233,399)	(1,610,792)	1,622,607
Other financing sources (uses)				
Transfers out	<u>(361,199)</u>	<u>(361,199)</u>	<u>(209,582)</u>	<u>151,617</u>
Total other financing sources (uses)	<u>(361,199)</u>	<u>(361,199)</u>	<u>(209,582)</u>	<u>151,617</u>
Net change in fund balance	(1,094,598)	(3,594,598)	(1,820,374)	1,774,224
Fund balance, October 1, 2017	<u>8,111,108</u>	<u>8,111,108</u>	<u>8,111,108</u>	<u>-</u>
Fund balance, September 30, 2018	<u>\$ 7,016,510</u>	<u>\$ 4,516,510</u>	<u>\$ 6,290,734</u>	<u>\$ 1,774,224</u>

**CITY OF BRYAN, TEXAS**

Drainage Improvement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Drainage assessments	\$ 913,000	\$ 913,000	\$ 961,240	\$ 48,240
Investment earnings	-	-	26,165	26,165
Total revenues	<u>913,000</u>	<u>913,000</u>	<u>987,405</u>	<u>74,405</u>
Expenditures:				
Current:				
Public works services	3,024,913	3,024,913	510,731	2,514,182
Capital outlay	-	-	56,185	(56,185)
Total expenditures	<u>3,024,913</u>	<u>3,024,913</u>	<u>566,916</u>	<u>2,457,997</u>
Excess (deficiencies) of revenues over (under) expenditures	(2,111,913)	(2,111,913)	420,489	2,532,402
Other financing uses:				
Transfers out	<u>(58,506)</u>	<u>(58,506)</u>	-	58,506
Net change in fund balance	(2,170,419)	(2,170,419)	420,489	2,590,908
Fund balance, October 1, 2017	<u>2,890,276</u>	<u>2,890,276</u>	<u>2,890,276</u>	-
Fund balance, September 30, 2018	<u>\$ 719,857</u>	<u>\$ 719,857</u>	<u>\$ 3,310,765</u>	<u>\$ 2,590,908</u>

**CITY OF BRYAN, TEXAS**

Tax Increment Reinvestment Zone #10 Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended September 30, 2018

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	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 1,815,291	\$ 1,815,291	\$ 2,872,807	\$ 1,057,516
Investment earnings	901,096	901,096	18,132	(882,964)
Other	6,260	6,260	-	(6,260)
Total revenues	<u>2,722,647</u>	<u>2,722,647</u>	<u>2,890,939</u>	<u>168,292</u>
Expenditures:				
Current:				
Development services	1,785,000	1,785,000	1,785,000	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,785,000</u>	<u>1,785,000</u>	<u>1,785,000</u>	<u>-</u>
Excess of revenues over expenditures	937,647	937,647	1,105,939	168,292
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(1,147,927)</u>	<u>(1,147,927)</u>	<u>(1,147,927)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,147,927)</u>	<u>(1,147,927)</u>	<u>(1,147,927)</u>	<u>-</u>
Net change in fund balance	(210,280)	(210,280)	(41,988)	168,292
Fund balance, October 1, 2017	<u>491,555</u>	<u>491,555</u>	<u>491,555</u>	<u>-</u>
Fund balance, September 30, 2018	<u>\$ 281,275</u>	<u>\$ 281,275</u>	<u>\$ 449,567</u>	<u>\$ 168,292</u>

**CITY OF BRYAN, TEXAS**

Tax Increment Reinvestment Zone #19 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 289,009	\$ 289,009	\$ 292,039	\$ 3,030
Investment earnings	802	1,977	2,014	37
Other	-	-	-	-
Total revenues	<u>289,811</u>	<u>290,986</u>	<u>294,053</u>	<u>3,067</u>
Expenditures:				
Current:				
Development services	20,000	20,000	-	20,000
Capital outlay	-	-	-	-
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Excess of revenues over expenditures	269,811	270,986	294,053	23,067
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(193,022)	(193,022)	(192,239)	783
Total other financing sources (uses)	<u>(193,022)</u>	<u>(193,022)</u>	<u>(192,239)</u>	<u>783</u>
Net change in fund balance	76,789	77,964	101,814	23,850
Fund balance, October 1, 2017	<u>50,986</u>	<u>50,986</u>	<u>50,986</u>	<u>-</u>
Fund balance, September 30, 2018	<u>\$ 127,775</u>	<u>\$ 128,950</u>	<u>\$ 152,800</u>	<u>\$ 23,850</u>

**CITY OF BRYAN, TEXAS**

Tax Increment Reinvestment Zone #21 Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended September 30, 2018

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	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 118,379	\$ 118,379	\$ 119,027	\$ 648
Investment earnings	2,241	2,241	3,308	1,067
Total revenues	<u>120,620</u>	<u>120,620</u>	<u>122,335</u>	<u>1,715</u>
Expenditures:				
Current:				
Development services	100,000	170,000	117,381	52,619
Capital outlay	-	-	-	-
Total expenditures	<u>100,000</u>	<u>170,000</u>	<u>117,381</u>	<u>52,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,620</u>	<u>(49,380)</u>	<u>4,954</u>	<u>54,334</u>
Other financing sources (uses)				
Total other financing sources	-	-	-	-
Net change in fund balance	20,620	(49,380)	4,954	54,334
Fund balance, October 1, 2017	<u>355,441</u>	<u>355,441</u>	<u>355,441</u>	<u>-</u>
Fund balance, September 30, 2018	<u>\$ 376,061</u>	<u>\$ 306,061</u>	<u>\$ 360,395</u>	<u>\$ 54,334</u>

**CITY OF BRYAN, TEXAS**

Tax Increment Reinvestment Zone #22 Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
For the Fiscal Year Ended September 30, 2018

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	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 316,284	\$ 316,284	\$ 542,513	\$ 226,229
Investment earnings	1,826	1,826	3,839	2,013
Other	213,772	213,772	-	(213,772)
Total revenues	<u>531,882</u>	<u>531,882</u>	<u>546,352</u>	<u>14,470</u>
Expenditures:				
Current:				
Development services	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	-
Total expenditures	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	-
Excess of revenues over expenditures	471,882	471,882	486,352	14,470
Other financing sources (uses):				
Transfers out	<u>(439,473)</u>	<u>(439,473)</u>	<u>(419,473)</u>	20,000
Total other financing sources (uses)	<u>(439,473)</u>	<u>(439,473)</u>	<u>(419,473)</u>	20,000
Net change in fund balance	32,409	32,409	66,879	34,470
Fund balance, October 1, 2017	<u>139,879</u>	<u>139,879</u>	<u>139,879</u>	-
Fund balance, September 30, 2018	<u>\$ 172,288</u>	<u>\$ 172,288</u>	<u>\$ 206,758</u>	<u>\$ 34,470</u>



**CITY OF BRYAN**  
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## **COMBINING FINANCIAL STATEMENTS**

### **NONMAJOR ENTERPRISE FUNDS**

Solid Waste Fund – To account for the provision of residential and commercial garbage collection and the City’s interest in the Brazos Valley Solid Waste Management Agency’s landfill operations. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administrative, operations, maintenance, new construction, financing and related debt services, and billing and collection.

Bryan Airport Fund – To account for the revenues received and the expenses incurred by the City in the operation of Bryan’s Coulter Airfield.

Bryan Commerce and Development – To account for economic development activities and public facility development by the City. The activities related to the acquisition of property for development are included in this fund.

**CITY OF BRYAN, TEXAS**

Combining Statement of Net Position

Nonmajor Enterprise Funds

As of September 30, 2018

<u>Assets</u>	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Current assets:				
Cash and cash equivalents	\$ 900,879	\$ 18,369	\$ 558,951	\$ 1,478,199
Investments	4,832,376	97,432	2,998,256	7,928,064
Accounts receivable	625,675	16,625	-	642,300
Less allowance for uncollectible	(42,920)	-	-	(42,920)
Interest receivable	22,741	666	14,108	37,515
Inventories	-	21,870	-	21,870
Due from other funds	161,849	-	-	161,849
Total current assets	<u>6,500,600</u>	<u>154,962</u>	<u>3,571,315</u>	<u>10,226,877</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	-	8,157	-	8,157
Investments	-	43,837	-	43,837
Investment in BVSWMA	17,261,243	-	-	17,261,243
Capital assets:				
Land	-	654,670	9,048,429	9,703,099
Buildings	92,904	2,567,183	-	2,660,087
Equipment	8,967,303	57,628	-	9,024,931
Improvements other than buildings	373,562	3,703,356	-	4,076,918
Construction in progress	-	85,500	-	85,500
Less accumulated depreciation	(5,850,100)	(3,526,635)	-	(9,376,735)
Total capital assets (net of accumulated depreciation)	<u>3,583,669</u>	<u>3,541,702</u>	<u>9,048,429</u>	<u>16,173,800</u>
Total noncurrent assets	<u>20,844,912</u>	<u>3,593,696</u>	<u>9,048,429</u>	<u>33,487,037</u>
Total assets	<u>\$ 27,345,512</u>	<u>\$ 3,748,658</u>	<u>\$ 12,619,744</u>	<u>\$ 43,713,914</u>
<u>Deferred Outflows</u>				
Pensions	531,972	25,588	-	557,560
Other post employment benefits	59,346	2,637	-	61,983
Total deferred outflows	<u>\$ 591,318</u>	<u>\$ 28,225</u>	<u>\$ -</u>	<u>\$ 619,543</u>

**CITY OF BRYAN, TEXAS**

Combining Statement of Net Position

Nonmajor Enterprise Funds

As of September 30, 2018

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 151,395	\$ 2,892	\$ -	\$ 154,287
Accrued liabilities	124,092	4,087	-	128,179
Accrued interest	-	3,796	-	3,796
Accrued vacation and sick pay	152,344	2,358	-	154,702
Current liabilities payable from restricted assets:				
Customer deposits	-	15,185	-	15,185
Bonds payable, net	-	50,136	-	50,136
Total current liabilities	<u>427,831</u>	<u>78,454</u>	<u>-</u>	<u>506,285</u>
Noncurrent liabilities:				
Bonds payable, net	-	1,080,811	-	1,080,811
Accrued vacation and sick pay	71,691	1,110	-	72,801
Net other post employment benefits (OPEB) liability	790,383	35,128	-	825,511
Net pension liability	1,383,630	39,897	-	1,423,527
Total noncurrent liabilities	<u>2,245,704</u>	<u>1,156,946</u>	<u>-</u>	<u>3,402,650</u>
Total liabilities	<u>2,673,535</u>	<u>1,235,400</u>	<u>-</u>	<u>3,908,935</u>
<u>Deferred Inflows</u>				
Pensions	515,031	28,239	-	543,270
Total deferred inflows	<u>515,031</u>	<u>28,239</u>	<u>-</u>	<u>543,270</u>
<u>Net Position</u>				
Net investment in capital assets	3,583,669	2,452,912	9,048,429	15,085,010
Restricted for BVSWMA	17,261,243	-	-	17,261,243
Restricted for debt service	-	9,837	-	9,837
Unrestricted	3,903,352	50,495	3,571,315	7,525,162
Total net position	<u>\$ 24,748,264</u>	<u>\$ 2,513,244</u>	<u>\$ 12,619,744</u>	<u>\$ 39,881,252</u>

**CITY OF BRYAN, TEXAS**

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2018

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Operating revenues:				
Solid waste	\$ 8,121,225	\$ -	\$ -	\$ 8,121,225
Other	-	906,779	4,184,740	5,091,519
Total operating revenues	<u>8,121,225</u>	<u>906,779</u>	<u>4,184,740</u>	<u>13,212,744</u>
Operating expenses:				
Personnel services	2,998,104	176,746	-	3,174,850
Maintenance	469,729	52,866	-	522,595
Other services and charges	1,605,065	59,953	118,301	1,783,319
Other expenses	404,415	309,953	-	714,368
General and administrative	1,066,047	99,045	-	1,165,092
Total operating expenses before depreciation	<u>6,543,360</u>	<u>698,563</u>	<u>118,301</u>	<u>7,360,224</u>
Operating income (loss) before depreciation	1,577,865	208,216	4,066,439	5,852,520
Depreciation	899,593	243,413	-	1,143,006
Operating income (loss)	<u>678,272</u>	<u>(35,197)</u>	<u>4,066,439</u>	<u>4,709,514</u>
Nonoperating revenues (expenses):				
Investment earnings	47,766	5,393	3,059	56,218
Interest expense	-	(28,498)	-	(28,498)
Distributive share of BVSWMA net income	1,542,900	-	-	1,542,900
Other - net	21,065	50,000	-	71,065
Total nonoperating revenues (expenses)	<u>1,611,731</u>	<u>26,895</u>	<u>3,059</u>	<u>1,641,685</u>
Income (loss) before contributions and transfers	2,290,003	(8,302)	4,069,498	6,351,199
Transfers in	106,010	110,000	-	216,010
Transfers out	(434,256)	-	(105,347)	(539,603)
Change in net position	<u>1,961,757</u>	<u>101,698</u>	<u>3,964,151</u>	<u>6,027,606</u>
Net position, October 1, 2017	23,406,201	2,439,088	8,655,593	34,500,882
Prior period adjustment - OPEB	(619,694)	(27,542)	-	(647,236)
Net position, September 30, 2018	<u>\$ 24,748,264</u>	<u>\$ 2,513,244</u>	<u>\$ 12,619,744</u>	<u>\$ 39,881,252</u>

**CITY OF BRYAN, TEXAS**

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2018

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 8,185,006	\$ 965,468	\$ 4,184,740	\$ 13,335,214
Payments to suppliers	(2,642,775)	(423,350)	(118,301)	(3,184,426)
Payments to employees	(2,960,335)	(175,159)	-	(3,135,494)
Payments for interfund services used	(1,066,047)	(99,045)	-	(1,165,092)
Net cash provided (used) by operating activities	<u>1,515,849</u>	<u>267,914</u>	<u>4,066,439</u>	<u>5,850,202</u>
Cash flows from noncapital financing activities:				
Transfers in	106,010	110,000	-	216,010
Transfers out	(434,256)	-	(105,347)	(539,603)
Net cash provided (used) by noncapital financing activities	<u>(328,246)</u>	<u>110,000</u>	<u>(105,347)</u>	<u>(323,593)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,385,917)	(1,361,218)	(423,218)	(3,170,353)
Proceeds from sale of assets	230,543	-	-	230,543
Principal paid on general obligation bonds	-	(2,627)	-	(2,627)
Principal paid on certificates of obligation	-	(45,000)	-	(45,000)
Interest paid on bonds, contractual obligations, and notes	-	(31,322)	-	(31,322)
Net cash provided (used) by capital and related financing activities	<u>(1,155,374)</u>	<u>(1,440,167)</u>	<u>(423,218)</u>	<u>(3,018,759)</u>
Cash flows from investing activities:				
Purchase of investment securities	(4,625,106)	(135,209)	(2,989,993)	(7,750,308)
Sale of investment securities	4,033,235	909,217	14,435	4,956,887
Interest on investments	39,649	7,883	(10,970)	36,562
Net cash provided (used) by investing activities	<u>(552,222)</u>	<u>781,891</u>	<u>(2,986,528)</u>	<u>(2,756,859)</u>
Net increase (decrease) in cash and cash equivalents	(519,993)	(280,362)	551,346	(249,009)
Cash and cash equivalents, October 1, 2017	<u>1,420,872</u>	<u>306,888</u>	<u>7,605</u>	<u>1,735,365</u>
Cash and cash equivalents, September 30, 2018	<u>\$ 900,879</u>	<u>\$ 26,526</u>	<u>\$ 558,951</u>	<u>\$ 1,486,356</u>

**CITY OF BRYAN, TEXAS**

Combining Statement of Cash Flows (continued)

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2018

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 678,272	\$ (35,197)	\$ 4,066,439	\$ 4,709,514
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	899,593	243,413	-	1,143,006
Change in assets and liabilities:				
Change in accounts receivable	59,762	59,813	-	119,575
Change in inventory	-	(5,589)	-	(5,589)
Change in due from other funds	(3,029)	-	-	(3,029)
Change in accounts payable	(162,959)	(556)	-	(163,515)
Change in accrued liabilities	10,103	192	-	10,295
Change in other	7,048	-	-	7,048
Change in customer deposits	-	4,465	-	4,465
Change in OPEB and NPL	21,964	(1,614)	-	20,350
Change in accrued vacation and sick pay	5,095	2,987	-	8,082
Net cash provided (used) by operating activities	<u>\$ 1,515,849</u>	<u>\$ 267,914</u>	<u>\$ 4,066,439</u>	<u>\$ 5,850,202</u>

## Noncash investing, capital and financing activities

During this past year, the Enterprise Funds investment in BVSWMA increased \$1,542,900 as a result of its operations.

## **COMBINING FINANCIAL STATEMENTS**

### **INTERNAL SERVICE FUNDS**

Warehouse Fund – To account for the operation of the City’s warehouse function (excluding electric inventory).

Insurance Fund – To account for funds accumulated by the City to cover general liability and workers’ compensation claims and associated administrative expenses.

Employee Benefit Trust Fund – To account for the administration of health insurance for City employees. Resources are contributed by the City for employee health coverage and by the employee for optional dependent coverage.

