

City of Bryan, Texas
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2012



CITY OF BRYAN
The Good Life, Texas Style.™



CITY OF BRYAN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2012

Prepared by

Fiscal Services Department
Joe Hegwood, Chief Financial Officer

CITY OF BRYAN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2012

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| <u>INTRODUCTORY SECTION</u> | |
| Transmittal Letter | vi |
| GFOA Certificate of Achievement | x |
| Principal Officials | xi |
| Organizational Chart | xii |
| <u>FINANCIAL SECTION</u> | |
| Independent Auditors' Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 20 |
| Statement of Activities | 22 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 24 |
| Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets | 25 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 26 |
| Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 27 |
| Statement of Net Assets - Proprietary Funds | 28 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds | 30 |
| Statement of Cash Flows - Proprietary Funds | 32 |
| Fiduciary Fund: | |
| Statement of Fiduciary Net Assets - Payroll Fund | 34 |
| Notes to the Basic Financial Statements | 35 |

CITY OF BRYAN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2012

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Required Supplementary Information: | |
| Schedule of Funding Progress - Texas Municipal Retirement System | 89 |
| General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual | 90 |
| Supplementary Information: | |
| Combining and Individual Fund Statements and Schedules: | |
| Combining Balance Sheet - Nonmajor Governmental Funds | 95 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | 99 |
| Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual: | |
| Debt Service Fund | 103 |
| Special Revenue Funds: | |
| Grant Fund | 104 |
| Community Development Fund | 105 |
| Hotel and Motel Room Tax Fund | 106 |
| Sidewalks Fund | 107 |
| Court Technology Fund | 108 |
| Street Improvement Fund | 109 |
| Drainage Improvement Fund | 110 |
| Tax Increment Reinvestment Zone #8 Fund | 111 |
| Tax Increment Reinvestment Zone #10 Fund | 112 |
| Tax Increment Reinvestment Zone #19 Fund | 113 |
| Tax Increment Reinvestment Zone #21 Fund | 114 |
| Tax Increment Reinvestment Zone #22 Fund | 115 |

CITY OF BRYAN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2012

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| Combining Statement of Net Assets - Nonmajor Enterprise Funds | 117 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Enterprise Funds | 119 |
| Combining Statement of Cash Flows - Nonmajor Enterprise Funds | 120 |
| Internal Service Funds: | |
| Combining Statement of Net Assets | 123 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Assets | 124 |
| Combining Statement of Cash Flows | 125 |
| Agency Fund: | |
| Schedule of Changes in Assets and Liabilities - Payroll Fund | 127 |
| Capital Assets Used in the Operation of Governmental Funds: | |
| Comparative Schedules by Source | 129 |
| Schedule of Changes by Function and Activity | 130 |
| Schedule by Function and Activity | 131 |

STATISTICAL SECTION

| | <u>Table</u> | |
|---|--------------|-----|
| Net Assets by Component | 1 | 134 |
| Change in Net Assets | 2 | 136 |
| Fund Balances of Governmental Funds | 3 | 138 |
| Changes in Fund Balances of Governmental Funds | 4 | 139 |
| Governmental Activities Tax Revenues By Source | 5 | 140 |
| Assessed Value and Estimated Actual Value of Taxable Property | 6 | 141 |
| Property Tax Rates and Ratios - Direct and Overlapping Governments | 7 | 142 |
| Principal Property Taxpayers | 8 | 143 |

CITY OF BRYAN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2012

TABLE OF CONTENTS

| | <u>Table</u> | <u>Page</u> |
|--|---------------------|--------------------|
| Property Tax Levies and Collections | 9 | 144 |
| Top Ten Electric Customers | 10 | 145 |
| Electricity Sold by Type of Customer | 11 | 146 |
| Electric Rates | 12 | 147 |
| Top Ten Water Customers | 13 | 148 |
| Top Ten Sewer Customers | 14 | 149 |
| Water and Sewer Rates | 15 | 150 |
| Ratios of Outstanding Debt by Type | 16 | 151 |
| Legal Debt Margin Information | 17 | 152 |
| Ratios of Net General Bonded Debt Outstanding | 18 | 153 |
| Direct and Overlapping Governmental Activities Debt | 19 | 154 |
| Pledged Revenue Coverage - Electric Fund | 20 | 155 |
| Pledged Revenue Coverage - Rural Electric Fund | 21 | 156 |
| Pledged Revenue Coverage - Water and Wastewater Funds | 22 | 157 |
| Sales Tax by Category | 23 | 158 |
| Demographic and Economic Statistics | 24 | 159 |
| Principal Employers | 25 | 160 |
| Full Time Equivalent City Government Employees by Function | 26 | 161 |
| Operating Indicators by Function | 27 | 162 |
| Capital Asset Statistics by Function | 28 | 163 |



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CITY OF BRYAN, TEXAS



March 18, 2013

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

We are pleased to submit the Comprehensive Annual Financial Report for the City of Bryan (the "City") for the fiscal year ended September 30, 2012. 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) requires an annual audit of municipalities. The City has complied with this requirement, and the auditors' report is included.

Weaver L.L.P. has issued an unqualified opinion on the City of Bryan's financial statement for the year ended September 30, 2012. An unqualified opinion represents the highest level of audit assurance issuable for financial statements. The independent auditors' 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 control 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 auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. The Management's Discussion and Analysis 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 43.7 square miles and has an estimated population of 77,321.

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 of the 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 enacts the budget through passage of an 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, enterprise funds and special revenue funds.

CITY OF BRYAN, TEXAS

The City provides the full range of municipal services contemplated by statute or charter. 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 also is financially accountable for Bryan Commerce and Development, Inc., which serves as an economic development entity for the City.

FACTORS AFFECTING FINANCIAL CONDITION

While Bryan has felt the effects of the nation's economic downturn over the past several years, the City has fared better than many local governments. Bryan and neighboring 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 50,000 and over 20,000 full and part-time employees, ranks among the nation's largest individual campuses and dominates 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: government, higher education and health care. Seven 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 that trend continues. As of September 2012 the unemployment rate for the Bryan-College Station area was 5.7% compared to 6.8% state-wide.

MAJOR INITIATIVES

In December 2011, the Cities of Bryan and College Station 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, a local government corporation and the economic development arm of the City of Bryan; of which, approximately 147 acres are located in College Station.

Some highlights of the agreement include:

- 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 provided by College Station
- 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

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 will be responsible for developing and procuring medical countermeasures that address the public health and

CITY OF BRYAN, TEXAS

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 remainder cost-shared by commercial and academic proposal partners. The build-out of the Research Valley BioCorridor is expected to provide a major economic boost to Bryan and College Station as well as Brazos County and the region for many years to come.

Major wastewater system improvements continued in 2012. In 2010, the City began site work and design for a new wastewater treatment plant. This first phase included the development of the site plan and the preliminary designs of the treatment plant facility and the water, sewer and roadway infrastructure needed to serve the facility. The Thompson Creek Wastewater Treatment Plant site is also the location of a new electric utility sub-station. The wastewater plant construction contract was approved by the City Council in 2011 and construction began June 2011 and was completed in the spring of 2013. The estimated total cost of the treatment plant and the offsite utilities is \$17,000,000. This new plant replaces the City's aging Turkey Creek Wastewater Treatment Plant.

During 2012, Bryan Texas Utilities (BTU), the City's electric utility, completed the installation phase of automated metering infrastructure (AMI). Over 50,000 AMI meters were installed in the city and rural electric system's service territories which provides quicker remote meter readings, service turn-ons and service turn-offs. Additionally BTU continued the construction of major transmission substations and high voltage lines in the south and western portions of Brazos County. This series of projects totaling over \$42,000,000 is intended to increase energy reliability to customers and aid in future growth of the area. The projects are funded by BTU bonds issued in 2012 and are expected to begin going into service by the fall of 2013.

The City completed the last phase of its 3 phase Downtown redevelopment project in Fiscal Year 2012. During Fiscal Year 2008 the City began purchasing tracts of land in Downtown Bryan in order to make larger tracts available for redevelopment. This \$7,000,000 project consisted of paving and landscaping improvements, drainage, water and replacement of wastewater utilities as well as moving existing electrical, cable and telephone lines underground. Also included was a redesign of undersized storm sewer. Phase 3 of the Downtown Rehab Project was completed in early Fiscal Year 2012. Meanwhile, building renovations continue to attract new businesses, residents and visitors to historic Downtown Bryan.

LONG-TERM FINANCIAL PLANNING

The City has developed and City Council has approved a five-year Capital Improvement Program (CIP). This five year CIP is a plan for both 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.

Currently, the City has adopted a conservative stance towards the issuance of debt, while the economy recovers. As such, the City deferred the issuance of general obligation debt in 2012. Necessary capital projects will be funded through alternative sources, when possible, using sources such as the City's Street Improvements Fund. Future debt issues and operational expenses related to improvements will be funded with growth in revenues generated by increases in property valuations and improved efficiencies within City operations. The electric, water and wastewater systems will continue their capital improvement programs with the issuance of revenue bonds as deemed necessary.

CITY OF BRYAN, TEXAS

RELEVANT FINANCIAL POLICIES

The City's fund balance/operating reserves policies continue to be an important factor in planning decisions. The City has specific reserves policies for its major funds based on fund risks. The policies state that the City will maintain an unassigned fund balance equal to 60 days of operating budget for the general fund and most other funds and up to 90 days of reserves in the City electric fund to be used for unanticipated emergencies. The funds available through these policies will assist the City in avoiding cash flow 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, which 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 Investment Committee review. The City's investment practice is to buy securities and hold to maturity to avoid potential losses from a sale. During Fiscal Year 2012, the City complied with all aspects of the investment policy.

AWARDS AND ACKNOWLEDGMENTS

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 of Bryan, Texas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2011. To be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year. 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.

The preparation of this report is made possible by the dedicated services of the entire staff of the Fiscal Services Department and our independent auditors. 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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bryan
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

PRINCIPAL OFFICIALS

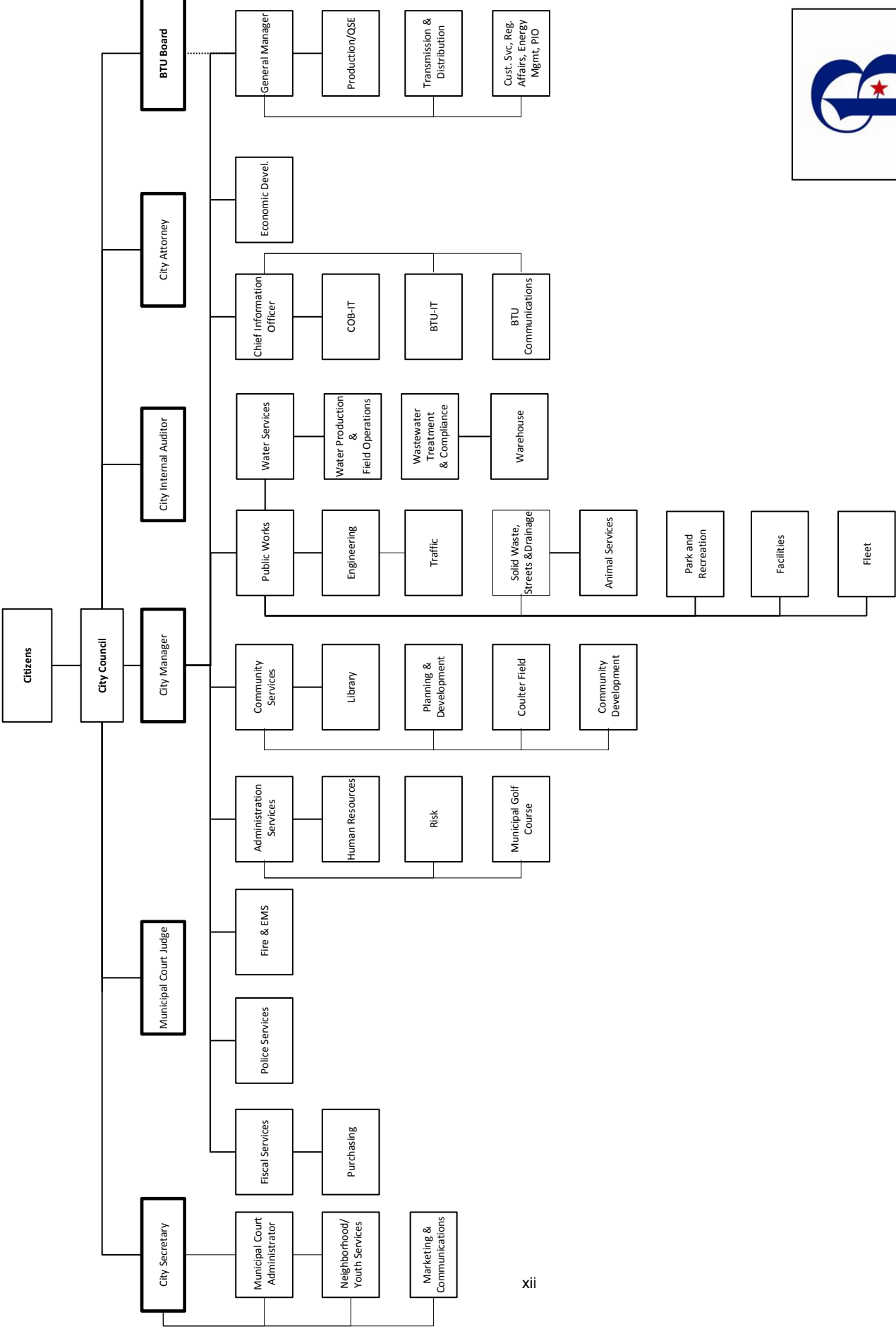
GOVERNING BODY:

| | |
|------------------------|---------------|
| Jason P. Bienski | Mayor |
| Ann Horton | Mayor Pro Tem |
| Richard M. Cortez, Sr. | City Council |
| Paul Madison, Sr. | City Council |
| Chuck Konderla | City Council |
| Art Hughes | City Council |
| Greg Owens | 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
Organizational Chart





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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Bryan, Texas (the City) as of and for the year ended September 30, 2012 which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bryan Business Council, Inc. which represents 100 percent of the assets, net assets and revenues of the discretely presented component unit. Those financial statements are audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Bryan Business Council, Inc., is based on the report 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 of material misstatement. The financial statements of the Bryan Business Council, Inc. were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bryan, Texas, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Funding Progress – Texas Municipal Retirement System and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on pages 3 through 18 and 89 through 91 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
March 25, 2013

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

As management of the City of Bryan, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2012. 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 vi - ix of this report.

Financial Highlights

- assets exceed liabilities by \$475,414,098 (net assets)
- unrestricted net assets were \$93,861,188; these may be used to meet ongoing obligations to citizens and creditors
- total net assets increased by \$6,433,310
- governmental funds reported combined ending fund balances of \$42,240,419
 - an increase of \$320,249 in fund balances is due primarily to cost containment measures implemented by the City
 - approximately \$12,721,071 or 30.1% is available for spending at the City's discretion (unassigned fund balance)
- General Fund unassigned fund balance was \$12,721,175 or 26.4% of total general fund expenditures
- Total debt increased by \$25,955,000 or 7.2%
 - \$65,675,000 in electric utility revenue and refunding bonds were issued for construction of electric system transmission improvements, the acquisition and installation of automated metering, and refunding portions of outstanding bonds
 - No General Fund debt was issued in FY12
 - \$39,720,000 in outstanding debt was retired

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, 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 Assets presents all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

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 of the City include general government, development services, public works (streets and drainage), public safety, and cultural and recreational. 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.

The government-wide financial statements can be found on pages 20-22 of this report.

Fund Financial Statements. The 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 ensure and demonstrate compliance with finance-related legal and 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 financing requirements.

Because the focus of governmental funds 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 financing 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.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

The City currently maintains twenty-six (26) individual governmental funds. Two additional capital project funds are included in the financial statements, but were closed during the fiscal year. 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 twelve (12) special revenue funds, five (5), 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 elsewhere in 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 elsewhere in this report.

The basic governmental fund financial statements can be found on pages 24-27 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds, enterprise 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 trust fund. Two internal service funds, the Equipment Replacement and the Facility Maintenance funds, are reflected on the financials but were closed at the beginning of the fiscal year. Because the services predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included within governmental activities in the government-wide financial statements.

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 Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets, 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 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 elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 28-33 of this report.

Fiduciary Funds. 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 statement can be found on page 34 of this report.

City of Bryan, Texas

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

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 35-87 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 benefits to its employees, and a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. Required supplementary information can be found on pages 89-91 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 95-125 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Bryan, assets exceed liabilities by \$475,414,098 as of September 30, 2012.

The largest portion of the City's net assets \$322,373,842 or 67.8% reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), 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 assets \$59,179,068 or 12.4% represents resources that are subject to external restrictions on their usage. The remaining balance of unrestricted net assets, \$93,861,188 or 19.7% may be used to meet the government's ongoing obligations to citizens and creditors. At the end of FY12, the City of Bryan was able to report positive balances in all three categories of net assets, for the government as a whole, as well as for its separate governmental and business-type activities.

City of Bryan, Texas

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

City of Bryan's Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Current and other assets | \$ 55,209,411 | \$ 53,114,908 | \$ 284,834,523 | \$ 252,130,442 | \$ 340,043,934 | \$ 305,245,350 |
| Capital assets | 170,324,491 | 177,342,989 | 450,301,805 | 424,273,487 | 620,626,296 | 601,616,476 |
| Total assets | <u>225,533,902</u> | <u>230,457,897</u> | <u>735,136,328</u> | <u>676,403,929</u> | <u>960,670,230</u> | <u>906,861,826</u> |
| Long-term liabilities | 100,896,735 | 105,640,077 | 302,432,622 | 258,232,506 | 403,329,357 | 363,872,583 |
| Other liabilities | 18,281,171 | 16,584,726 | 63,645,604 | 57,423,729 | 81,926,775 | 74,008,455 |
| Total liabilities | <u>119,177,906</u> | <u>122,224,803</u> | <u>366,078,226</u> | <u>315,656,235</u> | <u>485,256,132</u> | <u>437,881,038</u> |
| Net assets: | | | | | | |
| Invested in capital net | | | | | | |
| of related debt | 73,821,014 | 73,325,895 | 248,552,828 | 252,740,085 | 322,373,842 | 326,065,980 |
| Restricted | 24,404,041 | 24,782,392 | 34,775,027 | 29,510,223 | 59,179,068 | 54,292,615 |
| Unrestricted | 8,130,941 | 10,124,807 | 85,730,247 | 78,497,386 | 93,861,188 | 88,622,193 |
| Total net assets | <u>\$ 106,355,996</u> | <u>\$ 108,233,094</u> | <u>\$ 369,058,102</u> | <u>\$ 360,747,694</u> | <u>\$ 475,414,098</u> | <u>\$ 468,980,788</u> |

The \$6,433,310 increase to \$475,414,098 in total net assets is due to increases in the business-type activities. The net assets of the business type activities increased \$8,310,408 due primarily to the excess of operating revenues over expenses in the Electric, Water, Wastewater and Solid Waste funds. Additionally, \$4,373,751 was transferred in from the equipment replacement and facility maintenance internal service funds due to their closure and disbursement. These increases were partially offset by a \$6,894,344 write-off of old legacy electric meters replaced with new automated electric meters. The net assets of the governmental activities decreased \$1,877,098 primarily as a result of the internal service funds transfers to business-type activities and due to higher depreciation expense.

An increase of \$5,238,995 to \$93,861,188 in the City's total unrestricted net assets is also due to the City's business-type activities. An increase of \$7,232,861 in the unrestricted net assets for the business-type activities to a balance of \$85,730,247, is attributable to the excess of operating revenues over expenses in the Electric, Water, Wastewater and Solid Waste funds. The unrestricted net assets of the Governmental Activities decreased by \$1,993,866 to \$8,130,941 as described above.

City of Bryan, Texas

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

City of Bryan's Changes in Net Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 6,329,426 | \$ 6,379,944 | \$ 214,505,099 | \$ 221,720,451 | \$ 220,834,525 | \$ 228,100,395 |
| Operating grants and contributions | 2,732,746 | 2,607,994 | 540,202 | 2,615,369 | 3,272,948 | 5,223,363 |
| Capital grants and contributions | 3,232,203 | 2,657,466 | 1,173,074 | 979,666 | 4,405,277 | 3,637,132 |
| General revenues: | | | | | | |
| Property taxes | 24,075,833 | 23,043,249 | - | - | 24,075,833 | 23,043,249 |
| Other taxes | 17,575,465 | 17,121,297 | - | - | 17,575,465 | 17,121,297 |
| Other | 8,036,343 | 8,968,615 | 1,290,417 | 1,183,199 | 9,326,760 | 10,151,814 |
| Total revenues | 61,982,016 | 60,778,565 | 217,508,792 | 226,498,685 | 279,490,808 | 287,277,250 |
| Expenses: | | | | | | |
| General Government | 12,567,217 | 11,694,539 | - | - | 12,567,217 | 11,694,539 |
| Development Services | 4,946,473 | 5,451,223 | - | - | 4,946,473 | 5,451,223 |
| Public Works Services | 15,169,531 | 14,091,910 | - | - | 15,169,531 | 14,091,910 |
| Public Safety | 24,346,634 | 21,693,251 | - | - | 24,346,634 | 21,693,251 |
| Cultural and Recreational | 8,242,037 | 7,666,774 | - | - | 8,242,037 | 7,666,774 |
| Interest on long-term debt | 4,560,746 | 4,982,815 | - | - | 4,560,746 | 4,982,815 |
| City electric | - | - | 133,361,842 | 142,323,465 | 133,361,842 | 142,323,465 |
| Rural electric | - | - | 28,603,608 | 29,664,911 | 28,603,608 | 29,664,911 |
| Water | - | - | 11,202,934 | 10,868,241 | 11,202,934 | 10,868,241 |
| Wastewater | - | - | 10,966,690 | 10,658,709 | 10,966,690 | 10,658,709 |
| Other | - | - | 12,195,441 | 15,215,556 | 12,195,441 | 15,215,556 |
| Total expenses | 69,832,638 | 65,580,512 | 196,330,516 | 208,730,882 | 266,163,154 | 274,311,394 |
| Increase (decrease) in net assets before transfers and special items | (7,850,622) | (4,801,947) | 21,178,276 | 17,767,803 | 13,327,654 | 12,965,856 |
| Special items - Loss on disposal of legacy meters | - | - | (6,894,344) | - | (6,894,344) | - |
| Transfers | 5,973,524 | 10,884,784 | (5,973,524) | (10,884,784) | - | - |
| Increase (decrease) in net assets | (1,877,098) | 6,082,837 | 8,310,408 | 6,883,019 | 6,433,310 | 12,965,856 |
| Net assets - October 1 | 108,233,094 | 102,150,257 | 360,747,694 | 353,864,675 | 468,980,788 | 456,014,932 |
| Net assets - September 30 | \$ 106,355,996 | \$ 108,233,094 | \$ 369,058,102 | \$ 360,747,694 | \$ 475,414,098 | \$ 468,980,788 |

Governmental Activities. Total governmental activity revenues increased in FY12 from FY11 by \$1,203,451 or 2.0% to \$61,982,016. The single largest dollar increase was in property taxes which increased by \$1,032,584 or 4.5%, while capital grants & contributions increased \$574,737 or 21.6%. Sales tax revenue, which is included in "other taxes", increased \$513,914 or 3.6% from \$14,301,017 in FY11 to \$14,814,931 in FY12.

Governmental activities also benefit from transfers from business-type activities. Net transfers from business-type activities dropped by \$4,911,260 from FY11 to FY12. Transfers in fell from \$13,303,489 to \$11,565,150 as non-electric fund transfer rates were reduced from 7% in FY11 to 5% in FY12. Transfers out of governmental activities increased significantly in FY12 as the equipment replacement and facility maintenance internal service funds were closed and funds were dispersed. The closure of these internal service funds resulted in the transfer of \$4,373,751 from governmental activities to business-type activities.

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 (see note 4 for capital assets of the governmental activities) and allocates expenses of internal service

City of Bryan, Texas

Management's Discussion and Analysis

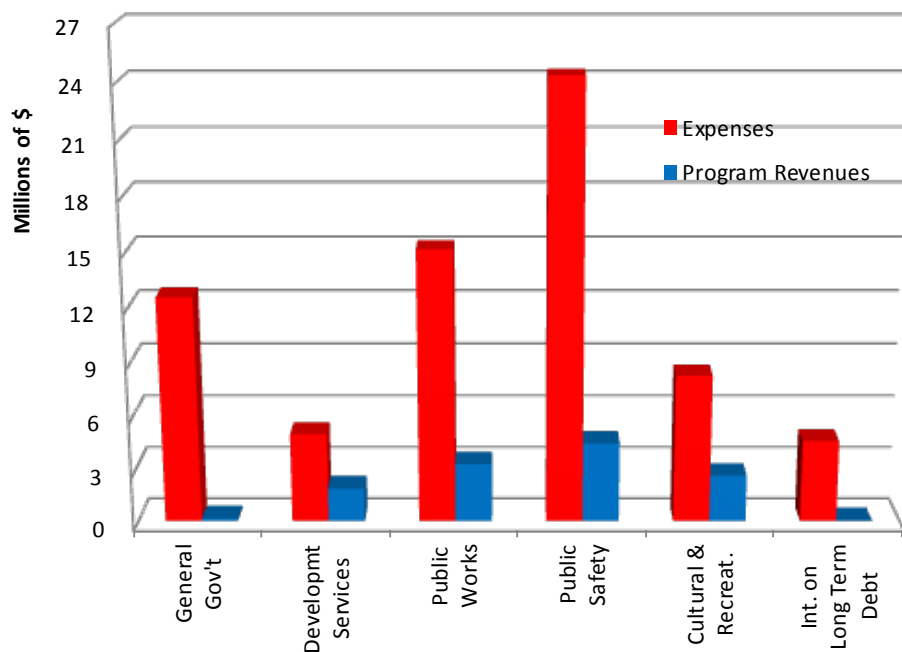
For the Fiscal Year Ended September 30, 2012

(Unaudited)

activities to all related parties. Governmental activities expenses increased in FY12 as compared to FY11 by \$4,252,126 to \$69,832,638. The major changes in this category were:

- Public safety expenses increased \$2,653,383 in FY12 when compared to FY11. In FY11, public safety expenses showed a \$6,405,310 decrease from FY10 because vehicles for those departments were purchased by the Equipment Replacement fund (an Internal Service fund) on behalf of the Public Safety departments. At the beginning of FY12, the Equipment Replacement fund was closed, therefore vehicles needed for the Police, Fire and Municipal Court departments were purchased by those individual departments. When the Equipment Replacement fund closed, assets purchased on behalf of the governmental funds were transferred to the General Capital Assets fund along with their accumulated depreciation. Depreciation for the Public Safety funds in FY12 was \$2,048,454 compared to \$1,405,205 in FY11. Personnel costs increased \$860,665 or 3.7% in FY12.
- General government expenses increased \$872,678 or 7.5%. This increase is attributable to the net pension obligation for the City's retirement program and accumulated depreciation for assets transferred from the Equipment Replacement fund and the Facilities Maintenance fund when they were closed at the beginning of FY12.