**CITY OF BRYAN, TEXAS**  
Internal Service Funds  
Combining Statement of Net Position  
As of September 30, 2018

<u>Assets</u>	<u>Warehouse Fund</u>	<u>Insurance Fund</u>	<u>Employee Benefit Trust Fund</u>	<u>Total</u>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 1,557	\$ 588,709	\$ 277,255	\$ 867,521
Investments	8,353	2,755,572	1,487,215	4,251,140
Accounts receivable	39	-	313,191	313,191
Interest receivable	236,908	12,967	6,999	20,005
Inventories	-	-	-	236,908
Due from other funds	288	-	-	288
<b>Total current assets</b>	<b>247,145</b>	<b>3,357,248</b>	<b>2,084,660</b>	<b>5,689,053</b>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Buildings	-	23,420	-	23,420
Equipment	27,390	87,063	-	114,453
Improvements other than buildings	159,086	29,572	-	188,658
Less accumulated depreciation	(110,002)	(128,293)	-	(238,295)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>76,474</b>	<b>11,762</b>	<b>-</b>	<b>88,236</b>
<b>Total assets</b>	<b>\$ 323,619</b>	<b>\$ 3,369,010</b>	<b>\$ 2,084,660</b>	<b>\$ 5,777,289</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	2,105	18,166	259,558	279,829
Claims payable	-	739,396	1,382,976	2,122,372
Due to other funds	-	1,070	-	1,070
Accrued liabilities	4,701	11,347	-	16,048
Accrued vacation and sick pay	6,923	11,894	-	18,817
<b>Total current liabilities</b>	<b>13,729</b>	<b>781,873</b>	<b>1,642,534</b>	<b>2,438,136</b>
<b>Noncurrent liabilities:</b>				
Claims payable	-	800,067	-	800,067
Accrued vacation and sick pay	18,718	32,158	-	50,876
<b>Total noncurrent liabilities</b>	<b>18,718</b>	<b>832,225</b>	<b>-</b>	<b>850,943</b>
<b>Total liabilities</b>	<b>32,447</b>	<b>1,614,098</b>	<b>1,642,534</b>	<b>3,289,079</b>
<b>Net Position</b>				
Net investment in capital assets	76,474	11,762	-	88,236
Unrestricted	214,698	1,743,150	442,126	2,399,974
<b>Total net position</b>	<b>\$ 291,172</b>	<b>\$ 1,754,912</b>	<b>\$ 442,126</b>	<b>\$ 2,488,210</b>

**CITY OF BRYAN, TEXAS**

Internal Service Funds

Combining Statement of Revenues, Expenses

and Changes in Fund Net Position

For the Fiscal Year Ended September 30, 2018

	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Operating revenues:				
Intragovernmental	\$ 78,450	\$ 2,748,617	\$ 7,212,800	\$ 10,039,867
Other	308	46,273	2,839,046	2,885,627
Total operating revenues	<u>78,758</u>	<u>2,794,890</u>	<u>10,051,846</u>	<u>12,925,494</u>
Operating expenses:				
Personnel services	214,203	504,689	-	718,892
Maintenance	1,987	25	-	2,012
Claims	-	971,399	9,970,530	10,941,929
Other services and charges	84,638	819,248	2,236,618	3,140,504
Other expenses	14,151	23,391	-	37,542
Total operating expenses before depreciation	<u>314,979</u>	<u>2,318,752</u>	<u>12,207,148</u>	<u>14,840,879</u>
Operating gain(loss) before depreciation	(236,221)	476,138	(2,155,302)	(1,915,385)
Depreciation	<u>9,971</u>	<u>2,650</u>	<u>-</u>	<u>12,621</u>
Operating gain(loss)	<u>(246,192)</u>	<u>473,488</u>	<u>(2,155,302)</u>	<u>(1,928,006)</u>
Nonoperating revenues:				
Investment earnings	(11)	23,673	22,150	45,812
Other	-	15,430	1,847,282	1,862,712
Total nonoperating revenues	<u>(11)</u>	<u>39,103</u>	<u>1,869,432</u>	<u>1,908,524</u>
Gain (loss) before transfers	(246,203)	512,591	(285,870)	(19,482)
Transfers in	241,881	-	75,000	316,881
Transfers out	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
Change in net position	(4,322)	437,591	(210,870)	222,399
Net position, October 1, 2017	295,494	1,317,321	(1,200,269)	412,546
Prior period adjustment - OPEB	<u>-</u>	<u>-</u>	<u>1,853,265</u>	<u>1,853,265</u>
Net position, September 30, 2018	<u>\$ 291,172</u>	<u>\$ 1,754,912</u>	<u>\$ 442,126</u>	<u>\$ 2,488,210</u>

**CITY OF BRYAN, TEXAS**  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended September 30, 2018

	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 1,574,140	\$ 46,273	\$ 2,540,691	\$ 4,161,104
Receipts for interfund services provided	-	2,750,016	7,212,800	9,962,816
Payments to suppliers	(1,601,649)	(1,854,348)	(12,283,616)	(15,739,613)
Payments to employees	(204,413)	(499,838)	-	(704,251)
Other receipts	-	14,380	1,846,356	1,860,736
Net cash provided (used) by operating activities	<u>(231,921)</u>	<u>456,483</u>	<u>(683,769)</u>	<u>(459,207)</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	241,881	-	75,000	316,881
Transfers out	-	(75,000)	-	(75,000)
Net cash provided (used) by noncapital activities	<u>241,881</u>	<u>(75,000)</u>	<u>75,000</u>	<u>241,881</u>
<b>Cash flows from investing activities:</b>				
Purchase of investment securities	(8,350)	(2,637,381)	(1,423,425)	(4,069,156)
Sale of investment securities	(3)	2,031,266	1,697,231	3,728,494
Interest on investments	(50)	18,119	22,150	40,219
Net cash provided (used) by investing activities	<u>(8,403)</u>	<u>(587,996)</u>	<u>295,956</u>	<u>(300,443)</u>
Net increase (decrease) in cash and cash equivalents	1,557	(206,513)	(312,813)	(517,769)
Cash and cash equivalents, October 1, 2017	-	795,222	590,068	1,385,290
Cash and cash equivalents, September 30, 2018	<u>\$ 1,557</u>	<u>\$ 588,709</u>	<u>\$ 277,255</u>	<u>\$ 867,521</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) operating activities:</b>				
Operating Income (loss)	(246,192)	473,488	(2,155,302)	(1,928,006)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	9,971	2,650	-	12,621
Other revenue	-	15,430	1,847,282	1,862,712
Change in assets and liabilities:				
Change in accounts receivable	-	349	(298,355)	(298,006)
Change in inventory	(6,789)	-	-	(6,789)
Change in due from other funds	(276)	-	-	(276)
Change in prepaid assets	-	-	-	-
Change in accounts payable	1,699	11,017	(195,397)	(182,681)
Change in accrued liabilities	390	285	(926)	(251)
Change in due to other funds	(124)	1,070	-	946
Change in claims payable	-	(52,372)	118,929	66,557
Change in vacation and sick pay	9,400	4,566	-	13,966
Net cash provided (used) by operating activities	<u>\$ (231,921)</u>	<u>\$ 456,483</u>	<u>\$ (683,769)</u>	<u>\$ (459,207)</u>

**CAPITAL ASSETS**

**USED IN THE OPERATION**

**OF GOVERNMENTAL FUNDS**

**CITY OF BRYAN, TEXAS**

Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules by Source  
September 30, 2018 and 2017

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	<u>2018</u>	<u>2017</u>
Governmental funds capital assets:		
Land	\$ 12,379,528	\$ 11,685,224
Buildings	47,095,470	39,108,130
Improvements other than buildings	40,408,359	39,409,579
Equipment	37,818,410	34,755,239
Infrastructure	199,619,911	194,528,601
Construction in Progress	17,805,279	17,017,486
	<u>\$ 355,126,957</u>	<u>\$ 336,504,259</u>
Investments in governmental funds capital assets by source:		
General Fund	125,442,845	106,820,148
Special Revenue Funds	8,126,350	8,126,350
Private Contributions	48,250,205	48,250,205
General Obligation bonds	42,229,658	42,229,658
Grants	6,611,770	6,611,770
Certificates of Obligation	124,466,128	124,466,128
Special Revenue Funds	<u>124,466,128</u>	<u>124,466,128</u>
	<u>\$ 355,126,957</u>	<u>\$ 336,504,259</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

**CITY OF BRYAN, TEXAS**

Capital Assets Used in the Operation of Governmental Funds  
 Schedule of Changes by Function and Activity  
 For the Fiscal Year Ended September 30, 2018

Function and Activity	Governmental Funds Capital Assets	Reclassifications	Additions	Deductions	Governmental Funds Capital Assets
	September 30, 2017				September 30, 2018
<b>General Government:</b>					
Executive	\$ 12,515,454	\$ -	\$ -	\$ -	\$ 12,515,454
City Secretary	418,483	-	-	-	418,483
Legal services	41,126	-	-	-	41,126
Fiscal services	313,504	-	-	-	313,504
Computer services	9,154,553	-	274,541	-	9,429,094
Purchasing services	1,784,164	-	-	-	1,784,164
Human resources	44,862	-	-	-	44,862
Facility services	3,572,473	-	64,672	-	3,637,145
Fleet services	70,619	-	-	-	70,619
Total general government	<u>27,915,238</u>	<u>-</u>	<u>339,213</u>	<u>-</u>	<u>28,254,451</u>
<b>Development services:</b>					
Administration	762,420	-	-	19,685	742,735
Planning	70,070	-	-	-	70,070
Engineering	306,132	-	-	19,469	286,663
Inspections	105,157	-	101,310	35,688	170,779
Community Development	5,342,781	-	-	-	5,342,781
TIF infrastructure	10,583,177	-	-	-	10,583,177
Total development services	<u>17,169,737</u>	<u>-</u>	<u>101,310</u>	<u>74,842</u>	<u>17,196,205</u>
<b>Public works:</b>					
Environmental services	28,567	-	-	-	28,567
Transportation services	193,796,158	-	5,905,535	-	199,701,693
Total public works	<u>193,824,725</u>	<u>-</u>	<u>5,905,535</u>	<u>-</u>	<u>199,730,260</u>
<b>Public safety:</b>					
Police services	26,058,248	-	1,013,064	321,848	26,749,464
Fire and emergency medical services	17,126,355	-	9,431,685	57,710	26,500,330
Municipal court	2,303,667	-	95,050	-	2,398,717
Animal Center	34,100	-	41,001	-	75,101
Total public safety	<u>45,522,370</u>	<u>-</u>	<u>10,580,800</u>	<u>379,558</u>	<u>55,723,612</u>
<b>Cultural and recreational:</b>					
Administration	142,423	-	-	-	142,422
Library services	4,978,086	-	143,190	-	5,121,276
Parks and recreation services	29,934,194	-	1,219,258	-	31,153,452
Total cultural and recreational	<u>35,054,703</u>	<u>-</u>	<u>1,362,448</u>	<u>-</u>	<u>36,417,150</u>
Construction in Progress - Unclassified	<u>17,017,486</u>	<u>-</u>	<u>9,885,071</u>	<u>9,097,278</u>	<u>17,805,279</u>
Total governmental funds capital assets	<u>\$ 336,504,259</u>	<u>\$ -</u>	<u>\$ 28,174,377</u>	<u>\$ 9,551,678</u>	<u>\$ 355,126,957</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

**CITY OF BRYAN, TEXAS**

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

As of September 30, 2018

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
<b>General Government:</b>							
Executive	\$ 2,138,903	\$ 10,105,599	\$ -	\$ 270,953	\$ -	\$ -	\$ 12,515,455
City Secretary	125,000	153,625	94,261	45,597	-	-	418,483
Legal services	-	-	41,126	-	-	-	41,126
Fiscal services	-	38,385	-	275,119	-	-	313,504
Computer services	-	60,768	33,279	9,335,046	-	82,600	9,511,693
Purchasing services	-	37,037	1,679,680	67,448	-	-	1,784,165
Human resources	-	-	9,991	34,871	-	-	44,862
Facility services	-	2,708,943	118,187	810,014	-	131,861	3,769,005
Fleet services	-	1,671	32,396	36,552	-	-	70,619
Total general government	<u>2,263,903</u>	<u>13,106,028</u>	<u>2,008,920</u>	<u>10,875,600</u>	<u>-</u>	<u>214,461</u>	<u>28,468,912</u>
<b>Development services:</b>							
Administration	35,156	1,260	-	563,458	-	-	599,874
Planning	-	29,062	-	41,008	-	-	70,070
Engineering	18,904	7,343	-	248,509	-	-	274,756
Inspections	-	-	-	325,547	-	-	325,547
Community Development	118,531	131,652	5,083,368	9,230	-	-	5,342,781
TIRZ infrastructure	81,902	-	58,450	-	10,442,825	-	10,583,177
Total development services	<u>254,493</u>	<u>169,317</u>	<u>5,141,818</u>	<u>1,187,752</u>	<u>10,442,825</u>	<u>-</u>	<u>17,196,205</u>
<b>Public works:</b>							
Environmental services	-	11,995	16,572	-	-	-	28,567
Transportation services	5,533,397	20,344	1,827,859	3,170,411	189,149,682	17,414,420	217,116,113
Total public works	<u>5,533,397</u>	<u>32,339</u>	<u>1,844,431</u>	<u>3,170,411</u>	<u>189,149,682</u>	<u>17,414,420</u>	<u>217,144,680</u>
<b>Public safety:</b>							
Animal Center	-	34,100	-	41,001	-	-	75,101
Police services	1,043,332	18,187,481	22,982	7,495,669	-	-	26,749,464
Fire and emergency medical services	-	14,258,383	12,780	12,229,167	-	-	26,500,330
Municipal court	1,819,216	-	106,675	472,826	-	-	2,398,717
Total public safety	<u>2,862,548</u>	<u>32,479,964</u>	<u>142,437</u>	<u>20,238,663</u>	<u>-</u>	<u>-</u>	<u>55,723,612</u>
<b>Cultural and recreational:</b>							
Administration	-	-	107,924	34,498	-	-	142,422
Library services	-	669,602	4,139,927	311,747	-	-	5,121,276
Parks and recreation services	1,465,187	638,220	27,022,902	1,999,739	27,404	176,398	31,329,850
Total cultural and recreational	<u>1,465,187</u>	<u>1,307,822</u>	<u>31,270,753</u>	<u>2,345,984</u>	<u>27,404</u>	<u>176,398</u>	<u>36,593,548</u>
Total governmental funds capital assets	<u>\$ 12,379,528</u>	<u>\$ 47,095,470</u>	<u>\$ 40,408,359</u>	<u>\$ 37,818,410</u>	<u>\$ 199,619,911</u>	<u>\$ 17,805,279</u>	<u>\$ 355,126,957</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

## STATISTICAL SECTION

This part of the City of Bryan's comprehensive annual financial 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 government's overall financial health.

### Contents

Financial Trends (Tables 1-4) - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5 – 15) - These schedules contain information to help the reader assess one of the government's most significant local revenue sources, the property tax.

Debt Capacity (Tables 16 - 22) - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 23 – 25) - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (Tables 26 -28) - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

**City of Bryan, Texas**

Net Position by Component

Last Ten Fiscal Years

(Accrual basis of accounting)

Table 1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets	\$ 72,148,854	\$ 63,909,781	\$ 73,325,895	\$ 73,821,014	\$ 74,520,118	\$ 67,019,218	\$ 68,002,663	\$ 81,026,014	\$ 88,289,291	\$ 93,348,161
Restricted	23,432,166	30,938,682	24,782,392	24,404,041	18,624,433	23,068,934	22,972,793	18,104,805	19,918,996	20,799,558
Unrestricted	6,457,676	7,301,794	10,124,807	8,130,941	19,434,534	27,501,716	18,998,510	16,933,496	5,722,042	(3,265,076)
<b>Total governmental activities net position</b>	<b>\$ 102,038,696</b>	<b>\$ 102,150,257</b>	<b>\$ 108,233,094</b>	<b>\$ 106,355,996</b>	<b>\$ 112,579,085</b>	<b>\$ 117,589,868</b>	<b>\$ 109,973,966</b>	<b>\$ 116,064,315</b>	<b>\$ 113,930,329</b>	<b>\$ 110,882,643</b>
<b>Business-type activities</b>										
Net investment in capital assets	232,484,352	241,866,068	252,740,085	248,552,828	263,550,484	269,168,669	281,007,278	293,636,350	312,335,006	317,597,463
Restricted	39,595,645	36,217,006	29,510,223	34,775,027	36,745,716	34,139,444	39,419,987	34,672,042	28,731,318	36,067,616
Unrestricted	79,737,961	75,781,601	78,497,386	85,730,247	74,740,740	82,220,018	73,915,223	78,673,277	79,324,576	95,833,112
<b>Total Business-type activities net position</b>	<b>\$ 351,817,958</b>	<b>\$ 353,864,675</b>	<b>\$ 360,747,694</b>	<b>\$ 369,058,102</b>	<b>\$ 375,036,940</b>	<b>\$ 385,528,131</b>	<b>\$ 394,342,488</b>	<b>\$ 406,981,669</b>	<b>\$ 420,390,900</b>	<b>\$ 449,498,191</b>
<b>Primary government</b>										
Net investment in capital assets	304,633,206	305,775,849	326,065,980	322,373,842	338,070,602	336,187,887	349,009,941	374,662,364	400,624,297	410,945,624
Restricted	63,027,811	67,155,688	54,292,615	59,179,068	55,370,149	57,208,378	62,392,780	52,776,847	48,650,314	56,867,174
Unrestricted	86,195,637	83,083,395	88,622,193	93,861,188	94,175,274	109,721,734	92,913,733	95,606,773	85,046,618	92,568,036
<b>Total primary government net position</b>	<b>\$ 453,856,654</b>	<b>\$ 456,014,932</b>	<b>\$ 468,980,788</b>	<b>\$ 475,414,098</b>	<b>\$ 487,616,025</b>	<b>\$ 503,117,999</b>	<b>\$ 504,316,454</b>	<b>\$ 523,045,984</b>	<b>\$ 534,321,229</b>	<b>\$ 560,380,834</b>

**City of Bryan, Texas**  
Change in Net Position  
Last Ten Fiscal Years  
(Accrual basis of accounting)

Table 2

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental Activities:										
General government and administration	\$ 14,552,308	\$ 11,861,977	\$ 11,694,539	\$ 12,567,217	\$ 12,725,727	\$ 11,862,127	\$ 9,775,235	\$ 18,119,110	\$ 17,481,720	\$ 17,843,501
Development services	4,488,613	5,514,292	5,451,223	4,946,473	5,324,990	5,265,275	5,403,697	6,556,417	8,956,465	6,077,939
Public works services	18,315,196	14,603,264	14,091,910	15,169,531	12,764,623	14,180,817	16,894,814	16,585,766	20,061,531	17,923,447
Public Safety	24,055,956	28,098,561	21,693,251	24,346,634	32,133,857	33,069,954	33,648,379	35,934,773	39,753,105	41,229,027
Cultural and Recreational	8,829,886	8,585,698	7,666,774	8,242,037	8,175,136	8,332,012	8,374,038	9,106,566	9,827,528	12,799,663
Interest on long-term debt	4,742,776	4,392,590	4,982,815	4,560,746	4,264,522	3,548,309	3,299,163	2,989,038	2,732,128	2,815,131
Total governmental activities expenses	74,984,735	73,056,382	65,580,512	69,832,638	75,388,855	76,258,494	77,395,326	89,291,670	98,812,477	98,688,708
Business-type activities:										
Electric	140,629,222	132,804,674	142,323,465	133,361,843	157,381,300	170,664,649	171,705,349	175,336,256	176,616,366	170,963,238
Rural Electric	29,712,906	27,993,444	29,664,911	28,603,608	29,583,733	33,312,663	36,214,517	40,163,724	41,664,199	46,189,436
Water	9,290,685	10,380,604	10,868,241	11,202,934	9,974,403	9,761,250	9,841,218	11,651,741	11,385,667	11,287,775
Wastewater	11,002,685	9,880,856	10,658,709	10,966,690	9,848,759	10,272,703	9,935,489	10,840,072	11,756,197	11,566,231
Other	3,848,988	9,813,006	15,215,556	12,195,441	7,949,095	7,851,301	7,860,010	8,128,393	8,486,233	8,575,416
Total business-type activities expenses	194,484,486	190,872,584	208,730,882	196,330,516	214,737,290	231,862,566	235,556,583	246,120,186	249,908,662	248,582,096
Total primary government expenses	\$ 269,469,221	\$ 263,928,966	\$ 274,311,394	\$ 266,163,154	\$ 290,126,145	\$ 308,121,060	\$ 312,951,909	\$ 335,411,856	\$ 348,721,139	\$ 347,270,804
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services										
General government and administration	\$ 137,148	\$ 166,198	\$ 147,025	\$ 126,499	269,503	286,868	337,174	454,949	208,607	318,557
Development services	587,732	572,570	492,175	592,784	565,539	668,583	625,106	1,045,668	859,574	976,345
Public safety	4,824,117	4,639,041	4,385,470	4,028,727	4,717,287	4,568,322	4,684,494	4,866,930	5,400,679	5,606,498
Cultural and recreational	1,912,083	1,634,222	1,355,274	1,581,416	2,051,721	1,304,457	1,279,525	1,478,733	1,723,126	1,720,765
Operating grants and contributions	2,382,961	2,640,566	2,607,994	2,732,746	2,840,902	2,490,517	2,769,647	2,507,033	3,040,292	2,963,291
Capital grants and contributions	3,528,100	4,476,022	2,657,466	3,232,203	1,891,869	1,661,849	2,049,078	4,531,545	2,657,984	4,885,776
Total governmental activities program revenues	13,372,141	14,128,619	11,645,404	12,294,375	12,336,821	10,980,596	11,745,024	14,884,858	13,890,262	16,471,232
Business-type activities:										
Electric	147,926,009	134,670,691	151,634,735	145,990,914	157,857,718	183,923,241	184,252,089	187,624,655	190,064,226	199,082,844
Rural Electric	30,996,152	30,133,488	31,851,185	31,495,841	32,257,374	35,728,300	39,287,075	41,931,026	44,224,725	48,935,501
Water	12,216,438	11,529,217	14,281,996	12,879,376	12,723,839	11,678,692	12,390,019	12,656,177	13,428,055	14,014,033
Wastewater	12,017,013	12,369,599	13,112,105	13,072,233	12,429,017	12,496,697	12,883,147	13,007,294	13,111,988	13,343,497
Other Enterprise Funds	10,181,590	10,736,815	10,840,430	11,066,735	11,813,933	8,226,316	12,608,721	9,569,471	9,882,226	13,212,744
Operating grants and contributions	658,470	25,033	2,615,369	540,202	101,495	-	-	-	-	-
Capital grants and contributions	1,594,030	1,932,153	979,666	1,173,074	1,757,250	1,784,937	2,755,942	4,826,334	3,677,071	2,709,437
Total business-type activities program revenue	215,589,702	201,396,996	225,315,486	216,218,375	228,940,626	253,838,183	264,176,993	269,614,957	274,388,291	291,298,056
Total primary government program revenues	\$ 228,961,843	\$ 215,525,615	\$ 236,960,890	\$ 228,512,750	\$ 241,277,447	\$ 264,818,779	\$ 275,922,017	\$ 284,499,815	\$ 288,278,553	\$ 307,769,288
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (61,612,594)	\$ (58,927,763)	\$ (53,935,108)	\$ (57,538,263)	(63,052,034)	(65,277,898)	(65,650,302)	(74,406,812)	(84,922,215)	(82,216,846)
Business-type activities	21,105,216	10,524,412	16,584,604	19,887,859	14,203,333	21,975,617	28,620,410	23,494,771	24,479,639	42,715,960
Total primary government net expense	\$ (40,507,378)	\$ (48,403,351)	\$ (37,350,504)	\$ (37,650,404)	\$ (48,848,701)	\$ (43,302,281)	\$ (37,029,892)	\$ (50,912,041)	\$ (60,442,576)	\$ (39,500,886)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Revenue and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 21,950,012	\$ 22,967,025	\$ 23,043,249	\$ 24,075,833	\$ 24,723,667	\$ 25,765,716	\$ 28,039,989	\$ 29,674,521	\$ 31,409,788	\$ 34,140,282
Sales taxes	14,140,838	14,608,410	14,301,017	14,814,931	15,984,919	17,882,449	17,788,430	19,025,856	19,608,634	21,290,148
Franchise taxes	2,000,294	2,071,337	2,062,766	1,963,381	2,108,521	2,380,787	2,191,346	2,037,593	2,179,203	2,230,544
Alcoholic beverage taxes	72,777	79,573	93,042	75,460	85,789	130,791	149,776	153,522	154,279	161,631
Bingo taxes	195,970	204,009	210,255	217,615	234,105	260,733	267,434	261,943	261,967	208,508
Hotel occupancy taxes	321,859	411,190	454,217	504,078	720,717	1,179,774	1,286,072	1,182,916	1,453,321	1,748,501
Transportation and drainage fees	4,343,987	6,129,574	6,179,135	6,324,068	6,302,953	6,398,465	6,553,176	6,589,263	6,639,924	6,721,956
Unrestricted investment earnings	1,084,060	578,261	251,107	278,636	206,083	290,514	523,146	483,317	454,389	639,513
Miscellaneous	1,886,157	2,298,503	2,538,373	1,433,639	6,154,005	3,541,748	3,512,707	6,552,374	5,194,379	5,835,633
Transfers (net)	<u>9,841,589</u>	<u>9,691,442</u>	<u>10,884,784</u>	<u>5,973,524</u>	<u>12,754,364</u>	<u>12,138,907</u>	<u>14,789,653</u>	<u>14,535,856</u>	<u>15,432,345</u>	<u>13,866,017</u>
Total governmental activities:	<u>55,837,543</u>	<u>59,039,324</u>	<u>60,017,945</u>	<u>55,661,165</u>	<u>69,275,123</u>	<u>69,969,883</u>	<u>75,101,729</u>	<u>80,497,161</u>	<u>82,788,229</u>	<u>86,842,733</u>
Business-type activities:										
Unrestricted investment earnings	3,062,620	992,215	719,221	(84,846)	969,402	611,791	1,032,154	856,704	1,056,355	1,174,531
Miscellaneous	275,538	221,532	463,978	1,375,263	2,689,384	2,484,255	3,240,871	2,823,562	3,305,581	3,445,118
Special items - Gain on sale of capital assets	-	-	-	(6,894,344)	871,080	2,493,174	505,000	-	-	-
Transfers (net)	<u>(9,841,589)</u>	<u>(9,691,442)</u>	<u>(10,884,784)</u>	<u>(5,973,524)</u>	<u>(12,754,364)</u>	<u>(12,138,907)</u>	<u>(14,789,653)</u>	<u>(14,535,856)</u>	<u>(15,432,345)</u>	<u>(13,866,017)</u>
Total business-type activities	<u>(6,503,431)</u>	<u>(8,477,695)</u>	<u>(9,701,585)</u>	<u>(11,577,451)</u>	<u>(8,224,498)</u>	<u>(6,549,687)</u>	<u>(10,011,628)</u>	<u>(10,855,590)</u>	<u>(11,070,409)</u>	<u>(9,246,368)</u>
Total primary government	<u>\$ 49,334,112</u>	<u>\$ 50,561,629</u>	<u>\$ 50,316,360</u>	<u>\$ 44,083,714</u>	<u>\$ 61,050,625</u>	<u>\$ 63,420,196</u>	<u>\$ 65,090,101</u>	<u>\$ 69,641,571</u>	<u>\$ 71,717,820</u>	<u>\$ 77,596,365</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (5,775,051)	\$ 111,561	\$ 6,082,837	\$ (1,877,098)	6,223,089	4,691,986	9,451,427	6,090,349	(2,133,986)	4,625,887
Business-type activities	<u>14,601,785</u>	<u>2,046,717</u>	<u>6,883,019</u>	<u>8,310,408</u>	<u>5,978,835</u>	<u>15,425,933</u>	<u>18,608,782</u>	<u>12,639,181</u>	<u>13,409,230</u>	<u>33,469,592</u>
Total primary government	<u>\$ 8,826,734</u>	<u>\$ 2,158,278</u>	<u>\$ 12,965,856</u>	<u>\$ 6,433,310</u>	<u>\$ 12,201,924</u>	<u>\$ 20,117,919</u>	<u>\$ 28,060,209</u>	<u>\$ 18,729,530</u>	<u>\$ 11,275,244</u>	<u>\$ 38,095,479</u>

City of Bryan, Texas  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified accrual basis of accounting)

Table 3

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 1,669,624	\$ 2,753,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,961,908	9,087,877	-	-	-	-	-	-	-	-
Nonspendable	-	-	21,206	241,366	75,907	59,572	109,393	106,321	1,817	63,713
Restricted	-	-	542,028	657,786	636,118	719,860	720,583	841,565	2,036,743	2,606,587
Committed	-	-	823,479	2,328,965	2,268,582	2,366,766	2,384,963	2,778,145	3,211,078	3,511,715
Assigned	-	-	460,921	193,524	974,951	503,799	1,531,754	7,731,534	4,962,007	3,237,201
Unassigned	-	-	11,362,664	12,721,175	18,505,338	24,529,175	30,621,712	22,095,483	17,752,837	19,058,051
Total general fund	<u>\$ 10,631,532</u>	<u>\$ 11,841,717</u>	<u>\$ 13,210,298</u>	<u>\$ 16,142,816</u>	<u>\$ 22,460,896</u>	<u>\$ 28,179,172</u>	<u>\$ 35,368,405</u>	<u>\$ 33,553,048</u>	<u>\$ 27,964,482</u>	<u>\$ 28,477,267</u>
All other governmental funds										
Reserved	22,061,912	27,804,909	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	7,048,799	6,560,002	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	995,329	1,011,046	-	-	-	-	-	-	-	-
Unreserved (deficit), reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	(870,667)	-	-	-	-	-	-	-	-
Nonspendable:										
Permanent funds and other	-	-	746,351	777,742	819,709	852,374	895,724	938,069	994,989	1,051,295
Restricted:										
Capital Project Funds	-	-	7,832,036	3,597,077	2,512,231	8,286,216	7,465,788	13,327,432	4,261,143	6,661,659
Debt Service Fund	-	-	6,219,331	5,945,264	5,876,433	6,128,399	6,080,301	5,840,959	5,928,427	5,827,239
Permanent Funds:										
Cemeteries	-	-	1,019,007	1,028,230	1,035,463	1,044,069	1,018,042	346,358	29,507	38,989
Libraries	-	-	3,599	3,664	3,711	3,768	3,858	3,938	4,011	4,117
Special Revenue Funds:										
Grants	-	-	4,348	10,863	24,180	14,500	11,423	33,827	83,204	332
Hotel/Motel	-	-	538,869	610,183	653,604	1,122,712	1,784,048	2,171,320	2,050,708	2,416,862
Municipal Court	-	-	261,573	287,722	296,395	259,748	244,157	245,569	188,100	160,052
TIRZ Development	-	-	3,364,672	3,036,268	552,909	439,715	706,544	807,993	1,037,861	1,169,520
Other Purposes	-	-	473	-	5,728	1,240	1,808	-	-	-
Committed:										
Streets	-	-	7,696,726	10,097,187	12,515,747	13,648,319	12,387,623	11,773,499	8,111,108	6,290,734
Drainage	-	-	1,032,851	702,807	1,164,532	1,893,491	2,364,950	2,851,094	2,890,276	3,310,765
Other Purposes	-	-	-	700	-	-	-	1,551,036	3,902,621	4,621,792
Unassigned:										
Special Revenue Funds	-	-	(9,964)	(104)	-	(21,552)	(9,354)	(16,399)	-	(22,446)
Total all other governmental funds	<u>\$ 30,106,040</u>	<u>\$ 34,505,290</u>	<u>\$ 28,709,872</u>	<u>\$ 26,097,603</u>	<u>\$ 25,460,642</u>	<u>\$ 33,672,999</u>	<u>\$ 32,954,912</u>	<u>\$ 39,874,695</u>	<u>\$ 29,481,955</u>	<u>\$ 31,530,910</u>
Total governmental funds	\$ 40,737,572	\$ 46,347,007	\$ 41,920,170	\$ 42,240,419	\$ 47,921,538	\$ 61,852,171	\$ 68,323,317	\$ 73,427,743	\$ 57,446,437	\$ 60,008,177

(1) Classification of fund balance changed in 2011 due to GASB 54 requirements.

City of Bryan, Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

Table 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues:</b>										
Property taxes	\$ 21,838,216	\$ 22,926,564	\$ 23,152,233	\$ 24,151,882	\$ 24,780,426	\$ 25,561,961	\$ 28,274,580	\$ 29,693,884	\$ 31,385,195	\$ 34,112,352
Sales taxes	14,140,838	14,608,410	14,301,017	14,814,931	15,984,919	17,882,449	17,788,430	19,025,856	19,608,634	21,290,148
Franchise taxes	2,000,294	2,071,337	2,062,766	1,963,381	2,108,521	2,380,787	2,191,346	2,037,593	2,179,203	2,230,544
Alcoholic beverage taxes	72,777	79,573	93,042	75,460	85,789	130,791	149,776	153,522	154,279	161,631
Bingo taxes	195,970	204,009	210,255	217,615	234,105	260,733	267,434	261,943	261,967	208,508
Hotel occupancy taxes	321,859	411,190	454,217	504,078	720,717	1,179,774	1,286,072	1,182,916	1,453,321	1,748,501
Transportation and drainage fees	4,343,987	6,129,574	6,179,135	6,324,068	6,302,953	6,398,465	6,553,176	6,589,263	6,639,924	6,721,956
Charges for services	5,087,265	4,528,548	3,946,937	3,846,149	5,199,125	4,394,267	4,538,814	5,031,445	5,504,971	5,877,052
Fines and court charges	1,786,083	1,910,913	1,940,832	1,890,493	1,839,386	1,765,380	1,762,379	1,709,700	1,770,534	1,768,768
Licenses and permits	587,732	572,570	492,175	592,784	565,539	668,583	625,106	1,105,135	916,481	976,345
Grants	2,847,291	3,155,205	4,026,214	2,979,350	2,851,631	2,490,518	2,769,647	2,507,033	3,040,292	2,963,921
Investment earnings	849,630	469,682	195,201	240,139	180,942	264,450	486,542	450,313	424,969	593,701
Oil and gas royalties	67,688	50,701	-	-	-	-	-	-	-	-
Other	1,798,072	2,214,159	2,475,134	1,423,481	3,500,662	4,055,739	2,117,264	2,585,856	3,475,198	3,967,606
<b>Total revenues</b>	<b>55,937,702</b>	<b>59,332,435</b>	<b>59,529,158</b>	<b>59,023,811</b>	<b>64,354,714</b>	<b>67,433,897</b>	<b>68,810,566</b>	<b>72,334,459</b>	<b>76,814,968</b>	<b>82,621,033</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government and administration	12,935,217	12,904,403	12,510,372	12,000,933	13,193,580	13,284,344	13,667,518	17,579,763	16,066,047	18,812,321
Development services	4,371,598	5,281,777	4,619,644	4,168,041	4,537,856	4,548,936	4,624,579	5,791,992	8,130,645	5,247,240
Public works services	9,217,923	9,872,213	7,598,470	7,577,027	6,271,155	7,701,249	10,468,227	10,051,020	13,339,973	11,069,288
Public safety	26,805,639	27,027,735	28,006,326	27,017,326	29,048,683	30,160,267	30,954,028	33,636,636	37,174,641	38,860,500
Cultural and recreational	7,033,174	6,928,973	6,016,407	6,441,801	6,898,826	7,080,030	7,205,362	7,957,438	8,497,669	10,801,706
Administrative reimbursement	(3,765,735)	(3,990,430)	(3,610,977)	(3,515,703)	(3,425,498)	(3,396,294)	(3,476,440)	(3,066,657)	(3,037,162)	(3,351,396)
Capital outlay	8,808,509	11,074,235	9,780,078	4,548,182	2,792,337	3,984,249	4,768,236	8,511,681	17,529,177	14,191,321
<b>Debt Service:</b>										
Bond and principal retirement	4,435,057	4,602,656	5,717,656	6,702,344	7,932,739	6,714,987	7,141,927	7,841,492	7,649,158	7,801,531
Interest and fiscal charges	4,401,185	4,392,941	4,903,129	4,445,497	4,197,126	3,352,210	3,367,234	2,834,697	2,702,174	2,543,474
Debt issuance cost	54,170	70,134	(25,000)	-	421,506	66,571	71,009	149,526	-	186,174
Advance refunding costs	-	95,768	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>74,296,737</b>	<b>78,260,405</b>	<b>75,516,105</b>	<b>69,385,448</b>	<b>71,868,310</b>	<b>73,496,550</b>	<b>78,791,680</b>	<b>91,287,588</b>	<b>108,052,322</b>	<b>106,162,159</b>
Excess of expenditures over revenues	(18,359,035)	(18,927,970)	(15,986,947)	(10,361,637)	(7,513,596)	(6,062,653)	(9,981,114)	(18,953,129)	(31,237,354)	(23,541,126)
<b>Other financing sources (uses):</b>										
Proceeds of long-term debt issued	8,730,000	13,790,000	-	-	-	7,760,021	-	9,275,000	-	11,965,000
Discount on long-term debt issued	-	-	-	-	-	-	-	-	-	-
Premium on long-term debt issued	79,084	77,859	-	-	-	12,517	-	430,700	-	359,538
Proceeds of refunding bonds issued	-	10,635,000	-	-	21,391,646	6,954,249	11,745,000	7,755,000	-	6,265,000
Payment to refunded bond escrow agent	-	(10,838,398)	-	-	(21,381,600)	(6,942,650)	(12,231,268)	(8,043,773)	-	(6,486,411)
Discount on refunding bonds	-	-	-	-	-	-	-	-	-	-
Premium on refunding bonds	-	250,488	-	-	417,193	57,981	557,141	372,165	-	314,046
Sales of capital assets	193,450	143,309	213,342	47,265	13,115	12,258	1,591,734	23,693	51,367	61,557
Transfers in	13,590,024	19,432,819	16,706,761	16,968,347	23,478,903	14,799,448	18,127,404	17,024,652	17,648,735	18,180,784
Transfers out	(3,748,435)	(8,953,672)	(5,359,993)	(6,333,726)	(10,724,542)	(2,660,541)	(3,337,751)	(2,779,882)	(2,444,054)	(4,556,648)
<b>Total other financing sources</b>	<b>18,844,123</b>	<b>24,537,405</b>	<b>11,560,110</b>	<b>10,681,886</b>	<b>13,194,715</b>	<b>19,993,283</b>	<b>16,452,260</b>	<b>24,057,555</b>	<b>15,256,048</b>	<b>26,102,866</b>
Net change in fund balances	\$ 485,088	\$ 5,609,435	\$ (4,426,837)	\$ 320,249	\$ 5,681,119	\$ 13,930,630	\$ 6,471,146	\$ 5,104,426	\$ (15,981,306)	\$ 2,561,740
Debt service as a percentage of noncapital expenditures	13.49%	13.39%	16.16%	17.19%	17.56%	14.48%	14.20%	12.90%	11.44%	11.25%