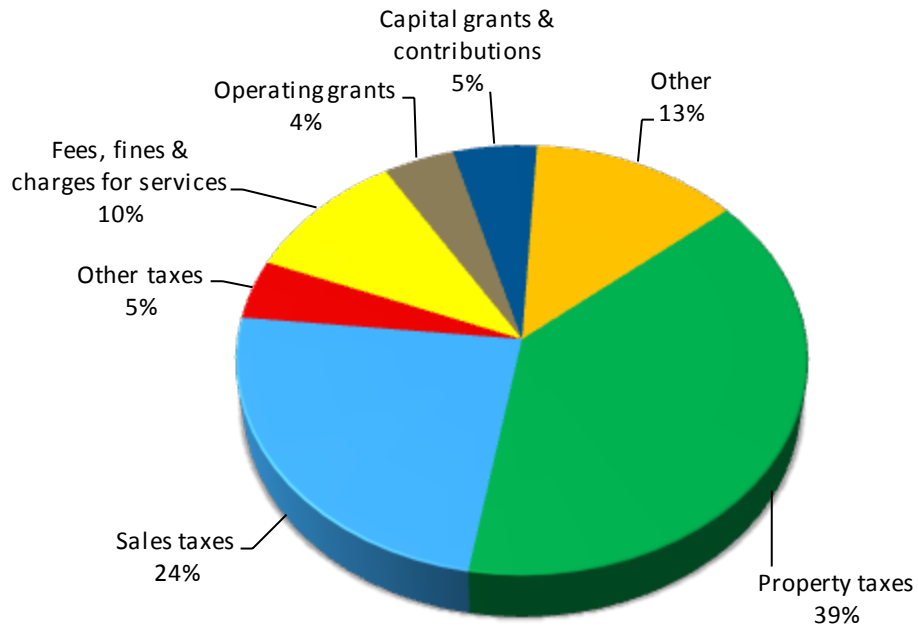
Expenses and Program Revenues - Governmental Activities



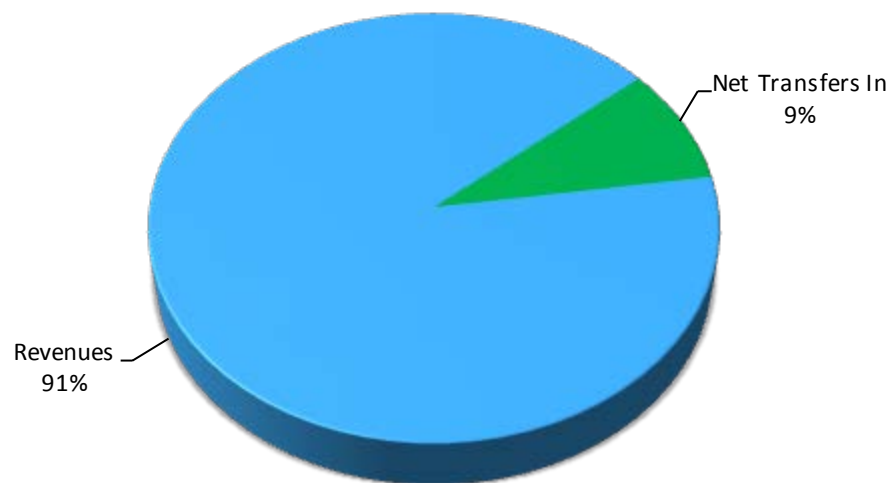
City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

Revenues by Source - Governmental Activities



All Governmental Resources



City of Bryan, Texas

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2012

(Unaudited)

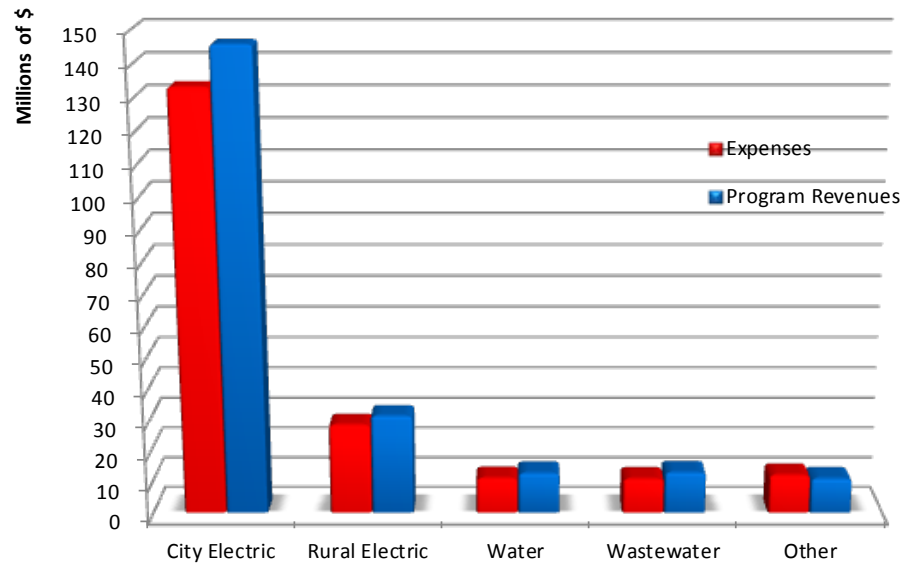
Business-type Activities. Business-type activities increased the City of Bryan's net assets by \$8,310,408 or 2.3% to \$369,058,102. Charges for services for business-type activities decreased \$7,215,352 or 3.3% to \$214,505,099, while expenses decreased \$12,400,366 to \$196,330,516. Business-type activities include information related to the BVSWMA, Inc., which is provided by their management, who was responsible for the accuracy of the data and for providing audited information. Key elements of the variances are as follows:

- For the City and Rural Electric Systems, combined operating revenues for FY12 and FY11 were \$177,486,755 and \$183,485,920 respectively, a decrease of 3.3%. The decrease in revenues is primarily due to lower wholesale and retail revenues caused by more normal weather conditions during FY12. The fiscal year ended September 30, 2011, experienced more weather extremes than typical. Partially offsetting the impact of milder weather was a retail rate increase applicable to City and Rural System customers effective October 1, 2011. The new rates reflected a 7.0% increase in base rates which was more than offset by a reduction in fuel rates. Overall, the October 1, 2011 combined base and fuel rates reflected a 0.2% reduction from previous rates. Likewise, the Rural Electric System implemented new electric rates for its retail customers. The new Rural Electric System retail rates reflected an 8.7% increase in base rates which was partially offset by a reduction in fuel rates. Overall, the October 1, 2011 combined Rural Electric System base and fuel retail rates reflected a 1.2% increase from previous rates. City and Rural Electric operating expenses for FY12 and FY11 were \$161,965,451 and \$171,988,376, respectively, a decrease of 5.8% due to those same weather conditions. Net assets for the years ended September 30, 2012 and 2011 were \$224,656,985 and \$220,814,009, respectively, of which \$56,957,857 and \$47,207,830 were available to meet the City and Rural Electric System's ongoing obligations.
- Water system revenues decreased by \$1,402,620 or 9.8% to \$12,879,376 due to more normal weather conditions compared to FY11. This area suffered abnormally hot weather and a severe drought in FY11. An increase in net assets of \$3,377,453 was due to revenues exceeding expenses by \$2,147,790, \$879,823 in capital assets contributed by developers, \$90,064 gain on sale of assets and over \$100,000 in miscellaneous revenue. Operating expenses were \$11,202,934, an increase from FY11 of \$334,693 or 3.1%.
- Net assets of the Wastewater system at year end increased by \$4,699,722 or 8.7% over FY11. The increase can be attributed to contributed capital from developers of \$293,251 and operating gains. Wastewater service revenues held steady with a slight decrease of \$39,872 or 0.3% when compared to FY11. Operating expenses were \$10,966,690, an increase from FY11 of \$307,981 or 2.9%.

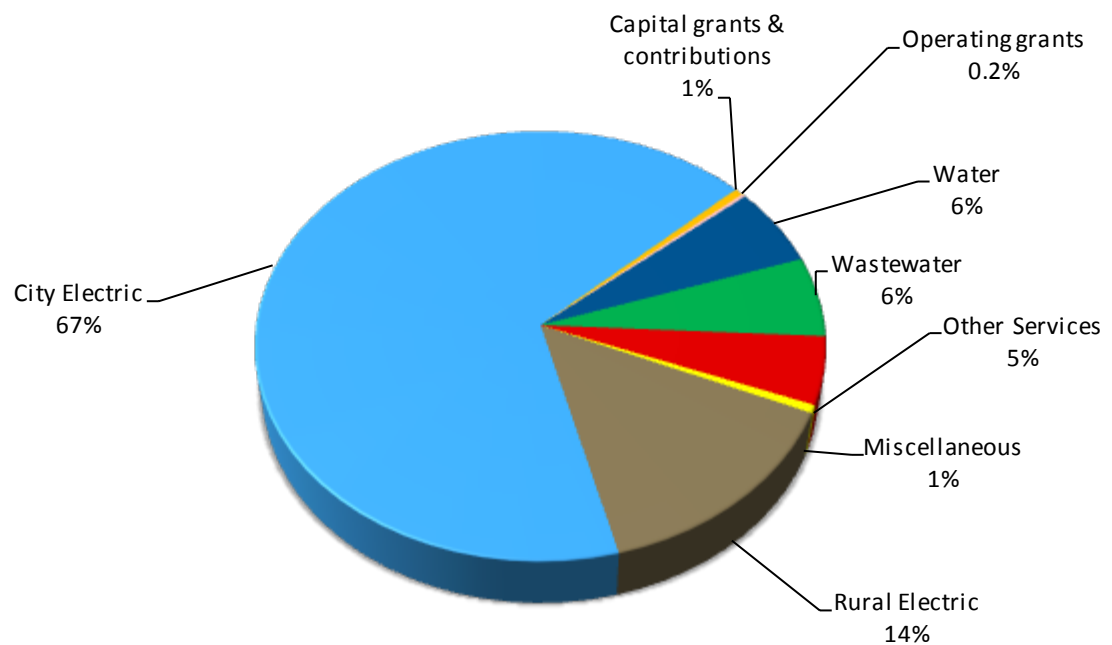
City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-Type Activities



City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

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.

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

The General Fund is the primary governmental fund of the City of Bryan. The fund balance of the General Fund increased by \$2,932,518 during FY12 compared to an increase of \$1,368,581 in FY11. Revenues of the fund decreased \$15,442, while expenditures and transfers out decreased \$2,870,052. Transfers in and out of the fund netted \$10,482,393 and offset both the excess of expenditures over revenues and transfers out. Key factors in both areas are as follows:

- Property tax revenues increased by \$144,425 or 0.9% to \$15,487,774. The total tax rate of 0.6364 remained the same.
- Sales tax revenue increased by \$513,914 or 3.6% to \$14,814,931 due to slightly improved retail activity.
- Franchise fees had a slight decrease of \$99,385 or 4.8% in FY12 from FY11.
- Charges for services decreased \$100,788 or 2.6% to \$3,846,149.
- Expenditures totaling \$48,206,159 in the General Fund were 6.0% or \$3,097,655 lower than in FY11.

The Debt Service Fund ended the fiscal year with a total fund balance of \$5,945,264, compared to \$6,219,331 at the end of FY11. All of the fund balance is restricted for the payment of debt. The net decrease in fund balance is due to debt payments in FY12. The Debt Service Fund is subject to arbitrage calculation. Tax revenues in the Debt Service Fund decreased slightly by \$161,232 or 2.3% to \$6,751,400. Interest earnings decreased by \$7,252 or 22.3% to \$25,307 due to lower interest rates during the fiscal year. Debt service payments from the fund totaled \$10,801,421. The additional debt service is supported by transfers from TIRZ 8, TIRZ 10, TIRZ 19, TIRZ 22 and the General Fund in the amount of \$3,304,748.

The Other Governmental Funds include the Special Revenue Funds, Capital Project Funds, and Permanent Funds. The total fund balance in Other Governmental Funds decreased in FY12 over FY11 by \$2,338,202 to \$20,152,339.

- Overall spending decreased in Other Governmental Funds by \$3,622,454 or 25.9%. In the Capital Project funds expenditures for capital outlay decreased from \$5,146,516 in FY11 to \$2,922,815 in FY 12, due to some major projects that were completed in FY11. Two major projects that were substantially completed in FY11 included the construction of two new streets, Thornberry Drive and Beck Street. Capital outlay expenditures also decreased in the Special Revenue funds, from \$2,666,052 in FY11 to \$1,250,085 in FY12. This \$1,415,967

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

decrease was primarily due to reduced spending in the TIRZ funds, as scheduled projects were completed.

- The Community Development Fund provides programs and services to low and moderate income persons. The most significant expense is \$1,335,765 spent on the various programs funded by grants.
- The Street Improvement Fund spent \$3,542,081 on street projects, \$574,005 more than was spent during FY11 for neighborhood street renovations. The fund balance was \$10,097,187 and there was \$2,169,655 encumbered for additional projects at year end.
- The Drainage Improvement Fund expended \$1,213,848, which was \$280,046 more than income in FY12. Ending fund balance was \$702,807. There was \$430,607 encumbered for additional projects at year end.

Capital Projects Funds. The total expenditures from Capital Projects Funds were \$3,179,298. The net fund balance in the Capital Project Funds for all capital projects funds decreased by \$4,234,959 to \$3,597,077. All of the fund balance is either available for capital projects or encumbered for capital projects.

Permanent Funds. No expenditures were made from the Permanent Funds during FY12. The fund balance for the various funds increased by \$40,679 to \$1,809,636 primarily due to contributions to the cemetery funds and investment earnings.

Proprietary Funds. The City of Bryan's Proprietary Funds provide information similar to what is found in the government-wide financial statements.

Net assets of the City Electric System increased \$3,003,542, primarily due to lower energy related costs and a 7.0% base rate increase implemented at the beginning of FY12. Operating revenues decreased by \$4,170,104 or 2.7% to \$147,972,138. This decrease can be attributed to milder weather in FY12 compared to the excessive heat in FY11, partially offset by the retail rate increase. Unrestricted net assets of the Electric System at the end of the year amounted to \$50,694,087, an increase of \$9,414,789 or 22.8%. Net assets of the Rural Electric System at the end of the year were \$44,465,094, an increase of \$839,434 or 1.9%. Both revenues and expenses decreased in FY12 versus FY11. Revenues were down \$355,344 or 1.1% to \$31,495,841, due to milder weather, but were partially offset by an 8.7% base rate increase implemented at the beginning of FY12. Operating expenses decreased \$1,276,442 or 4.6% to \$26,348,351, also on milder weather.

The Water System net assets increased \$3,377,453 or 6.7% to \$53,418,750 due to excess of revenues over expenditures. Revenues were \$12,879,376 for FY12 and were \$1,402,620 or 9.8% less than FY11. This revenue decrease is attributed to more normal weather in FY12 compared to the extremely hot summer and severe drought during FY11. Expenses increased slightly by \$349,394 or 5.6% to \$6,585,168. Capital contributions for FY12 were \$879,823 compared to \$726,026 in FY11.

Net assets of the Wastewater System increased in FY12 versus FY11 by \$4,699,722 or 8.7% to \$58,693,137. Revenues and expenses of wastewater systems are not affected as much by weather as water and electricity services. Revenues decreased slightly in FY12 as compared to FY11 by \$39,872 or

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

0.3% to \$13,072,233. Operating expenses also decreased slightly by \$52,002 or 0.8% to \$6,079,396. Capital contributions from developers totaled \$293,251 compared to \$253,640 in FY11.

General Fund Budgetary Highlights

Total General Fund revenues for FY12 were \$40,609,019 and were \$829,842 or 2.0% less than budgeted. A number of budgetary variances are notable:

- Property taxes were \$151,865 or 1.0% less than budgeted.
- Sales taxes were \$79,084 or 0.5% less than budget.
- Golf course revenues were \$213,725 or 24.3% less than budget due to decreased patronage.
- Revenue from the City's ambulance service was over budget by \$104,113 or 8.7%.
- Municipal Court fines and charges were \$124,133 or 6.3% less than budget.
- Health and public safety revenues were \$131,387 or 13.6% under budget.
- Other revenues which includes miscellaneous revenue was \$138,658 under budget.
- Investment earnings were \$9,009 or 9.0% under budget due to lower interest rates.

Total General Fund operating expenditures for the year totaled \$51,000,160 and were \$2,247,031 or 4.2% less than budget. In response to the expected negative impact of the economy on revenues, all departments were encouraged to decrease spending and conserve money wherever possible. As a result, many of the General Fund departments ended the year below their final appropriation amount. Some of the more significant variances are:

- The Executive department was under budget by \$237,123 or 14.9% due to savings in utility costs, consultants, training, and festivals and events.
- The Fleet department was under budget by \$94,979 or 13.2% due to unfilled positions.
- The Facilities department was under budget by \$317,226 or 16.1% because at the beginning of FY12, five custodial positions were eliminated and the services were outsourced.
- The Parks and Recreation department was under budget by \$306,206 or 7.3%, due primarily to savings in mowing and custodial maintenance.
- The Fiscal Services department was under budget by \$139,669 or 11.4% due to an unfilled management position and savings in contractual services.
- The Drainage Department was \$261,068 or 13.3% under budget due to staff reductions at the beginning of the year.
- The City Secretary department was under budget by \$188,879 or 19.1% due to savings in election expenses, office supplies and personnel.
- The Police Department was under budget \$117,531 or 0.8% primarily due to savings in personnel costs.
- The Fire Department was under budget \$177,718 or 1.6%. The savings was in personnel costs, utilities and supplies.
- The Library was \$94,559 or 4.3% under budget due to unfilled positions throughout the year.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

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, 2012 was \$620,626,296 (net of accumulated depreciation), an increase of \$19,009,820 or 3.2%. This investment in capital assets includes land, park facilities, buildings and system improvements, machinery and equipment, street and drainage systems, and construction in progress.

Major capital projects completed during the 2012 fiscal year included the following:

- Completion of phase 3 of the downtown rehab project – \$6.4 million
- Construction expenses for new electric customer growth - \$4.2 million
- Water and sewer line improvements – \$2.2 million
- Street improvements and extensions - \$6.5 million

City of Bryan's Capital Assets (net of depreciation)

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | \$ 11,570,401 | \$ 11,570,401 | \$ 15,478,192 | \$ 15,554,349 | \$ 27,048,593 | \$ 27,124,750 |
| Buildings | 28,926,155 | 29,979,142 | 1,950,459 | 1,594,112 | 30,876,614 | 31,573,254 |
| Equipment | 10,607,355 | 14,255,477 | 4,667,851 | 2,839,857 | 15,275,206 | 17,095,334 |
| Improvements | 12,361,402 | 13,264,432 | 378,078,249 | 380,079,586 | 390,439,651 | 393,344,018 |
| Infrastructure | 99,038,529 | 91,669,519 | - | - | 99,038,529 | 91,669,519 |
| Construction in Progress | 7,820,649 | 16,604,018 | 50,127,054 | 24,205,583 | 57,947,703 | 40,809,601 |
| Total | <u>\$ 170,324,491</u> | <u>\$ 177,342,989</u> | <u>\$ 450,301,805</u> | <u>\$ 424,273,487</u> | <u>\$ 620,626,296</u> | <u>\$ 601,616,476</u> |

Additional information on the City's capital assets can be found in Note 4 to the financial statements on pages 49-50 of this report.

Long-term Debt. At the end of fiscal year 2012, the City of Bryan had total debt outstanding of \$388,838,792. Of this amount, \$105,925,000 (general obligation bonds and certificates of obligation) comprises debt backed by the full faith and credit of the City. Notes payable are secured by property or the full faith and credit of the City. The remainder of the City's debt is secured by specified revenue sources (revenue bonds).

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

| | Outstanding Debt at Year End Bonds and Notes Payable | | | | | |
|----------------------------|---|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| General obligation bonds | \$ 25,525,000 | \$ 27,680,000 | \$ - | \$ - | \$ 25,525,000 | \$ 27,680,000 |
| Revenue bonds | - | - | 279,300,000 | 245,570,000 | 279,300,000 | 245,570,000 |
| Certificates of obligation | 70,655,156 | 74,982,500 | 9,744,844 | 10,817,500 | 80,400,000 | 85,800,000 |
| Notes | 1,720,000 | 1,940,000 | 1,893,792 | 1,893,792 | 3,613,792 | 3,833,792 |
| Total | <u>\$ 97,900,156</u> | <u>\$ 104,602,500</u> | <u>\$ 290,938,636</u> | <u>\$ 258,281,292</u> | <u>\$ 388,838,792</u> | <u>\$ 362,883,792</u> |

During FY12, the City's total debt increased by \$25,955,000 or 7.2%. The City retired or refunded \$39,720,000 in outstanding principal. The City Electric System issued new debt totaling \$65,675,000.

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

| | Moody's Investors Service | Standard & Poor's |
|----------------------------|------------------------------|----------------------|
| General Obligation Bonds | Aa2 | AA |
| Certificates of Obligation | Aa2 | AA |
| Revenue Bonds | Aa2 | A+ |

Additional information on the City's long-term debt can be found in Note 5 to the financial statements on pages 51-56 of this report.

Economic Factors and Next Year's Budgets and Rates

Although the City of Bryan felt the effects of the economic downturn in recent years, the City has been sheltered to some degree by the presence of Texas A & M University, the health industry and other key economic contributors. Continued growth in the area has allowed the City to lower the property tax rate for FY13 from \$0.6364 per \$100 of property valuation to the effective tax rate of \$0.633308. The Property Tax Code defines the effective tax rate as the tax rate that would generate approximately the same amount of property tax revenue as realized in the previous tax year on the same properties. This reduction was possible as a result of staff efforts to cut expenditures, outsourcing of certain functions, and new construction value on the property tax roll. Additionally, the closure of Tax Increment Reinvestment Zone 8 allowed some property tax revenues to be reallocated to the General Fund. Ad valorem property taxes comprised approximately 38.1% of General Fund revenues. FY13 sales tax revenue was budgeted to increase 1.2% when compared to the FY12 actual receipts. Sales tax receipts for the first four (4) months of FY13 are \$271,198 or 5.7% higher than the same period in 2012 and are \$138,636 more than budgeted projections. With local economic indicators showing modest

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2012
(Unaudited)

improvements the City is taking a cautiously optimistic view of the local economy, but has taken steps to economize where possible.

Revenues for the entire electric system are projected to be \$184,993,144, which is an increase of \$5,943,199 or 3.3% in FY13 versus FY12 budget. This projected increase is due to higher base revenues from retail sales. On October 1, 2012, BTU implemented phase two of a two phase electric rate adjustment for the City Electric System. The phase two rates reflect a 13.0% increase in base rates which are almost entirely offset by a reduction in fuel rates. Overall, the October 1, 2012 combined base and fuel rates reflect a 0.7% increase from phase one rates. Likewise, the Rural Electric System implemented phase two electric rates for its retail customers. The new Rural Electric System phase two retail rates reflect a 10.1% increase in base rates which were largely offset by a reduction in fuel rates. Overall, the new October 1, 2012 combined base and fuel retail rates reflect a 0.2% increase from phase one rates. FY13 budgeted electric operating expenses are projected to be \$151,529,730, which is an increase of \$15,350,031 or 11.3% from the FY12 budget. This increase is driven by higher TMPA capacity costs.

The Water Fund has budgeted a slight decrease in operating expenditures for FY13 compared to the FY12 budget of \$45,540 or 0.8% to \$6,613,827. FY13 budgeted operating revenues exceed the FY12 budget amount by \$434,100 or 3.7% to \$12,069,900 based on increased sales.

The Wastewater Fund budget for FY13 shows operating revenues of \$12,600,400, which is \$94,700 or 0.8% more than the FY12 budget. Budgeted operating expenditures for FY13 are \$6,532,565 which is \$526,315 or 7.5% less than the FY12 budget.

The Solid Waste Fund budget for FY13 shows operating revenues of \$7,521,827. This is \$121,404 or 1.6% more than the FY12 budget. The FY13 budgeted operating expenditures are projected to be \$6,407,381, which is a decrease of \$541,367 or 7.8% from the FY12 budget.