**City of Bryan, Texas**

Governmental Activities Tax Revenues By Source

Last Ten Fiscal Years

(Accrual basis of accounting)

Table 5

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Bingo Tax</b>	<b>Hotel Occupancy Tax</b>	<b>Transportation &amp; Drainage Assessments</b>	<b>Total</b>
2009	\$ 21,950,012	\$ 14,140,838	\$ 2,000,294	\$ 72,777	\$ 195,970	\$ 321,859	\$ 4,343,987	\$ 43,025,737
2010	22,967,025	14,608,410	2,071,337	79,573	204,009	411,190	6,129,574	46,471,118
2011	23,043,249	14,301,017	2,062,766	93,042	210,255	454,217	6,179,135	46,343,681
2012	24,075,833	14,814,931	1,963,381	75,460	217,615	504,078	6,324,068	47,975,366
2013	24,723,667	15,984,919	2,108,521	85,789	234,105	720,717	6,302,953	50,160,671
2014	25,765,716	17,882,449	2,380,787	130,791	260,733	1,179,774	6,398,465	53,998,715
2015	28,274,580	17,788,430	2,191,346	149,776	267,434	1,286,072	6,553,176	56,510,814
2016	29,674,521	19,025,856	2,037,593	153,522	261,943	1,182,916	6,589,263	58,925,614
2017	31,385,195	19,608,634	2,179,203	154,279	261,967	1,453,321	6,639,924	61,682,523
2018	34,140,282	21,290,148	2,230,544	161,631	208,508	1,748,501	6,721,956	66,501,570
Change 2009-2018	55.54%	50.56%	11.51%	122.09%	6.40%	443.25%	54.74%	54.56%

**City of Bryan, Texas**

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
	Residential Property	Commercial Property					
2009	\$ 2,309,187,521	\$ 700,438,344	\$ 606,628,578	\$ 171,569,861	\$ 3,444,684,582	\$ 0.636400	\$ 3,444,684,582
2010	2,396,959,888	821,791,294	578,407,922	186,366,590	3,610,792,514	0.636400	3,610,792,514
2011	2,494,852,214	819,568,329	506,894,980	195,386,859	3,625,928,664	0.636400	3,625,928,664
2012	2,608,513,429	860,709,755	529,139,441	214,635,480	3,783,727,145	0.636400	3,783,727,145
2013	2,661,055,047	895,028,798	586,784,032	247,525,695	3,895,342,182	0.633308	3,895,342,182
2014	2,777,498,151	924,121,184	599,276,361	245,030,266	4,055,865,430	0.629990	4,055,865,430
2015	2,939,644,870	994,920,813	620,568,334	221,012,900	4,334,121,117	0.629990	4,334,121,117
2016	3,114,809,537	1,024,444,205	671,458,469	207,760,861	4,602,951,350	0.629990	4,602,951,350
2017	3,399,061,710	1,078,228,695	661,133,415	240,621,455	4,897,802,365	0.629990	4,897,802,365
2018	3,755,315,840	1,124,078,444	803,949,917	247,224,761	5,436,119,440	0.629990	5,436,119,440

Source: Brazos County Appraisal District

**City of Bryan, Texas**  
Property Tax Rates and Ratios Per \$100 Value  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Table 7

Fiscal Year	Overlapping Rates											
	City of Bryan <sup>(1)</sup>			Brazos County <sup>(2)</sup>			Bryan Independent School District <sup>(3)</sup>			Subtotal Direct Rates	Subtotal Overlapping Rates	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total BISD Millage			
2009	\$ 0.4595	\$ 0.1769	\$ 0.636400	\$ 0.3987	\$ 0.0813	\$ 0.4800	\$ 1.0400	\$ 0.2500	\$ 1.2900	\$ 0.636400	\$ 1.7700	\$ 2.4064
2010	0.4595	0.1769	0.636400	0.4012	0.0844	0.4856	1.0400	0.2500	1.2900	0.636400	1.7756	2.4120
2011	0.4354	0.2010	0.636400	0.4037	0.0813	0.4850	1.0400	0.2500	1.2900	0.636400	1.7750	2.4114
2012	0.4406	0.1958	0.636400	0.4037	0.0813	0.4850	1.0400	0.2500	1.2900	0.636400	1.7750	2.4114
2013	0.4375	0.1958	0.633308	0.4071	0.0779	0.4850	1.0400	0.2500	1.2900	0.633308	1.7750	2.4083
2014	0.4341	0.1959	0.629990	0.4168	0.0707	0.4875	1.0400	0.2500	1.2900	0.629990	1.7775	2.4075
2015	0.4427	0.1873	0.629990	0.4226	0.0624	0.4850	1.0400	0.2500	1.2900	0.629990	1.7750	2.4050
2016	0.4433	0.1867	0.629990	0.4247	0.0603	0.4850	1.0400	0.3100	1.3500	0.629990	1.8350	2.4650
2017	0.4482	0.1818	0.629990	0.4258	0.0592	0.4850	1.0400	0.3100	1.3500	0.629990	1.8350	2.4650
2018	0.4646	0.1654	0.629990	0.4290	0.0560	0.4850	1.0600	0.2800	1.3400	0.629990	1.8250	2.4550

<sup>(1)</sup> City of Bryan Budget Office

<sup>(2)</sup> Brazos County

<sup>(3)</sup> Bryan ISD

**City of Bryan, Texas**  
Principal Property Taxpayers  
As of December 31, 2018

Table 8

Taxpayer	2018			2009		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Sanderson Farms Inc	\$ 57,762,685	1	0.96%			
Bryan Student Housing LLC	41,700,512	2	0.73%			
Jamespoint Management Co	40,717,050	3	0.63%			
Comcapp Willowick LLC	30,878,163	4	0.53%			
Liquidpower Specialty Products Inc	28,672,393	5	0.48%			
SW Meadows Point LP	28,235,685	6	0.45%			
Legacy Texas Apartments LLC	26,559,283	7	0.45%			
Gramercy Project LTD	24,595,822	8	0.42%			
College Station Investors LLC	24,406,660	9	0.41%			
Park Hudson Place Apartments LLC	24,181,942	10	0.41%			
Jamespoint Management				\$ 35,302,631	1	0.78%
Well Services Division of STC				28,947,970	2	0.64%
SW Meadows Point LP				20,521,410	3	0.45%
Adam Development Properties LP				22,979,375	4	0.50%
Bryan Towne Centre Partners LP				19,812,510	5	0.44%
Wal-Mart Properties				19,702,900	6	0.43%
KC Presidio Apartments LLC				19,460,310	7	0.43%
Verizon Communications Inc.				18,910,598	8	0.42%
Tejas Center, LTD				17,407,110	9	0.38%
Pioneer Well Services LLC				16,810,960	10	0.37%
Totals	<u>\$ 327,710,195</u>		<u>5.47%</u>	<u>\$ 219,855,774</u>		<u>4.84%</u>

Source: Brazos Central Appraisal District

**City of Bryan, Texas**  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years  
 As of December 31, 2018

Table 9

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 21,759,324	\$ 21,271,466	97.76%	\$ 443,685	\$ 21,715,151	99.80%
2010	22,802,844	22,314,031	97.86%	450,257	22,764,287	99.83%
2011	22,810,074	22,410,029	98.25%	347,205	22,757,234	99.77%
2012	23,800,130	23,386,311	98.26%	355,804	23,742,114	99.76%
2013	24,418,567	24,091,210	98.66%	265,816	24,357,026	99.75%
2014	25,299,027	24,931,688	98.55%	265,172	25,196,860	99.60%
2015	26,961,308	26,578,195	98.58%	268,099	26,846,293	99.57%
2016	28,568,696	28,011,317	98.05%	414,581	28,425,898	99.50%
2017	30,254,227	29,819,509	98.56%	232,922	30,052,431	99.33%
2018	32,736,990	32,268,978	98.57%	-	32,268,978	98.57%

**City of Bryan, Texas**

Top Ten Electric Customers

For Fiscal Year Ended September 30, 2018

Table 10

<b>Customer</b>	<b>Type of Industry</b>	<b>Electric Usage kWh</b>	<b>Rank</b>	<b>Percentage of Top Ten Electric Users</b>
Sanderson Farms Inc	Corporation	45,184,896	1	19.04%
Bryan ISD	Education	33,740,325	2	14.22%
Axis Pipe And Tube	Manufacturing	32,173,054	3	13.56%
CHI St Joseph Hospital	Medical	28,210,972	4	11.89%
City of Bryan	Local Government	27,520,137	5	11.60%
B Way Corporation	Corporation	26,142,185	6	11.01%
New Alenco Window Ltd	Manufacturing	13,411,311	7	5.65%
Texas Steel Conversion Inc	Manufacturing	10,524,600	8	4.43%
Liquidpower Specialty Products Inc	Manufacturing	10,431,014	9	4.40%
Wimberly Bldg Redevelopment	Corporation	9,995,152	10	4.21%
Total		<u>237,333,646</u>		<u>100.00%</u>

**City of Bryan, Texas**  
Electricity Sold by Type of Customer  
Last Ten Fiscal Years  
(in kilowatt hours)

Table 11

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>City Electric</b>										
<b>Type of Customer</b>										
Residential	347,764,000	368,227,000	385,921,000	365,255,000	356,559,000	370,812,000	384,732,000	375,152,000	381,241,000	405,081,000
Commercial and Industrial	443,745,000	459,371,000	482,341,000	486,908,000	506,994,000	522,896,000	573,631,000	576,849,000	601,703,000	619,896,000
Public Authorities <sup>(1)</sup>	36,080,000	35,679,000	36,412,000	35,429,000	4,462,000	-	-	-	-	-
Rural	332,879,000	355,849,000	376,858,000	379,278,000	375,671,000	419,250,000	435,206,000	439,341,000	437,988,000	493,829,000
Other Utilities	424,131,000	271,289,000	442,068,000	546,265,000	608,077,000	779,781,000	641,284,000	702,458,000	651,380,000	672,960,000
Interdepartmental <sup>(2)</sup>	31,246,000	31,591,000	34,833,000	32,634,000	34,753,000	32,218,000	6,205,000	-	-	-
	<u>1,615,845,000</u>	<u>1,522,006,000</u>	<u>1,758,433,000</u>	<u>1,845,769,000</u>	<u>1,886,516,000</u>	<u>2,124,957,000</u>	<u>2,041,058,000</u>	<u>2,093,800,000</u>	<u>2,072,312,000</u>	<u>2,191,766,000</u>
<b>Rural Electric</b>										
<b>Type of Customer</b>										
Residential	211,585,000	242,057,000	249,574,000	236,568,000	244,371,000	272,149,000	280,441,000	265,036,000	272,097,000	303,678,000
Commercial and Industrial	95,303,000	95,123,000	108,507,000	103,231,000	108,457,000	113,691,000	124,966,000	129,677,000	135,321,000	153,772,000
	<u>306,888,000</u>	<u>337,180,000</u>	<u>358,081,000</u>	<u>339,799,000</u>	<u>352,828,000</u>	<u>385,840,000</u>	<u>405,407,000</u>	<u>394,713,000</u>	<u>407,418,000</u>	<u>457,450,000</u>

<sup>(1)</sup> Public schools rates were eliminated in 2013 and were subsequently billed under Commercial and Industrial.

<sup>(2)</sup> Interdepartmental rates were eliminated in 2014 and were subsequently billed based on respective load profiles.

City of Bryan, Texas  
Electric Rates  
Last Ten Fiscal Years

Table 12

	2009			2010			2011			2012			2013		
	Customer Charge per Month	Demand per kW	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh
<b>City Electric System</b>															
Residential Winter (Nov-Apr)	\$ 8.15	\$ -	\$ 0.0782	\$ 8.15	\$ -	\$ 0.0782	\$ 8.15	\$ -	\$ 0.0782	\$ 8.88	\$ -	\$ 0.0786	\$ 10.28	\$ -	\$ 0.0800
Residential Summer (May-Oct)	8.15	-	0.0882	8.15	-	0.0882	8.15	-	0.0882	8.88	-	0.0895	10.28	-	0.0926
Small Commercial	9.83	-	0.0822	9.83	-	0.0822	9.83	-	0.0822	11.16	-	0.0848	13.82	-	0.0909
General Service Commercial	20.00	6.35	0.0620	20.00	6.35	0.0620	20.00	6.35	0.0620	22.12	7.03	0.0612	26.34	8.37	0.0606
Large Industrial	-	11.70	0.0483	-	11.70	0.0483	-	11.70	0.0483	200.00	11.88	0.0454	400.00	12.30	0.0407
Bryan Public Schools	30.00	-	0.0885	30.00	-	0.0885	30.00	-	0.0885	-	-	-	39.52	-	0.0955
Interdepartmental <sup>(1)</sup>	30.00	-	0.0901	30.00	-	0.0901	30.00	-	0.0901	33.18	-	0.0905	30.00	-	0.0821
Rural Electric Division	-	6.30	0.0560	-	6.30	0.0560	-	6.30	0.0560	30.00	-	0.0871	-	7.16	0.5010
<b>Rural Electric System</b>															
Residential Winter (Nov-Apr)	8.15	-	0.0766	8.15	-	0.0766	8.15	-	0.0766	8.85	-	0.0766	9.61	-	0.0749
Residential Summer (May-Oct)	8.15	-	0.0866	8.15	-	0.0866	8.15	-	0.0866	-	-	-	9.61	-	0.0872
Residential College Station (Nov-Apr)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Small Commercial	9.83	-	0.0827	9.83	-	0.0827	9.83	-	0.0827	11.37	-	0.0862	13.16	-	0.0887
General Service Commercial	20.00	7.21	0.0615	20.00	7.21	0.0615	20.00	7.21	0.0615	19.62	7.21	0.0581	19.25	6.93	0.0527
Public/Private Schools <sup>(2)</sup>	30.00	-	0.0925	30.00	-	0.0925	30.00	-	0.0925	31.47	-	0.0920	33.01	-	0.0896
	2014			2015			2016			2017			2018		
	Customer Charge per Month	Demand per kW	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh
<b>City Electric System</b>															
Residential Winter (Nov-Apr)	\$ 10.28	\$ -	\$ 0.0861	\$ 11.00	\$ -	\$ 0.0790	\$ 11.00	\$ -	\$ 0.0837	\$ 11.00	\$ -	\$ 0.0837	\$ 11.00	\$ -	\$ 0.0837
Residential Summer (May-Oct)	10.28	-	0.0987	11.00	-	0.0917	11.00	-	0.0964	11.00	-	0.0964	11.00	-	0.0964
Small Commercial	13.82	-	0.0955	15.50	-	0.0930	15.50	-	0.0952	15.50	-	0.0924	15.50	-	0.0924
General Service Commercial	26.34	9.90	0.0606	29.75	9.36	0.0215	33.25	11.47	0.0476	37.00	13.05	0.0412	37.00	13.05	0.0412
Large Industrial	400.00	13.79	0.0407	400.00	15.96	0.0376	400.00	16.65	0.0401	400.00	16.65	0.0401	400.00	16.65	0.0401
Transmission Service	-	-	-	1,725.00	16.11	0.0298	1,725.00	16.80	0.0323	1,725.00	16.80	0.0322	1,725.00	16.80	0.0322
Rural Electric Division	-	8.44	0.0501	8,100.00	9.16	0.0530	17,200.00	14.22	0.0395	22,400.00	17.27	0.0383	22,400.00	17.27	0.0343
<b>Rural Electric System</b>															
Residential Winter (Nov-Apr)	9.61	-	0.0788	11.00	-	0.0813	11.50	-	0.0906	12.00	-	0.0930	12.00	-	0.0908
Residential Summer (May-Oct)	9.61	-	0.0911	11.00	-	0.0944	11.50	-	0.1048	12.00	-	0.1084	12.00	-	0.1062
Residential College Station (Nov-Apr)	-	-	-	-	-	-	-	-	-	11.00	-	0.0889	11.00	-	0.0867
Residential College Station (May-Oct)	-	-	-	-	-	-	-	-	-	11.00	-	0.1022	11.00	-	0.1000
Small Commercial	13.16	-	0.0909	14.00	-	0.0905	15.00	-	0.0959	16.00	-	0.0904	16.00	-	0.0882
General Service Commercial	19.25	7.61	0.0527	21.00	8.43	0.0531	21.00	10.42	0.0520	21.00	11.94	0.0457	21.00	11.94	0.0435
Public/Private Schools <sup>(1)</sup>	33.01	-	0.0896												

<sup>(1)</sup> Interdepartmental rates were eliminated in 2014 and were subsequently billed based on respective load profiles.

<sup>(2)</sup> Public schools rates were eliminated in 2013 and were subsequently billed under Commercial and Industrial.

**City of Bryan, Texas**  
 Top Ten Water Customers  
 For Fiscal Year Ended September 30, 2018

Table 13

<b>Customer</b>	<b>Type of Industry</b>	<b>Water Usage Gallons</b>	<b>Rank</b>	<b>Percentage of Total Water Usage</b>
Wellborn Special Utility District	Utility District	355,549,700	1	8.64%
BISD	Public School	95,687,000	2	2.33%
St. Joseph Hospital	Health Care Facility	82,636,700	3	2.01%
City of Bryan	Local Government	54,276,400	4	1.32%
Brazos County	County Government	49,689,200	5	1.21%
Federal Prison Camp	Correctional Facility	37,550,400	6	0.91%
TDCJ - Hamilton Unit	Correctional Facility	35,887,300	7	0.87%
Oakwood/Country Village	MHP	30,087,200	8	0.73%
Texas Steel Conversions Inc	Manufacturing	26,968,000	9	0.66%
Saint-Gobain Norpro	Manufacturing	26,426,200	10	0.64%
<b>Total</b>		<b>794,758,100</b>		<b>19.32%</b>
Total gallons of water sold		4,113,182,700		

**City of Bryan, Texas**  
**Top Ten Sewer Customers**  
**For Fiscal Year Ended September 30, 2018**

Table 14

<b>Customer</b>	<b>Type of Industry</b>	<b>Sewer Usage Gallons</b>	<b>Rank</b>	<b>Percentage of Total Gallons of Sewer Treated</b>
St. Joseph Hospital	Health Care Facility	76,173,500	1	3.00%
BISD	Public School	43,633,300	2	1.72%
Federal Prison Camp	Correctional Facility	37,352,300	3	1.47%
Brazos County	County Government	36,084,500	4	1.42%
TDCJ - Hamilton Unit	Correctional Facility	35,887,300	5	1.42%
Oakwood/Country Village	MHP	30,087,200	6	1.19%
Texas Steel Conversions Inc	Manufacturing	26,968,000	7	1.06%
Saint-Gobain Norpro	Manufacturing	26,418,400	8	1.04%
Housing Authority of Bryan	Housing	24,840,600	9	0.98%
Comcapp Bryan Willow Oaks	Housing	18,919,000	10	0.75%
<b>Total</b>		<b>356,364,100</b>		<b>14.05%</b>
Total gallons of wastewater treated		2,535,670,000		

City of Bryan, Texas  
 Monthly Water Rates  
 Effective September 30, 2018

Table 15

**Monthly Water Rates**

<b>Water Class</b>	<b>Minimum Customer</b>	<b>Volume Charge Per</b>	<b>Volume Charge Per</b>	<b>Volume Charge Per</b>
	<b>Charge Per Month</b>	<b>1,000 Gallons 0-30,000 Gallons</b>	<b>1,000 Gallons 30,001-50,000 Gallons</b>	<b>1,000 Gallons &gt;50,000 Gallons</b>
Residential	\$ 8.31	\$ 2.76	\$ 3.00	\$ 3.50
Commercial/Industrial	13.74	2.38	2.38	2.38
Bryan Public Schools	13.74	2.38	2.38	2.38
Interdepartmental	13.74	2.38	2.38	2.38
Special Contracts	13.74	4.05	4.05	4.05
Bulk Sales	N/A	11.08	11.08	11.08

**Monthly Sewer Rates**

<b>Customer Class</b>	<b>Monthly Customer Charge</b>	<b>Volume Charge per 1000 gallons</b>
Non Commercial	\$ 7.88	\$ 4.03
Commercial/Industrial	7.88	3.80

**City of Bryan**  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Table 16

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage Of Personal Income	Per(a) Capita
	General Obligation Bonds	Certificates of Obligation	Notes	Govt Only Per <sup>(a)</sup> Capita	Utility Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Notes			
2009	\$ 19,040,000	\$ 79,342,813	\$ 2,320,000	\$ 1,392	\$ 166,995,001	\$ -	\$ 37,188	\$ 1,898,778	\$ 269,633,780	13.4%	\$ 2,877
2010	29,005,000	79,175,156	2,140,000	1,448	248,310,000	-	34,844	1,893,792	360,558,792	16.4%	3,391
2011	27,680,000	74,982,500	1,940,000	1,367	245,570,000	-	10,817,500	1,893,792	362,883,792	15.9%	3,450
2012	25,525,000	70,655,156	1,720,000	1,266	279,300,000	-	9,744,844	1,893,792	388,838,792	16.4%	3,134
2013	44,696,646	45,970,000	-	1,161	258,805,000	6,293,354	14,240,000	-	370,005,000	14.9%	2,926
2014	43,290,021	48,590,908	-	1,167	242,020,000	8,359,092	47,779,979	-	390,040,000	15.4%	2,871
2015	43,553,982	40,780,021	-	1,042	218,485,001	15,421,019	45,775,000	-	364,015,023	12.6%	2,580
2016 <sup>(b)</sup>	47,454,065	39,702,812	-	1,061	294,814,702	14,200,379	44,773,867	-	440,945,825	15.2%	2,848
2017 <sup>(b)</sup>	41,869,330	37,487,404	-	953	282,517,866	12,606,696	42,643,876	-	417,125,171	13.3%	2,692
2018 <sup>(b)</sup>	42,756,016	41,074,572	-	998	270,254,753	11,138,755	40,294,548	-	405,518,644	N/A	2,600

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(a)</sup> See Table 24 for population data. These ratios are calculated using the information from the referenced schedule.

<sup>(b)</sup> Reported net of premium or discount.

**City of Bryan, Texas**  
Legal Debt Margin Information  
As of September 30, 2018

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Table 17

As a Home Rule City, the City of Bryan is not limited by law in the amount of debt that may be issued. The City's charter (Section 12) states:

"The city council of the city shall have the power, and is hereby authorized to levy, assess and collect not to exceed one dollar and fifty cents (\$1.50) on each one hundred dollars (\$100) assessed valuation of all real and personal property within the city limits of the city not exempt from taxation by the constitution and laws of the State of Texas."

Article II, Section 5 of the State of Texas Constitution states in part:

"...but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

The tax rate at September 30, 2018 is \$0.62999 per \$100 assessed valuation with assessed valuation being 100% of appraised values.

**City of Bryan, Texas**  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Table 18

<b>Fiscal Year</b>	<b>General Obligation Debt <sup>(a)</sup></b>	<b>Less Interest and Sinking Funds <sup>(b)</sup></b>	<b>Net Bonded Debt</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita <sup>(c)</sup></b>
2009	\$ 98,420,001	\$ 2,811,808	\$ 95,608,193	2.78%	\$ 1,321
2010	108,215,000	10,571,374	97,643,626	2.70%	1,281
2011	113,480,000	18,287,134	95,192,866	2.63%	1,244
2012	105,925,000	13,049,011	92,875,989	2.45%	1,201
2013	111,200,000	15,116,569	96,083,431	2.47%	1,231
2014	148,020,000	14,669,333	133,350,667	3.29%	1,694
2015	145,530,022	14,887,435	130,642,587	3.01%	1,615
2016	146,131,123	14,898,831	131,232,292	2.85%	1,598
2017	134,607,306	13,610,261	120,997,045	2.47%	1,469
2018	135,263,891	19,455,596	115,808,295	2.13%	1,378

<sup>(a)</sup> Includes Certificates of Obligation and General Obligation bond issues for Governmental Activities and Business-type Activities. FY 2016, 2017 and 2018 debt is presented net of any premiums and discounts.

<sup>(b)</sup> Includes the Debt Service Fund balance and Enterprise Fund cash restricted for debt service.

<sup>(c)</sup> See Table 24 for population data.

**City of Bryan, Texas**Direct and Overlapping Governmental Activities Debt  
For Fiscal Year Ended September 30, 2018

Table 19

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Debt repaid with property taxes			
Bryan Independent School District	\$ 213,345,000	69.10%	\$ 147,415,467
Brazos County	99,491,650	30.67%	30,509,884
Subtotal, overlapping debt			<u>177,925,351</u>
 City of Bryan net bonded debt <sup>(1)</sup>	 78,003,349	 100.00%	 78,003,349
			<u><u>\$ 255,928,700</u></u>

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 Bryan. 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.

<sup>(1)</sup> Includes outstanding balance of Certificates of Obligation and General Obligation bond issues for Governmental Activities net of premium/discount less interest and sinking fund fund balance.

**City of Bryan, Texas**

Pledged Revenue Coverage<sup>(1)</sup>

Last Ten Fiscal Years

Table 20

<b>City Electric Fund</b>						
<b>Fiscal Year</b>	<b>Gross Operating Revenue</b>	<b>Less: Operating Expenses</b>	<b>Interest Earnings</b>	<b>Net Revenue<sup>(2)</sup> Available for Debt Service</b>	<b>Average Annual Debt Service Requirement</b>	<b>Coverage<sup>(3)</sup></b>
2009	\$ 150,824,637	\$ 128,204,221	\$ 1,378,874	\$ 23,999,290	\$ 10,712,800	2.24
2010	137,929,447	114,145,447	365,336	24,149,336	8,926,329	2.71
2011	154,851,433	117,869,352	369,563	37,351,644	12,378,923	3.02
2012	155,453,210	112,143,156	369,937	43,679,991	12,117,100	3.60
2013	160,991,056	128,862,043	407,920	32,536,933	11,791,899	2.76
2014	185,255,098	141,613,409	414,342	44,056,031	11,456,262	3.85
2015	186,223,521	142,664,264	770,945	44,330,202	10,600,006	4.18
2016	187,624,655	144,700,287	652,368	43,576,736	12,713,952	3.43
2017	190,064,226	142,404,243	784,398	48,444,381	13,817,239	3.51
2018	199,082,844	139,555,138	776,947	60,304,653	11,470,498	5.27

<sup>(1)</sup> Effective 2012, BTU Transmission revenue and costs billed through the ERCOT Transmission Matrix were grossed up, increasing total revenues and expenses, but having no impact on net available for debt service.

<sup>(2)</sup> Net Revenue as defined in the bond Ordinance includes operating income before depreciation and non-cash pension expenses, plus certain interest income.

<sup>(3)</sup> Required minimum coverage is 1.10 times annual debt service requirement, per the bond resolutions.

**City of Bryan, Texas**  
Pledged Revenue Coverage  
Last Ten Fiscal Years

Table 21

<b>Rural Electric Fund</b>						
<b>Fiscal Year</b>	<b>Gross Operating and Other Revenue</b>	<b>Less: Operating Expenses</b>	<b>Interest Earnings</b>	<b>Net Revenue<sup>(1)</sup> as Defined in Bond Ordinance</b>	<b>Average Annual Debt Service Requirement</b>	<b>Coverage<sup>(2)</sup></b>
2009	\$ 30,996,152	\$ 27,889,698	\$ 56,851	\$ 3,163,305	\$ 402,349	7.86
2010	30,133,488	26,083,010	43,002	4,093,480	567,339	7.22
2011	31,851,185	27,624,793	53,347	4,279,739	424,578	10.08
2012	31,495,841	26,348,351	82,333	5,229,823	565,365	9.25
2013	32,257,374	27,231,209	47,422	5,073,587	555,382	9.14
2014	35,728,300	30,502,755	73,213	5,298,758	544,220	9.74
2015	39,287,075	33,264,827	75,800	6,098,048	1,204,659	5.06
2016	41,931,026	36,548,815	41,114	5,423,325	1,015,578	5.34
2017	44,224,725	38,056,142	70,839	6,239,422	1,270,049	4.91
2018	48,935,501	42,361,826	125,977	6,699,652	981,759	6.82

<sup>(1)</sup> Net Revenue as defined in the bond Ordinance includes operating income before depreciation and non-cash pension expenses, plus certain interest income.

<sup>(2)</sup> Required minimum coverage is 1.20 times annual debt service requirement, per the bond resolutions.

**City of Bryan, Texas**  
Pledged Revenue Coverage  
Last Ten Fiscal Years

Table 22

<b>Water and Wastewater Funds</b>							
<b>Fiscal Year</b>	<b>Gross Operating and Other Revenue</b>	<b>Less: Operating Expenses</b>	<b>Interest Earnings</b>	<b>Net Revenue as Defined in Bond Ordinance<sup>(1)</sup></b>	<b>Average Annual Debt Service Requirement</b>	<b>Coverage<sup>(2)</sup></b>	
2009	\$ 24,233,451	\$ 12,917,477	\$ 511,956	\$ 11,827,930	\$ 4,057,131	2.92	
2010	23,898,816	12,987,893	218,946	11,129,869	4,803,510	2.32	
2011	27,394,101	12,367,172	239,262	15,266,191	5,279,891	2.89	
2012	25,951,609	12,664,564	170,563	13,457,608	4,598,484	2.93	
2013	25,152,856	11,725,590	91,845	13,519,111	4,105,963	3.29	
2014	24,175,389	12,278,086	103,389	12,000,692	3,808,332	3.15	
2015	25,273,166	12,812,872	145,864	12,606,158	3,721,780	3.39	
2016	25,663,471	13,549,228	124,733	12,238,976	3,629,985	3.37	
2017	26,540,053	13,801,959	159,416	12,897,510	2,438,825	5.29	
2018	27,357,530	13,490,834	215,389	14,082,085	2,304,451	6.13	

<sup>(1)</sup> Net Revenue as defined in the bond Ordinance includes operating income before depreciation and non-cash pension expenses, plus certain interest income.

<sup>(2)</sup> Required minimum coverage is 1.25 times average annual debt service requirement, per the bond resolutions.

City of Bryan, Texas  
Sales Tax by Category  
Last Ten Calendar Years

Table 23

Category:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Communications and information	\$ 975,054	\$ 1,073,901	\$ 999,938	\$ 1,122,368	\$ 1,146,495	\$ 1,301,546	\$ 1,248,058	\$ 1,524,893	\$ 1,470,983	\$ 1,509,698
Home furnishings and appliances	411,290	414,247	405,991	414,871	383,795	284,910	296,203	328,616	345,163	369,672
Eating and drinking establishments	1,273,763	1,348,927	1,397,466	1,473,779	1,453,187	1,782,607	1,963,511	2,023,825	2,126,150	2,174,487
Department and retail stores	1,411,043	646,320	683,216	762,097	757,696	2,318,066	1,252,378	1,875,662	430,245	481,503
Oil and gas operations	465,054	457,378	244,732	96,821	130,639	243,942	228,011	114,837	269,493	251,862
Construction and building	380,446	641,427	496,984	183,079	202,861	(338,386)	114,626	343,702	1,005,179	827,170
Auto dealers and supplies	518,952	506,107	526,788	604,063	657,617	804,230	734,761	652,612	718,897	704,537
Printing/Publishers	60,045	62,385	74,499	78,050	81,592	96,547	94,316	216,618	221,505	167,090
Contractors	102,428	233,051	166,857	96,107	170,312	258,052	239,346	363,622	386,891	245,128
Manufacturing	479,757	659,853	404,338	477,069	389,218	913,475	554,296	805,400	573,477	653,035
Wholesalers	913,467	808,256	1,035,272	1,040,901	942,114	1,349,014	1,260,378	1,674,185	1,883,080	2,567,259
Food Stores	578,078	574,453	576,909	656,980	590,592	633,784	659,635	734,517	754,479	896,542
Other stores	3,095,127	3,300,348	3,000,558	3,108,023	3,156,217	3,624,535	3,828,445	3,842,518	3,809,206	3,852,800
Apparel	137,787	157,434	173,774	189,569	197,411	228,548	236,879	232,003	234,169	253,121
All other outlets	8,561	7,147	6,522	9,220	9,949	17,579	3,315	9,787	9,636	2,498
Financial services	42,012	87,646	115,873	129,935	120,050	158,925	92,429	163,384	105,108	79,308
Rentals and leasing	501,611	379,943	519,721	528,027	449,878	600,118	587,148	594,701	654,428	785,407
Professional services	475,821	492,995	542,964	563,031	527,801	565,631	528,114	751,653	782,118	969,471
Repair and maintenance	249,669	299,983	354,236	429,320	273,518	578,585	443,815	480,890	507,419	498,343
Hotels/Motels	23,338	5,351	(261)	10,001	21,824	33,193	12,539	10,890	21,347	35,511
Other products and equipment	5,962	17,491	48,381	43,322	71,858	73,971	58,129	13,823	100,232	3,555
Other	1,107,023	1,950,649	1,935,112	1,945,432	2,498,185	1,669,556	3,387,022	1,595,668	2,604,477	3,596,405
Total	<u>\$ 13,216,288</u>	<u>\$ 14,125,292</u>	<u>\$ 13,709,871</u>	<u>\$ 13,962,066</u>	<u>\$ 14,232,808</u>	<u>\$ 17,198,428</u>	<u>\$ 17,823,356</u>	<u>\$ 18,353,806</u>	<u>\$ 19,013,682</u>	<u>\$ 20,924,402</u>

Source: Texas Comptroller of Public Accounts

**City of Bryan, Texas**  
Demographic & Economic Statistics  
Last Ten Fiscal Years

Table 24

<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>School Enrollment <sup>(2)</sup></b>	<b>Personal Income <sup>(3)</sup></b>	<b>Per Capita Personal Income <sup>(3)</sup></b>	<b>Unemployment Rate <sup>(4)</sup></b>
2009	72,357	15,000	\$ 5,905,000,000	\$ 27,818	6.50%
2010	76,201	15,800	6,634,028,000	28,839	6.20%
2011	76,541	15,800	7,010,284,000	29,753	5.50%
2012	77,321	15,609	7,505,075,000	30,664	5.70%
2013	78,061	15,621	7,777,737,000	31,788	4.90%
2014	78,709	15,982	8,269,533,000	32,241	4.10%
2015	80,913	16,000	8,919,122,000	35,797	3.50%
2016	82,118	16,138	9,024,715,000	35,401	3.70%
2017	83,260	16,201	9,729,200,000	37,704	2.70%
2018	84,021	16,157	Not Available	Not Available	2.90%

<sup>(1)</sup> U.S. Census Bureau and [www.factfinder.census.gov](http://www.factfinder.census.gov)

<sup>(2)</sup> Bryan Independent School District Texas Academic Performance Report.