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 Finance 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 Assets

As of September 30, 2012

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|----------------|---------------------------------|
| | Governmental Activities | Business-type Activities | Total | Bryan Business Council, Inc. |
| <u>Assets</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 23,590,001 | \$ 60,932,618 | \$ 84,522,619 | \$ 703,815 |
| Investments | 20,075,590 | 11,394,181 | 31,469,771 | - |
| Receivables: | | | | |
| Accounts | 4,937,320 | 22,847,327 | 27,784,647 | - |
| Less allowance for uncollectible | (2,604,049) | (1,772,936) | (4,376,985) | - |
| Property taxes | 1,339,034 | - | 1,339,034 | - |
| Less allowance for uncollectible | (1,003,597) | - | (1,003,597) | - |
| Sales taxes | 2,499,444 | - | 2,499,444 | - |
| Grants | 318,642 | 62,214 | 380,856 | - |
| Interest | 37,374 | 149,936 | 187,310 | - |
| Notes | 415,375 | - | 415,375 | 55,125 |
| Internal balances | (1,996,956) | 1,996,956 | - | - |
| Inventories | 230,035 | 5,443,674 | 5,673,709 | - |
| Unrecovered fuel cost | - | - | - | - |
| Prepaid purchased power option | - | 8,300,717 | 8,300,717 | - |
| Prepaid and other assets | 469,018 | 688,835 | 1,157,853 | 665 |
| Deferred cash flow hedges - Unrealized loss on derivatives | - | 5,318,725 | 5,318,725 | - |
| Restricted assets: | | | | |
| Temporarily restricted: | | | | |
| Cash and cash equivalents | - | 22,390,469 | 22,390,469 | - |
| Investments | - | 67,783,263 | 67,783,263 | - |
| Permanently restricted: | | | | |
| Investments | 777,742 | - | 777,742 | - |
| Total current assets | 49,084,973 | 205,535,979 | 254,620,952 | 759,605 |
| Noncurrent assets: | | | | |
| Receivables: | | | | |
| Assessments | 116,431 | - | 116,431 | - |
| Notes | 5,469,374 | - | 5,469,374 | 305,375 |
| Unamortized bond issuance expense | 538,633 | 4,426,198 | 4,964,831 | - |
| Deferred cash flow hedges - Unrealized loss on derivatives | - | 17,029,824 | 17,029,824 | - |
| Prepaid purchased power option | - | 45,629,125 | 45,629,125 | - |
| Restricted assets: | | | | |
| Investment in BVSWMA | - | 12,213,397 | 12,213,397 | - |
| Capital assets: | | | | |
| Land | 11,570,401 | 15,478,192 | 27,048,593 | 1,521,329 |
| Buildings | 42,752,179 | 3,392,115 | 46,144,294 | 194,499 |
| Improvements other than buildings | 31,293,153 | 598,707,515 | 630,000,668 | 119,514 |
| Machinery and equipment | 28,646,908 | 12,948,959 | 41,595,867 | 9,466 |
| Infrastructure | 171,120,753 | - | 171,120,753 | - |
| Construction in progress | 7,820,649 | 50,127,054 | 57,947,703 | - |
| Less accumulated depreciation | (122,879,552) | (230,352,030) | (353,231,582) | (106,343) |
| Total capital assets | 170,324,491 | 450,301,805 | 620,626,296 | 1,738,465 |
| Total noncurrent assets | 176,448,929 | 529,600,349 | 706,049,278 | 2,043,840 |
| Total assets | \$ 225,533,902 | \$ 735,136,328 | \$ 960,670,230 | \$ 2,803,445 |

| | Primary Government | | | Component Unit |
|---|----------------------------|-----------------------------|----------------|---------------------------------|
| | Governmental Activities | Business-type Activities | Total | Bryan Business Council, Inc. |
| <u>Liabilities</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 2,533,421 | \$ 14,951,793 | \$ 17,485,214 | \$ 1,925 |
| Accrued liabilities and retainage | 3,629,089 | 1,661,434 | 5,290,523 | - |
| Over recovered fuel | - | 15,131,104 | 15,131,104 | - |
| Claims | 1,673,820 | - | 1,673,820 | - |
| Accrued vacation and sick pay | 2,216,264 | 551,744 | 2,768,008 | - |
| Unearned revenue | 1,117,493 | 7,966 | 1,125,459 | - |
| Accrued interest | - | 4,868 | 4,868 | - |
| General obligation bonds | 2,220,000 | - | 2,220,000 | - |
| Certificates of obligation | 3,992,739 | 1,077,261 | 5,070,000 | - |
| Notes | 230,000 | 2,001,444 | 2,231,444 | - |
| Payable from restricted assets: | | | | |
| Derivative financial instruments | - | 5,318,725 | 5,318,725 | - |
| Accrued liabilities | - | 764,522 | 764,522 | - |
| Accrued interest | 527,479 | 3,132,488 | 3,659,967 | - |
| Revenue bonds | - | 14,435,000 | 14,435,000 | - |
| Customer deposits | 140,866 | 4,607,255 | 4,748,121 | - |
| Total current liabilities | 18,281,171 | 63,645,604 | 81,926,775 | 1,925 |
| Noncurrent liabilities: | | | | |
| General obligation bonds | 22,610,430 | - | 22,610,430 | - |
| Certificates of obligation | 66,498,941 | 8,667,583 | 75,166,524 | - |
| Revenue bonds | - | 273,673,913 | 273,673,913 | - |
| Unamortized gain on refunded debt | - | 383,627 | 383,627 | - |
| Notes | 1,490,000 | 3,950 | 1,493,950 | - |
| Claims | 633,576 | - | 633,576 | - |
| Derivative financial instruments | - | 17,029,824 | 17,029,824 | - |
| Net pension obligation | 4,819,319 | 1,748,460 | 6,567,779 | - |
| Other Post Employment Benefits (OPEB) | 1,330,121 | 294,812 | 1,624,933 | - |
| Accrued vacation and sick pay | 3,514,348 | 324,102 | 3,838,450 | - |
| Unearned revenue | - | 306,351 | 306,351 | - |
| Total noncurrent liabilities | 100,896,735 | 302,432,622 | 403,329,357 | - |
| Total liabilities | 119,177,906 | 366,078,226 | 485,256,132 | 1,925 |
| <u>Net Assets</u> | | | | |
| Invested in capital assets, net of related debt | 73,821,014 | 248,552,828 | 322,373,842 | 1,738,465 |
| Restricted for: | | | | |
| BVSWMA, Inc. | - | 12,213,397 | 12,213,397 | - |
| Debt retirement | - | 11,558,189 | 11,558,189 | - |
| Debt service | 5,417,785 | 4,995,581 | 10,413,366 | - |
| Perpetual care: | | | | |
| Expendable | 1,031,894 | - | 1,031,894 | - |
| Nonexpendable | 777,742 | - | 777,742 | - |
| Rate stabilization | - | 1,678,841 | 1,678,841 | - |
| Collateral deposits | - | 4,329,019 | 4,329,019 | - |
| Encumbrances | 3,506,648 | - | 3,506,648 | - |
| Noncurrent notes receivable | 5,469,374 | - | 5,469,374 | - |
| Police activities | 110,904 | - | 110,904 | - |
| Court activities | 610,113 | - | 610,113 | - |
| Record preservation | 69,823 | - | 69,823 | - |
| Capital improvements | 3,597,077 | - | 3,597,077 | - |
| TIRZ Development | 3,036,268 | - | 3,036,268 | - |
| Other purposes | 776,413 | - | 776,413 | - |
| Unrestricted | 8,130,941 | 85,730,247 | 93,861,188 | 1,063,055 |
| Total net assets | \$ 106,355,996 | \$ 369,058,102 | \$ 475,414,098 | \$ 2,801,520 |

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, 2012

| Functions/Programs | Net Revenue (Expense) and Changes in Net Assets | | | | | | Component Unit Bryan Business Council, Inc. |
|---|---|------------------------------------|----------------------------------|---|-----------------|----------------|--|
| | Program Revenues | | | Primary Government Business-type Activities | | Total | |
| | Fees, Fines and Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Activities | | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government and administration | \$ 12,567,217 | \$ 126,499 | \$ - | \$ - | \$ (12,440,718) | \$ - | \$ (12,440,718) |
| Development services | 4,946,473 | 592,784 | 1,271,209 | 1,777 | (3,080,703) | - | (3,080,703) |
| Public works services | 15,169,531 | - | 28,759 | 3,230,426 | (11,910,346) | - | (11,910,346) |
| Public safety | 24,346,634 | 4,028,727 | 413,512 | - | (19,904,395) | - | (19,904,395) |
| Cultural and recreational | 8,242,037 | 1,581,416 | 1,019,266 | - | (5,641,355) | - | (5,641,355) |
| Interest on long-term debt | 4,560,746 | - | - | - | (4,560,746) | - | (4,560,746) |
| Total governmental activities | 69,832,638 | 6,329,426 | 2,732,746 | 3,232,203 | (57,538,263) | - | (57,538,263) |
| Business-type activities: | | | | | | | |
| Electric | 133,361,843 | 145,990,914 | - | - | - | 12,629,071 | 12,629,071 |
| Rural electric | 28,603,608 | 31,495,841 | - | - | - | 2,892,233 | 2,892,233 |
| Water | 11,202,934 | 12,879,376 | - | 879,823 | - | 2,556,265 | 2,556,265 |
| Wastewater | 10,966,690 | 13,072,233 | 485,000 | 293,251 | - | 2,883,794 | 2,883,794 |
| Other | 12,195,441 | 11,066,735 | 55,202 | - | - | (1,073,504) | (1,073,504) |
| Total business-type activities | 196,330,516 | 214,505,099 | 540,202 | 1,173,074 | - | 19,887,859 | 19,887,859 |
| Total primary government | 266,163,154 | 220,834,525 | 3,272,948 | 4,405,277 | (57,538,263) | - | (37,650,404) |
| Component unit: | | | | | | | |
| Bryan Business Council, Inc. | \$ 233,725 | \$ - | \$ 122,400 | \$ - | \$ - | \$ - | \$ (111,325) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 24,075,833 | - | 24,075,833 |
| Sales taxes | | | | | 14,814,931 | - | 14,814,931 |
| Franchise taxes | | | | | 1,963,381 | - | 1,963,381 |
| Alcoholic beverage taxes | | | | | 75,460 | - | 75,460 |
| Bingo taxes | | | | | 217,615 | - | 217,615 |
| Hotel occupancy taxes | | | | | 504,078 | - | 504,078 |
| Transportation and drainage assessments | | | | | 6,324,068 | - | 6,324,068 |
| Unrestricted investment earnings | | | | | 278,636 | (84,846) | 193,790 |
| Miscellaneous | | | | | 1,433,639 | 1,375,263 | 2,808,902 |
| Special items - Loss on disposal of legacy meters | | | | | - | (6,894,344) | (6,894,344) |
| Transfers (net) | | | | | 5,973,524 | (5,973,524) | - |
| Total general revenues and transfers | | | | | 55,661,165 | (11,577,451) | 44,083,714 |
| Change in net assets | | | | | (1,877,098) | 8,310,408 | 6,433,310 |
| Net assets, October 1, 2011 | | | | | 108,233,094 | 360,747,694 | 468,980,788 |
| Net assets, September 30, 2012 | | | | | \$ 106,355,996 | \$ 369,058,102 | \$ 475,414,098 |

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



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CITY OF BRYAN, TEXAS

Balance Sheet

Governmental Funds

As of September 30, 2012

| | General Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|----------------------|-------------------------|--------------------------------|--------------------------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 7,750,161 | \$ 576,923 | \$ 11,645,812 | \$ 19,972,896 |
| Investments | 6,945,921 | 507,340 | 10,241,211 | 17,694,472 |
| Receivables: | | | | |
| Accounts | 3,886,628 | - | 684,617 | 4,571,245 |
| Less allowance for uncollectible | (2,375,510) | - | (228,539) | (2,604,049) |
| Property taxes | 944,370 | 394,664 | - | 1,339,034 |
| Less allowance for uncollectible | (712,562) | (291,035) | - | (1,003,597) |
| Sales taxes | 2,499,444 | - | - | 2,499,444 |
| Assessments | 116,431 | - | - | 116,431 |
| Grants | 20,339 | - | 298,303 | 318,642 |
| Interest | 12,344 | 922 | 18,421 | 31,687 |
| Notes | 19,749 | 5,865,000 | - | 5,884,749 |
| Due from other funds | 259,989 | 26,493 | 1,446,406 | 1,732,888 |
| Prepaid and other assets | 226,992 | - | 387 | 227,379 |
| Total assets | <u>\$ 19,594,296</u> | <u>\$ 7,080,307</u> | <u>\$ 24,106,618</u> | <u>\$ 50,781,221</u> |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 965,813 | \$ - | \$ 1,286,235 | \$ 2,252,048 |
| Accrued liabilities | 1,921,117 | - | 19,497 | 1,940,614 |
| Retainage payable | - | - | 330,238 | 330,238 |
| Due to other funds | 167,019 | - | 2,270,816 | 2,437,835 |
| Customer deposits | 140,866 | - | - | 140,866 |
| Deferred revenue | 256,665 | 1,135,043 | 47,493 | 1,439,201 |
| Total liabilities | <u>3,451,480</u> | <u>1,135,043</u> | <u>3,954,279</u> | <u>8,540,802</u> |
| Fund balances: | | | | |
| Nonspendable | 241,366 | - | 777,742 | 1,019,108 |
| Restricted | 657,786 | 5,945,264 | 8,574,707 | 15,177,757 |
| Committed | 2,328,965 | - | 10,799,994 | 13,128,959 |
| Assigned | 193,524 | - | - | 193,524 |
| Unassigned | 12,721,175 | - | (104) | 12,721,071 |
| Total fund balances | <u>16,142,816</u> | <u>5,945,264</u> | <u>20,152,339</u> | <u>42,240,419</u> |
| Total liabilities and fund balances | <u>\$ 19,594,296</u> | <u>\$ 7,080,307</u> | <u>\$ 24,106,618</u> | <u>\$ 50,781,221</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 Assets

As of September 30, 2012

Total fund balances - governmental funds \$ 42,240,419

Amounts reported for governmental activities in the statement of
net assets 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 \$99,030.) 170,324,491

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds. 321,708

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 assets. (Net of amount allocated to business-type
activities of \$1,424,511 and net capital assets in the amount of \$99,030). 2,319,069

Interest payable on long-term debt does not require current financial resources,
and therefore, is not reported as a liability in governmental funds balance sheet. (527,480)

Long-term liabilities, including bonds payable 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 | \$ 25,525,000 | |
| Certificates of obligation payable | 70,655,156 | |
| Notes payable | 1,720,000 | |
| Deferred charges on debt | (1,396,678) | |
| Net Pension Obligation | 4,819,319 | |
| Other Post Employment Benefits | 1,330,121 | |
| Accrued vacation and sick leave (Net of internal service fund liability in the amount of \$61,319) | <u>5,669,293</u> | <u>(108,322,211)</u> |

Net assets of governmental activities \$ 106,355,996

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, 2012

| | General Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|-------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 15,487,774 | \$ 6,751,400 | \$ 1,912,708 | \$ 24,151,882 |
| Sales taxes | 14,814,931 | - | - | 14,814,931 |
| Franchise taxes | 1,963,381 | - | - | 1,963,381 |
| Alcoholic beverage taxes | 75,460 | - | - | 75,460 |
| Bingo taxes | 217,615 | - | - | 217,615 |
| Hotel occupancy taxes | - | - | 504,078 | 504,078 |
| Transportation and drainage assessments | - | - | 6,324,068 | 6,324,068 |
| Charges for services | 3,846,149 | - | - | 3,846,149 |
| Fines and court charges | 1,844,317 | - | 46,176 | 1,890,493 |
| Licenses and permits | 592,784 | - | - | 592,784 |
| Grants | 1,343,300 | - | 1,636,050 | 2,979,350 |
| Investment earnings | 90,991 | 25,307 | 123,841 | 240,139 |
| Other | 332,317 | 445,899 | 645,265 | 1,423,481 |
| Total revenues | <u>40,609,019</u> | <u>7,222,606</u> | <u>11,192,186</u> | <u>59,023,811</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government and administration | 11,982,961 | - | 17,972 | 12,000,933 |
| Development services | 2,808,838 | - | 1,359,203 | 4,168,041 |
| Public works services | 3,548,490 | - | 4,028,537 | 7,577,027 |
| Public safety | 26,654,066 | - | 363,260 | 27,017,326 |
| Cultural and recreational | 6,005,805 | - | 435,996 | 6,441,801 |
| Administrative reimbursement | (3,515,703) | - | - | (3,515,703) |
| Capital outlay | 375,282 | - | 4,172,900 | 4,548,182 |
| Debt service: | | | | |
| Bond and principal retirement | 220,000 | 6,482,344 | - | 6,702,344 |
| Interest and fiscal charges | 126,420 | 4,319,077 | - | 4,445,497 |
| Total expenditures | <u>48,206,159</u> | <u>10,801,421</u> | <u>10,377,868</u> | <u>69,385,448</u> |
| Excess of expenditures over revenues | <u>(7,597,140)</u> | <u>(3,578,815)</u> | <u>814,318</u> | <u>(10,361,637)</u> |
| Other financing sources (uses): | | | | |
| Sales of capital assets | 47,265 | - | - | 47,265 |
| Transfers in | 11,101,783 | 3,304,748 | 2,561,816 | 16,968,347 |
| Transfers out | (619,390) | - | (5,714,336) | (6,333,726) |
| Total other financing sources (uses) | <u>10,529,658</u> | <u>3,304,748</u> | <u>(3,152,520)</u> | <u>10,681,886</u> |
| Net change in fund balances | 2,932,518 | (274,067) | (2,338,202) | 320,249 |
| Fund balances, October 1, 2011 | <u>13,210,298</u> | <u>6,219,331</u> | <u>22,490,541</u> | <u>41,920,170</u> |
| Fund balances, September 30, 2012 | <u>\$ 16,142,816</u> | <u>\$ 5,945,264</u> | <u>\$ 20,152,339</u> | <u>\$ 42,240,419</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, 2012

Net change in fund balances - total governmental funds \$ 320,249

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. 4,548,182

The net effect of various transactions involving capital assets (i.e., sales and contributions) is to increase net assets. 8,071,684

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. (12,749,682)

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 assets. 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:

| | | |
|---------------------------|--------------|-----------|
| Debt principal repayments | \$ 6,702,344 | 6,702,344 |
|---------------------------|--------------|-----------|

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. (2,619,499)

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. 33,002

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. 205,284

Some revenues reported in the governmental funds were earned in prior periods; and therefore, are not reported in the government-wide statement of activities. (282,468)

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 (\$5,340,628)). (6,106,194)

| | | |
|--|----|--------------------|
| Change in net assets of governmental activities. | \$ | <u>(1,877,098)</u> |
|--|----|--------------------|

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

CITY OF BRYAN, TEXAS
Statement of Net Assets
Proprietary Funds
As of September 30, 2012

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities - Internal Service Funds |
|--|---|------------------------|---------------|--------------------|------------------------------|------------------------------|---|
| | City Electric Fund | Rural Electric Fund | Water Fund | Wastewater Fund | Other Enterprise Funds | Total Enterprise Funds | |
| Assets | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 42,052,325 | \$ 5,676,052 | \$ 5,254,358 | \$ 5,605,445 | \$ 2,344,438 | \$ 60,932,618 | \$ 3,617,105 |
| Investments | - | - | 4,621,598 | 4,930,159 | 1,842,424 | 11,394,181 | 3,158,860 |
| Accounts receivable | 15,081,533 | 3,592,053 | 1,850,897 | 1,509,254 | 813,590 | 22,847,327 | 366,075 |
| Less allowance for uncollectible | (959,585) | (165,915) | (198,186) | (218,434) | (230,816) | (1,772,936) | - |
| Grants | - | - | - | 48,500 | 13,714 | 62,214 | - |
| Interest receivable | 121,654 | - | 10,576 | - | 3,314 | 149,936 | 5,687 |
| Inventories | 5,025,489 | - | 354,738 | - | 63,447 | 5,443,674 | 230,035 |
| Due from other funds | 2,521,428 | - | 322,775 | 1,055,350 | 166,413 | 4,065,966 | 132,502 |
| Prepaid purchased power option | 8,300,717 | - | - | - | - | 8,300,717 | - |
| Prepaid and other assets | 617,621 | - | 21,200 | 12,030 | 37,984 | 688,835 | 241,640 |
| Deferred cash flow hedges - Unrealized loss on derivatives | 5,318,725 | - | - | - | - | 5,318,725 | - |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | 13,928,705 | 2,634,008 | 1,683,513 | 4,144,243 | - | 22,390,469 | - |
| Investments | 60,455,016 | 3,001,300 | 1,257,617 | 3,069,330 | - | 67,783,263 | - |
| Total current assets | 152,463,628 | 14,737,498 | 15,179,086 | 20,170,269 | 5,054,508 | 207,604,989 | 7,751,904 |
| Noncurrent assets: | | | | | | | |
| Unamortized bond issuance expenses | 2,863,155 | 365,939 | 507,513 | 689,591 | - | 4,426,198 | - |
| Deferred cash flow hedges - Unrealized loss on derivatives | 17,029,824 | - | - | - | - | 17,029,824 | - |
| Prepaid purchased power option | 45,629,125 | - | - | - | - | 45,629,125 | - |
| Restricted assets: | | | | | | | |
| Investment in BVSWMA | - | - | - | - | 12,213,397 | 12,213,397 | - |
| Capital assets: | | | | | | | |
| Land | 4,430,399 | 111,483 | 571,812 | 377,644 | 9,986,854 | 15,478,192 | - |
| Buildings | - | - | 66,620 | 444,493 | 2,881,002 | 3,392,115 | 23,419 |
| Equipment | - | - | 1,979,554 | 3,518,237 | 7,451,168 | 12,948,959 | 263,953 |
| Improvements other than buildings | 344,257,382 | 62,767,866 | 97,744,099 | 90,540,120 | 3,398,048 | 598,707,515 | 127,992 |
| Construction in progress | 19,745,411 | 4,660,796 | 6,674,957 | 19,045,890 | - | 50,127,054 | - |
| Less accumulated depreciation | (138,176,846) | (21,482,924) | (29,803,451) | (33,395,162) | (7,493,647) | (230,352,030) | (316,334) |
| Total capital assets (net of accumulated depreciation) | 230,256,346 | 46,057,221 | 77,233,591 | 80,531,222 | 16,223,425 | 450,301,805 | 99,030 |
| Total noncurrent assets | 295,778,450 | 46,423,160 | 77,741,104 | 81,220,813 | 28,436,822 | 529,600,349 | 99,030 |
| Total assets | \$ 448,242,078 | \$ 61,160,658 | \$ 92,920,190 | \$ 101,391,082 | \$ 33,491,330 | \$ 737,205,338 | \$ 7,850,934 |

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities - Internal Service Funds |
|--|---|------------------------|---------------|--------------------|------------------------------|------------------------------|---|
| | City Electric Fund | Rural Electric Fund | Water Fund | Wastewater Fund | Other Enterprise Funds | Total Enterprise Funds | |
| Liabilities | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | \$ 12,560,846 | \$ 608,947 | \$ 483,099 | \$ 1,125,248 | \$ 173,653 | \$ 14,951,793 | \$ 281,373 |
| Accrued liabilities | 1,157,664 | 99,443 | 95,177 | 98,865 | 210,285 | 1,661,434 | 28,116 |
| Over recovered fuel | 11,024,462 | 4,106,642 | - | - | - | 15,131,104 | - |
| Claims payable | - | - | - | - | - | - | 1,673,820 |
| Due to other funds | 1,056,124 | 2,434,409 | - | - | 2,988 | 3,493,521 | - |
| Unearned revenue | - | - | - | 7,966 | - | 7,966 | - |
| Accrued interest | - | - | - | - | 4,868 | 4,868 | - |
| Certificates of obligation | - | - | 517,415 | 557,585 | 2,261 | 1,077,261 | - |
| Notes | - | - | - | - | 2,001,444 | 2,001,444 | - |
| Accrued vacation and sick pay | 244,008 | 34,725 | 121,349 | 72,364 | 79,298 | 551,744 | 38,631 |
| Current liabilities payable from restricted assets: | | | | | | | |
| Derivative financial instruments | 5,318,725 | - | - | - | - | 5,318,725 | - |
| Accrued liabilities | - | - | 192,010 | 572,512 | - | 764,522 | - |
| Accrued interest | 2,336,738 | 82,500 | 398,679 | 314,571 | - | 3,132,488 | - |
| Revenue bonds | 10,575,000 | 445,000 | 1,809,233 | 1,605,767 | - | 14,435,000 | - |
| Customer deposits | 3,756,482 | 777,064 | - | - | 73,709 | 4,607,255 | - |
| Total current liabilities | 48,030,049 | 8,588,730 | 3,616,962 | 4,354,878 | 2,548,506 | 67,139,125 | 2,021,940 |
| Noncurrent liabilities: | | | | | | | |
| Certificates of obligation | - | - | 4,158,570 | 4,481,430 | 27,583 | 8,667,583 | - |
| Revenue bonds | 192,035,000 | 8,080,000 | 31,351,097 | 33,398,903 | - | 264,865,000 | - |
| Notes | - | - | - | - | 3,950 | 3,950 | - |
| Unamortized bond premiums (discounts) and deferred amount on refunding | 7,886,944 | 6,440 | 303,481 | 420,234 | - | 8,617,099 | - |
| Unamortized gain on refunded debt | 575,441 | - | - | - | - | 575,441 | - |
| Claims payable | - | - | - | - | - | - | 633,576 |
| Unearned revenue | 306,351 | - | - | - | - | 306,351 | - |
| Derivative financial instruments | 17,029,824 | - | - | - | - | 17,029,824 | - |
| Accrued liabilities | 2,043,272 | - | - | - | - | 2,043,272 | - |
| Accrued vacation and sick pay | 143,306 | 20,394 | 71,330 | 42,500 | 46,572 | 324,102 | 1,330,121 |
| Total noncurrent liabilities | 220,020,138 | 8,106,834 | 35,884,478 | 38,343,067 | 78,105 | 302,432,622 | 22,688 |
| Total liabilities | 268,050,187 | 16,695,564 | 39,501,440 | 42,697,945 | 2,626,611 | 369,571,747 | 4,008,325 |
| Net Assets | | | | | | | |
| Invested in capital assets, net of related debt | 109,288,009 | 37,779,032 | 41,278,211 | 46,019,389 | 14,188,187 | 248,552,828 | 99,030 |
| Restricted for: | | | | | | | |
| BVSWMA | - | - | - | - | 12,213,397 | 12,213,397 | - |
| Debt retirement | 11,558,189 | - | - | - | - | 11,558,189 | - |
| Debt service | 2,643,746 | 422,292 | 865,548 | 1,063,995 | - | 4,995,581 | - |
| Rate stabilization | 1,678,841 | - | - | - | - | 1,678,841 | - |
| Collateral deposits | 4,329,019 | - | - | - | - | 4,329,019 | - |
| Unrestricted | 50,694,087 | 6,263,770 | 11,274,991 | 11,609,753 | 4,463,135 | 84,305,736 | 3,743,579 |
| Total net assets | \$ 180,191,891 | \$ 44,465,094 | \$ 53,418,750 | \$ 58,693,137 | \$ 30,864,719 | \$ 367,633,591 | \$ 3,842,609 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | 1,424,511 | |
| Net assets of business-type activities | | | | | | \$ 369,058,102 | |

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

CITY OF BRYAN, TEXAS

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2012

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities Internal Service Funds |
|--|---|------------------------|----------------------|----------------------|------------------------------|------------------------------|---|
| | City Electric Fund | Rural Electric Fund | Water Fund | Wastewater Fund | Other Enterprise Funds | Total Enterprise Funds | |
| Operating revenues: | | | | | | | |
| Electrical system | \$ 145,990,914 | \$ 31,495,841 | \$ - | \$ - | \$ - | \$ 177,486,755 | \$ - |
| Water system | - | - | 12,879,376 | - | - | 12,879,376 | - |
| Sewer system | - | - | - | 13,072,233 | - | 13,072,233 | - |
| Other | 1,981,224 | - | - | - | 9,085,511 | 11,066,735 | 9,329,098 |
| Total operating revenues | <u>147,972,138</u> | <u>31,495,841</u> | <u>12,879,376</u> | <u>13,072,233</u> | <u>9,085,511</u> | <u>214,505,099</u> | <u>9,329,098</u> |
| Operating expenses: | | | | | | | |
| Personnel services | 9,909,790 | 465,852 | 2,084,678 | 2,361,323 | 3,126,604 | 17,948,247 | 623,604 |
| Electric operations | 89,101,968 | 25,229,274 | - | - | - | 114,331,242 | - |
| Maintenance | 3,240,570 | 457,088 | 787,193 | 799,379 | 571,168 | 5,855,398 | 7,437 |
| Claims | - | - | - | - | - | - | 8,690,337 |
| Other services and charges | 1,608,286 | - | 2,940,676 | 1,230,967 | 1,986,798 | 7,766,727 | 2,490,842 |
| Other expenses | 597,466 | - | 225,986 | 419,400 | 1,257,423 | 2,500,275 | 43,980 |
| General and administrative | 1,801,524 | 196,137 | 546,635 | 1,268,327 | 718,389 | 4,531,012 | 224,831 |
| Total operating expenses | <u>106,259,604</u> | <u>26,348,351</u> | <u>6,585,168</u> | <u>6,079,396</u> | <u>7,660,382</u> | <u>152,932,901</u> | <u>12,081,031</u> |
| before depreciation and amortization | 41,712,534 | 5,147,490 | 6,294,208 | 6,992,837 | 1,425,129 | 61,572,198 | (2,751,933) |
| Depreciation and amortization | 18,700,714 | 1,902,381 | 2,422,389 | 2,520,545 | 1,072,307 | 26,618,336 | 9,741 |
| Operating income (loss) | <u>23,011,820</u> | <u>3,245,109</u> | <u>3,871,819</u> | <u>4,472,292</u> | <u>352,822</u> | <u>34,953,862</u> | <u>(2,761,674)</u> |
| Nonoperating revenues (expenses): | | | | | | | |
| Investment earnings | 369,937 | 82,333 | 69,412 | 101,151 | 23,162 | 645,995 | 38,497 |
| Interest expense | (8,046,301) | (352,876) | (1,651,481) | (1,329,054) | (58,939) | (11,438,651) | - |
| Amortization of debt expense | - | - | - | - | (11,039) | (11,039) | - |
| Grants | - | - | - | 485,000 | 55,202 | 540,202 | - |
| Distributive share of BVSWMMA net income | - | - | - | - | (730,841) | (730,841) | - |
| Other - net | 906,766 | - | 202,196 | 76,489 | 200,851 | 1,386,302 | 1,037,318 |
| Total nonoperating revenues (expenses) | <u>(6,769,598)</u> | <u>(270,543)</u> | <u>(1,379,873)</u> | <u>(666,414)</u> | <u>(521,604)</u> | <u>(9,608,032)</u> | <u>1,075,815</u> |
| Income (loss) before contributions, transfers and special items | 16,242,222 | 2,974,566 | 2,491,946 | 3,805,878 | (168,782) | 25,345,830 | (1,685,859) |
| Special Items - Loss on disposal of legacy meters | (4,759,212) | (2,135,132) | - | - | - | (6,894,344) | - |
| Capital contributions | - | - | 879,823 | 293,251 | - | 1,173,074 | - |
| Transfers in | 690,754 | - | 678,824 | 1,284,121 | 2,937,927 | 5,591,626 | 323,398 |
| Transfers out | (9,170,222) | - | (673,140) | (683,528) | (1,038,260) | (11,565,150) | (10,084,361) |
| Change in net assets | <u>3,003,542</u> | <u>839,434</u> | <u>3,377,453</u> | <u>4,699,722</u> | <u>1,730,885</u> | <u>13,651,036</u> | <u>(11,446,822)</u> |
| Net assets, October 1, 2011 | 177,188,349 | 43,625,660 | 50,041,297 | 53,993,415 | 29,133,834 | 25,345,830 | 15,289,431 |
| Net assets, September 30, 2012 | <u>\$ 180,191,891</u> | <u>\$ 44,465,094</u> | <u>\$ 53,418,750</u> | <u>\$ 58,693,137</u> | <u>\$ 30,864,719</u> | <u>\$ 5,340,628</u> | <u>\$ 3,842,609</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | | | | |
| Change in net assets of business-type activities. | | | | | | | \$ 8,310,408 |