<sup>(3)</sup> Bureau of Economic Analysis; [www.bea.gov](http://www.bea.gov); [www.stlouisfed.org](http://www.stlouisfed.org) (FRED) Fed Reserve Bank of St Louis and totals represent Bryan and College Station statistics combined.

<sup>(4)</sup> Bureau of Labor Statistics [http://www.bls.gov/eag/eag.tx\\_collegestation\\_msa.htm](http://www.bls.gov/eag/eag.tx_collegestation_msa.htm). Includes College Station and Bryan

**City of Bryan, Texas**  
 Principal Employers  
 Current Year and Ten Years Ago

Table 25

<b>2018</b>	<b>2009</b>
Blinn College	Brazos County
Bryan ISD	Bryan ISD
CHI St. Joseph Health System	City of Bryan
College Station ISD	City of College Station
HEB Grocery	College Station ISD
Reynolds & Reynolds	Reynolds & Reynolds
Sanderson Farms	Sanderson Farms Inc
Texas A&M Health Science Center	St. Joseph Hospital
Texas A&M University System	Texas A&M University
Walmart	Wal-Mart Associates Inc

Employers are listed in alphabetical order and do not reflect any ranking.

Source: Brazos Valley Economic Development Corporation <https://brazosvalleyedc.org/leading-employers>

The information contained in the above table represents information for Bryan and College Station and the surrounding area. Information for the individual cities is not available.

**City of Bryan, Texas**

Actual Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

Table 26

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government and Administration</b>										
Executive Services	6	6	5	5	6	6	6	5	6	6
Communications & Marketing	5	5	5	3	4	4	4	4	4	4
Neighborhood and Youth Services	1	1	1	1	-	-	1	1	1	1
Special Projects	3	0.25	0.25	0.25	-	-	1	-	-	-
Economic Development	-	-	-	-	-	2	2	4	5	5
Internal Audit	1	1	1	1	1	1	1	1	1	-
City Secretary	7	7	7	6	6	6	6	6	6	6
Legal Services	6	6	6	5	4	5	4	5	5	5
<b>Support Services</b>										
Fiscal Services	13	12	12	12	12	10	11	11	11	12
Purchasing Services	5	2	2	2	2	2	3	3	3	2
Information Technology	15	15	15	15	16	17	19	19	19	19
Human Resources	5.5	5	5	6	5	5	5	5	5	5
Facility Services	23	23	23	16	16	16	17	17	15	17
Fleet Services	11	11	12	9	9	5	8	9	8	9
Warehouse	4	4	4	4	4	4	4	3	3	3
Risk Management	5	6	6	6	6	6	6	6	6	6
<b>Development Services</b>										
Planning and Development	8	8	8	8	10	8	8	7	7	6
Building Services	16	16	17	14	9	11	11	11	14	14
Code Enforcement							3	4	3	4
Community Development	6.5	5.75	5.75	5.75	6	6	6	6	6	6
<b>Public Works Services</b>										
Administration	3	5	-	-	-	-	-	-	-	-
Engineering Services	17	16	19	13	12	12	13	14	13	12
Transportation & Drainage	31	29	29	18	16	15	16	17	16	15
Traffic Services	9	9	10	10	9	8	9	9	10	8
<b>Public Safety</b>										
Police Officers	124	124	124	138	136	140	139	146	144	149
Civilians	47	47	47	39	35	31	30	33	34	34
Firefighters/Emergency Medical Technicians	108	108	108	107	108	118	112	128	134	129
Civilians	5	5	5	4	6	4	4	4	4	4
Emergency Management Coordinator	1	1	1	1	1	1	1	1	1	1
Bryan Animal Center	-	-	-	-	8	10	10	10	9	11
Municipal Court	16	16	16	15	16	15	17	17	17	15
<b>Cultural and Recreation/Community Services</b>										
Library Services	20	19	19	24	21	21	21	21	20	20
College Station Library	15	16	16	19	18	17	16	16	16	16
Parks and Recreation	14	19	18	28	22	21	23	22	23	21
<b>Water</b>	35.8	35.55	36.55	34.50	32	33	37	37	32	36
Wastewater	44.2	44.45	44.45	31.50	40	31	29	36	37	36
Solid Waste	46	46	47	44	37	41	43	38	40	37
Call Center	5	5	5	5	5	5	5	5	5	5
Airport	-	-	2	1	1	1	2	2	2	2
Electric Department-Municipal and Rural	181	187	189	165	171	177	185	186	189	189
<b>Total</b>	<u>862.5</u>	<u>866</u>	<u>871</u>	<u>816</u>	<u>810</u>	<u>815</u>	<u>838</u>	<u>869</u>	<u>874</u>	<u>870</u>

City of Bryan, Texas  
 Operating Indicators by Function  
 Last Ten Fiscal Years

Table 27

Function:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police</b>										
Physical arrest	5,030	5,744	5,063	4,826	5,525	5,497	5,644	5,560	5,606	4,830
Traffic citations	15,325	12,752	12,400	11,663	11,118	9,812	9,170	8,509	9,475	9,067
<b>Fire</b>										
Number of Fire and EMS calls	9,002	8,873	9,125	9,420	9,261	10,272	11,062	11,193	11,766	12,423
<b>Transportation</b>										
Potholes repaired	n/a	3,133	3,225	225	208	321	380	353	547	395
HMAC (Hot Mix Asphaltic Concrete) placed (tons)	2,853	2,476	1,258	1,978	1,455	1,434	1,100	1,065	1,309	1,063
In-house concrete poured (cubic yards)	1,080	162	584	485	723	434	250	462	127	365
<b>Culture and recreation</b>										
New library patron registration	9,014	9,573	8,419	7,259	7,384	7,018	6,281	5,748	5,716	4,871
Library circulation of materials	785,243	857,090	849,241	784,421	797,577	726,617	837,658	866,635	750,995	834,766
Number of cooperative programs with Bryan ISD and College Station Parks and Recreation department	12	12	10	13	16	18	19	20	21	22
Pavilion rentals	876	888	743	913	993	1,215	1,441	1,801	1,022	1,166
Athletic field usage (hours)										
Bryan Regional Athletic Complex (4 softball fields)	1,740	1,825	1,910	1,920	2,432	2,510	2,390	2,180	2,260	2,140
Bryan Regional Athletic Complex (9 soccer fields)	1,105	1,284	1,192	1,105	1,070	1,094	1,020	1,135	1,235	1,390
<b>Neighborhood/Youth Services</b>										
Neighborhood Associations registered	38	40	41	41	41	41	41	42	43	43
<b>Municipal Court</b>										
Number of cases filed	15,490	14,728	18,147	17,832	16,821	13,304	11,878	11,383	12,976	12,761
<b>Community Development</b>										
Number of citizens provided homebuyers assistance	28	26	17	17	18	6	9	9	11	12
Number of households provided rehabilitation	3	3	5	1	3	3	2	2	3	2
Number of households provided minor rehabilitation	33	29	41	41	43	54	69	60	70	50
Housing Development (new construction)	-	-	-	-	-	-	-	1	1	-
<b>Water</b>										
Number of new connections	245	183	180	151	173	167	188	115	288	393
Maximum daily capacity (gallons)	36,000,000	37,700,000	37,700,000	37,708,000	37,708,000	37,708,000	37,700,000	37,700,000	37,700,000	37,700,000
Daily average usage (gallons)	10,422,973	9,403,642	11,981,855	10,572,675	10,414,774	9,605,065	9,896,634	10,368,469	11,046,148	11,268,994
Total usage (gallons)	3,804,385,300	3,432,329,400	4,373,377,200	3,869,598,900	3,801,392,400	3,505,848,800	3,612,271,400	3,794,859,500	4,031,844,200	4,113,182,700
<b>Wastewater</b>										
Combined capacity (gallons per day)	12,750,000	12,750,000	12,750,000	12,750,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Daily average usage (gallons)	6,392,433	7,127,600	6,525,488	6,995,218	6,499,737	6,997,132	7,352,896	7,282,932	7,070,904	6,928,060
Total usage (gallons)	2,333,238,000	2,601,574,000	2,381,803,000	2,560,249,000	2,372,404,000	2,553,953,000	2,691,160,000	2,658,270,000	2,580,880,000	2,535,670,000
<b>Solid Waste</b>										
Refuse collected (tons)	52,443	56,800	56,120	55,819	55,520	55,345	57,664	60,760	65,444	62,063

Sources: Various City Departments

**City of Bryan, Texas**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Table 28

<b>Function:</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Public Safety										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sworn personnel	124	137	136	137	136	140	143	146	144	148
Fire and emergency medical services:										
Number of stations	5	5	5	5	5	5	5	5	5	5
Number of personnel	110	110	110	110	110	117	123	128	139	144
Highways and streets:										
Lane miles of paved streets	738	738	738	738	752	752	752	755	762	766
Culture and recreation:										
Number of parks	42	42	42	42	52	53	52	52	52	54
Park acreage	611	611	611	611	678	683	690	690	703	707
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Golf course acreage	104	104	104	104	104	104	127	127	127	107
Hike and bike trails - number of miles	23	23	23	23	23	23	35	37	36	36
Number of cemeteries	3	3	3	3	3	3	3	3	3	3
Cemetery acreage	70	70	70	70	70	70	92	92	92	92
Number of libraries	3	3	3	3	3	3	3	3	3	3
Library volumes	245,810	128,798	147,090	237,557	233,237	223,266	211,240	238,969	203,519	207,492
Water system:										
Miles of line	453	453	459	472	469	474	482	490	479	482
Number of connections	21,587	21,770	21,804	21,913	22,147	22,418	22,870	22,985	23,223	23,428
Number of wells	12	12	12	12	12	12	12	12	12	12
Wastewater system:										
Miles of line	380	380	382	387	393	396	389	393	400	401
Number of connections	21,113	21,378	21,460	21,539	21,761	22,021	22,350	22,538	22,907	23,373
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Electric system:										
Generating capacity (kW)	296,000	336,000	337,000	337,000	337,000	226,000	221,000	226,000	226,000	226,000
Reserve oil capacity (gallons)	4,670,000	4,170,000	3,120,000	3,120,000	3,120,000	-	-	-	-	-
Number of substations	9	10	11	11	11	11	11	11	11	7
Number of connections	32,152	32,421	32,583	33,150	33,920	34,609	35,174	35,716	36,819	37,660
Rural Electric system:										
Number of utility connections	15,116	15,593	16,033	16,881	17,556	18,328	19,068	20,155	21,121	21,637
Number of substations	12	12	13	13	15	15	16	17	17	20

Sources: Various City Departments

**CONTINUING FINANCIAL DISCLOSURE TABLES  
(UNAUDITED)**

The Continuing Financial Disclosure Tables present various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. This financial information is provided to the Municipal Securities Rulemaking Board (MSRB) annually via the Electronic Municipal Market Access (EMMA) system.

**TYPE OF DEBT**

**TABLE SERIES**

General Obligation Bonds	GO-1 – GO-13
Waterworks and Sewer System Revenue Bonds	RW-1 – RW-10
City Electric System Revenue Bonds	REC-1 – REC-7
Rural Electric System Revenue Bonds	RER-1 – RER-6

**City of Bryan, Texas**

Valuation, Exemptions and General Obligation Debt

As of September 30, 2018

Table GO-1

2017/2018 Market Valuation Established by Brazos County Appraisal District (Excluding totally exempt property)		\$ 5,683,344,201
Less Exemptions/Reductions at 100% Market Value		
Over 65 or Disabled Exemptions	\$ 60,121,302	
Homestead Cap Adjustment	21,833,932	
Disabled Veterans Exemptions	24,549,505	
Agricultural Land Use Reductions	84,885,148	
House Bill 366	234,909	
Pollution Control	4,610,396	
Prorated Exempt Property	-	
Freeport Exemptions	42,594,202	
Member of Armed Services Surviving Spouse	453,560	
Tax Abatement Reductions	<u>7,941,807</u>	<u>247,224,761</u>
2016/2017 Net Taxable Valuation - As reported on Table 6		5,436,119,440
General Obligation & Certificates of Obligation Debt Payable from Ad Valorem Taxes (as of 9/30/18)		133,065,000
Less : Self Supporting Debt		<u>65,783,796</u>
Net General Obligation Debt Payable from Ad Valorem Taxes		<u>\$ 67,281,204</u>
General Obligation Interest and Sinking Fund as of 9/30/2018		\$ 5,827,239
Ratio Net General Obligation Tax Debt to Taxable Assessed Valuation		1.24%

2018 Estimated Population - 84,021

Per Capita Taxable Assessed Valuation - \$64,700

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$801

City of Bryan, Texas

Taxable Assessed Valuations by Category

As of September 30, 2018

Table GO-2

Category	2018		2017		2016		2015		2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,802,892,990	49.32%	\$ 2,577,811,355	50.17%	\$ 2,344,844,398	48.74%	\$ 2,220,311,560	48.74%	\$ 2,112,073,229	49.108%
Real, Residential, Multi-Family	705,283,398	12.41%	578,131,572	11.25%	554,862,988	11.53%	507,521,525	11.14%	445,683,327	10.363%
Real, Vacant Lots/Tracts	117,089,094	2.06%	111,945,902	2.18%	97,609,815	2.03%	94,255,510	2.07%	94,517,351	2.198%
Real, Acreage (Land Only)	129,832,700	2.28%	130,963,999	2.55%	117,228,502	2.44%	117,328,147	2.58%	125,050,665	2.908%
Real, Farm and Ranch Improvements	217,658	0.00%	208,882	0.00%	263,834	0.01%	228,128	0.01%	173,578	0.004%
Real, Commercial and Industrial	1,045,327,129	18.39%	999,459,891	19.45%	939,142,306	19.52%	908,888,266	19.95%	870,572,606	20.242%
Real, Oil, Gas and Other Mineral Reserves	30,334,072	0.53%	30,428,168	0.59%	38,767,043	0.81%	42,414,920	0.93%	11,065,359	0.257%
Real and Tangible Personal, Utilities	48,417,243	0.85%	48,340,636	0.94%	46,534,856	0.97%	43,617,627	0.96%	42,483,220	0.988%
Tangible Personal, Business	597,250,830	10.51%	585,427,914	11.39%	605,550,910	12.59%	561,182,080	12.32%	543,115,138	12.628%
Tangible Personal, Other	29,290,890	0.52%	21,757,540	0.42%	19,218,340	0.40%	16,299,690	0.36%	15,298,224	0.356%
Real, Inventory and Special Inventory	177,408,197	3.12%	53,947,961	1.05%	46,689,219	0.97%	43,086,564	0.95%	40,862,999	0.950%
Total Appraised Value before Exemptions	5,683,344,201	100.00%	5,138,423,820	100.00%	4,810,712,211	100.00%	4,555,134,017	100.00%	4,300,895,696	100.00%
Less: Total Exemptions/Reductions	247,224,761		240,621,455		207,760,861		221,012,900		245,030,266	
Taxable Assessed Value	<u>\$ 5,436,119,440</u>		<u>\$ 4,897,802,365</u>		<u>\$ 4,602,951,350</u>		<u>\$ 4,334,121,117</u>		<u>\$ 4,055,865,430</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Brazos County Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates its records.

**City of Bryan, Texas**

Valuation and General Obligation Debt History

As of September 30, 2018

Table GO-3

<b><u>Fiscal Year Ended 9-30</u></b>	<b><u>Estimated Population</u></b>	<b><u>Taxable Assessed Valuation <sup>(1)</sup></u></b>	<b><u>Taxable Assessed Valuation Per Capita</u></b>	<b><u>G.O. Tax Debt Outstanding at End of Year <sup>(2)</sup></u></b>	<b><u>Ratio of G.O. Tax Debt to Taxable Assessed Valuation</u></b>	<b><u>G.O. Tax Debt Per Capita</u></b>
2013	78,061	\$ 3,895,342,182	\$ 49,901	\$ 111,200,000	2.85%	\$ 1,425
2014	78,709	4,055,865,430	51,530	148,020,000	3.65%	1,881
2015	80,913	4,334,121,117	53,565	145,530,000	3.36%	1,799
2016	82,118	4,602,951,350	56,053	144,270,021	3.13%	1,757
2017	83,260	4,897,802,365	58,825	132,865,000	2.71%	1,596
2018	84,021	5,436,119,440	64,700	133,065,000	2.45%	1,584

<sup>(1)</sup> As reported by the Brazos County Appraisal District on City's annual State Property Tax Reports; subject to change during the ensuing year.

<sup>(2)</sup> Includes self-supporting General Obligation Debt. See Table GO-1 Valuation, Exemptions and General Obligation Debt.

**City of Bryan, Texas**

Tax Rate, Levy and Collection History

As of September 30, 2018

Table GO-4

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<u>Fiscal Year</u> <u>Ended 9/30</u>	<u>Tax Rate</u>	<u>General Fund</u>	<u>Interest and</u> <u>Sinking Fund</u>	<u>Tax Levy</u>	<u>% Current</u> <u>Collections</u>	<u>% Total</u> <u>Collections</u>
2014	\$ 0.629990	\$ 0.434109	\$ 0.195881	\$ 25,299,027	98.57%	99.73%
2015	0.629990	0.442658	0.187332	26,961,308	98.58%	100.14%
2016	0.629990	0.443253	0.186737	28,568,696	98.03%	98.54%
2017	0.629990	0.448172	0.181818	30,254,227	98.56%	98.91%
2018	0.629990	0.464587	0.165403	32,736,990	98.57%	100.72%

City of Bryan, Texas  
 Ten Largest Taxpayers  
 As of December 31, 2018

Table GO-5

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2017/2018 Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Sanderson Farms Inc	Food Processing	\$ 57,762,665	1.06%
Bryan Student Housing LLC	Student Housing	41,700,512	0.77%
Jamespoint Management Co	Apartments	40,717,050	0.75%
Comcapp Willowick LLC	Apartments	30,878,163	0.57%
Liquidpower Specialty Products	Manufacturing	28,672,393	0.53%
SW Meadows Point LP	Apartments	28,235,685	0.52%
Legacy Texas Apartments LLC	Apartments	26,559,283	0.49%
Gramercy Project LTD	Apartments	24,595,822	0.45%
College Station Investors LLC	Multi-Use Development	24,406,660	0.45%
Park Hudson Place Apartments LLC	Apartments	24,181,942	0.44%
		<u>\$ 327,710,175</u>	<u>6.03%</u>

City of Bryan, Texas

Debt Information - General Obligation - Debt Service Requirements\*

As of September 30, 2018

Table GO-6

Fiscal Year Ended	DEBT SERVICE REQUIREMENTS - General Obligation Debt			Less Self Supporting Debt			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 11,630,000	\$ 4,536,408	\$ 16,166,408	\$ 5,363,904	\$ 2,201,330	\$ 7,565,234	\$ 6,266,096	\$ 2,335,077	\$ 8,601,173
2020	11,990,000	4,081,904	16,071,904	5,386,620	2,068,962	7,455,582	6,603,380	2,012,942	8,616,322
2021	11,950,000	3,707,529	15,657,529	5,275,502	1,898,869	7,174,371	6,674,498	1,808,660	8,483,158
2022	10,920,000	3,338,079	14,258,079	5,362,427	1,744,031	7,106,459	5,557,573	1,594,048	7,151,621
2023	10,340,000	2,968,354	13,308,354	4,602,719	1,553,597	6,156,316	5,737,281	1,414,757	7,152,038
2024	10,660,000	2,646,254	13,306,254	4,749,172	1,410,218	6,159,390	5,910,828	1,236,036	7,146,864
2025	9,840,000	2,258,820	12,098,820	4,641,108	1,222,324	5,863,432	5,198,892	1,036,497	6,235,389
2026	7,290,000	1,949,002	9,239,002	2,979,420	1,087,372	4,066,792	4,310,580	861,629	5,172,210
2027	5,540,000	1,691,933	7,231,933	2,495,513	986,531	3,482,044	3,044,487	705,402	3,749,889
2028	5,735,000	1,496,173	7,231,173	2,574,101	900,772	3,474,873	3,160,899	595,401	3,756,299
2029	5,080,000	1,290,479	6,370,479	2,646,700	810,269	3,456,969	2,433,300	480,210	2,913,510
2030	4,260,000	1,107,216	5,367,216	2,138,509	715,029	2,853,538	2,121,491	392,187	2,513,678
2031	3,815,000	966,494	4,781,494	2,088,100	641,972	2,730,072	1,726,900	324,522	2,051,421
2032	3,530,000	839,806	4,369,806	2,020,000	569,209	2,589,209	1,510,000	270,598	1,780,598
2033	3,665,000	719,481	4,384,481	2,105,000	496,209	2,601,209	1,560,000	223,273	1,783,273
2034	3,375,000	593,475	3,968,475	1,765,000	419,921	2,184,921	1,610,000	173,554	1,783,554
2035	3,010,000	479,896	3,489,896	1,830,000	357,064	2,187,064	1,180,000	122,831	1,302,831
2036	3,110,000	378,411	3,488,411	1,890,000	291,376	2,181,376	1,220,000	87,035	1,307,035
2037	2,600,000	272,149	2,872,149	1,885,000	222,118	2,107,118	715,000	50,031	765,031
2038	2,695,000	177,330	2,872,330	1,955,000	151,430	2,106,430	740,000	25,900	765,900
2039	2,030,000	77,140	2,107,140	2,030,000	77,140	2,107,140	-	-	-
	<u>\$ 133,065,000</u>	<u>\$ 35,576,332</u>	<u>\$ 168,641,332</u>	<u>\$ 65,783,796</u>	<u>\$ 19,825,742</u>	<u>\$ 85,609,538</u>	<u>\$ 67,281,204</u>	<u>\$ 15,750,590</u>	<u>\$ 83,031,794</u>

\*Includes all General Obligation Bonds (CO's and GO's) - Not reported net of premium or discount

**City of Bryan, Texas**

Interest and Sinking Fund Budget Projection

As of September 30, 2018

Table GO-7

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Estimated Debt Service Requirements, Fiscal Year Ending 9-30-18		\$ 10,863,196 <sup>(1)</sup>
Interest and Sinking Fund, 09-30-18	5,827,239	
2019 Interest and Sinking Fund Tax Levy Collection	7,829,192	
Delinquent Tax Collections	90,000	
Budget Transfers	1,931,340	
Estimated Investment and Other Income	<u>56,000</u>	<u>15,733,771</u>
Estimated Balance, 9-30-19		<u><u>\$ 4,870,575</u></u>

<sup>(1)</sup> Fiscal Year 2019 Budget Projection

**City of Bryan, Texas**

Computation of Self-Supporting Debt <sup>(1)</sup>

As of September 30, 2018

Table GO-8

Net System Revenue, FYE 9-30-18	\$ 81,429,970
Less: System Revenue Bond Requirements, FYE 09-30-19	<u>21,171,682</u>
Balance Available for Other Purposes	<u>\$ 60,258,288</u>
Self Supporting System GO and CO Bond Requirements, For Fiscal Year Ending 09-30-19	\$ 7,565,234

Percentage of System General Obligation Bonds

Self Supporting

100%

<sup>(1)</sup> Self Supporting debt is primarily supported by revenues from Water and Sewer system, City Electric, Rural Electric, TIRZs, BVSWMA, and Brazos County.

**City of Bryan, Texas**

Authorized by Unissued General Obligation Bonds

As of September 30, 2018

Table GO-9

<b>Purpose</b>	<b>Date Authorized</b>	<b>Amount Authorized</b>	<b>Amount Previously Issued</b>	<b>Amount Being Issued</b>	<b>Unissued Balance</b>
Streets	1-24-84	\$ 14,525,000	\$ 6,300,000	\$ -	\$ 8,225,000
Parks and Recreation	1-24-84	7,100,000	5,325,000	-	1,775,000
Railroad Grade Separation	1-24-84	3,200,000	350,000	-	2,850,000
Sanitary Landfill	1-24-84	1,000,000	800,000	-	200,000
		<u>\$ 25,825,000</u>	<u>\$ 12,775,000</u>	<u>-</u>	<u>\$ 13,050,000</u>

**City of Bryan, Texas**  
Other Obligations  
As of September 30, 2018

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GO-10

The City has no Other Obligations outstanding as of September 30, 2018.

**City of Bryan, Texas**

General Fund Revenues and Expenditure History (modified accrual basis)

For the Year Ended September 30, 2018

Table GO-11

	Fiscal Year Ended September 30				
	2018	2017	2016	2015	2014
<b>Revenues</b>					
Taxes	\$ 46,151,848	\$ 42,325,729	\$ 40,182,758	\$ 38,487,073	\$ 37,518,869
Licenses and Permits	976,345	916,481	1,105,135	625,106	668,583
Grants	1,463,165	1,377,629	1,230,450	1,284,034	1,289,569
Charges for Services	5,877,052	5,504,971	5,031,445	4,538,814	4,394,267
Investment Earnings	277,611	199,309	215,196	247,920	124,557
Fines and Forfeitures	1,731,098	1,730,417	1,670,824	1,723,017	1,724,754
Miscellaneous	2,171,515	2,394,054	1,346,469	1,204,026	2,131,782
<b>Total Revenues</b>	<b>58,648,634</b>	<b>54,448,590</b>	<b>50,782,277</b>	<b>48,109,990</b>	<b>47,852,381</b>
<b>Expenditures</b>					
General Government	17,027,321	16,066,047	17,579,763	13,667,518	13,261,191
Reimbursed Administrative Expenses	(3,351,396)	(3,037,162)	(3,066,657)	(3,476,440)	(3,396,294)
Public Safety	38,275,438	36,808,455	33,570,381	30,850,086	30,045,586
Development Services	3,994,057	5,529,511	3,474,114	3,058,936	3,217,623
Public Works	3,831,721	3,859,511	3,648,296	3,422,137	3,324,025
Cultural and Recreational	9,411,660	7,507,653	7,136,538	6,560,486	6,365,433
Capital Outlay	4,572,309	6,486,135	3,301,741	2,918,679	1,277,904
<b>Total Expenditures</b>	<b>73,761,110</b>	<b>73,220,150</b>	<b>65,644,176</b>	<b>57,001,402</b>	<b>54,095,468</b>
<b>Excess (Deficit) Revenues</b>					
Over (Under) Expenditures	(15,112,476)	(18,771,560)	(14,861,899)	(8,891,412)	(6,243,089)
Operating Transfers In	16,196,215	13,647,984	13,608,849	15,303,568	12,388,262
Operating Transfers Out	(632,511)	(516,357)	(586,000)	(814,657)	(439,155)
Sale of Capital Assets	61,557	51,367	23,693	1,591,734	12,258
<b>Total Other</b>	<b>15,625,261</b>	<b>13,182,994</b>	<b>13,046,542</b>	<b>16,080,645</b>	<b>11,961,365</b>
<b>Net Increase (Decrease)</b>	<b>512,785</b>	<b>(5,588,566)</b>	<b>(1,815,357)</b>	<b>7,189,233</b>	<b>5,718,276</b>
Beginning Fund Balance	27,964,482	33,553,048	35,368,405	28,179,172	22,460,896
Ending Fund Balance	<u>\$ 28,477,267</u>	<u>\$ 27,964,482</u>	<u>\$ 33,553,048</u>	<u>\$ 35,368,405</u>	<u>\$ 28,179,172</u>

**City of Bryan, Texas**

Changes in Net Position

For the Year Ended September 30, 2018

Table GO-11A

	Governmental Activities				
	2018	2017	2016	2015	2014
<u>Revenues</u>					
Program Revenues					
Charges for Services	\$ 8,622,165	\$ 8,191,986	\$ 7,846,280	\$ 6,926,299	\$ 6,828,230
Operating Grant and Contributions	2,963,921	3,040,292	2,507,033	2,769,647	2,490,517
Capital Grants and Contributions	4,885,776	2,657,984	4,531,545	2,049,078	1,661,849
General Revenues					
Property Taxes	34,140,282	31,409,788	29,674,521	28,039,989	25,765,716
Other Taxes	25,639,332	23,657,404	22,661,830	21,683,058	21,834,534
Other	13,197,102	12,288,692	13,624,954	10,589,029	10,230,727
Total Revenues	<u>89,448,578</u>	<u>81,246,146</u>	<u>80,846,163</u>	<u>72,057,100</u>	<u>68,811,573</u>
<u>Expenditures</u>					
General Government and Administration	17,843,501	17,481,720	18,119,110	9,775,235	11,862,123
Development Services	6,077,939	8,956,465	6,556,417	5,403,697	5,265,275
Public Works Services	17,923,447	20,061,531	16,585,766	16,894,814	14,180,817
Public Safety	41,229,027	39,753,105	35,934,773	33,648,379	33,069,954
Culture and Recreation	12,799,663	9,827,528	9,106,566	8,374,038	8,332,012
Interest on Long Term Debt	2,815,131	2,732,128	2,989,038	3,299,163	3,548,311
Total Expenditures	<u>98,688,708</u>	<u>98,812,477</u>	<u>89,291,670</u>	<u>77,395,326</u>	<u>76,258,492</u>
Decrease in Net Position Before Transfers	(9,240,130)	(17,566,331)	(8,445,507)	(5,338,226)	(7,446,919)
Transfers	13,866,017	15,432,345	14,535,856	14,789,653	12,138,907
Change in Net Position After Transfers	<u>4,625,887</u>	<u>(2,133,986)</u>	<u>6,090,349</u>	<u>9,451,427</u>	<u>4,691,988</u>
Net Position - October 1	106,256,756	116,064,315	109,973,966	100,522,539	112,897,882
Net Position- Sept 30	<u>\$ 110,882,643</u>	<u>\$ 113,930,329</u>	<u>\$ 116,064,315</u>	<u>\$ 109,973,966</u>	<u>\$ 117,589,870</u>

\* Net Position for FY2015 and FY 2018 restated, reference Note 1.

**City of Bryan, Texas**

Municipal Sales Tax History

As of September 30, 2018

Table GO-12

The City has adopted the Municipal Sales and Use Tax Act, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City. The proceeds are credited to the General Fund and are not pledged to the payment of debt. The Sales and Use Tax is collected by the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In addition, the Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem, taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year.

Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any area to 8 1/4%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the County) is limited to no more than 2%.

In addition to the one percent (1%) local sales and use tax referred to above, voters of the City approved an additional sales and use tax of one-half of one percent (1/2 of 1%) for property tax reductions effective October 1, 1990. The following table sets forth the City's historical collections of sales and use taxes.

<u>Fiscal Year Ended 9/30</u>	<u>Tax Collected</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Per Capita</u>
2013	\$ 15,984,919	65.46%	\$ 0.4146	\$ 204.77
2014	17,882,449	70.68%	0.4453	227.20
2015	17,788,431	65.98%	0.4157	219.85
2016	19,025,856	66.60%	0.4196	231.69
2017	19,608,634	64.81%	0.4083	235.51
2018	21,290,148	65.03%	0.4097	253.39

**City of Bryan, Texas**

Current Investments and Cash Deposits <sup>(1)</sup>

As of September 30, 2018

Table GO-13

As of September 30, 2018 the following percentages of the City's investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Book Value</u>	<u>Percentage</u>
Demand Deposits	\$ 7,795,333	8.05%
Coupon Agencies	78,167,940	80.75%
Government Pools	10,834,148	11.19%
Total Investable Funds	<u>\$ 96,797,421</u>	<u>100%</u>

<sup>(1)</sup> This table excludes City Electric and Rural Electric investments.

**City of Bryan, Texas**

Historical Water Consumption (Gallons)

Last Five Fiscal Years

Table RW-1

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<b>Fiscal Year Ended 9/30</b>	<b>Daily Average Usage</b>	<b>Peak Daily Usage</b>	<b>Total Usage</b>
2014	9,605,065	19,389,000	3,505,848,800
2015	9,896,634	21,972,000	3,612,271,400
2016	10,368,469	22,614,000	3,794,859,500
2017	11,046,148	22,733,000	4,031,844,200
2018	11,268,994	24,465,000	4,113,182,700

**City of Bryan, Texas**

Ten Largest Water and Sewer Customers (Based on Gallons of Water Consumed)

As of September 30, 2018

Table RW-2

<u>Customer</u>	<u>Type of Industry</u>	<u>Water Usage</u>	<u>% of Total Water Usage</u>
Wellborn Special Utility District	Utility District	355,549,700	8.64%
BISD	Public School	95,687,000	2.33%
St. Joseph Hospital	Health Care Facility	82,636,700	2.01%
City of Bryan	Local Government	54,276,400	1.32%
Brazos County	County Government	49,689,200	1.21%
Federal Prison Camp	Correctional Facility	37,550,400	0.91%
TDCJ - Hamilton Unit	Correctional Facility	35,887,300	0.87%
Oakwood/Country Village	MHP	30,087,200	0.73%
Texas Steel Conversions Inc	Manufacturing	26,968,000	0.66%
Saint-Gobain Norpro	Manufacturing	26,426,200	0.64%
Total		<u>794,758,100</u>	<u>19.32%</u>
Total gallons of water sold		4,113,182,700	

City of Bryan, Texas  
 Monthly Water Rates  
 Effective September 30, 2018

Table RW-3

<b>Water Class</b>	<b>Minimum Customer Charge Per Month</b>	<b>Volume Charge Per 1,000 Gallons 0-30,000 Gallons</b>	<b>Volume Charge Per 1,000 Gallons 30,001-50,000 Gallons</b>	<b>Volume Charge Per 1,000 Gallons &gt;50,000 Gallons</b>
Residential	\$ 8.31	\$ 2.76	\$ 3.00	\$ 3.50
Commercial/Industrial	13.74	2.38	2.38	2.38
Bryan Public Schools	13.74	2.38	2.38	2.38
Interdepartmental	13.74	2.38	2.38	2.38
Special Contracts	13.74	4.05	4.05	4.05
Bulk Sales	N/A	11.08	11.08	11.08

**City of Bryan, Texas**

Wastewater Usage (Gallons)

Last Five Fiscal Years

Table RW-4

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<b>Fiscal Year Ended 9/30</b>	<b>Daily Average</b>	<b>Monthly Average</b>	<b>Total Usage</b>	<b>Total Fiscal Year End Revenue</b>
2014	6,997,132	212,829,417	2,553,953,000	\$ 11,989,872
2015	7,352,896	224,263,333	2,691,160,000	12,065,649
2016	7,263,033	221,522,500	2,658,270,000	12,159,833
2017	7,070,904	215,073,333	2,580,880,000	12,239,463
2018	6,928,060	211,305,833	2,535,670,000	12,690,714

**City of Bryan, Texas**  
Monthly Sewer Rates  
Effective September 30, 2018

Table RW-5

<u>Wastewater Class</u>	<u>Customer Charge Per Month</u>	<u>Volume Charge Per 1,000 Gallons</u>
Non Commercial	\$ 7.88	\$ 4.03
Commercial/Industrial	7.88	3.80

**City of Bryan, Texas**

Debt Information - Waterworks and Sewer System Debt Service Requirements\*

As of September 30, 2018

Table RW-6

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>% of Principal Retired</b>
2019	\$ 4,260,000	\$ 1,367,131	\$ 5,627,131	
2020	4,485,000	1,255,740	5,740,740	
2021	4,650,000	1,120,429	5,770,429	
2022	4,810,000	974,708	5,784,708	
2023	2,620,000	818,728	3,438,728	47.58%
2024	2,575,000	740,748	3,315,748	
2025	2,720,000	661,106	3,381,106	
2026	2,785,000	567,852	3,352,852	
2027	2,850,000	477,198	3,327,198	
2028	2,850,000	382,365	3,232,365	31.49%
2029	2,920,000	284,894	3,204,894	
2030	2,365,000	182,032	2,547,032	
2031	905,000	110,151	1,015,151	
2032	930,000	83,761	1,013,761	
2033	350,000	56,574	406,574	17.07%
2034	365,000	46,739	411,739	
2035	375,000	36,359	411,359	
2036	385,000	25,709	410,709	
2037	105,000	14,747	119,747	
2038	110,000	12,006	122,006	3.06%
2039	115,000	9,135	124,135	
2040	115,000	6,134	121,134	
2041	120,000	3,132	123,132	0.80%
	<u>\$ 43,765,000</u>	<u>\$ 9,237,375</u>	<u>\$ 53,002,375</u>	<u>100.00%</u>

\*Includes Only Revenue Bonds

**City of Bryan, Texas**

Waterworks and Sewer System Condensed Statement of Operations

As of September 30, 2018

Table RW-8

	<b>Fiscal Year Ended September 30</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Revenues					
Waterworks	\$ 14,014,033	\$ 13,428,055	\$ 12,656,177	\$ 12,390,019	\$ 11,678,692
Sewer System	13,343,497	13,111,998	13,007,294	12,883,147	12,496,697
Interest Income	215,389	159,416	124,733	145,864	103,389
Total Revenues	<u>27,572,919</u>	<u>26,699,469</u>	<u>25,788,204</u>	<u>25,419,030</u>	<u>24,278,778</u>
Expenses <sup>(1)</sup> :					
Waterworks	6,786,742	6,900,658	7,349,390	6,261,237	5,718,140
Sewer System	6,665,219	6,901,301	6,199,838	6,551,635	6,559,946
Total Expenses	<u>13,451,961</u>	<u>13,801,959</u>	<u>13,549,228</u>	<u>12,812,872</u>	<u>12,278,086</u>
Net Available for Debt Service	<u>\$ 14,120,958</u>	<u>\$ 12,897,510</u>	<u>\$ 12,238,976</u>	<u>\$ 12,606,158</u>	<u>\$ 12,000,692</u>
Water Connections	23,427	23,223	22,985	22,870	22,418
Sewer Connections	23,373	22,907	22,538	22,350	22,021

<sup>(1)</sup>Excludes depreciation and amortization. 2015, 2016, 2017 and 2018 include an adjustment to reflect actual pension contributions.