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



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CITY OF BRYAN, TEXAS

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended September 30, 2012

| | Business-type Activities - Enterprise Funds | | | | | | | Governmental Activities - Internal Service Funds |
|--|---|---------------------|---------------------|---------------------|------------------------|------------------------|-----------|--|
| | City Electric Fund | Rural Electric Fund | Water Fund | Wastewater Fund | Other Enterprise Funds | Total Enterprise Funds | | |
| Cash flows from operating activities: | | | | | | | | |
| Receipts from customers and users | \$ 150,644,625 | \$ 31,756,110 | \$ 13,148,047 | \$ 12,336,994 | \$ 9,491,069 | \$ 217,376,845 | \$ | 4,054,550 |
| Receipts for interfund services provided | - | - | - | - | - | - | - | 7,103,056 |
| Payments to suppliers | (92,642,779) | (27,481,455) | (3,787,979) | (2,199,635) | (4,498,428) | (130,610,276) | | (13,482,767) |
| Payments to employees | (9,116,761) | (426,396) | (2,039,837) | (2,357,190) | (3,005,247) | (16,945,431) | | (615,141) |
| Receipts for miscellaneous revenues | 906,766 | - | 202,196 | 76,489 | 207,140 | 1,392,591 | | 1,038,632 |
| Payments for interfund services used | - | - | (546,635) | (1,268,327) | - | (1,814,962) | | (225,831) |
| Net cash provided (used) by operating activities | <u>49,791,851</u> | <u>3,848,259</u> | <u>6,975,792</u> | <u>6,588,331</u> | <u>2,194,534</u> | <u>69,398,767</u> | | <u>(2,127,501)</u> |
| Cash flows from noncapital financing activities: | | | | | | | | |
| Transfers in | 690,754 | - | 316,568 | 844,645 | 1,933,194 | 3,785,161 | | 323,398 |
| Transfers out | (9,170,222) | - | (673,140) | (683,528) | (1,038,260) | (11,565,150) | | (3,178,028) |
| Net cash provided (used) by noncapital financing activities | <u>(8,479,468)</u> | <u>-</u> | <u>(356,572)</u> | <u>161,117</u> | <u>894,934</u> | <u>(7,779,989)</u> | | <u>(2,854,630)</u> |
| Cash flows from capital and related financing activities: | | | | | | | | |
| Acquisition and construction of capital assets | (21,310,430) | (7,284,124) | (2,596,204) | (13,390,073) | (814,156) | (45,394,987) | | (27,390) |
| Grant proceeds | - | - | - | 485,000 | (13,342) | 471,658 | | - |
| Revenue bond proceeds | 69,717,872 | - | - | - | - | 69,717,872 | | - |
| Amortization of debt expense | - | - | - | - | (11,039) | (11,039) | | - |
| Principal paid on certificates of obligation | - | - | - | - | (2,656) | (2,656) | | - |
| Principal paid on revenue bonds | (11,155,000) | (420,000) | (2,258,661) | (2,121,339) | - | (15,955,000) | | - |
| Payment to escrow agent for debt refunding | (17,396,347) | - | - | - | - | (17,396,347) | | - |
| Interest paid on bonds, contractual obligations, and notes | - | - | - | - | - | - | | - |
| Net cash provided (used) by capital and related financing activities | <u>(7,839,535)</u> | <u>(311,402)</u> | <u>(1,680,440)</u> | <u>(1,351,568)</u> | <u>(59,361)</u> | <u>(11,242,306)</u> | | <u>-</u> |
| | <u>12,016,560</u> | <u>(8,015,526)</u> | <u>(6,535,305)</u> | <u>(16,377,980)</u> | <u>(900,554)</u> | <u>(19,812,805)</u> | | <u>(27,390)</u> |
| Cash flows from investing activities: | | | | | | | | |
| Purchase of investment securities | (59,281,153) | (6,027,188) | (8,642,370) | (13,966,309) | (2,275,350) | (90,192,370) | | (5,744,308) |
| Sale of investment securities | 24,000,000 | 6,000,000 | 9,358,988 | 20,210,011 | 1,318,054 | 60,887,053 | | 8,757,069 |
| Collateral deposits to counterparties | (4,329,019) | - | - | - | - | - | | - |
| Interest on investments | 598,167 | 73,833 | 71,374 | 113,500 | 21,482 | 878,356 | | 43,227 |
| Net cash provided (used) by investing activities | <u>(39,012,005)</u> | <u>46,645</u> | <u>787,992</u> | <u>6,357,201</u> | <u>(935,814)</u> | <u>(28,426,962)</u> | | <u>3,055,988</u> |
| Net increase (decrease) in cash and cash equivalents | 14,316,938 | (4,120,622) | 871,907 | (3,271,331) | 1,253,100 | 9,049,992 | | (1,953,533) |
| Cash and cash equivalents, October 1, 2011 | <u>41,664,092</u> | <u>12,430,682</u> | <u>6,065,964</u> | <u>13,021,019</u> | <u>1,091,338</u> | <u>74,273,095</u> | | <u>5,570,638</u> |
| Cash and cash equivalents, September 30, 2012 | <u>\$ 55,981,030</u> | <u>\$ 8,310,060</u> | <u>\$ 6,937,871</u> | <u>\$ 9,749,688</u> | <u>\$ 2,344,438</u> | <u>\$ 83,323,087</u> | <u>\$</u> | <u>\$ 3,617,105</u> |

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities - Internal Service Funds |
|--|---|------------------------|---------------------|---------------------|------------------------------|------------------------------|---|
| | City Electric Fund | Rural Electric Fund | Water Fund | Wastewater Fund | Other Enterprise Funds | Total Enterprise Funds | |
| Reconciliation of operating income to net cash provided by operating activities: | | | | | | | |
| Operating income (loss) | \$ 23,011,820 | \$ 3,245,109 | \$ 3,871,819 | \$ 4,472,292 | \$ 352,822 | \$ 34,953,862 | \$ (2,761,674) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | | | | |
| Depreciation | 18,700,714 | 1,902,381 | 2,422,389 | 2,520,545 | 1,072,307 | 26,618,336 | 9,741 |
| Bad debts | 212,564 | 57,398 | - | - | - | 269,962 | - |
| Receipts for miscellaneous revenues | 906,766 | - | 202,196 | 76,489 | 207,140 | 1,392,591 | 1,037,318 |
| Change in assets and liabilities: | | | | | | | |
| Change in accounts receivable | 2,250,127 | 194,072 | 321,127 | 173,194 | 718,164 | 3,656,684 | (326,120) |
| Change in inventory | (224,298) | - | (4,392) | - | (25,272) | (253,962) | (2,832) |
| Change in due from other funds | 420,623 | - | (130,158) | (908,433) | 111,602 | (506,366) | 17,791 |
| Change in over(un)recovered fuel | 2,449,778 | (108,915) | - | - | - | 2,340,863 | - |
| Change in prepaid assets | (289,477) | - | (21,200) | (11,630) | 10,289 | (312,018) | (241,631) |
| Change in grants receivable | - | - | 77,702 | - | - | 77,702 | - |
| Change in accounts payable | 853,381 | 47,659 | 189,619 | (112,096) | (62,840) | 915,723 | 10,955 |
| Change in accrued liabilities | 516,072 | 39,456 | 24,604 | 383,510 | 155,328 | 1,118,970 | 567,241 |
| Change in deferred credits | - | - | - | - | (262,186) | (262,186) | - |
| Change in customer deposits | 422,360 | 66,197 | - | - | (25,090) | 463,467 | - |
| Change in due to other funds | 284,464 | (1,595,098) | - | (8,391) | (179,208) | (1,498,233) | (4,437) |
| Change in claims payable | - | - | - | - | - | - | (437,107) |
| Change in accrued vacation and sick pay | - | - | 22,086 | 2,851 | 121,478 | 146,415 | 3,254 |
| Change in post employee benefits | 276,957 | - | - | - | - | 276,957 | - |
| Net cash provided (used) by operating activities | <u>\$ 49,791,851</u> | <u>\$ 3,848,259</u> | <u>\$ 6,975,792</u> | <u>\$ 6,588,331</u> | <u>\$ 2,194,534</u> | <u>\$ 69,398,767</u> | <u>\$ (2,127,501)</u> |
| Noncash investing, capital and financing activities: | | | | | | | |
| During this past year, the Enterprise Funds received \$1,043,623 noncash capital contributions from developers consisting of water and sewer infrastructure. The investment in | | | | | | | |
| BYSWMA decreased \$730,841 as a result of their operations. | | | | | | | |
| Two internal service funds were closed during the year and capital assets (net of accumulated depreciation) totaling \$1,806,465 were transferred to the Enterprise Funds. | | | | | | | |
| Reconciliation of total cash and cash equivalents: | | | | | | | |
| Current assets - cash and cash equivalents | \$ 42,052,325 | \$ 5,676,052 | \$ 5,254,358 | \$ 5,605,445 | \$ 2,344,438 | \$ 60,932,618 | \$ 3,617,105 |
| Restricted assets - cash and cash equivalents | 13,928,705 | 2,634,008 | 1,683,513 | 4,144,243 | - | 22,390,469 | - |
| Total cash and cash equivalents | <u>\$ 55,981,030</u> | <u>\$ 8,310,060</u> | <u>\$ 6,937,871</u> | <u>\$ 9,749,688</u> | <u>\$ 2,344,438</u> | <u>\$ 83,323,087</u> | <u>\$ 3,617,105</u> |

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

CITY OF BRYAN, TEXAS
Statement of Fiduciary Net Assets
Payroll Fund
As of September 30, 2012

| <u>Assets</u> | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 671,711 |
| Accounts receivable | 314,452 |
| Total assets | <u>\$ 986,163</u> |
| <u>Liabilities</u> | |
| Accounts payable | \$ 986,163 |
| Total liabilities | <u>\$ 986,163</u> |

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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, 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

The BTU QSE Services, Inc. ("the 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 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 reported as an enterprise fund.

Discretely presented component unit

The City has included the Bryan Business Council, Inc. (the "Council") in its financial statements as a discretely presented component unit, since the City is financially accountable for the entity. The Council, a non-profit corporation, was originally formed to market properties within the City owned Bryan Industrial Park. In addition, the Council 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 office space and limited administrative support to the Council. The Council'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 Council. 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, 2012

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. 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 11).

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 to supply the cities' electric energy needs. The eight-member board of directors of TMPA includes two members appointed by the Bryan City Council.

TMPA's management is independent from all cities involved. The City has an ongoing financial interest in TMPA due to the City's guarantee of a portion of TMPA's debt (see Note 10).

Government-wide and fund financial statements

The government-wide financial statements (the Statement of Net Assets 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 properly included among program revenues are reported instead as general revenues.

In fund financial statements 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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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 typically are 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 reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Other Governmental Funds is a summarization of all the non-major governmental funds, including Special Revenue, Capital Project 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.
- Sidewalks Fund – This fund was established by City of Bryan Ordinance to track money from developers and property owners for the construction and maintenance of sidewalks.
- 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 restricted to the purposes of planning, constructing, operating, monitoring and maintaining the transportation system of the City.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

- Drainage Improvement Fund – The drainage fee was established by the City of Bryan Code of Ordinances and is the source of funds for this fund. These funds can only be used for the City's drainage system.
- Tax Increment Financing Zone #8 – The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIFZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Financing Zone #10 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIFZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Financing Zone #19 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIFZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Financing Zone #21 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIFZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Financing Zone #22 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIFZ. 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 Assets.

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 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, transmission system operations and maintenance, new construction, financing and related debt service. Administrative, billing and collection services are provided by the City Electric Fund.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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.

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. Two other internal service funds for the replacement of vehicles and maintenance of facilities were discontinued during the year and the assets were distributed among the City's other funds.

Additionally, a fiduciary fund accounts for the City's payroll funds. 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. This fund is excluded from the government-wide Statement of Net Assets 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 assets. The operating statements present increases (revenues) and decreases (expenses) in net total assets. 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 sixty (60) days of the end of the current fiscal period. A one hundred twenty (120) day availability period

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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 service, 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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"), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (where applicable). Pursuant to GASB Statement No. 20, the City has elected to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued on or before November 30, 1989 to the extent they do not conflict with or contradict GASB pronouncements. Governments have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

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, 2012

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 reservations of fund balances and do not constitute expenditures or liabilities because the commitments 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, 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.

All investments are recorded at fair value based upon quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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 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.

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 fair market 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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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

Bond Issuance Expenses

Bond issuance expenses are amortized on a straight-line basis over the period of the related maturities, which approximates the interest method.

Fuel Recovery

The City's electric funds are allowed to recover fuel and purchased power costs through fuel charges to its electric customers. The City defers and accrues any under/over recovered fuel and purchased power costs in excess of the fuel charges until such costs are reflected in billings to customers. This fuel recovery allows for the pass-through of fuel costs to customers and has no impact on the change in net assets.

Compensated Absences

The City's policy in effect during Fiscal Year 2012 allows employees to earn vacation pay at rates of 10 to 20 days per year with unlimited accumulation. Classified employees in the police and fire departments earn vacation at the rate of 15 days per year in accordance with Texas Local Government Code, Chapter 143, until the employee reaches 15 years employment at which time the

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

rate of accrual becomes the same rate as that for other city employees. Upon termination, employees with a minimum of one year employment are paid for unused vacation time up to a maximum of two times the employee's annual accrual rate.

City employees earn sick leave at a rate of 10 days per year and are permitted to accrue a maximum of 120 days. Classified employees in the police and fire departments earn sick pay at the rate of 15 days 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. Non-classified employees are paid for accumulated sick leave up to a maximum of 240 hours upon termination dependent upon leaving in good standing and being continuously employed for a minimum of twelve months in a regular position.

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 Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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 or regulations of other governments.

Accounting Pronouncements Issued But Not Yet Effective

In March 2012, GASB issued Statements No. 65 and 66. GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, reclassifies certain assets and liabilities as deferred outflows or deferred inflows of resources. It is effective for periods beginning after December 15, 2012. GASB Statement No. 66, Technical Corrections-2012, is designed to improve reporting by resolving conflicts between Statements No. 54, No. 62 and No. 10. It is also effective for periods beginning after December 15, 2012.

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 Citibank, N.A. were entirely covered by federal depository insurance or by collateral held by the City's custodial banks

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

(The Bank of New York) in the City's name. At September 30, the carrying amount of the City's demand deposits was \$81,117,721 and the bank balance was \$83,490,365.

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. This policy further 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 of 1997. 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 on which is guaranteed by the full faith and credit of the United States;
- 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. Certificates of deposit issued by savings and loan associations within the state of Texas that are secured by obligations qualified as acceptable collateral;
- g. Bankers Acceptances eligible for discounting with the Federal Reserve maturing within 90 days;
- h. 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;
- i. 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;
- j. Money-market mutual funds that are SEC registered no-load funds with dollar-weighted average portfolio maturity of 90 days or less;

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

- k. AAA-rated local government investment pools;
- l. Hedging contracts and related security insurance agreements in relation to BTU fuel and energy supplies to protect against loss due to price fluctuations;
- m. 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.

At September 30, 2012, the fair market value of the City's portfolio is as follows:

| | <u>Fair Value</u> | <u>Percentage of Total</u> | <u>Wgt. Avg. Maturity</u> | <u>Credit Risk</u> |
|--------------------------------------|-----------------------|--------------------------------|-------------------------------|------------------------|
| U. S. Agencies and Instrumentalities | \$ 92,698,786 | 73.28% | 469 days | AAA |
| Collateral Deposits | 4,329,020 | 3.42% | | AAA |
| Investments in Government Pools | 29,470,048 | 23.30% | | AAAm |
| | <u>\$ 126,497,854</u> | <u>100.00%</u> | | |

The City's investment in government pools includes the deposits in TexPool and TexSTAR. "TexPool" is a local government investment pool created and managed by the Texas State Treasurer to invest funds on behalf of Texas political subdivisions. "TexSTAR" is a local government investment pool created and jointly managed by First Southwest Asset Management, Inc. and JPMorgan Chase Bank to invest funds on behalf of Texas political subdivisions. TexPool and TexSTAR operate on a \$1.00 net asset value basis and allow same day or next day redemptions and deposits. Interest is allocated daily based on portfolio earnings and participant account balances. The City's investment in TexPool and TexSTAR is stated at amortized cost, which approximates fair value. The fair value of the City's investment is the same as the value of the pool shares. These pools are not managed by the City and the City does not possess securities that exist in either physical or book entry form.

Under the Texas Public Funds Investment Act, government investment pools must maintain an AAA or equivalent rating from at least one nationally recognized rating agency. TexPool and TexSTAR are currently rated AAAm by Standard and Poor's.

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, 2012, all City deposits were insured or adequately collateralized.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Interest Rate Risk – As of September 30, 2011, 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. The City has established the following standards for the portfolio: at all times, at least ten (10) percent of the total portfolio shall be invested in securities maturing in 90 days or less; investments in any single money market fund shall never exceed fifteen (15) percent of the total assets of the money market fund; no more than 70% of the City’s portfolio shall be invested in Federal Agencies and Instrumentalities; and no more than 20% of the portfolio shall be invested in certificates of deposit. At September 30, 2012, 73.28% of the City’s portfolio was invested in U.S. Agencies and Instrumentalities including 50.03% in Federal Home Loan Bank securities, 38.88% in Federal National Mortgage Association securities and 11.09% in Farm Credit System Banks. In particular, 34.55% of the City’s portfolio will mature in 90-days or less including all monies in government investment pools which are considered overnight investments.

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.

Taxes are due on October 1, and are delinquent after the following January 31. Tax liens are automatic and become enforceable as of January 1 of each year. Delinquent taxes are subject to interest and penalty charges. The tax rate to finance general governmental services including debt service was 63.64 cents per \$100 of assessed valuation for the year ended September 30, 2012. Under provisions adopted by the City, the maximum tax rate is limited to \$1.50 per \$100 of assessed valuation.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

The Brazos County 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 Appraisal District 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, 2012

4. CAPITAL ASSETS

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

| | Balance October 1 | Additions / Completions | Retirements / Adjustments | Balance September 30 |
|--|----------------------|----------------------------|------------------------------|-------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | 11,570,401 | - | - | 11,570,401 |
| Construction in Progress | 16,604,018 | 4,372,382 | (13,155,751) | 7,820,649 |
| Total capital assets not being depreciated | 28,174,419 | 4,372,382 | (13,155,751) | 19,391,050 |
| Capital assets, being depreciated | | | | |
| Buildings | 42,752,179 | - | - | 42,752,179 |
| Equipment | 30,948,492 | 865,055 | (3,166,639) | 28,646,908 |
| Improvements | 30,938,672 | 354,481 | - | 31,293,153 |
| Infrastructure | 157,675,550 | 13,445,203 | - | 171,120,753 |
| Total capital assets being depreciated | 262,314,893 | 14,664,739 | (3,166,639) | 273,812,993 |
| Less accumulated depreciation for: | | | | |
| Buildings | (12,773,037) | (1,052,987) | - | (13,826,024) |
| Equipment | (16,693,015) | (2,702,740) | 1,356,202 | (18,039,553) |
| Improvements | (17,674,240) | (1,257,511) | - | (18,931,751) |
| Infrastructure | (66,006,031) | (6,076,193) | - | (72,082,224) |
| Total accumulated depreciation | (113,146,323) | (11,089,431) | 1,356,202 | (122,879,552) |
| Total capital assets, being depreciated, net | 149,168,570 | 3,575,308 | (1,810,437) | 150,933,441 |
| Governmental activities capital assets, net | 177,342,989 | 7,947,690 | (14,966,188) | 170,324,491 |
| Business-type activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | 15,554,349 | 24,747 | (100,904) | 15,478,192 |
| Construction In Progress | 24,205,583 | 47,517,343 | (21,595,872) | 50,127,054 |
| Total capital assets not being depreciated | 39,759,932 | 47,542,090 | (21,696,776) | 65,605,246 |
| Capital assets, being depreciated | | | | |
| Buildings | 2,896,988 | 495,127 | - | 3,392,115 |
| Equipment | 10,996,686 | 4,139,854 | (2,187,581) | 12,948,959 |
| Improvements | 586,785,857 | 21,794,558 | (9,872,900) | 598,707,515 |
| Total capital assets being depreciated | 600,679,531 | 26,429,539 | (12,060,481) | 615,048,589 |
| Less accumulated depreciation for: | | | | |
| Buildings | (1,302,876) | (138,780) | - | (1,441,656) |
| Equipment | (8,156,829) | (1,336,234) | 1,211,955 | (8,281,108) |
| Improvements | (206,706,271) | (16,842,607) | 2,919,611 | (220,629,267) |
| Total accumulated depreciation | (216,165,976) | (18,317,621) | 4,131,566 | (230,352,030) |
| Total capital assets, being depreciated, net | 384,513,555 | 8,111,918 | (7,928,915) | 384,696,559 |
| Business-type activities capital assets, net | 424,273,487 | 55,654,008 | (29,625,691) | 450,301,805 |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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

Governmental activities:

| | |
|--|----------------------|
| General government and administration | \$ 1,324,716 |
| Development services | 608,958 |
| Public works services | 6,038,137 |
| Public safety | 2,048,454 |
| Cultural and recreational | 1,069,166 |
| Total depreciation expense - Governmental activities | <u>\$ 11,089,431</u> |

Business-type activities:

| | |
|---|----------------------|
| City Electric | \$ 10,399,999 |
| Rural Electric | 1,902,381 |
| Water | 2,422,389 |
| Wastewater | 2,520,545 |
| Other Enterprise Funds | 1,072,307 |
| Total depreciation expense - Business-type activities | <u>\$ 18,317,621</u> |

The City has active construction projects as of September 30, 2012. Total accumulated commitments for ongoing capital projects are composed of the following:

| | <u>Committed</u> |
|--------------------------------------|---------------------|
| Street improvements | \$ 2,529,052 |
| Tax Increment Reinvestment Zone #8 | |
| - public infrastructure improvements | 1,709 |
| Tax Increment Reinvestment Zone #21 | |
| - public infrastructure improvements | 7,500 |
| Tax Increment Reinvestment Zone #22 | |
| - public infrastructure improvements | 30,825 |
| Water system improvements | 761,592 |
| Wastewater system improvements | 4,566,346 |
| Total | <u>\$ 7,897,024</u> |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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, 2012:

| | Beginning Balance | Issued | Matured/ Refunded | Ending Balance | Due within one year |
|----------------------------------|----------------------|---------------|----------------------|-------------------|------------------------|
| <u>Governmental Activities:</u> | | | | | |
| General Obligation Bonds | \$ 27,680,000 | \$ - | \$ 2,155,000 | \$ 25,525,000 | \$ 2,220,000 |
| Certificates of Obligation | 74,982,500 | - | 4,327,344 | 70,655,156 | 3,992,739 |
| Notes Payable | 1,940,000 | - | 220,000 | 1,720,000 | 230,000 |
| Total governmental fund types | 104,602,500 | - | 6,702,344 | 97,900,156 | 6,442,739 |
| <u>Business-type Activities:</u> | | | | | |
| Certificates of Obligation | 10,817,500 | - | 1,072,656 | 9,744,844 | 1,077,261 |
| Electric System Revenue Bonds | 174,095,000 | 65,675,000 | 28,635,000 | 211,135,000 | 11,020,000 |
| Water and Sewer System | | | | | |
| Revenue Bonds | 71,475,000 | - | 3,310,000 | 68,165,000 | 3,415,000 |
| Notes Payable | 1,893,792 | - | - | 1,893,792 | 1,893,792 |
| Total proprietary fund types | 258,281,292 | 65,675,000 | 33,017,656 | 290,938,636 | 17,406,053 |
| Total long-term debt | \$ 362,883,792 | \$ 65,675,000 | \$ 39,720,000 | \$ 388,838,792 | \$ 23,848,792 |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Long-term debt at September 30, 2012 consists of bonds, certificates of obligation, and notes maturing serially and is summarized as follows:

| <u>Issue</u> | <u>Interest Rates (%)</u> | <u>Series Matures</u> | <u>Governmental</u> | <u>Business- type</u> | <u>Total</u> |
|--|-------------------------------|---------------------------|---------------------|---------------------------|-----------------------|
| <u>General Obligation Bonds:</u> | | | | | |
| Refunding, Series 2005 | 4.00 - 5.00 | 2025 | \$ 16,155,000 | \$ - | \$ 16,155,000 |
| Refunding, Series 2010 | 2.00 - 4.00 | 2021 | 9,370,000 | \$ - | 9,370,000 |
| Total General Obligation Bonds | | | <u>25,525,000</u> | <u>-</u> | <u>25,525,000</u> |
| <u>Certificates of Obligation:</u> | | | | | |
| Combination Tax & Surplus Utility System Revenue, Series 2001 | 4.35 - 6.50 | 2021 | 300,156 | 29,844 | 330,000 |
| Combination Tax & Surplus Utility System Revenue, Series 2003 | 4.00 - 4.60 | 2024 | 7,120,000 | - | 7,120,000 |
| Combination Tax & Revenue, Series 2004 | 2.50 - 4.75 | 2025 | 10,285,000 | - | 10,285,000 |
| Combination Tax & Revenue, Series 2005 | 4.00 - 5.00 | 2026 | 13,175,000 | - | 13,175,000 |
| Combination Tax & Revenue, Series 2007 | 4.00 - 4.25 | 2026 | 10,610,000 | - | 10,610,000 |
| Combination Tax & Revenue, Series 2008 | 4.00 - 5.00 | 2028 | 9,195,000 | - | 9,195,000 |
| Combination Tax & Revenue, Series 2009 | 3.00 - 5.00 | 2029 | 7,535,000 | - | 7,535,000 |
| Combination Tax & Revenue, Series 2010 | 2.00 - 4.38 | 2030 | 12,435,000 | - | 12,435,000 |
| Combination Tax & Revenue Refunding Series 2011 | 2.00 - 4.00 | 2022 | - | 9,715,000 | 9,715,000 |
| Total Certificates of Obligation | | | <u>70,655,156</u> | <u>9,744,844</u> | <u>80,400,000</u> |
| <u>Revenue Bonds:</u> | | | | | |
| Water and Sewer System Revenue, Series 2004 | 2.50 - 5.00 | 2030 | - | 3,710,000 | 3,710,000 |
| Water and Sewer System Revenue, Series 2005 | 4.00 - 4.75 | 2031 | - | 5,470,000 | 5,470,000 |
| Water and Sewer System Revenue, Series 2007 | 4.00 - 5.00 | 2032 | - | 32,720,000 | 32,720,000 |
| Water and Sewer System Revenue, Series 2009A | 2.00 - 4.64 | 2029 | - | 5,070,000 | 5,070,000 |
| Sewer System Revenue, Series 2009B | 0.15 - 2.60 | 2019 | - | 920,000 | 920,000 |
| Water Revenue, Series 2010A | 2.00 - 4.25 | 2030 | - | 4,790,000 | 4,790,000 |
| Sewer System Revenue, Series 2011 | 0.00 - 2.70 | 2030 | - | 15,485,000 | 15,485,000 |
| Electric System Revenue, Series 2005 | 4.00 - 4.50 | 2025 | - | 9,810,000 | 9,810,000 |
| Electric System Revenue, Series 2006 | 4.00 - 5.00 | 2031 | - | 10,435,000 | 10,435,000 |
| Electric System Revenue, Series 2007 | 4.25 - 5.25 | 2032 | - | 28,415,000 | 28,415,000 |
| Electric System Revenue, Series 2008 | 4.00 - 5.25 | 2033 | - | 29,605,000 | 29,605,000 |
| Electric System Revenue Rural, Series 2008 | 3.50 - 4.75 | 2034 | - | 5,740,000 | 5,740,000 |
| Electric System Revenue, Series 2009 | 4.00 - 5.00 | 2034 | - | 23,065,000 | 23,065,000 |
| Electric System Revenue, Series 2010 | 3.00 - 5.00 | 2019 | - | 35,845,000 | 35,845,000 |
| Electric System Revenue, Series 2011 | 3.00 - 5.00 | 2021 | - | 2,785,000 | 2,785,000 |
| Electric System Revenue, Series 2012 | 3.13 - 5.00 | 2037 | - | 65,435,000 | 65,435,000 |
| Total Revenue Bonds | | | <u>\$ -</u> | <u>\$ 279,300,000</u> | <u>\$ 279,300,000</u> |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

| <u>Issue</u> | <u>Interest Rates (%)</u> | <u>Series Matures</u> | <u>Governmental</u> | <u>Business- type</u> | <u>Total</u> |
|-------------------------------|-------------------------------|---------------------------|---------------------|---------------------------|----------------|
| <u>Notes Payable:</u> | | | | | |
| Department of Housing & Urban | | | | | |
| Development Section 108 Loans | 4.00 - 8.60 | 2009-2018 | \$ 1,720,000 | \$ - | \$ 1,720,000 |
| Bryan Commerce & Development | | | | | |
| Promissory Note | 6.17 | 2013 | - | 1,893,792 | 1,893,792 |
| Total Notes Payable | | | 1,720,000 | 1,893,792 | 3,613,792 |
| Total long-term debt | | | \$ 97,900,156 | \$ 290,938,636 | \$ 388,838,792 |

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

General Obligation Bonds

| <u>Year</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> |
|-------------|--------------------------------|-----------------|---------------------------------|-----------------|---------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2013 | \$ 2,220,000 | \$ 1,092,175 | \$ - | \$ - | \$ 3,312,175 |
| 2014 | 2,310,000 | 1,009,675 | - | - | 3,319,675 |
| 2015 | 2,390,000 | 923,425 | - | - | 3,313,425 |
| 2016 | 2,495,000 | 839,175 | - | - | 3,334,175 |
| 2017 | 2,295,000 | 734,825 | - | - | 3,029,825 |
| 2018-2022 | 10,405,000 | 2,074,875 | - | - | 12,479,875 |
| 2023-2027 | 3,410,000 | 328,950 | - | - | 3,738,950 |
| Total | \$ 25,525,000 | \$ 7,003,100 | \$ - | \$ - | \$ 32,528,100 |

Certificates of Obligation

| <u>Year</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> |
|-------------|--------------------------------|-----------------|---------------------------------|-----------------|----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2013 | \$ 3,992,739 | \$ 2,987,562 | \$ 1,077,261 | \$ 313,676 | \$ 8,371,238 |
| 2014 | 4,156,835 | 2,840,374 | 1,103,165 | 292,071 | 8,392,445 |
| 2015 | 4,171,835 | 2,674,216 | 963,165 | 258,921 | 8,068,137 |
| 2016 | 4,211,835 | 2,503,885 | 993,165 | 229,967 | 7,938,852 |
| 2017 | 4,326,835 | 2,342,717 | 1,028,165 | 200,109 | 7,897,826 |
| 2018-2022 | 23,505,077 | 8,886,493 | 4,579,923 | 495,842 | 37,467,335 |
| 2023-2027 | 22,010,000 | 3,537,259 | - | - | 25,547,259 |
| 2028-2032 | 4,280,000 | 307,145 | - | - | 4,587,145 |
| Total | \$ 70,655,156 | \$ 26,079,651 | \$ 9,744,844 | \$ 1,790,586 | \$ 108,270,237 |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Revenue Bonds

| Year | Governmental Activities | | Business-type Activities | | Total |
|-----------|-------------------------|----------|--------------------------|----------------|----------------|
| | Principal | Interest | Principal | Interest | |
| 2013 | \$ - | \$ - | \$ 14,435,000 | \$ 12,217,743 | \$ 26,652,743 |
| 2014 | - | - | 14,550,000 | 11,699,486 | 26,249,486 |
| 2015 | - | - | 16,030,000 | 11,141,235 | 27,171,235 |
| 2016 | - | - | 16,525,000 | 10,421,960 | 26,946,960 |
| 2017 | - | - | 16,000,000 | 9,725,825 | 25,725,825 |
| 2018-2022 | - | - | 81,805,000 | 36,944,914 | 118,749,914 |
| 2023-2027 | - | - | 50,365,000 | 22,799,771 | 73,164,771 |
| 2028-2032 | - | - | 51,220,000 | 11,123,812 | 62,343,812 |
| 2033-2037 | - | - | 18,370,000 | 1,960,469 | 20,330,469 |
| Total | \$ - | \$ - | \$ 279,300,000 | \$ 128,035,215 | \$ 407,335,215 |

Notes

| Year | Governmental Activities | | Business-type Activities | | Total |
|-------|-------------------------|------------|--------------------------|-----------|--------------|
| | Principal | Interest | Principal | Interest | |
| 2013 | \$ 230,000 | \$ 112,648 | \$ 1,893,792 | \$ 58,000 | \$ 2,294,440 |
| 2014 | 255,000 | 98,089 | - | - | 353,089 |
| 2015 | 290,000 | 81,743 | - | - | 371,743 |
| 2016 | 300,000 | 62,922 | - | - | 362,922 |
| 2017 | 320,000 | 43,152 | - | - | 363,152 |
| 2018 | 325,000 | 21,840 | - | - | 346,840 |
| Total | \$ 1,720,000 | \$ 420,393 | \$ 1,893,792 | \$ 58,000 | \$ 4,092,185 |

Total Long Term Debt

| Year | Governmental Activities | | Business-type Activities | | Total |
|-----------|-------------------------|---------------|--------------------------|----------------|----------------|
| | Principal | Interest | Principal | Interest | |
| 2013 | 6,442,739 | 4,192,385 | 17,406,053 | 12,589,419 | 40,630,596 |
| 2014 | 6,721,835 | 3,948,138 | 15,653,165 | 11,991,557 | 38,314,695 |
| 2015 | 6,851,835 | 3,679,384 | 16,993,165 | 11,400,156 | 38,924,540 |
| 2016 | 7,006,835 | 3,405,982 | 17,518,165 | 10,651,927 | 38,582,909 |
| 2017 | 6,941,835 | 3,120,694 | 17,028,165 | 9,925,934 | 37,016,628 |
| 2018-2022 | 34,235,077 | 10,983,208 | 86,384,923 | 37,440,756 | 169,043,964 |
| 2023-2027 | 25,420,000 | 3,866,209 | 50,365,000 | 22,799,771 | 102,450,980 |
| 2028-2032 | 4,280,000 | 307,145 | 51,220,000 | 11,123,812 | 66,930,957 |
| 2033-2037 | - | - | 18,370,000 | 1,960,469 | 20,330,469 |
| Total | \$ 97,900,156 | \$ 33,503,144 | \$ 290,938,636 | \$ 129,883,801 | \$ 552,225,737 |

On April 4, 2012, the City Electric Fund issued revenue and refunding bonds totaling \$65,675,000. The Bonds mature serially on July 1, 2012 through July 1, 2037 with coupon rates ranging from 3.0% to 5.0%. The proceeds from the sale of the 2012 Bonds are restricted to the construction of transmission system improvements, the acquisition and installation of automated metering, and refunding portions of outstanding bonds.

A portion of the 2012 Bonds was allocated to repay outstanding principal of the City Electric Fund's 2001 Bonds and 2010 Bonds (\$3,095,000 and \$13,965,000, respectively). Gross and net savings realized in this refunding totaled \$1,571,010 and \$1,370,204, respectively. At the issuance date of the 2012 Bonds, the net carrying value of the refunded 2001 Bonds and 2010 Bonds exceeded the

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

reacquisition price of the refunding portion of the new 2012 Bonds. The City Electric Fund recognized a gain on refunded debt in the liabilities section (current and noncurrent) in the Statement of Net Assets. The gain is amortized over 3.5 years, which is the weighted average life of the old refunded debt. At September 30, 2012, the unamortized gain on refunded debt was \$575,441.

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, 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 2005, 2008, 2009, 2010, 2011 and 2012 Bonds are satisfied with restricted funds. The reserve fund requirements for the City Electric Fund Series 2006 and Series 2007 bonds are satisfied with insurance policies, as are the Rural Electric Fund's Series 2008 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 2001, 2004, 2005 and 2007 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 has been recorded as a liability in the Proprietary funds for the benefit of the federal government and will be paid as required by applicable regulations.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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

| | Governmental Activities | Business-type Activities | Total |
|-----------------------------|----------------------------|-----------------------------|---------------------|
| Beginning balance | \$ 5,308,403 | \$ 879,537 | \$ 6,187,940 |
| Plus additions | 2,460,899 | 596,057 | 3,056,956 |
| Less payments | (2,038,690) | (599,748) | (2,638,438) |
| Ending balance | <u>\$ 5,730,612</u> | <u>\$ 875,846</u> | <u>\$ 6,606,458</u> |
| Amount due in one year | \$ 2,216,264 | \$ 551,744 | \$ 2,768,008 |
| Amount due in over one year | \$ 3,514,348 | \$ 324,102 | \$ 3,838,450 |

6. PRIOR-YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain outstanding general obligation bonds, certificates of obligation and revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

As of September 30, 2012, the City had outstanding General Obligation bonds and Certificates of Obligation totaling \$12,030,000 which were considered defeased.

7. BONDS AVAILABLE FOR SALE

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

| | Year Authorized | Unissued Amount |
|---------------------------------|-----------------|---------------------|
| 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 the fiscal year 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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

- **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 formal action by the City Council. In order for fund balance to be committed, the City Council must adopt a formal resolution 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 (for example, resolution or 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.
- **Unassigned** – includes the residual positive fund balance within the general fund which has not been classified within the other above mentioned categories.

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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

The City's classification of fund balances is as follows at September 30, 2012:

| | General Fund | Debt Service Fund | Special Revenue Funds | Capital Project Funds | Permanent Funds | Total |
|----------------------------|----------------------|---------------------|-----------------------|-----------------------|---------------------|----------------------|
| Nonspendable: | | | | | | |
| Permanent Funds Corpus | \$ - | \$ - | \$ - | \$ - | \$ 777,742 | \$ 777,742 |
| Other Purposes | 241,366 | - | - | - | - | 241,366 |
| Restricted for: | | | | | | |
| Debt Service | - | 5,945,264 | - | - | - | 5,945,264 |
| Grants | 119,819 | - | 10,863 | - | - | 130,682 |
| Hotel/Motel | - | - | 610,183 | - | - | 610,183 |
| Municipal Court | 322,391 | - | 287,722 | - | - | 610,113 |
| TIRZ Development | - | - | 3,036,268 | - | - | 3,036,268 |
| Capital Projects | - | - | - | 3,597,077 | - | 3,597,077 |
| Cemeteries | - | - | - | - | 1,028,230 | 1,028,230 |
| Libraries | - | - | - | - | 3,664 | 3,664 |
| Police | 110,904 | - | - | - | - | 110,904 |
| Record Preservation | 69,823 | - | - | - | - | 69,823 |
| Other Purposes | 34,849 | - | 700 | - | - | 35,549 |
| Committed to: | | | | | | |
| Parks | 735,481 | - | - | - | - | 735,481 |
| Libraries | 212,544 | - | - | - | - | 212,544 |
| Streets | - | - | 10,097,187 | - | - | 10,097,187 |
| Drainage | - | - | 702,807 | - | - | 702,807 |
| Severance Reserve | 1,380,940 | - | - | - | - | 1,380,940 |
| Assigned to: | | | | | | |
| Encumbrances | 193,524 | - | - | - | - | 193,524 |
| Unassigned (Deficit): | 12,721,175 | - | (104) | - | - | 12,721,071 |
| Total fund balances | \$ 16,142,816 | \$ 5,945,264 | \$ 14,745,626 | \$ 3,597,077 | \$ 1,809,636 | \$ 42,240,419 |

Net assets have been restricted at September 30, 2012 as follows:

| | Business-Type Activities | | | | |
|------------------------|--------------------------|-------------------|---------------------|----------------------|----------------------|
| | Electric | Water | Waste Water | Other Enterprise | Total |
| Restricted for: | | | | | |
| Rate Stabilization | \$ 1,678,841 | \$ - | \$ - | \$ - | \$ 1,678,841 |
| Debt Retirement | 11,558,189 | - | - | - | 11,558,189 |
| Debt Service | 3,066,038 | 865,548 | 1,063,995 | - | 4,995,581 |
| Collateral Deposits | 4,329,019 | - | - | - | 4,329,019 |
| BVSWMA | - | - | - | 12,213,397 | 12,213,397 |
| Total | \$ 20,632,087 | \$ 865,548 | \$ 1,063,995 | \$ 12,213,397 | \$ 34,775,027 |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

9. RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

The City of Bryan is one of 847 municipalities having their benefit plan administered by TMRS. Each of the 847 municipalities has an annual, individual actuarial valuation performed. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

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 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.

Plan provisions for the City were as follows:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

| | Plan Year 2011 | Plan Year 2012 |
|--|---------------------------|---------------------------|
| Employee deposit rate | 7.0% | 7.0% |
| Matching ratio (city to employee) | 2 to 1 | 2 to 1 |
| Years required for vesting | 5 | 5 |
| Service retirement eligibility (expressed as age / years of service) | 60/5, 0/20 | 60/5, 0/20 |
| Updated Service Credit | 100% Repeating, Transfers | 100% Repeating, Transfers |
| COLA Increase (to retirees) | 70% of CPI Repeating | 70% of CPI Repeating |

In 2012, the City reduced future retiree annual Cost-of-Living Adjustments (COLAs) to 60% of the Consumer Price Index (CPI) effective January 1, 2013.

Contributions

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

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as a basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

| | |
|---|----------------------------|
| Annual Required Contribution (ARC) | \$ 8,359,770 |
| Interest on Net Pension Obligation | 388,974 |
| Adjustment to the ARC | <u>(334,363)</u> |
| Annual Pension Cost (APC) | 8,414,382 |
| Contributions Made | <u>(7,403,380)</u> |
| Increase (decrease) in net pension obligation | 1,011,001 |
| Net Pension Obligation/(Asset), beginning of year | <u>5,556,778</u> |
| Net Pension Obligation/(Asset), end of year | <u><u>\$ 6,567,779</u></u> |

The net pension obligation is included in noncurrent accrued liabilities on the accompanying Statement of Net Assets.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Historical data is as follows:

| Fiscal Year | Annual Pension Cost (APC) | Annual Contribution | Percentage of APC Contributed | Net Pension Obligation at September 30 |
|-------------|---------------------------|---------------------|-------------------------------|--|
| 09/30/10 | \$ 8,718,507 | \$ 6,621,877 | 75.96% | \$ 3,683,734 |
| 09/30/11 | 8,939,677 | 7,066,633 | 79.05% | 5,556,778 |
| 09/30/12 | 8,414,382 | 7,403,380 | 87.99% | 6,567,779 |

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

| | | | |
|---|---------------------------|---------------------------|---------------------------|
| Valuation date | <u>12/31/2009</u> | <u>12/31/2010</u> | <u>12/31/2011</u> |
| Actuarial cost method | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit |
| Amortization method | Level Percent of Payroll | Level Percent of Payroll | Level Percent of Payroll |
| GASB 25 Equivalent Single Amortization Period | 28.2 years; closed period | 27.2 years; closed period | 26.2 years; closed period |
| Amortization Period for new Gains/Losses | 30 years | 30 years | 30 years |
| Asset valuation method | 10-year Smoothed Market | 10-year Smoothed Market | 10-year Smoothed Market |
| Actuarial assumptions: | | | |
| Investment rate of return | 7.5% | 7.0% | 7.0% |
| Projected salary increases | Varies by age & service | Varies by age & service | Varies by age & service |
| Included inflation rate | 3.0% | 3.0% | 3.0% |
| Cost-of-living adjustments | 2.1% | 2.1% | 2.1% |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Funding Status and Funding Progress

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

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Funded Ratio | Unfunded AAL (UAAL) | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|---------------------------|-----------------------------------|--------------|---------------------|-----------------|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | | | (1) / (2) | (2) - (1) | | (4) / (5) |
| 12/31/2011 | \$ 181,556,932 | \$ 239,737,958 | 75.7% | \$ 58,181,026 | \$ 44,508,267 | 130.7% |

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

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

10. 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 ("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.

In September 1976, TMPA entered into identical Power Sales Contracts (the "Contract") with each of the Cities for the purpose of obtaining the economic advantages of jointly financing, constructing and operating large electric generating units and related facilities to supply the Cities' future energy needs. Under the Contract, the Cities are required to pay, for the benefits received or to be received by them from such activities, an amount sufficient to pay TMPA's operating and maintenance expenses and the Bond Fund, Reserve Fund and Contingency Fund requirements of the Revenue Bond Resolutions ("Resolutions"). In addition, the Cities are obligated to guarantee the payment of TMPA's bonds (the "Debt Service Guarantee"). At September 30, 2012 the City's

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

portion of the outstanding TMPA bonds and commercial paper was approximately \$138.8 million and \$46.2 million, respectively.

As originally written in September 1976, the Contract was a requirements contract, which obligated the Cities, with certain exceptions, to purchase their wholesale electricity requirements from TMPA. On November 5, 1997, the Contract was amended. Under the amendment, the Contract was converted from a requirements contract to a take-or-pay contract, under which each City is obligated to take or pay for a specified percentage of electricity from TMPA's generating facility. Currently, those percentages are Bryan 21.7%; Denton 21.3%; Garland 47%; and Greenville 10%. The amendment confirmed the Cities' obligations, explained above, to pay all costs of TMPA. The Debt Service Guarantee, contained in the Contract since September 1976, was not changed by the amendment. Concurrently with the execution of the amendment on November 5, 1997, a Travis County District Court validated the Contract as amended and confirmed the authority of TMPA to enter into the amendment.

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 462 MW. The plant began commercial operation October 1, 1983.

In 1998, a dispute arose between TMPA and the City of Bryan over the inclusion by TMPA, in TMPA's budget and rates, of transmission charges associated with the delivery of Gibbons Creek power to the Member Cities. This dispute resulted in a series of administrative proceedings at the Public Utility Commission of Texas (the "PUC Cases") that were ultimately appealed to the courts in a lawsuit between TMPA and Bryan in Grimes County District Court (the "Grimes County Suit"). In 2008, a dispute arose between TMPA and Bryan over TMPA's attempt to restructure its debt through passage of a bond resolution, which would have extended the term of the Contract. This dispute resulted in a bond validation suit in Travis County Texas (the "Bond Validation Suit"). The Member Cities of Denton, Garland, and Greenville supported TMPA's position in the Grimes County Suit and in the Bond Validation Suit.

Effective December 17, 2009, TMPA and the Member Cities settled all of the above disputes by entering into a Global Compromise Settlement Agreement. Pursuant to the Global Compromise Settlement Agreement, the following matters have been implemented:

- The Bond Validation Suit and the Grimes County Suit have been dismissed. The PUC Cases have been ordered remanded to the PUC for reissuance of agreed orders that are neutral on the issue that had been in dispute.
- The parties have agreed that TMPA will provide bundled transmission service to all Member Cities while the Contract remains in effect, and that TMPA will provide unbundled service thereafter.
- The Member Cities have issued debt (i) to provide \$98,500,000 for TMPA's scrubber refurbishment project and (ii) to refinance \$56,935,000 of TMPA's Series 2003 Subordinate

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Lien Bonds, \$77,335,000 of TMPA's Series 2004 Subordinate Lien Bonds, and \$61,385,000 of TMPA's Series 2004A Subordinate Lien Bonds.

- TMPA and the Member Cities have, effective June 24, 2010, amended the Contract to permit the issuance by TMPA of transmission debt without extending the term of the Contract. On that same date, TMPA's Board of Directors adopted a bond resolution for the issuance of TMPA's first series of transmission debt, the Series 2010, Subordinate Lien Revenue/Transmission Revenue Converting Security Refunding Bonds. The Series 2010 Bonds, which mature on September 1, 2040, and which were in the par amount of \$122,375,000, were delivered on August 30, 2010. Following the date all non-transmission debt is paid and the Contract expires, currently anticipated to be September 1, 2018, the Series 2010 will be payable solely from revenues of TMPA's transmission system.
- TMPA and the Member Cities have agreed that, except for transmission debt, TMPA will not issue bonds without obtaining the consent of the Member Cities.

During the year ended September 30, 2012, the City Electric Fund paid TMPA \$24,841,070 for power purchases and related activity under the contract. As of September 30, 2012 the City Electric Fund had payables to TMPA amounting to \$2,811,628.

As of September 30, 2012, TMPA was involved in a transportation rate dispute with one of its coal suppliers. Both parties were engaged in commercial negotiations that are expected to result in a resolution of all outstanding issues. The City Electric Fund accrued its portion of the projected liability resulting from this dispute; which was approximately \$1.3 million as of September 30, 2012.

The TMPA's Comprehensive Annual Financial Report for the year ended September 30, 2012 reported the following:

| | 2012 |
|--|----------------------|
| Total Assets | \$ 1,157,572,000 |
| Total Liabilities | 1,105,714,000 |
| Total Accumulated Excess Revenues | <u>\$ 51,858,000</u> |
| Change in Accumulated Excess Revenues for year ended September 30, 2012 | \$ 379,000 |

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

11. BRAZOS VALLEY SOLID WASTE MANAGEMENT AGENCY

In May 1990, the City of Bryan and the City of College Station entered into an interlocal agreement to combine landfill operations and minimize solid waste management costs by creating the Brazos Valley Solid Waste Management Agency (BVSWMA). The Agreement was subsequently amended in 2000 and 2003. The agreement as amended, recognized the approval of both city councils as required in matters related to BVSWMA's operating budget, "tipping fees," operations, land acquisitions and purchases that require either City Council's approval. The Agreement further stated that all property then contributed or later acquired for use by BVSWMA be held by the cities as tenants in common.

In January 2010, the City of Bryan and the City of College Station approved an interlocal agreement (ILA) creating a local government corporation (LGC), BVSWMA, Inc., which owns and manages BVSWMA. The ILA describes the process for the creation of the LGC and the development of agreements to creation of the LGC, the transfer of the assets of BVSWMA to the LGC, the reimbursement of debt associated with the assets of BVSWMA and the financing, operation and management of BVSWMA.

The City Councils of Bryan and College Station approved Articles of Incorporation in February 2010. In March 2010, both City Councils approved the Bylaws for BVSWMA, Inc., which establishes the power to issue debt and to acquire land. The powers of BVSWMA, Inc. are vested in a seven member Board of Directors, with each City Council appointing three members. The seventh member is selected by an approval process set forth in the Articles of Incorporation and is deemed to have been appointed by the Cities.

On September 13, 2010, the City Councils of Bryan and College Station, in conjunction with the BVSWMA, Inc. Board of Directors, formalized the creation of BVSWMA, Inc. and the dissolution of BVSWMA, effective October 1, 2010, with the approval and execution of:

- Borrowed Employee Agreement between each City and BVSWMA, Inc.
- Asset Transfer and Debt Reimbursement Agreement between each City and BVSWMA, Inc.
- Agreement between the City of Bryan, the City of College Station and BVSWMA, Inc. regarding the assignment and assumption of contracts and payables
- Final Settlement Agreement and Release related to the final settlement and dismissal of the certain lawsuit referred to as City of Bryan, Texas v. City of College Station, Texas, Cause No. 08-001626-CV-272 in the 272nd District court of Brazos County, Texas

In October 2010, BVSWMA transferred all of its assets to BVSWMA, Inc. The City of Bryan and the City of College Station each recognize a 50% ownership in BVSWMA, Inc. The City of Bryan's 50% ownership is reflected in the Solid Waste Fund.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

BVSWMA's audited annual financial statements for the year ended September 30, 2012 reported the following:

| | <u>2012</u> |
|--|-----------------------------|
| Total Assets | \$ 40,040,840 |
| Total Liabilities | <u>15,614,047</u> |
| Total Net Assets | <u><u>\$ 24,426,793</u></u> |
| Change in net assets for the year ended September 30, 2012 | \$ (197,654) |
| Bryan's undivided 50% share of change in net assets for the year ended September 30, 2012 | \$ (98,827) |

Audited financial statements for BVSWMA, Inc. may be obtained from the City's Fiscal Services Department or from BVSWMA, Inc.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

12. INTERFUND BALANCES

Interfund receivable and payable balances at September 30, 2012 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|---------------------|
| General | City Electric | \$ 33,974 |
| | Solid Waste | 2,988 |
| | Nonmajor governmental funds | 223,027 |
| Nonmajor governmental funds | General | 80,000 |
| | Nonmajor governmental funds | 1,249,392 |
| | City Electric | 117,014 |
| City Electric | Rural Electric | 2,434,409 |
| | General | 87,019 |
| Water | City Electric | 322,775 |
| Wastewater | City Electric | 283,446 |
| | Nonmajor governmental funds | 771,904 |
| Nonmajor enterprise funds | City Electric | 166,413 |
| Debt Service Fund | Nonmajor governmental funds | 26,493 |
| Internal service funds | City Electric | 132,502 |
| Total | | <u>\$ 5,931,356</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 statements of net assets for governmental funds and for proprietary funds.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

13. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2012 are as follows:

| Transfers In | Transfers Out | | | | | | Internal Service Funds | Total |
|-----------------------------|-------------------|-----------------------------|---------------------|-------------------|-------------------|---------------------------|------------------------|----------------------|
| | General Fund | Nonmajor Governmental Funds | City Electric Fund | Water Fund | Wastewater Fund | Nonmajor Enterprise Funds | | |
| General Fund | \$ - | \$ - | \$ 9,170,222 | \$ 633,140 | \$ 643,528 | \$ 367,546 | \$ 287,347 | \$ 11,101,783 |
| Debt Service | 158,800 | 3,016,948 | - | - | - | 129,000 | - | 3,304,748 |
| Nonmajor governmental funds | 295,000 | 2,146,816 | - | 40,000 | 40,000 | 40,000 | - | 2,561,816 |
| City Electric Fund | - | 223,668 | - | - | - | 467,086 | - | 690,754 |
| Water Fund | - | - | - | - | - | - | 678,824 | 678,824 |
| Wastewater Fund | 49,056 | 326,904 | - | - | - | 34,628 | 873,533 | 1,284,121 |
| Nonmajor enterprise funds | 116,534 | - | - | - | - | - | 2,821,393 | 2,937,927 |
| Internal service funds | - | - | - | - | - | - | 323,398 | 323,398 |
| General Capital Assets | - | - | - | - | - | - | 5,099,866 | 5,099,866 |
| Total transfers out | <u>\$ 619,390</u> | <u>\$ 5,714,336</u> | <u>\$ 9,170,222</u> | <u>\$ 673,140</u> | <u>\$ 683,528</u> | <u>\$ 1,038,260</u> | <u>\$ 10,084,361</u> | <u>\$ 27,983,237</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, 2012

14. 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 and the Oil and Gas Fund. Costs of these services are allocated as follows:

| | <u>General Fund</u> |
|---|---------------------|
| <u>Administrative costs allocated to:</u> | |
| City Electric Fund | \$ 486,285 |
| Water Fund | 806,299 |
| Wastewater Fund | 772,812 |
| Nonmajor Enterprise Fund (Solid Waste Fund) | 718,389 |
| Internal Service Fund (Insurance Fund) | 224,831 |
| Street Improvement | 174,450 |
| Drainage Fund | 59,500 |
| Employee Benefits Fund | 161,694 |
| Warehouse Fund | 111,443 |
| | <u>\$ 3,515,703</u> |

15. UNAVAILABLE AND UNEARNED REVENUE

The balance of unavailable and unearned revenues at September 30, 2012 consists of the following:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Totals</u> |
|---|--------------------|---------------------|---------------------|
| Delinquent property taxes receivable (General Fund) | \$ 140,234 | \$ - | \$ 140,234 |
| Delinquent property taxes receivable (Debt Service Fund) | 65,043 | - | 65,043 |
| Street and drainage assessments receivable (General Fund) | 116,431 | - | 116,431 |
| Notes receivable (Debt Service fund) | - | 1,070,000 | 1,070,000 |
| Developer Aid-in-Construction | | | |
| Nonmajor governmental funds | - | 47,493 | 47,493 |
| Enterprise funds | - | 314,317 | 314,317 |
| Total | <u>\$ 321,708</u> | <u>\$ 1,431,810</u> | <u>\$ 1,753,518</u> |

16. 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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

to defer a portion of their salary until future years. The plan funds are not available to employees until termination, retirement, death, or emergency.