**City of Bryan, Texas**

Waterworks and Sewer System Coverage and Fund Balances

As of September 30, 2018

Table RW-9

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Average Annual Principal and Interest Requirement, 2019-2041	\$ 2,304,451
Coverage of Average Requirements by 9-30-2018 Net Income	6.13 Times
Maximum Principal and Interest Requirements, 2022	5,784,708
Coverage of Maximum Requirements by 9-30-18 Net Income	2.44 Times
Waterworks and Sewer System Revenue Bonds (September 30, 2018)	43,765,000
Interest and Sinking Fund (September 30, 2018)	3,754,372
Reserve Fund (September 30, 2018) <sup>(1)</sup>	1,811,026

<sup>(1)</sup> A Reserve Fund for the Waterworks and Sewer System Revenue Bonds has been established based on the Debt Service Requirements of Parity Obligations Outstanding. With the exception of the Series 2017 Waterworks and Sewer System Revenue Bonds, all outstanding Parity Obligations have satisfied the Reserve Fund Requirement with a cash deposit. The Series 2017 Bonds have satisfied the Reserve Fund Requirement with a surety bond issued by Build America Mutual Assurance Company (“BAM”), or any successor.

**City of Bryan, Texas**

Current Investments and Cash Deposits <sup>(1)</sup>

As of September 30, 2018

Table RW-10

As of September 30, 2018 the following percentages of the City's investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Amortized Value</u>	<u>Percentage</u>
Demand Deposits	\$ 7,795,333	8%
Coupon Agencies	78,167,940	81%
Government Pools	10,834,148	11%
Total Investable Funds	<u>\$ 96,797,421</u>	<u>100%</u>

<sup>(1)</sup> This table excludes City Electric and Rural Electric investments.

**City of Bryan, Texas**

Electric Rates

As of September 30, 2018

Table REC-1

City Class	Customer Charge Per Month	Base		Regulatory <sup>(1)</sup>		Fuel Charge Per kWh <sup>(1)</sup>
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	\$ 11.00	\$ -	\$ 0.0378	\$ -	\$ 0.0133	\$ 0.0326
Residential Summer (May - Oct.)	11.00	-	0.0505	-	0.0133	0.0326
Small Commercial	15.50	-	0.0455	-	0.0143	0.0326
Small Commercial Demand	37.00	9.39	0.0086	3.66	-	0.0326
Small Commercial Energy	37.00	-	0.0300 - 0.0729	-	0.0084 - 0.0251	0.0326
Small Commercial Demand Time of Use	137.00	-	0.0314 - 0.0918	-	0.2036	0.0326
General Service Commercial Time of Use	26.91	2.70 - 4.14	0.0142	-	0.1686	0.0326
Large Industrial	400.00	12.50	0.0075	4.15	-	0.0326
Primary Service	400.00	12.25	0.0074	4.07	-	0.0315
Transmission Service	1,725.00	12.68	0.0010	4.12	-	0.0312
Security Lighting Service	9.78 Per Lamp	-	-	-	-	0.0326
Street Lighting Service	4.75-10.85 Per Lamp	-	-	-	-	0.0326
Rural Electric Division	22,400.00	13.33	0.0030	3.94	-	0.0313

(1) Regulatory and fuel charges are subject to change.

**City of Bryan, Texas**

Energy Sales by Types of Customers - BTU City

As of September 30, 2018

Table REC-2

Type of Customer	2018		2017		2016	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	405,081,262	18.48%	381,240,516	18.40%	375,151,548	17.92%
Commercial & Industrial <sup>(1)</sup>	613,770,945	28.00%	595,564,795	28.74%	570,735,586	27.26%
Rural Electric Division	493,829,123	22.53%	437,987,618	21.14%	439,340,542	20.98%
Other Utilities	672,960,293	30.70%	651,380,027	31.43%	702,458,006	33.55%
Street Lights	6,124,924	0.28%	6,138,552	0.30%	6,113,444	0.29%
<b>Total</b>	<b>2,191,766,547</b>	<b>100.00%</b>	<b>2,072,311,508</b>	<b>100.00%</b>	<b>2,093,799,127</b>	<b>100.00%</b>

Type of Customer	2015		2014		2013	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	384,731,700	18.85%	370,811,660	17.45%	356,559,000	18.90%
Commercial & Industrial <sup>(1)</sup>	573,629,865	28.10%	555,113,684	26.12%	546,209,000	28.95%
Rural Electric Division	435,205,882	21.32%	419,249,453	19.73%	375,671,000	19.91%
Other Utilities	641,284,124	31.42%	779,781,000	36.70%	608,077,000	32.23%
Street Lights	6,205,516	0.30%				
<b>Total</b>	<b>2,041,057,087</b>	<b>100.00%</b>	<b>2,124,955,797</b>	<b>100.00%</b>	<b>1,886,516,000</b>	<b>100.00%</b>

<sup>(1)</sup> In 2015, previously reported Public Authorities and Interdepartmental were assigned Commercial & Industrial rates and street lights were broken out as a separate reporting category.

**City of Bryan, Texas**

Electric System Revenue Debt Service Requirements - City Electric

As of September 30, 2018

Table REC-3

<b>Fiscal Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>% of Principal Retired</b>
2019	\$ 28,015,000	\$ 8,371,906	\$ 36,386,906	
2020	6,885,000	6,996,206	13,881,206	
2021	7,225,000	6,651,956	13,876,956	
2022	7,605,000	6,290,706	13,895,706	
2023	6,965,000	5,933,906	12,898,906	30.57%
2024	7,285,000	5,612,938	12,897,938	
2025	7,630,000	5,274,938	12,904,938	
2026	8,010,000	4,893,438	12,903,438	
2027	8,405,000	4,492,938	12,897,938	
2028	8,825,000	4,072,688	12,897,688	21.65%
2029	9,275,000	3,631,438	12,906,438	
2030	9,740,000	3,167,688	12,907,688	
2031	10,225,000	2,680,688	12,905,688	
2032	9,930,000	2,257,894	12,187,894	
2033	8,355,000	1,906,044	10,261,044	25.62%
2034	6,885,000	1,568,281	8,453,281	
2035	5,835,000	1,279,325	7,114,325	
2036	6,070,000	1,042,875	7,112,875	
2037	6,305,000	796,900	7,101,900	
2038	3,795,000	559,800	4,354,800	15.58%
2039	3,930,000	427,050	4,357,050	
2040	4,070,000	289,600	4,359,600	
2041	4,210,000	147,250	4,357,250	6.58%
	<u>\$ 185,475,000</u>	<u>\$ 78,346,450</u>	<u>\$ 263,821,450</u>	<u>100%</u>

**City of Bryan, Texas**

Authorized but Unissued Revenue Bonds

As of September 30, 2018

Table REC-4

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The City has no voted but unissued electric revenue bonds, and pursuant to State law, the City is not required to obtain the approval of voters to issue its Electric System revenue bonds.

**City of Bryan, Texas**

## Condensed Statement of City Electric System Operations

As of September 30, 2018

Table REC-5

	<b>Fiscal Year Ended September 30</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Revenues					
City Electric System and Other Revenue <sup>(1)</sup>	\$ 199,082,844	\$ 190,064,226	\$ 187,624,655	\$ 186,223,521	\$ 185,255,098
Investment Income	776,947	784,398	652,368	770,945	414,342
Total Revenues	<u>199,859,791</u>	<u>190,848,624</u>	<u>188,277,023</u>	<u>186,994,466</u>	<u>185,669,440</u>
City Electric System Expenses <sup>(1)</sup>	<u>139,384,323</u>	<u>142,404,243</u>	<u>144,700,287</u>	<u>142,664,264</u>	<u>141,613,409</u>
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 60,475,468</u>	<u>\$ 48,444,381</u>	<u>\$ 43,576,736</u>	<u>\$ 44,330,202</u>	<u>\$ 44,056,031</u>
BTU - City Electric Customers	37,660	36,819	35,716	35,174	34,609

<sup>(1)</sup> Excludes depreciation and amortization. 2018, 2017, 2016, and 2015 include an adjustment to reflect actual pension contributions.

**City of Bryan, Texas**

City Electric Coverage and Fund Balances

As of September 30, 2018

Table REC-6

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Average Annual Principal and Interest Requirement, 2019-2041	\$ 11,470,498
Coverage of Average Requirements by 9-30-2018 Net available for debt service	5.27 Times
Maximum Principal and Interest Requirements, 2019	36,386,906
Coverage of Maximum Requirements by 9-30-2018 Net available for debt service <sup>(1)</sup>	1.66 Times
Electric System Revenue Bonds, 9-30-2018	185,475,000
Interest and Sinking Fund (September 30, 2018)	9,472,241
Reserve Fund (September 30, 2018)	5,530,868

<sup>(1)</sup> The City will treat the principal payment due July 1, 2019 as a Balloon Debt for the coverage calculation per the definition of the Annual Debt Service Requirements in the Board Ordinance. Based on revenue projections (which reflect a substantial reduction in the amount of the City's contract payment to TMPA for the fiscal year 2019), the City expects that Net Revenues of the Electric System will be sufficient to pay the projected actual maximum annual debt service of \$36,386,906 in 2019.

**City of Bryan, Texas**

Current Investments and Cash Deposits - City Electric

As of September 30, 2018

Table REC-7

As of September 30, 2018 the following percentages of BTU's City Electric investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Percentage</u>
Demand Deposits	\$ 11,160,014	9.18%
Investment in Gov't Pool	15,524,900	12.77%
Collateral deposits with counterparties	554,036	0.46%
Investment in agency securities	49,105,100	40.41%
Agency Securities	45,184,500	37.18%
Totals	<u>\$ 121,528,550</u>	<u>100%</u>

**City of Bryan, Texas**

Electric Rates

As of September 30, 2018

Table RER-1

Rural Class	Customer Charge Per Month	Base		Regulatory		Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	\$ 12.00	\$ -	\$ 0.0461	\$ -	\$ 0.0116	\$ 0.0331
Residential Summer (May - Oct.)	12.00	-	0.0615	-	0.0116	0.0331
College Station Residential (Nov - Apr)	11.00	-	0.0418	-	0.0118	0.0331
College Station Residential (May - Oct)	11.00	-	0.0551	-	0.0118	0.0331
Small Commercial	16.00	-	0.0442	-	0.0109	0.0331
Small Commercial Demand	21.00	9.02	0.0104	2.92	-	0.0331
Small Commercial Energy	21.00	-	0.0310 - 0.0722	-	0.0084 - 0.0251	0.0331
Secondary Service Demand Time of Use	137.00	-	0.0321 - 0.0939	-	0.2172	0.0331
General Service Commercial Time of Use	26.62	3.33 - 4.72	0.0152	-	0.2172	0.0331
Large Industrial	400.00	12.81	0.0077	4.26	-	0.0331
Primary Service	400.00	12.56	0.0075	4.17	-	0.0319
Secondary Service Irrigation	-	-	0.0866	-	0.0280	0.0331
Security Lighting Service	9.85 Per Lamp					0.0331
Street Lighting Service	6.61 - 15.36 Per Lamp					0.0331

(1) Regulatory and fuel charges are subject to change.

**City of Bryan, Texas**

Energy Sales by Types of Customers - Rural

As of September 30, 2018

Table RER-2

Type of Customer	2018		2017		2016	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	303,678,098	66.38%	272,097,488	66.79%	265,035,937	67.15%
Commercial	153,772,035	33.62%	135,320,494	33.21%	129,676,978	32.85%
Total	<u>457,450,133</u>	<u>100.00%</u>	<u>407,417,982</u>	<u>100.00%</u>	<u>394,712,915</u>	<u>100.00%</u>

Type of Customer	2015		2014		2013	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	278,512,502	68.70%	272,148,841	70.53%	244,371,000	69.26%
Commercial	126,894,455	31.30%	113,690,684	29.47%	108,457,000	30.74%
Total	<u>405,406,957</u>	<u>100.00%</u>	<u>385,839,525</u>	<u>100.00%</u>	<u>352,828,000</u>	<u>100.00%</u>

**City of Bryan, Texas**

Rural Electric System Revenue Debt Service Requirements

As of September 30, 2018

Table RER-3

<b>Fiscal Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>% of Principal Retired</b>
2019	\$ 815,000	\$ 587,550	\$ 1,402,550	
2020	845,000	568,000	1,413,000	
2021	865,000	544,400	1,409,400	
2022	530,000	520,200	1,050,200	
2023	555,000	493,700	1,048,700	22.63%
2024	585,000	465,950	1,050,950	
2025	610,000	436,700	1,046,700	
2026	640,000	406,200	1,046,200	
2027	675,000	374,200	1,049,200	
2028	705,000	340,450	1,045,450	20.16%
2029	740,000	305,200	1,045,200	
2030	770,000	275,600	1,045,600	
2031	800,000	244,800	1,044,800	
2032	835,000	212,800	1,047,800	
2033	865,000	179,400	1,044,400	25.14%
2034	895,000	153,450	1,048,450	
2035	550,000	126,600	676,600	
2036	565,000	110,100	675,100	
2037	585,000	93,150	678,150	
2038	600,000	75,600	675,600	20.03%
2039	620,000	57,600	677,600	
2040	640,000	39,000	679,000	
2041	660,000	19,800	679,800	12.04%
	<u>\$ 15,950,000</u>	<u>\$ 6,630,452</u>	<u>\$ 22,580,452</u>	<u>100.00%</u>

\*Includes Only Revenue Bonds

**City of Bryan, Texas**Condensed Statement of Rural Electric System Operations  
For the Year Ended September 30, 2018

Table RER-4

	<b>Fiscal Year Ended September 30</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Revenues					
Rural Electric System	\$ 48,935,501	\$ 44,224,725	\$ 41,931,026	\$ 39,287,075	\$ 35,728,300
Investment Income	125,977	70,839	41,114	75,800	73,213
Total Revenues	<u>49,061,478</u>	<u>44,295,564</u>	<u>41,972,140</u>	<u>39,362,875</u>	<u>35,801,513</u>
Rural Electric System Expenses <sup>(1)</sup>	<u>42,361,826</u>	<u>38,056,142</u>	<u>36,548,815</u>	<u>33,264,827</u>	<u>30,502,755</u>
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 6,699,652</u>	<u>\$ 6,239,422</u>	<u>\$ 5,423,325</u>	<u>\$ 6,098,048</u>	<u>\$ 5,298,758</u>
Rural Electric Customers	21,637	21,121	20,155	19,068	18,328

<sup>(1)</sup> Excludes Depreciation.

**City of Bryan, Texas**

Rural Electric Coverage and Fund Balances

As of September 30, 2018

Table RER-5

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Average Annual Principal and Interest Requirement, 2019-2041	\$ 981,759
Coverage of Average Requirements by 9-30-2018 Net available for debt service	6.82 Times
Maximum Principal and Interest Requirements, 2019	1,413,000
Coverage of Maximum Requirements by 9-30-2018 Net Available for debt service	4.74 Times
Rural Electric System Revenue Bonds, 9-30-2018	15,950,000
Interest and Sinking Fund (September 30, 2018)	401,744
Reserve Fund (September 30, 2018)	362,200

**City of Bryan, Texas**

Current Investments and Cash Deposits - Rural Electric

As of September 30, 2018

Table RER-6

As of September 30, 2018 the following percentages of BTU's Rural Electric investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Percentage</u>
Demand deposits	\$ 5,152,835	28.51%
Investment pools	5,018,770	27.77%
Treasuries	1,971,410	10.91%
Agency securities	5,928,480	32.81%
Totals	<u>\$ 18,071,495</u>	<u>100%</u>



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