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 also offers its employees the Retiree Health Savings (RHS) Plan. The plan allows 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 elects 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.

17. EMPLOYEE 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 a stop loss level per participant in the amount of \$150,000 and a maximum aggregate stop loss deductible of \$7,306,722 for the twelve month period which began January 1, 2012 and ends December 31, 2012. There were no significant reductions in insurance coverage in the current year from coverage in the prior year, nor have there been any settlements that have exceeded insurance coverage for each of the past three fiscal years.

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

| | 2012 | 2011 |
|---------------------------------|---------------------|-------------------|
| Beginning balance unpaid claims | \$ 950,491 | \$ 1,011,803 |
| Incurred claims | 7,897,565 | 6,823,993 |
| Claim payments | (7,833,672) | (6,885,305) |
| Ending balance unpaid claims | <u>\$ 1,014,384</u> | <u>\$ 950,491</u> |
| Amounts due in one year | \$ 1,014,384 | \$ 950,491 |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

18. 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.

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 law enforcement officers 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 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. 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. 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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

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 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, 2012, retirees paid \$459,502 in premiums and \$748,742 in claims were paid for post-retirement health care and administrative charges. As of September 30, 2012, the City has 80 retirees, 31 retirees and spouses, 35 retirees and families and 4 retirees and child(ren) participating in the health plan, out of the 346 employees eligible to participate upon retirement. Expenses are recognized as retirees submit claims.

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.

Expenses are recognized as claims when submitted. COBRA participants are reimbursed at the same levels as active employees. Participants paid premiums of \$51,813 and incurred claims and administrative expenses of \$163,155 in the year ended September 30, 2012. As of September 30, 2012 the City has 4 COBRA participants.

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 to 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.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition and display of other postemployment benefit expenditures and related liabilities, and note disclosures in the financial report. Basically, public-sector employers must accrue the cost of other postemployment benefits (OPEB) over the active service life of benefiting employees. This statement was effective for the City for the fiscal year ending September 30, 2008.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City had its most recent OPEB valuation performed as of December 31, 2011, as required by GASB. The City's annual OPEB cost for the current year and prior two years is as follows:

| | FY 2012 | FY 2011 | FY 2010 |
|--|---------------------|-------------------|-------------------|
| Annual required contribution (ARC) | \$ 947,563 | \$ 733,190 | \$ 711,835 |
| Interest on OPEB obligation | 43,381 | 17,653 | (6,093) |
| Adjustment to ARC | (40,192) | (9,977) | 3,206 |
| Annual OPEB cost | 950,752 | 740,866 | 708,948 |
| Contributions made | (289,840) | (169,126) | (181,259) |
| Increase (decrease) in net OPEB obligation | 660,912 | 571,740 | 527,689 |
| Net OPEB obligation, beginning of year | 964,021 | 392,281 | (135,408) |
| Net OPEB obligation/(asset), end of year | <u>\$ 1,624,933</u> | <u>\$ 964,021</u> | <u>\$ 392,281</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year ending September 30, 2012, and the preceding two fiscal years were as follows:

| Fiscal Year | Annual OPEB Cost | Employer Amount Contributed | Percentage Contributed | Net OPEB Obligation |
|-------------|------------------|-----------------------------|------------------------|---------------------|
| 2010 | \$ 708,948 | \$ 181,259 | 25.6% | \$ 392,281 |
| 2011 | \$ 740,866 | \$ 169,126 | 22.8% | \$ 964,021 |
| 2012 | \$ 950,752 | \$ 289,840 | 30.5% | \$ 1,624,933 |

Funding status and funding progress

The City had actuarial valuations performed as of December 31, 2011, December 31, 2009, and May 31, 2008. The funded status of the City's retiree health care plan, under GASB Statement No. 45, is as follows:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

| | <u>FY 2012</u> | <u>FY 2011</u> | <u>FY 2010</u> |
|-----------------------------------|----------------|----------------|----------------|
| Actuarial value of plan assets | - | - | - |
| Actuarial accrued liability (AAL) | 11,860,133 | 7,694,907 | 7,694,907 |
| Unfunded AAL | (11,860,133) | (7,694,907) | (7,694,907) |
| Funded Ratio | - | - | - |
| Covered Payroll | 44,294,557 | 44,610,716 | 45,844,873 |
| UAAL as a % of Covered Payroll | 27% | 17% | 17% |

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$11,860,133 at December 31, 2012.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The entry age normal method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

| | |
|----------------------------|--|
| Inflation rate | - 3.00% per annum |
| Investment rate of return | - 4.50%, net of expenses |
| Actuarial cost method | - Projected Unit Credit Cost Method |
| Amortization method | - Level as a percentage of employee payroll |
| Amortization period | - 30-year, open amortization |
| Payroll growth | - 3.00% per annum |
| Healthcare cost trend rate | - Initial rate of 8.50% declining to an ultimate rate of 4.50% after 8 years |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, the 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 purchased excess liability insurance to reduce its exposure to catastrophic losses. Liability insurance providing a \$5,000,000 limit per occurrence/\$10,000,000 aggregate limit with a \$250,000 self-insured retention for claims was purchased with coverage effective October 1, 2000. Since its inception in 1989, the City's annual contributions to the Insurance Fund have exceeded claims paid. There were no significant reductions in insurance coverage in the current year from coverage in the prior year, nor have there been any 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 \$1,293,012 for claims that have been incurred but not reported as of September 30, 2012. 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:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

| | 2012 | 2011 |
|---|---------------------|---------------------|
| Unpaid claims at beginning of fiscal year | \$ 1,790,629 | \$ 1,333,558 |
| Incurred claims | (541,936) | 9,686 |
| Claim payments | 44,319 | 447,385 |
| Total unpaid claims at end of fiscal year | <u>\$ 1,293,012</u> | <u>\$ 1,790,629</u> |
| Amounts due in one year | \$ 544,767 | \$ 766,397 |

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 and University Ranch Project

In fiscal year 2000, the City embarked on a major development program for the City's west side encompassing approximately 850 acres. The development includes a golf course and residential development.

In connection with the development program, the City created Bryan Commerce and Development, Incorporated ("Development Company"). The creation and use of the Development Company was essential since the Texas Local Government code limits the power and activities of local governments in respect to non-traditional government activities, specifically regarding the disposition of property.

Tax Increment Reinvestment Zone Ten ("TIRZ Ten") was created by the City to capture the tax increment created by the development. Any such increment is to be used to reimburse the City for public facilities costs and infrastructure in the development.

In addition, the City entered into various contracts for the purchase of land, development of the residential areas, development of the golf course, country club, and hotel and conference center as described in more detail below:

- (a) In November 1999, the City entered into an agreement with Jordan Community Properties, L.P. (a Texas limited partnership) ("Jordan") for development, marketing, and other services associated with the residential development and the golf course.

Jordan and Development Company formed Bryan/Jordan, L.P. a Texas limited partnership for the purpose of developing the residential development. The partnership interest was as follows:

| | |
|-----|---|
| 1% | general partnership interest by Jordan Properties, Inc. or an affiliate thereof |
| 55% | limited partnership interest by Jordan |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

44% limited partnership interest by Development Company

Development Company will contribute land to the partnership.

For its service, Jordan was to receive a development fee of 8% of the net sale proceeds from residential lot sales. The balance of the net lot sale proceeds was to be distributed based upon the partnership interest. In certain circumstances, Jordan was also entitled to a brokerage fee and to acquire up to 15 acres of land in the project for "book value".

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 .

As of September 30, 2012, the City had incurred \$18,864,260 in expenditures for public infrastructure improvements and related costs.

- (b) Also in November 1999, the City entered into a Development and Purchase and Sale Agreement with Tradition Golf Club, Inc. ("Traditions") for the design and development of an 18 to 27 hole championship golf course designed by Jack Nicklaus Design Co. and country club facilities.

Under the agreement, the City would convey to Traditions approximately 220 acres of land in the project as an economic development grant and pay for major infrastructure costs.

On February 25, 2003, the City Council approved the assignment of certain rights and responsibilities related to the Traditions project golf course and residential development to Traditions Club by Melrose, LLC. ("Melrose"), a Texas limited liability company.

On March 6, 2003, Bryan Commerce and Development, Inc. conveyed 250.94 acres of land to Melrose for the purpose of constructing the golf course. Melrose has completed golf course construction with proceeds of a promissory note granted by Gold Bank of Oklahoma City, Oklahoma, which holds first lien position on the golf course property.

Through September 30, 2012, Bryan Commerce and Development, Inc. has conveyed 170.31 acres of land to Melrose for residential development. Two hundred thirty five (235) residential lots had been sold with a gross sales price of \$25,756,215. After the payment of fees, commissions and closing costs, Bryan Commerce and Development, Inc. has received \$9,118,013 for its partnership distribution related to the project.

Early in Fiscal Year 2009, Melrose announced that they were having financial difficulties and were halting all development activity at Traditions Golf and Country Club. In February 2009, the City of Bryan entered into an agreement with a new developer, Traditions Acquisition Partnership (TAP). As part of the agreement, TAP will retain all of the revenue for the first 55 lots sold.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

- (c) On September 12, 2000, the City entered into a development agreement with Campus Hotels, LLC (a Wisconsin limited liability company) ("Campus") for the development of a hotel and conference center.

Under this agreement, the City was to contribute approximately 25 acres of land in the project to Campus for the construction of a hotel, villas, and conference center. The City was to contribute \$2,400,000 towards the construction of the conference center. Upon completion of the conference center, Campus would dedicate the conference center to the City and the City would lease the conference center to Campus for \$1 per year.

The City's performance under the agreement was contingent upon Campus' completion of the hotel by the opening date of the golf course. On January 14, 2004, by letter, the City terminated the agreement with Campus Hotels, LLC for the development of a hotel and conference center as part of the Traditions and University Ranch Project.

- (d) On June 13, 2000, the City entered into an agreement with Development Company for the development of TIRZ Ten. Under the agreement, certain contractual obligations originally assumed by the City under the Jordan, Traditions and Campus agreements were assigned to Development Company. The City agreed to provide an \$8,500,000 grant for the purchase of approximately 800 acres of land to be used in the development. As of September 30, 2012, the City has advanced to Development Company \$4,813,942 for the acquisition of land for the project.

The estimated total commitment (exclusive of debt service on the certificates of obligation) as of September 30, 2012, is as follows:

| | |
|--|----------------------|
| Land and associated acquisition costs | \$ 7,813,942 |
| Infrastructure and related costs | <u>19,772,237</u> |
| | <u>\$ 27,586,179</u> |
| To be financed as follows: | |
| Certificates of Obligation, Series 2000A | \$ 17,000,000 |
| Other lawfully available City funds | <u>10,586,179</u> |
| | <u>\$ 27,586,179</u> |

The Certificates of Obligation, Series 2000A which are general obligations of the City, were issued on October 26, 2000 and bear interest rates between 4.5% and 6.00%. They were partially refunded in 2005 and the balance was paid in 2010.

LaSalle Hotel

In 1997, The City entered into an agreement with LaSalle Hotel Ltd ("LaSalle") for the renovation of the historic LaSalle Hotel ("the hotel") in downtown Bryan. As part of the agreement, the City borrowed \$3,200,000 from the U.S. Department of Housing and Urban Development ("HUD") under a Section 108 loan, and subsequently loaned the funds to LaSalle. The City's future Community

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Development Block Grant Funds are pledged for repayment of the indebtedness. As of September 30, 2012, the balance of the HUD Section 108 loan was \$1,720,000.

In addition to the HUD Section 108 loan, the City was obligated to The First National Bank of Bryan ("Bank") to cure monetary defaults by LaSalle Hotel Ltd. In fiscal year 2001, Bryan Commerce and Development, Inc. ("BCD") purchased the hotel under a Substitute Trustee's Deed, Bill of Sale and assignment from the Bank for the sum of \$1,212,762. BCD entered into a real estate lien note with the City to fund the transaction.

BCD has contracted with Magnolia Hotels to provide management, accounting and marketing services for the hotel.

In Fiscal Year 2012, the City funded the debt service on the HUD Section 108 loan in the amount of \$346,420.

Bryan Texas Utilities (BTU)

BTU purchase and construction commitments approximate \$252.0 million at September 30, 2012. This amount primarily includes provisions for future fuel and energy purchases.

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

On April 30, 2010, BTU entered into a 25 year renewable energy power purchase agreement with Fotowatio Renewable Ventures (FRV). FRV will own and operate a photovoltaic solar power plant to be constructed in West Texas. Under the agreement BTU will purchase the output from the 10MW facility starting as early as 2013.

On November 16, 2007, BTU entered into a 10 year purchased power agreement with a subsidiary of Shell Energy North America (U.S.), L.P. The agreement, which extends from January 1, 2008, to December 31, 2017, allows BTU to schedule up to 50MW of energy on a day-ahead basis. Under the agreement, BTU must make specified minimum monthly non-fuel payments which are included in the \$252.0 million of purchase and construction commitments.

On August 29, 2007, BTU entered into a 10 year fixed price purchased power agreement with Credit Suisse Energy, L.L.C. (Credit Suisse) to supply energy to a wholesale customer under a corresponding 10 year fixed price full requirements sale agreement extending from January 1, 2008, to December 31, 2017. This agreement was transferred by Credit Suisse to J.P. Morgan Ventures Energy Corporation in January 2012.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

22. ACCOUNTS RECEIVABLE

As of September 30, 2012, the receivables not expected to be collected within one year are notes and assessments receivable as follows:

| | General Fund | Debt Service Fund | Total |
|---------------------------------|-------------------|----------------------|---------------------|
| Notes receivable | \$ 19,749 | \$ 5,865,000 | \$ 5,884,749 |
| Street and drainage assessments | 116,431 | - | \$ 116,431 |
| | <u>\$ 136,180</u> | <u>\$ 5,865,000</u> | <u>\$ 6,001,180</u> |

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, 2012:

| | City Electric Fund | Rural Electric Fund | Water Fund | Wastewater Fund | Total |
|-----------------------------|-----------------------|------------------------|---------------------|---------------------|----------------------|
| Bond Retirement Reserve | \$ 11,558,189 | \$ 311,042 | \$ - | \$ - | \$ 11,869,231 |
| Bond Debt Service | 4,980,484 | 193,750 | 1,264,227 | 1,378,566 | 7,817,027 |
| Rate Stabilization Reserve | 1,678,841 | - | - | - | 1,678,841 |
| Customer Deposits Payable | 3,756,482 | 777,063 | - | - | 4,533,545 |
| Over-Recovered Fuel Expense | 11,024,462 | 4,106,642 | - | - | 15,131,104 |
| Collateral Deposits | 4,329,019 | - | - | - | 4,329,019 |
| Capital Debt Proceeds | 37,056,244 | 246,811 | 1,676,903 | 5,835,007 | 44,814,965 |
| | <u>\$ 74,383,721</u> | <u>\$ 5,635,308</u> | <u>\$ 2,941,130</u> | <u>\$ 7,213,573</u> | <u>\$ 90,173,732</u> |

24. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended September 30, 2012 budgetary expenditures in excess of appropriations are reported as indicated below:

| Governmental Funds | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - (Negative) |
|--------------------|------------------------------|-------------------|---|
| Debt Service Fund | | | |
| Total expenditures | \$ 10,176,640 | \$ 10,801,421 | \$ (624,781) |
| Grant Fund | | | |
| Total expenditures | 340,137 | 341,750 | (1,613) |

Total expenditures in the Debt Service Fund exceeded budget by \$624,781 due to an unbudgeted payment on the City's 2001 Series Certificates of Obligation. Since all planned development for TIFZ Number 8 had been completed, the City terminated the TIFZ just prior to the end of the fiscal year. In order to close the TIFZ, the City paid outstanding principal and interest totaling \$625,861.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

For the fiscal year ended September 30, 2012, the Grant fund exceeded budget by \$1,613 due to expenditures of grant funds for police equipment made late in the year. The department had grant revenue available to cover their expenditures.

25. FUND DEFICITS

The Community Development Fund, a Special Revenue Fund, has a deficit unassigned fund balance as of September 30, 2012, in the amount of \$104. 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 2013.

26. TAX INCREMENT FINANCING ZONES

Chapter 311 of the Texas Tax Code allows for the creation of Tax Increment Financing Zones ("TIFZ"). TIFZ 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. TIFZ 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 TIFZ, the governing bodies of the county and school district may choose to participate.

When a TIFZ is formed, a base value for the property located within the TIFZ is established. At the date of creation the appraised value is normally accepted as the base value. As the property within the TIFZ develops, property taxes are collected based upon appreciated appraised values at the rate established annually by the participating entities. Each participant in the TIFZ 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 TIFZ can 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.

As of September 30, 2012, the City had four active Tax Increment Financing Zones:

Reinvestment Zone Number Ten – Traditions and University Ranch is approximately 850 acres on the west side of the City and has a term of 25 years of which 13 are remaining. Brazos County has agreed to participate in TIFZ 10 through April 2016.

Reinvestment Zone Number Nineteen – Nash Street development consists of 122 acres within the corporate limits of the City of Bryan and has a term of 20 years of which 13 are remaining.

Reinvestment Zone Number Twenty-One – This consists of approximately 250 acres in downtown Bryan and has a term of 20 years of which 14 are remaining.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

Reinvestment Zone Number Twenty-Two – Lauth Development is a retail development on the east side of the City of Bryan and has a 20 year term of which 18 are remaining. Brazos County has agreed to participate in TIFZ 22 through 2022.

During fiscal year 2012, the City Council voted to terminate Tax Increment Reinvestment Zone Number Eight. An ordinance was passed providing for the payment of all outstanding debts and obligations of the zone and distribution of the projected surplus. This reinvestment zone had a 20 year term and was originally scheduled to terminate on December 31, 2019.

The following schedule is an eight year history of relevant data with regard to these TIFZ:

| Zone/ Fiscal Year | Base Value | Net Taxable Value | Captured Value | Tax Rate Per \$100 Valuation | Captured Tax Revenue |
|----------------------|---------------|-------------------------|-------------------|------------------------------------|----------------------------|
| <u>Park Hudson</u> | | | | | |
| 2012 | \$ 35,803 | \$ 154,840,138 | \$ 154,804,335 | \$ 0.6364 | 985,175 |
| 2011 | 35,803 | 139,083,350 | 139,047,547 | 0.6364 | 884,899 |
| 2010 | 35,803 | 114,250,322 | 114,214,519 | 0.6364 | 726,861 |
| 2009 | 35,803 | 122,186,000 | 122,150,197 | 0.6364 | 777,364 |
| 2008 | 35,803 | 99,221,800 | 99,185,997 | 0.6364 | 631,220 |
| 2007 | 35,803 | 84,581,080 | 84,545,277 | 0.6364 | 538,046 |
| 2006 | 35,803 | 61,082,989 | 61,047,186 | 0.6364 | 388,504 |
| 2005 | 35,803 | 49,998,094 | | | - |
| <u>Traditions</u> | | | | | |
| 2012 | 637,640 | 99,472,976 | 98,835,336 | 0.6364 | 628,988 |
| 2011 | 637,640 | 92,479,156 | 91,841,516 | 0.6364 | 584,479 |
| 2010 | 637,640 | 86,173,404 | 85,535,764 | 0.6364 | 544,350 |
| 2009 | 637,640 | 81,855,365 | 81,217,725 | 0.6364 | 516,870 |
| 2008 | 637,640 | 66,843,855 | 66,206,215 | 0.6364 | 421,336 |
| 2007 | 637,640 | 40,005,365 | 39,367,725 | 0.6364 | 250,536 |
| 2006 | 637,640 | 4,076,325 | 3,438,685 | 0.6364 | 21,884 |
| 2005 | 637,640 | 653,963 | 16,323 | 0.6364 | 104 |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

| <u>Zone/ Fiscal Year</u> | <u>Base Value</u> | <u>Net Taxable Value</u> | <u>Captured Value</u> | <u>Tax Rate Per \$100 Valuation</u> | <u>Captured Tax Revenue</u> |
|------------------------------|-----------------------|----------------------------------|---------------------------|---|-------------------------------------|
| <u>Lauth Development</u> | | | | | |
| 2012 | 2,464,400 | 25,047,040 | 22,582,640 | 0.6364 | 143,716 |
| 2011 | 2,038,090 | 27,353,460 | 25,315,370 | 0.6364 | 161,107 |
| 2010 | 2,038,090 | 29,254,110 | 27,216,020 | 0.6364 | 173,203 |
| 2009 | 2,038,090 | 8,388,060 | 6,349,970 | 0.6364 | 40,411 |
| 2008 | 2,038,090 | 2,038,090 | - | 0.6364 | - |
| | | | | | - |
| <u>Nash Street</u> | | | | | |
| 2012 | 2,213,289 | 18,121,071 | 15,907,782 | 0.6364 | 101,237 |
| 2011 | 2,213,289 | 16,096,206 | 13,882,917 | 0.6364 | 88,351 |
| 2010 | 2,213,289 | 15,255,274 | 13,041,985 | 0.6364 | 82,999 |
| 2009 | 2,213,289 | 12,222,530 | 10,009,241 | 0.6364 | 63,699 |
| 2008 | 2,213,289 | 8,992,060 | 6,778,771 | 0.6364 | 43,140 |
| 2007 | 2,213,289 | - | - | 0.6364 | - |
| <u>Downtown Bryan</u> | | | | | |
| 2012 | 41,070,995 | 52,889,681 | 11,818,686 | 0.6364 | 75,214 |
| 2011 | 41,070,995 | 52,504,534 | 11,443,539 | 0.6364 | 72,827 |
| 2010 | 41,070,995 | 51,057,085 | 9,986,090 | 0.6364 | 63,551 |
| 2009 | 41,070,995 | 43,915,850 | 2,844,855 | 0.6364 | 18,105 |
| 2008 | 41,070,995 | - | - | 0.6364 | - |

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

27. TAX ABATEMENTS

Chapter 312 of the Texas Tax Code authorizes the City to provide property tax abatements for limited time periods to encourage development or expansion of property. The terms of each agreement are limited by the guidelines and criteria established by the City Council. At September 30, 2012 the City had established abatement agreements with the following property owners:

| Property Owner | Date of Abatement | FY 2012 Appraised Values | FY 2012 Taxable Values | FY 2012 Abated Values | FY 2012 Taxes Levied | FY 2012 Taxes Abated |
|----------------------------|-------------------|--------------------------|------------------------|-----------------------|----------------------|----------------------|
| Brydenpear Premiere LP | 2005-2014 | \$ 5,826,130 | \$ 3,517,006 | \$ 2,309,124 | \$ 22,382 | \$ 14,695 |
| Caliber Bioterepeutics LLC | 2010-2020 | 8,210,770 | 2,292,460 | 5,918,310 | 14,589 | 37,664 |
| Toyo Ink In'l | 2008-2015 | 16,936,490 | 9,318,104 | 7,618,386 | 59,300 | 48,483 |
| Kent Moore | 2004-2013 | 5,544,990 | 4,437,234 | 1,107,756 | 28,239 | 7,050 |
| Kent Moore | 2008-2016 | 4,475,090 | 1,812,212 | 2,662,878 | 11,533 | 16,947 |
| Weatherford Artifical Lift | 2007-2012 | 19,451,570 | 11,889,638 | 7,561,932 | 75,666 | 48,124 |
| Hogan's Trucks Unlimited | 2008-2012 | 1,949,140 | 1,588,540 | 360,600 | 10,109 | 2,295 |
| North American Packaging | 2008-2013 | 8,095,260 | 7,174,085 | 921,175 | 45,656 | 5,862 |

28. FINANCIAL HEDGING

On March 10, 2008, the City modified BTU's Energy Risk Policy to allow for the purchase and sale of certain financial instruments defined as hedge instruments. The essential goal of the Energy Risk Policy is to provide a framework for the operation of a fuel and energy purchasing and hedging program to better manage risk exposures in order to stabilize pricing and costs for the benefit of the City's customers.

For the fiscal year ended September 30, 2010, the City implemented GASB Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"), which addresses the recognition, measurement, and disclosures related to derivative instruments. The City utilizes natural gas commodity swaps and options 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 Fund reports all fuel hedges on the Statement of Net Assets at fair value. The fair value of option contracts are determined using New York Mercantile Exchange ("NYMEX") or Houston Ship Channel ("HSC") closing settlement prices as appropriate to the instrument. For swap transactions, the value 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.

The City evaluated all potential hedging derivative instruments for effectiveness as of September 30, 2012, and determined the derivatives to be effective in substantially offsetting the changes in cash flows of the hedgeable items. The City's hedgeable items are expected HSC natural gas purchases to

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

serve budgeted load. The City projects total natural gas needs as part of a 10-year forecast. This forecast is the basis for the procurement amount of the hedgeable item. The City's potential hedging derivatives are NYMEX and HSC indexed commodity swaps and options. These derivatives act as cash flow hedges.

The City 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 2012. The correlation coefficient of (0.8387) exceeds the minimum standard established by GASB 53 and indicates a strong linear relationship between the NYMEX and HSC prices. The calculated R^2 value of 0.9513 indicates that the changes in cash flows of the hedge substantially offset the changes in cash flows of the hedgeable item. The City Electric Fund also utilizes HSC indexed gas commodity swaps to hedge its open exposure after a NYMEX-based swap contract month settles. The City Electric Fund entered into Platts Gas Daily 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).

For the fiscal year ended September 30, 2012, the total fair value of outstanding hedging derivative instruments was a net liability of \$22,348,549. The fair value of those instruments maturing within one year are reported on the Statement of Net Assets in current liabilities as derivative financial instruments and were \$5,318,725 at September 30, 2012. The fair value of those instruments with maturities exceeding one year are reported on the Statement of Net Assets in noncurrent liabilities as derivative financial instruments and were \$17,029,824 at September 30, 2012.

Hedge accounting treatment outlined in GASB 53 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 Statement of Net Assets. During the fiscal year ended September 30, 2012, the fair value of the City Electric Fund's hedging derivative instruments - the option collars, NYMEX-based commodity swaps, and HSC-based commodity swaps - increased by \$308,724, decreased by \$7,020,321, and increased by \$693,821, respectively. The City Electric Fund did not have HSC based commodity swap obligations at September 30, 2012. The \$6,017,776 total decrease in fair value of the City Electric Fund's hedging derivative instruments during the fiscal year ended September 30, 2012, is reported in the Statement of Net Assets as current and non-current deferred cash outflows. The deferred outflows are reported until respective contract expirations occur in conjunction with hedged expected physical fuel 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, 2012, the current deferred outflows related to hedging derivatives were \$5,318,725. These amounts are reported on the Statement of Net Assets as current assets. The noncurrent deferred outflows related to hedging derivatives were \$17,029,824 at September 30, 2012. These amounts are reported on the Statement of Net Assets as noncurrent assets.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

The following information details the City Electric Fund's hedging derivative instruments as of September 30, 2012:

| Type | Terms | Volume Hedged (MMBtu) | Effective Dates | Maturity Dates | Reference Index | Fair Value |
|----------------------|------------------------------------|-----------------------|---------------------|---------------------|-----------------|------------------------|
| 3 Way Option Collars | \$5.000 - 8.000 Strike Prices | 500,000 | Oct - Dec 2012 | Oct - Dec 2012 | NYMEX | \$ (271,575) |
| Commodity Swaps | BTU pays prices of \$5.485 - 7.570 | 13,431,500 | Oct 2012 - Dec 2018 | Oct 2012 - Dec 2018 | NYMEX | (22,076,974) |
| | | <u>13,931,500</u> | | | | <u>\$ (22,348,549)</u> |

Should purchased options be allowed to expire, premiums paid for such options will be expensed. The City receives a premium for those options it sells and creates an obligation to honor the contract terms if those options are exercised by the purchasing counterparty. 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 – The City'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, the City is not exposed to counterparty credit risk. However, it is the City's policy to require full collateralization of the fair value of derivative instruments in assets positions should the counterparty's credit ratings fall below investment grade.

Basis Risk – The City 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 September 2012, prompt month prices were \$2.634/MMBtu and \$2.827/MMBtu, for NYMEX and HSC, respectively.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2012

29. SUBSEQUENT EVENTS

On October 1, 2012, BTU implemented phase two of a two phase electric rate adjustment for the City Electric Fund which includes City of Bryan retail customers and the Rural Electric Fund wholesale rate. The phase two rates reflect a 13.0% increase in base rates which are almost entirely offset by a reduction in fuel rates. BTU had an over-recovered fuel balance of \$11,024,462 at September 30, 2012. Overall, the new October 1, 2012 combined base and fuel rates reflect a 0.7% increase from phase one rates.

Also on October 1, 2012, the Rural Electric Fund implemented phase two electric rates for its retail customers. The new Rural Electric System wholesale rate payable to the City Electric Fund reflected an overall 3.1% reduction from prior rates. The new Rural Electric Fund phase two retail rates reflect a 10.1% increase in base rates which were largely offset by a reduction in fuel rates. BTU had an over-recovered fuel balance of \$4,106,642 at September 30, 2012. Overall, the new October 1, 2012, combined base and fuel retail rates reflect a 0.2% increase from phase one rates.



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CITY OF BRYAN, TEXAS

Required Supplementary Information

Schedule of Funding Progress

Texas Municipal Retirement System

Last Three Fiscal Years

| Actuarial Valuation Date * | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)** (b) | Funded Ratio (a/b) | Unfunded AAL (UAAL) (b-a) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a)/(c) |
|----------------------------------|-------------------------------------|--|--------------------------|---------------------------------|---------------------------|---|
| 12/31/2009 | 95,477,625 | 164,435,101 | 58% | 68,957,476 | 45,844,873 | 150.4% |
| 12/31/2010 | 167,407,171 | 226,635,273 | 74% | 59,228,102 | 44,486,837 | 133.1% |
| 12/31/2011 | 181,556,932 | 239,737,958 | 76% | 58,181,026 | 44,508,267 | 130.7% |

* Assets are stated at cost as of December 31 of the preceding year.

** As of December 31 of the preceding year, the date of the actuarial valuation.

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, 2012

| | Budgeted Amounts | | Actual Amounts | Final Budget - Positive (Negative) |
|---|------------------|---------------|----------------|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 15,639,639 | \$ 15,639,639 | \$ 15,487,774 | \$ (151,865) |
| Sales | 14,893,965 | 14,893,965 | 14,814,931 | (79,034) |
| Franchise | 1,963,127 | 1,963,127 | 1,963,381 | 254 |
| Bingo | 207,000 | 207,000 | 217,615 | 10,615 |
| Alcoholic beverage | 60,475 | 60,475 | 75,460 | 14,985 |
| Charges for services: | | | | |
| Ambulance charges | 1,200,000 | 1,200,000 | 1,304,113 | 104,113 |
| Recreational charges | 1,566,100 | 1,566,100 | 1,581,416 | 15,316 |
| Health and public safety | 965,508 | 965,508 | 834,121 | (131,387) |
| Miscellaneous charges | 178,615 | 178,615 | 126,499 | (52,116) |
| Fines and court charges: | | | | |
| Municipal court | 1,968,450 | 1,968,450 | 1,844,317 | (124,133) |
| Licenses and permits | 565,965 | 565,965 | 592,784 | 26,819 |
| Grants: | | | | |
| Texas Attorney General | 35,000 | 35,000 | - | (35,000) |
| U.S. Department of Energy | - | - | 244,826 | 244,826 |
| U.S. Department of Environmental Protection | - | - | 10,272 | 10,272 |
| Texas Department of Transportation | - | - | 8,554 | 8,554 |
| U.S. Department of Justice | - | - | 9,067 | 9,067 |
| Contributions to Library - College Station | 1,014,510 | 1,014,510 | 1,014,502 | (8) |
| FEMA | - | - | 20,339 | 20,339 |
| Other | 35,000 | 35,000 | 35,740 | 740 |
| Investment earnings | 100,000 | 100,000 | 90,991 | (9,009) |
| Other | 470,975 | 470,975 | 332,317 | (138,658) |
| Total revenues | 40,864,329 | 40,864,329 | 40,609,019 | (255,310) |
| Expenditures: | | | | |
| Current: | | | | |
| General government and administration: | | | | |
| Executive | 1,594,452 | 1,594,452 | 1,357,329 | 237,123 |
| City Secretary | 979,528 | 989,528 | 800,649 | 188,879 |
| Legal services | 664,249 | 667,131 | 648,463 | 18,668 |
| Payments to other agencies | 2,957,874 | 3,085,526 | 3,231,456 | (145,930) |
| Fiscal services | 1,229,318 | 1,230,545 | 1,090,876 | 139,669 |
| Information technology | 2,159,800 | 2,160,802 | 2,088,445 | 72,357 |
| Human resources | 559,570 | 559,570 | 489,728 | 69,842 |
| Fleet services | 721,778 | 722,072 | 627,093 | 94,979 |
| Facility services | 1,911,074 | 1,966,148 | 1,648,922 | 317,226 |
| Total general government and administration | 12,777,643 | 12,975,774 | 11,982,961 | 992,813 |
| Development services: | | | | |
| Planning | 1,685,805 | 1,725,805 | 1,628,036 | 97,769 |
| Engineering | 1,213,594 | 1,214,613 | 1,148,772 | 65,841 |
| Special Projects | 28,137 | 28,137 | 32,030 | (3,893) |
| Total development services | 2,927,536 | 2,968,555 | 2,808,838 | 159,717 |
| Public works services: | | | | |
| Public Works Call Center | - | - | - | - |
| Drainage and Streets | 2,007,064 | 1,967,168 | 1,706,100 | 261,068 |
| Traffic Operations | 1,654,552 | 1,922,391 | 1,842,390 | 80,001 |
| Total public works services | 3,661,616 | 3,889,559 | 3,548,490 | 341,069 |

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, 2012

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Public safety: | | | | |
| Police services | 14,645,654 | 14,665,497 | 14,547,966 | 117,531 |
| Fire and emergency medical services | 11,011,683 | 11,012,340 | 10,834,622 | 177,718 |
| Municipal court | 1,328,896 | 1,328,896 | 1,271,478 | 57,418 |
| Total public safety | 26,986,233 | 27,006,733 | 26,654,066 | 352,667 |
| Cultural and recreational: | | | | |
| Library services | 2,199,306 | 2,199,306 | 2,104,747 | 94,559 |
| Parks and recreation services | 4,198,559 | 4,207,264 | 3,901,058 | 306,206 |
| Total cultural and recreational | 6,397,865 | 6,406,570 | 6,005,805 | 400,765 |
| Administrative reimbursement | (3,515,703) | (3,515,703) | (3,515,703) | - |
| Capital outlay | 247,000 | 439,036 | 375,282 | 63,754 |
| Debt service-bond retirement | 220,000 | 220,000 | 220,000 | - |
| Interest and fiscal charges | 126,420 | 126,420 | 126,420 | - |
| Total expenditures | 49,828,610 | 50,516,944 | 48,206,159 | 2,310,785 |
| Excess of expenditures over revenues | (8,964,281) | (9,652,615) | (7,597,140) | 2,055,475 |
| Other financing sources (uses): | | | | |
| Sale of capital assets | - | - | 47,265 | 47,265 |
| Transfers in | 10,707,049 | 10,707,049 | 11,101,783 | 394,734 |
| Transfers out | (804,516) | (884,516) | (619,390) | 265,126 |
| Total other financing sources | 9,902,533 | 9,822,533 | 10,529,658 | 707,125 |
| Net change in fund balance | 938,252 | 169,918 | 2,932,518 | 2,762,600 |
| Fund Balance, October 1, 2011 | 13,210,298 | 13,210,298 | 13,210,298 | - |
| Fund Balance, September 30, 2012 | <u>\$ 14,148,550</u> | <u>\$ 13,380,216</u> | <u>\$ 16,142,816</u> | <u>\$ 2,762,600</u> |



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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.

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.

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.

Sidewalks Fund – To account for funds received from developers and property owners for the construction and maintenance of sidewalks. Money received will be 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.

Street Improvement Fund – To account for revenue derived from a fee assessed on utility bills for the purpose of street improvements.

Drainage Improvement Fund – To account for revenue derived from a fee assessed on utility bills for the purpose of drainage improvements.

Tax Increment Reinvestment Zone #8 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Park Hudson Tax Increment Reinvestment Zone. Bond proceeds are used for street, water and sewer improvements in the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone.

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.

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.

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.

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.

Capital Project Funds

2005 Certificates of Obligation Fund – To account for the construction of streets, sidewalks, drainage and traffic system improvements, and the related costs of the acquisition of land, planning and design.

2007 Certificates of Obligation Fund – To account for the construction of streets, sidewalks, drainage and traffic system improvements.

2008 Certificates of Obligation Fund – To account for the site acquisition and construction of fire fighting facilities, improvements to driveway and parking facilities for the City's warehouse, the construction of streets, sidewalks, lighting, drainage and traffic system improvements.

2009 Certificates of Obligation Fund – To account for the construction of streets, sidewalks, drainage and traffic system improvements.

2010 Certificates of Obligation Fund – To account for the construction of streets, sidewalks, lighting, soundwalls, landscaping, acquiring rights-of-way, restoring historic structures, equipping property and facilities for a solid waste disposal system, drainage and traffic system improvements.

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, 2012

| | Special Revenue Funds | Capital Project Funds | Permanent Funds | Total |
|--------------------------------------|-----------------------------|-----------------------------|--------------------|---------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 7,604,949 | \$ 3,078,787 | \$ 962,076 | \$ 11,645,812 |
| Investments | 6,687,718 | 2,707,455 | 846,038 | 10,241,211 |
| Receivables: | | | | |
| Accounts | 684,617 | - | - | 684,617 |
| Less allowance for uncollectible | (228,539) | - | - | (228,539) |
| Grants | 298,303 | - | - | 298,303 |
| Interest | 12,029 | 4,870 | 1,522 | 18,421 |
| Due from other funds | 1,446,406 | - | - | 1,446,406 |
| Prepaid and other assets | 387 | - | - | 387 |
| Total assets | \$ 16,505,870 | \$ 5,791,112 | \$ 1,809,636 | \$ 24,106,618 |
| <u>Liabilities and Fund Balances</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,165,643 | \$ 120,592 | \$ - | \$ 1,286,235 |
| Accrued liabilities | 19,497 | - | - | 19,497 |
| Retainage payable | 278,091 | 52,147 | - | 330,238 |
| Due to other funds | 249,520 | 2,021,296 | - | 2,270,816 |
| Unearned revenue | 47,493 | - | - | 47,493 |
| Total liabilities | 1,760,244 | 2,194,035 | - | 3,954,279 |
| Fund balances: | | | | |
| Nonspendable | - | - | 777,742 | 777,742 |
| Restricted | 3,945,736 | 3,597,077 | 1,031,894 | 8,574,707 |
| Committed | 10,799,994 | - | - | 10,799,994 |
| Unassigned (deficit) | (104) | - | - | (104) |
| Total fund balances | 14,745,626 | 3,597,077 | 1,809,636 | 20,152,339 |
| Total liabilities and fund balances | \$ 16,505,870 | \$ 5,791,112 | \$ 1,809,636 | \$ 24,106,618 |

CITY OF BRYAN, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2012

| | Grant Fund | Community Development Fund | Hotel and Motel Room Tax Fund | Sidewalks Fund | Court Technology Fund | Street Improvement Fund | Drainage Improvement Fund | Tax Incremental Reinvestment Zone #8 Fund | Tax Incremental Reinvestment Zone #10 Fund | Tax Incremental Reinvestment Zone #19 Fund | Tax Incremental Reinvestment Zone #21 Fund | Tax Incremental Reinvestment Zone #22 Fund | Total |
|--------------------------------------|------------|----------------------------|-------------------------------|----------------|-----------------------|-------------------------|---------------------------|---|--|--|--|--|---------------|
| Assets | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 312,338 | \$ 25,622 | \$ 152,965 | \$ 5,121,111 | \$ 360,608 | \$ 1,374,529 | \$ 170,858 | \$ 968 | \$ 46,528 | \$ 39,422 | \$ 7,604,949 |
| Investments | - | - | 274,666 | 22,531 | 134,515 | 4,503,455 | 317,116 | 1,208,748 | 150,251 | 852 | 40,917 | 34,667 | 6,687,718 |
| Accounts receivable | - | - | 56,035 | - | - | 538,695 | 89,887 | - | - | - | - | - | 684,617 |
| Less allowance for uncollectibles | - | - | - | - | - | (195,736) | (32,803) | - | - | - | - | - | (228,539) |
| Grants receivable | 68,474 | 229,829 | - | - | - | - | - | - | - | - | - | - | 298,303 |
| Interest receivable | - | - | 494 | 40 | 242 | 8,101 | 570 | 2,174 | 270 | 2 | 74 | 62 | 12,029 |
| Prepaid items | - | 387 | - | - | - | - | - | - | - | - | - | - | 387 |
| Due from other funds | - | - | - | - | - | 991,323 | 16,733 | - | 50,000 | 30,000 | - | 358,350 | 1,446,406 |
| Total assets | \$ 68,474 | \$ 230,216 | \$ 643,533 | \$ 48,193 | \$ 287,722 | \$ 10,966,949 | \$ 752,111 | \$ 2,585,451 | \$ 371,379 | \$ 31,822 | \$ 87,519 | \$ 432,501 | \$ 16,505,870 |
| Liabilities and Fund Balances | | | | | | | | | | | | | |
| Liabilities: | | | | | | | | | | | | | |
| Accounts payable | \$ 9,427 | \$ 19,779 | \$ 33,350 | \$ - | \$ - | \$ 732,258 | \$ 302 | \$ 622 | \$ 369,905 | \$ - | \$ - | \$ - | \$ 1,165,643 |
| Accrued liabilities | - | 19,497 | - | - | - | - | - | - | - | - | - | - | 19,497 |
| Retainage payable | - | 16,201 | - | - | - | 137,504 | 49,002 | 14,516 | - | - | - | 60,868 | 278,091 |
| Due to other funds | 48,184 | 174,843 | - | - | - | - | - | - | - | 26,493 | - | - | 249,520 |
| Unearned revenue | - | - | - | 47,493 | - | - | - | - | - | - | - | - | 47,493 |
| Total liabilities | 57,611 | 230,320 | 33,350 | 47,493 | - | 869,762 | 49,304 | 15,138 | 369,905 | 26,493 | - | 60,868 | 1,760,244 |
| Fund balances: | | | | | | | | | | | | | |
| Restricted: | | | | | | | | | | | | | |
| Grants | 10,863 | - | - | - | - | - | - | - | - | - | - | - | 10,863 |
| Hotel/Motel | - | - | 610,183 | - | - | - | - | - | - | - | - | - | 610,183 |
| Municipal Court | - | - | - | - | 287,722 | - | - | - | - | - | - | - | 287,722 |
| TRZ Development | - | - | - | - | - | - | - | 2,570,313 | 1,474 | 5,329 | 87,519 | 371,633 | 3,036,268 |
| Other Purposes | - | - | - | 700 | - | - | - | - | - | - | - | - | 700 |
| Committed: | | | | | | | | | | | | | |
| Streets | - | - | - | - | - | 10,097,187 | - | - | - | - | - | - | 10,097,187 |
| Drainage | - | - | - | - | - | - | 702,807 | - | - | - | - | - | 702,807 |
| Unassigned (deficit) | - | (104) | - | - | - | - | - | - | - | - | - | - | (104) |
| Total fund balances | 10,863 | (104) | 610,183 | 700 | 287,722 | 10,097,187 | 702,807 | 2,570,313 | 1,474 | 5,329 | 87,519 | 371,633 | 14,745,626 |
| Total liabilities and fund balances | \$ 68,474 | \$ 230,216 | \$ 643,533 | \$ 48,193 | \$ 287,722 | \$ 10,966,949 | \$ 752,111 | \$ 2,585,451 | \$ 371,379 | \$ 31,822 | \$ 87,519 | \$ 432,501 | \$ 16,505,870 |

CITY OF BRYAN, TEXAS
Combining Balance Sheet
Nonmajor Governmental Funds - Capital Project Funds
As of September 30, 2012

| | 2005 Certificates of Obligation Fund | 2007 Certificates of Obligation Fund | 2008 Certificates of Obligation Fund | 2009 Certificates of Obligation Fund | 2010 Certificates of Obligation Fund | Total |
|--------------------------------------|--|--|--|--|--|--------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ 401,692 | \$ 254,347 | \$ - | \$ 2,422,748 | \$ 3,078,787 |
| Investments | - | 353,244 | 223,670 | - | 2,130,541 | 2,707,455 |
| Interest receivable | - | 635 | 402 | - | 3,833 | 4,870 |
| Total assets | \$ - | \$ 755,571 | \$ 478,419 | \$ - | \$ 4,557,122 | \$ 5,791,112 |
| Liabilities and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 10,008 | \$ - | \$ 110,584 | \$ 120,592 |
| Retainage payable | - | 24,521 | 27,626 | - | - | 52,147 |
| Due to other funds | - | - | - | - | 2,021,296 | 2,021,296 |
| Total liabilities | - | 24,521 | 37,634 | - | 2,131,880 | 2,194,035 |
| Fund balances: | | | | | | |
| Restricted to capital projects | - | 731,050 | 440,785 | - | 2,425,242 | 3,597,077 |
| Total fund balances | - | 731,050 | 440,785 | - | 2,425,242 | 3,597,077 |
| Total liabilities and fund balances | \$ - | \$ 755,571 | \$ 478,419 | \$ - | \$ 4,557,122 | \$ 5,791,112 |

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds - Permanent Funds

As of September 30, 2012

| | 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 |
|---------------------------------------|-----------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------|--------------------------------|-----------------------------------|-----------------------------|--------------------------------|---------------------|
| <u>Assets</u> | | | | | | | | | | |
| Cash and cash equivalents | \$ 1,357 | \$ 4,857 | \$ 7,719 | \$ 487 | \$ 908,529 | \$ 32,037 | \$ 2,662 | \$ 3,962 | \$ 466 | \$ 962,076 |
| Investments | 1,194 | 4,271 | 6,788 | 428 | 798,952 | 28,173 | 2,340 | 3,483 | 409 | 846,038 |
| Interest receivable | 2 | 8 | 12 | 1 | 1,437 | 51 | 4 | 6 | 1 | 1,522 |
| Total assets | <u>\$ 2,553</u> | <u>\$ 9,136</u> | <u>\$ 14,519</u> | <u>\$ 916</u> | <u>\$ 1,708,918</u> | <u>\$ 60,261</u> | <u>\$ 5,006</u> | <u>\$ 7,451</u> | <u>\$ 876</u> | <u>\$ 1,809,636</u> |
| <u>Fund Balances</u> | | | | | | | | | | |
| Nonspendable - Permanent Funds Corpus | \$ 1,399 | \$ 5,000 | \$ 1,500 | \$ 500 | \$ 755,099 | \$ 4,950 | \$ 2,085 | \$ 6,709 | \$ 500 | \$ 777,742 |
| Restricted: | | | | | | | | | | |
| Cemeteries | 1,154 | 4,136 | 13,019 | 416 | 953,819 | 55,311 | - | - | 376 | 1,028,231 |
| Libraries | - | - | - | - | - | - | 2,921 | 742 | - | 3,663 |
| Total fund balances | <u>2,553</u> | <u>9,136</u> | <u>14,519</u> | <u>916</u> | <u>1,708,918</u> | <u>60,261</u> | <u>5,006</u> | <u>7,451</u> | <u>876</u> | <u>1,809,636</u> |
| Total liabilities and fund balances | <u>\$ 2,553</u> | <u>\$ 9,136</u> | <u>\$ 14,519</u> | <u>\$ 916</u> | <u>\$ 1,708,918</u> | <u>\$ 60,261</u> | <u>\$ 5,006</u> | <u>\$ 7,451</u> | <u>\$ 876</u> | <u>\$ 1,809,636</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, 2012

| | Special Revenue Funds | Capital Project Funds | Permanent Funds | Total |
|--|-----------------------------|-----------------------------|---------------------|----------------------|
| Revenues: | | | | |
| Property taxes | \$ 1,912,708 | \$ - | \$ - | \$ 1,912,708 |
| Hotel occupancy taxes | 504,078 | - | - | 504,078 |
| Transportation and drainage assessments | 6,324,068 | - | - | 6,324,068 |
| Fines and court charges | 46,176 | - | - | 46,176 |
| Grants | 1,636,050 | - | - | 1,636,050 |
| Investment earnings | 85,846 | 28,707 | 9,288 | 123,841 |
| Other | 600,297 | 13,577 | 31,391 | 645,265 |
| Total revenues | <u>11,109,223</u> | <u>42,284</u> | <u>40,679</u> | <u>11,192,186</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government and administration | 17,972 | - | - | 17,972 |
| Development services | 1,359,203 | - | - | 1,359,203 |
| Public works services | 3,772,054 | 256,483 | - | 4,028,537 |
| Public safety | 363,260 | - | - | 363,260 |
| Cultural and recreational | 435,996 | - | - | 435,996 |
| Capital outlay | 1,250,085 | 2,922,815 | - | 4,172,900 |
| Total expenditures | <u>7,198,570</u> | <u>3,179,298</u> | <u>-</u> | <u>10,377,868</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,910,653</u> | <u>(3,137,014)</u> | <u>40,679</u> | <u>814,318</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 2,403,988 | 157,828 | - | 2,561,816 |
| Transfers out | (4,458,563) | (1,255,773) | - | (5,714,336) |
| Total other financing sources (uses) | <u>(2,054,575)</u> | <u>(1,097,945)</u> | <u>-</u> | <u>(3,152,520)</u> |
| Net change in fund balances | 1,856,078 | (4,234,959) | 40,679 | (2,338,202) |
| Fund balances, October 1, 2011 | 12,889,548 | 7,832,036 | 1,768,957 | 22,490,541 |
| Fund balances, September 30, 2012 | <u>\$ 14,745,626</u> | <u>\$ 3,597,077</u> | <u>\$ 1,809,636</u> | <u>\$ 20,152,339</u> |

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Fiscal Year Ended September 30, 2012

| Revenues: | Grant Fund | Community Development Fund | Hotel and Motel Room Tax Fund | Sidewalks Fund | Court Technology Fund | Street Improvement Fund | Drainage Improvement Fund | Tax Incremental Reinvestment Zone #8 Fund | Tax Incremental Reinvestment Zone #10 Fund | Tax Incremental Reinvestment Zone #19 Fund | Tax Incremental Reinvestment Zone #21 Fund | Tax Incremental Reinvestment Zone #22 Fund | Total |
|---|------------|----------------------------|-------------------------------|----------------|-----------------------|-------------------------|---------------------------|---|--|--|--|--|---------------|
| | | | | | | | | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 972,887 | \$ 625,151 | \$ 98,406 | \$ 72,549 | \$ 143,715 | \$ 1,912,708 |
| Hotel occupancy taxes | - | - | 504,078 | - | - | - | - | - | - | - | - | - | 504,078 |
| Transportation and drainage assessments | - | - | - | - | - | 5,420,155 | 903,913 | - | - | - | - | - | 6,324,068 |
| Grants | 348,259 | 1,262,714 | - | - | - | - | 25,077 | - | - | - | - | - | 1,636,050 |
| Fines and court charges | - | - | - | - | 46,176 | - | - | - | - | - | - | - | 46,176 |
| Investment earnings | 6 | - | 3,232 | 227 | 1,483 | 59,881 | 4,812 | 14,376 | 609 | 25 | 303 | 882 | 85,846 |
| Other | - | 72,947 | - | - | - | - | - | 968 | 387,504 | 47,712 | - | 91,166 | 600,297 |
| Total revenues | 348,265 | 1,335,661 | 507,310 | 227 | 47,659 | 5,480,036 | 933,802 | 988,231 | 1,013,264 | 146,143 | 72,852 | 235,773 | 11,109,223 |
| Expenditures: | | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | | |
| General government and administration | - | - | - | - | - | - | - | - | 17,972 | - | - | - | 17,972 |
| Development services | - | 1,335,765 | - | - | - | - | - | 15,938 | - | - | 7,500 | - | 1,359,203 |
| Public works services | - | - | - | - | - | 3,542,081 | 229,973 | - | - | - | - | - | 3,772,054 |
| Public safety | 341,750 | - | - | - | 21,510 | - | - | - | - | - | - | - | 363,260 |
| Cultural and recreational | - | - | 435,996 | - | - | - | - | - | - | - | - | - | 435,996 |
| Capital outlay | - | - | - | - | - | - | 983,875 | 266,210 | - | - | - | - | 1,250,085 |
| Total expenditures | 341,750 | 1,335,765 | 435,996 | - | 21,510 | 3,542,081 | 1,213,848 | 282,148 | 17,972 | - | 7,500 | - | 7,198,570 |
| Excess (deficiency) of revenues over (under) expenditures | 6,515 | (104) | 71,314 | 227 | 26,149 | 1,937,955 | (280,046) | 706,083 | 995,292 | 146,143 | 65,352 | 235,773 | 3,910,653 |
| Other financing sources (uses): | | | | | | | | | | | | | |
| Transfers in | - | - | - | - | - | 891,042 | - | - | 190,000 | 30,000 | - | 1,292,946 | 2,403,988 |
| Transfers out | - | - | - | - | - | (428,536) | (49,998) | (912,644) | (1,390,171) | (160,850) | - | (1,516,364) | (4,458,563) |
| Total other financing sources (uses) | - | - | - | - | - | 462,506 | (49,998) | (912,644) | (1,200,171) | (130,850) | - | (223,418) | (2,054,575) |
| Net change in fund balances | 6,515 | (104) | 71,314 | 227 | 26,149 | 2,400,461 | (330,044) | (206,561) | (204,879) | 15,293 | 65,352 | 12,355 | 1,856,078 |
| Fund balances, October 1, 2011 | 4,348 | - | 538,869 | 473 | 261,573 | 7,696,726 | 1,032,851 | 2,776,874 | 206,353 | (9,964) | 22,167 | 359,278 | 12,889,548 |
| Fund balances, September 30, 2012 | \$ 10,863 | \$ (104) | \$ 610,183 | \$ 700 | \$ 287,722 | \$ 10,097,187 | \$ 702,807 | \$ 2,570,313 | \$ 1,474 | \$ 5,329 | \$ 87,519 | \$ 371,633 | \$ 14,745,626 |

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, 2012

| | 2005 Certificates of Obligation Fund | 2007 Certificates of Obligation Fund | 2008 Certificates of Obligation Fund | 2009 Certificates of Obligation Fund | 2010 Certificates of Obligation Fund | Total |
|--|--|--|--|--|--|--------------|
| Revenues: | | | | | | |
| Investment earnings | \$ - | \$ 3,443 | \$ 3,077 | \$ - | \$ 22,187 | \$ 28,707 |
| Other | - | - | - | - | 13,577 | 13,577 |
| Total revenues | - | 3,443 | 3,077 | - | 35,764 | 42,284 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Public works services | - | 2,977 | 62,109 | - | 191,397 | 256,483 |
| Capital outlay | - | 156,214 | 556,519 | - | 2,210,082 | 2,922,815 |
| Total expenditures | - | 159,191 | 618,628 | - | 2,401,479 | 3,179,298 |
| Excess (deficiency) of revenues over (under) expenditures | - | (155,748) | (615,551) | - | (2,365,715) | (3,137,014) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | 157,828 | 157,828 |
| Transfers out | (35,749) | - | - | (2,080) | (1,217,944) | (1,255,773) |
| Total other financing sources (uses) | (35,749) | - | - | (2,080) | (1,060,116) | (1,097,945) |
| Net change in fund balances | (35,749) | (155,748) | (615,551) | (2,080) | (3,425,831) | (4,234,959) |
| Fund balances, October 1, 2011 | 35,749 | 886,798 | 1,056,336 | 2,080 | 5,851,073 | 7,832,036 |
| Fund balances, September 30, 2012 | \$ - | \$ 731,050 | \$ 440,785 | \$ - | \$ 2,425,242 | \$ 3,597,077 |

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent Funds
For the Fiscal Year Ended September 30, 2012

| | 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 | \$ - | \$ - | \$ - | \$ - | \$ 31,391 | \$ - | \$ - | \$ - | \$ - | \$ 31,391 |
| Investment earnings | 13 | 47 | 75 | 5 | 8,769 | 310 | 26 | 38 | 5 | 9,288 |
| Total revenues | <u>13</u> | <u>47</u> | <u>75</u> | <u>5</u> | <u>40,160</u> | <u>310</u> | <u>26</u> | <u>38</u> | <u>5</u> | <u>40,679</u> |
| Net change in fund balances | 13 | 47 | 75 | 5 | 40,160 | 310 | 26 | 38 | 5 | 40,679 |
| Fund balances, October 1, 2011 | <u>2,540</u> | <u>9,089</u> | <u>14,444</u> | <u>911</u> | <u>1,668,758</u> | <u>59,951</u> | <u>4,980</u> | <u>7,413</u> | <u>871</u> | <u>1,768,957</u> |
| Fund balances, September 30, 2012 | <u>\$ 2,553</u> | <u>\$ 9,136</u> | <u>\$ 14,519</u> | <u>\$ 916</u> | <u>\$ 1,708,918</u> | <u>\$ 60,261</u> | <u>\$ 5,006</u> | <u>\$ 7,451</u> | <u>\$ 876</u> | <u>\$ 1,809,636</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, 2012**

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|---------------------------------|------------------------------|---------------------|---|
| Revenues: | | | | |
| Property taxes | \$ 6,816,449 | \$ 6,816,449 | \$ 6,751,400 | \$ (65,049) |
| Investment earnings | 35,000 | 35,000 | 25,307 | (9,693) |
| Other | 779,899 | 650,899 | 445,899 | (205,000) |
| Total revenues | <u>7,631,348</u> | <u>7,502,348</u> | <u>7,222,606</u> | <u>(279,742)</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Bond and principal retirement | 5,855,743 | 5,857,344 | 6,482,344 | (625,000) |
| Interest and fiscal charges | 4,315,297 | 4,313,696 | 4,319,077 | (5,381) |
| Debt issuance costs | 5,600 | 5,600 | - | 5,600 |
| Total expenditures | <u>10,176,640</u> | <u>10,176,640</u> | <u>10,801,421</u> | <u>(624,781)</u> |
| Excess of expenditures over revenues | (2,545,292) | (2,674,292) | (3,578,815) | (904,523) |
| Other financing sources: | | | | |
| Transfers in | 2,548,171 | 2,677,171 | 3,304,748 | 627,577 |
| Total other financing sources | <u>2,548,171</u> | <u>2,677,171</u> | <u>3,304,748</u> | <u>627,577</u> |
| Net change in fund balance | 2,879 | 2,879 | (274,067) | (276,946) |
| Fund Balance, October 1, 2011 | 6,219,331 | 6,219,331 | 6,219,331 | - |
| Fund Balance, September 30, 2012 | <u>\$ 6,222,210</u> | <u>\$ 6,222,210</u> | <u>\$ 5,945,264</u> | <u>\$ (276,946)</u> |

CITY OF BRYAN, TEXAS

Grant Fund

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

For the Fiscal Year Ended September 30, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|---------------------------------|------------------------------|-------------------|---|
| Revenues: | | | | |
| Grant - Federal | \$ 241,371 | \$ 241,371 | \$ 325,211 | \$ 83,840 |
| Grant - State | - | - | 23,048 | 23,048 |
| Investment Earnings | - | - | 6 | 6 |
| Total revenues | <u>241,371</u> | <u>241,371</u> | <u>348,265</u> | <u>106,894</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | 241,371 | 340,137 | 341,750 | (1,613) |
| Total expenditures | <u>241,371</u> | <u>340,137</u> | <u>341,750</u> | <u>(1,613)</u> |
| Excess of revenues over expenditures | - | (98,766) | 6,515 | 105,281 |
| Net change in fund balance | - | (98,766) | 6,515 | 105,281 |
| Fund balances, October 1, 2011 | <u>4,348</u> | <u>4,348</u> | <u>4,348</u> | <u>-</u> |
| Fund balances, September 30, 2012 | <u>\$ 4,348</u> | <u>\$ (94,418)</u> | <u>\$ 10,863</u> | <u>\$ 105,281</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, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|---------------------------------|------------------------------|-------------------|---|
| Revenues: | | | | |
| Grants | \$ 2,293,477 | \$ 2,293,477 | \$ 1,262,714 | \$ (1,030,763) |
| Other | 59,500 | 59,500 | 72,947 | 13,447 |
| Total revenues | 2,352,977 | 2,352,977 | 1,335,661 | (1,017,316) |
| Expenditures: | | | | |
| Current: | | | | |
| Development services | 2,352,977 | 2,471,196 | 1,335,765 | 1,135,431 |
| Total expenditures | 2,352,977 | 2,471,196 | 1,335,765 | 1,135,431 |
| Net change in fund balance | - | (118,219) | (104) | 118,115 |
| Fund balances, October 1, 2011 | - | - | - | - |
| Fund balances, September 30, 2012 | \$ - | \$ (118,219) | \$ (104) | \$ 118,115 |

CITY OF BRYAN, TEXAS

Hotel and Motel Room Tax Fund

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

For the Fiscal Year Ended September 30, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|---------------------------------|------------------------------|-------------------|---|
| Revenues: | | | | |
| Occupancy taxes | \$ 345,000 | \$ 345,000 | \$ 504,078 | \$ 159,078 |
| Investment earnings | 4,200 | 4,200 | 3,232 | (968) |
| Total revenues | <u>349,200</u> | <u>349,200</u> | <u>507,310</u> | <u>158,110</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Cultural and recreational | 381,100 | 560,100 | 435,996 | 124,104 |
| Total expenditures | <u>381,100</u> | <u>560,100</u> | <u>435,996</u> | <u>124,104</u> |
| Net change in fund balance | (31,900) | (210,900) | 71,314 | 282,214 |
| Fund balances, October 1, 2011 | 538,869 | 538,869 | 538,869 | - |
| Fund balances, September 30, 2012 | <u>\$ 506,969</u> | <u>\$ 327,969</u> | <u>\$ 610,183</u> | <u>\$ 282,214</u> |

CITY OF BRYAN, TEXAS

Sidewalks Fund

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

For the Fiscal Year Ended September 30, 2012

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|--|-------------------|---|
| Revenues: | | | |
| Investment earnings | \$ - | \$ 227 | \$ 227 |
| Total revenues | - | 227 | 227 |
| Net change in fund balance | - | 227 | 227 |
| Fund balances, October 1, 2011 | 473 | 473 | - |
| Fund balances, September 30, 2012 | \$ 473 | \$ 700 | \$ 227 |

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, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|-----------------------------------|---------------------------------|------------------------------|-------------------|---|
| Revenues: | | | | |
| Fines and court charges | \$ 45,600 | \$ 45,600 | \$ 46,176 | \$ 576 |
| Investment earnings | 3,500 | 3,500 | 1,483 | (2,017) |
| Total revenues | <u>49,100</u> | <u>49,100</u> | <u>47,659</u> | <u>(1,441)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 1,420 | 5,520 | 21,510 | (15,990) |
| Capital outlay | 53,500 | 53,500 | - | 53,500 |
| Total expenditures | <u>54,920</u> | <u>59,020</u> | <u>21,510</u> | <u>37,510</u> |
| Net change in fund balance | (5,820) | (9,920) | 26,149 | 36,069 |
| Fund balances, October 1, 2011 | <u>261,573</u> | <u>261,573</u> | <u>261,573</u> | <u>-</u> |
| Fund balances, September 30, 2012 | <u>\$ 255,753</u> | <u>\$ 251,653</u> | <u>\$ 287,722</u> | <u>\$ 36,069</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, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------------------|------------------------------|----------------------|---|
| Revenues: | | | | |
| Transportation assessments | \$ 5,251,000 | \$ 5,251,000 | \$ 5,420,155 | \$ 169,155 |
| Investment earnings | 60,000 | 60,000 | 59,881 | (119) |
| Total revenues | <u>5,311,000</u> | <u>5,311,000</u> | <u>5,480,036</u> | <u>169,036</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works services | 8,454,450 | 9,794,337 | 3,542,081 | 6,252,256 |
| Total expenditures | <u>8,454,450</u> | <u>9,794,337</u> | <u>3,542,081</u> | <u>6,252,256</u> |
| Excess (deficiency) of revenues over (under) expenditures | (3,143,450) | (4,483,337) | 1,937,955 | 6,421,292 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 891,042 | (891,042) |
| Transfers out | (428,534) | (428,534) | (428,536) | (2) |
| Total other financing sources (uses) | <u>(428,534)</u> | <u>(428,534)</u> | <u>462,506</u> | <u>(891,044)</u> |
| Net change in fund balance | (3,571,984) | (4,911,871) | 2,400,461 | 7,312,332 |
| Fund balances, October 1, 2011 | 7,696,726 | 7,696,726 | 7,696,726 | - |
| Fund balances, September 30, 2012 | <u>\$ 4,124,742</u> | <u>\$ 2,784,855</u> | <u>\$ 10,097,187</u> | <u>\$ 7,312,332</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, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------------------|------------------------------|-------------------|---|
| Revenues: | | | | |
| Drainage assessments | \$ 865,000 | \$ 865,000 | \$ 903,913 | \$ 38,913 |
| Grants | - | - | 25,077 | 25,077 |
| Investment earnings | 10,000 | 10,000 | 4,812 | (5,188) |
| Total revenues | <u>875,000</u> | <u>875,000</u> | <u>933,802</u> | <u>58,802</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works services | 1,366,925 | 1,829,248 | 229,973 | 1,599,275 |
| Capital outlay | - | - | 983,875 | - |
| Total expenditures | <u>1,366,925</u> | <u>1,829,248</u> | <u>1,213,848</u> | <u>1,599,275</u> |
| Excess (deficiencies) of revenues over (under) expenditures | (491,925) | (954,248) | (280,046) | 674,202 |
| Other financing uses: | | | | |
| Transfers out | <u>(50,000)</u> | <u>(50,000)</u> | <u>(49,998)</u> | <u>2</u> |
| Net change in fund balance | (541,925) | (1,004,248) | (330,044) | 674,204 |
| Fund balances, October 1, 2011 | <u>1,032,851</u> | <u>1,032,851</u> | <u>1,032,851</u> | - |
| Fund balances, September 30, 2012 | <u>\$ 490,926</u> | <u>\$ 28,603</u> | <u>\$ 702,807</u> | <u>\$ 674,204</u> |

CITY OF BRYAN, TEXAS

Tax Increment Reinvestment Zone #8 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended September 30, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|---------------------------------|------------------------------|---------------------|---|
| Revenues: | | | | |
| Property taxes | \$ 1,167,429 | \$ 1,167,429 | \$ 972,887 | \$ (194,542) |
| Investment earnings | 42,200 | 42,200 | 14,376 | (27,824) |
| Other | - | - | 968 | 968 |
| Total revenues | <u>1,209,629</u> | <u>1,209,629</u> | <u>988,231</u> | <u>(221,398)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Development services | 340,000 | 356,678 | 15,938 | 340,740 |
| Capital outlay | - | - | 266,210 | (266,210) |
| Total expenditures | <u>340,000</u> | <u>356,678</u> | <u>282,148</u> | <u>74,530</u> |
| Excess of revenues over expenditures | 869,629 | 852,951 | 706,083 | (146,868) |
| Other financing uses: | | | | |
| Transfers out | (285,066) | (912,644) | (912,644) | - |
| Net change in fund balance | 584,563 | (59,693) | (206,561) | (146,868) |
| Fund balances, October 1, 2011 | <u>2,776,874</u> | <u>2,776,874</u> | <u>2,776,874</u> | - |
| Fund balances, September 30, 2012 | <u>\$ 3,361,437</u> | <u>\$ 2,717,181</u> | <u>\$ 2,570,313</u> | <u>\$ (146,868)</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, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------------|------------------------------|-------------------|---|
| Revenues: | | | | |
| Property taxes | \$ 617,010 | \$ 626,363 | \$ 625,151 | \$ (1,212) |
| Investment earnings | 587 | 587 | 609 | 22 |
| Other | 475,908 | 475,908 | 387,504 | (88,404) |
| Total revenues | 1,093,505 | 1,102,858 | 1,013,264 | (89,594) |
| Expenditures: | | | | |
| Current: | | | | |
| General government and administration | 25,000 | 25,000 | 17,972 | 7,028 |
| Total expenditures | 25,000 | 25,000 | 17,972 | 7,028 |
| Excess of revenues over expenditures | 1,068,505 | 1,077,858 | 995,292 | (82,566) |
| Other financing uses: | | | | |
| Transfers in | 140,000 | 190,000 | 190,000 | - |
| Transfers out | (1,390,171) | (1,390,171) | (1,390,171) | - |
| Total other financing sources | (1,250,171) | (1,200,171) | (1,200,171) | - |
| Net change in fund balance | (181,666) | (122,313) | (204,879) | (82,566) |
| Fund balances, October 1, 2011 | 206,353 | 206,353 | 206,353 | - |
| Fund balances, September 30, 2012 | \$ 24,687 | \$ 84,040 | \$ 1,474 | \$ (82,566) |

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, 2012

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|--|-------------------|---|
| Revenues: | | | |
| Property taxes | \$ 143,855 | \$ 98,406 | \$ (45,449) |
| Investment earnings | 271 | 25 | (246) |
| Other | - | 47,712 | 47,712 |
| Total revenues | <u>144,126</u> | <u>146,143</u> | <u>2,017</u> |
| Excess of revenues over expenditures | 144,126 | 146,143 | 2,017 |
| Other financing sources (uses) | | | |
| Transfers in | 30,000 | 30,000 | - |
| Transfers out | <u>(160,851)</u> | <u>(160,850)</u> | <u>1</u> |
| Total other financing sources | <u>(130,851)</u> | <u>(130,850)</u> | <u>1</u> |
| Net change in fund balance | 13,275 | 15,293 | 2,018 |
| Fund balances, October 1, 2011 | <u>(9,964)</u> | <u>(9,964)</u> | <u>-</u> |
| Fund balances, September 30, 2012 | <u>\$ 3,311</u> | <u>\$ 5,329</u> | <u>\$ 2,018</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, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|---------------------------------|------------------------------|-------------------|---|
| Revenues: | | | | |
| Property taxes | \$ 74,691 | \$ 74,691 | \$ 72,549 | \$ (2,142) |
| Investment earnings | 252 | 252 | 303 | 51 |
| Total revenues | <u>74,943</u> | <u>74,943</u> | <u>72,852</u> | <u>(2,091)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Development services | - | 7,500 | 7,500 | - |
| Total expenditures | <u>-</u> | <u>7,500</u> | <u>7,500</u> | <u>-</u> |
| Excess of revenues over expenditures | 74,943 | 67,443 | 65,352 | (2,091) |
| Net change in fund balance | 74,943 | 67,443 | 65,352 | (2,091) |
| Fund balances, October 1, 2011 | <u>22,167</u> | <u>22,167</u> | <u>22,167</u> | <u>-</u> |
| Fund balances, September 30, 2012 | <u>\$ 97,110</u> | <u>\$ 89,610</u> | <u>\$ 87,519</u> | <u>\$ (2,091)</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, 2012

| | Original Budgeted Amounts | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
| Revenues: | | | | |
| Property taxes | \$ 249,416 | \$ 249,416 | \$ 143,715 | \$ (105,701) |
| Investment earnings | 1,693 | 1,693 | 892 | (801) |
| Other | - | - | 91,166 | 91,166 |
| Total revenues | 251,109 | 251,109 | 235,773 | (15,336) |
| Expenditures: | | | | |
| Current: | | | | |
| Development services | - | 2,910 | - | 2,910 |
| Capital outlay | - | 350,561 | - | 350,561 |
| Total expenditures | - | 353,471 | - | 353,471 |
| Deficiency of revenues under expenditures | 251,109 | (102,362) | 235,773 | 338,135 |
| Other financing sources (uses): | | | | |
| Transfers in | 75,000 | 75,000 | 1,292,946 | 1,217,946 |
| Transfers out | (298,418) | (298,418) | (1,516,364) | (1,217,946) |
| Total other financing sources | (223,418) | (223,418) | (223,418) | - |
| Net change in fund balance | 27,691 | (325,780) | 12,355 | 338,135 |
| Fund balances, October 1, 2011 | 359,278 | 359,278 | 359,278 | - |
| Fund balances, September 30, 2012 | \$ 386,969 | \$ 33,498 | \$ 371,633 | \$ 338,135 |

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 and the operations of the LaSalle Hotel are included in this fund.

CITY OF BRYAN, TEXAS

Combining Statement of Net Assets

Nonmajor Enterprise Funds

As of September 30, 2012

| | Solid Waste Fund | Bryan Airport Fund | Bryan Commerce & Development | Total |
|--|---------------------|-----------------------|---------------------------------|---------------|
| <u>Assets</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,995,188 | \$ 88,298 | \$ 260,952 | \$ 2,344,438 |
| Investments | 1,754,461 | 77,465 | 10,498 | 1,842,424 |
| Accounts receivable | 765,481 | 13,285 | 34,824 | 813,590 |
| Less allowance for uncollectible | (230,816) | - | - | (230,816) |
| Grants receivable | - | 13,714 | - | 13,714 |
| Interest receivable | 3,156 | 139 | 19 | 3,314 |
| Inventories | - | 59,630 | 3,817 | 63,447 |
| Due from other funds | 166,413 | - | - | 166,413 |
| Prepaid and other assets | 4,477 | 1,307 | 32,200 | 37,984 |
| Total current assets | 4,458,360 | 253,838 | 342,310 | 5,054,508 |
| Noncurrent assets: | | | | |
| Restricted assets: | | | | |
| Investment in BVSWMA | 12,213,397 | - | - | 12,213,397 |
| Capital assets: | | | | |
| Land | - | 654,670 | 9,332,184 | 9,986,854 |
| Buildings | 81,400 | 1,165,901 | 1,633,701 | 2,881,002 |
| Equipment | 6,851,903 | - | 599,265 | 7,451,168 |
| Improvements other than buildings | 349,562 | 3,048,486 | - | 3,398,048 |
| Less accumulated depreciation | (3,992,704) | (2,340,609) | (1,160,334) | (7,493,647) |
| Total capital assets (net of accumulated depreciation) | 3,290,161 | 2,528,448 | 10,404,816 | 16,223,425 |
| Total noncurrent assets | 15,503,558 | 2,528,448 | 10,404,816 | 28,436,822 |
| Total assets | \$ 19,961,918 | \$ 2,782,286 | \$ 10,747,126 | \$ 33,491,330 |

| | Solid Waste Fund | Bryan Airport Fund | Bryan Commerce & Development | Total |
|---|---------------------|-----------------------|---------------------------------|---------------|
| <u>Liabilities</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 123,643 | \$ 5,095 | \$ 44,915 | \$ 173,653 |
| Accrued liabilities | 155,897 | 4,355 | 50,033 | 210,285 |
| Due to other funds | 2,988 | - | - | 2,988 |
| Accrued interest | - | 64 | 4,804 | 4,868 |
| Certificates of obligation | - | 2,261 | - | 2,261 |
| Notes | - | 107,652 | 1,893,792 | 2,001,444 |
| Accrued vacation and sick pay | 70,718 | 387 | 8,193 | 79,298 |
| Current liabilities payable from restricted assets: | | | | |
| Customer deposits | - | 7,490 | 66,219 | 73,709 |
| Total current liabilities | 353,246 | 127,304 | 2,067,956 | 2,548,506 |
| Noncurrent liabilities: | | | | |
| Certificates of obligation | - | 27,583 | - | 27,583 |
| Notes | - | 3,950 | - | 3,950 |
| Accrued vacation and sick pay | 41,533 | 228 | 4,811 | 46,572 |
| Total noncurrent liabilities | 41,533 | 31,761 | 4,811 | 78,105 |
| Total liabilities | 394,779 | 159,065 | 2,072,767 | 2,626,611 |
| <u>Net Assets</u> | | | | |
| Invested in capital assets, net of related debt | 3,290,161 | 2,387,002 | 8,511,024 | 14,188,187 |
| Restricted for BVSWMA | 12,213,397 | - | - | 12,213,397 |
| Unrestricted | 4,063,581 | 236,219 | 163,335 | 4,463,135 |
| Total net assets | \$ 19,567,139 | \$ 2,623,221 | \$ 8,674,359 | \$ 30,864,719 |

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2012

| | Solid Waste Fund | Bryan Airport Fund | Bryan Commerce & Development | Total |
|--|----------------------|-----------------------|---------------------------------|----------------------|
| Operating revenues: | | | | |
| Other | \$ 7,467,511 | \$ 508,162 | \$ 1,109,838 | \$ 9,085,511 |
| Total operating revenues | <u>7,467,511</u> | <u>508,162</u> | <u>1,109,838</u> | <u>9,085,511</u> |
| Operating expenses: | | | | |
| Personnel services | 2,601,077 | 110,003 | 415,524 | 3,126,604 |
| Maintenance | 477,712 | 37,194 | 56,262 | 571,168 |
| Other services and charges | 1,697,343 | 72,280 | 217,175 | 1,986,798 |
| Other expenses | 714,536 | 284,083 | 258,804 | 1,257,423 |
| General and administrative | 718,389 | - | - | 718,389 |
| Total operating expenses | <u>6,209,057</u> | <u>503,560</u> | <u>947,765</u> | <u>7,660,382</u> |
| before depreciation | 1,258,454 | 4,602 | 162,073 | 1,425,129 |
| Operating income (loss) before depreciation | <u>755,096</u> | <u>173,126</u> | <u>144,085</u> | <u>1,072,307</u> |
| Depreciation | <u>503,358</u> | <u>(168,524)</u> | <u>17,988</u> | <u>352,822</u> |
| Operating income (loss) | | | | |
| Nonoperating revenues (expenses): | | | | |
| Investment earnings | 21,467 | 1,329 | 366 | 23,162 |
| Interest expense | - | (1,465) | (57,474) | (58,939) |
| Amortization | - | - | (11,039) | (11,039) |
| Grants | - | 55,202 | - | 55,202 |
| Distributive share of BYSWMA net income | (730,841) | - | - | (730,841) |
| Other - net | 200,851 | - | - | 200,851 |
| Total nonoperating revenues (expenses) | <u>(508,523)</u> | <u>55,066</u> | <u>(68,147)</u> | <u>(521,604)</u> |
| Income (loss) before contributions and transfers | (5,165) | (113,458) | (50,159) | (168,782) |
| Transfers in | | | | |
| Transfers out | 2,919,273 | 18,654 | - | 2,937,927 |
| Change in net assets | <u>(909,260)</u> | <u>-</u> | <u>(129,000)</u> | <u>(1,038,260)</u> |
| | <u>2,004,848</u> | <u>(94,804)</u> | <u>(179,159)</u> | <u>1,730,885</u> |
| Net assets, October 1, 2011 | <u>17,562,291</u> | <u>2,718,025</u> | <u>8,853,518</u> | <u>29,133,834</u> |
| Net assets, September 30, 2012 | <u>\$ 19,567,139</u> | <u>\$ 2,623,221</u> | <u>\$ 8,674,359</u> | <u>\$ 30,864,719</u> |

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2012

| | Solid Waste Fund | Bryan Airport Fund | Bryan Commerce & Development | Total |
|---|---------------------|-----------------------|------------------------------------|--------------|
| Cash flows from operating activities: | | | | |
| Receipts from customers and users | \$ 7,917,423 | \$ 489,939 | \$ 1,083,707 | \$ 9,491,069 |
| Payments to suppliers | (3,654,195) | (280,687) | (563,546) | (4,498,428) |
| Payments to employees | (2,488,826) | (110,026) | (406,395) | (3,005,247) |
| Receipts for miscellaneous revenues | 200,851 | 6,289 | - | 207,140 |
| Net cash provided by operating activities | 1,975,253 | 105,515 | 113,766 | 2,194,534 |
| Cash flows from noncapital financing activities: | | | | |
| Transfers in | 1,914,540 | 18,654 | - | 1,933,194 |
| Transfers out | (909,260) | - | (129,000) | (1,038,260) |
| Net cash provided (used) by noncapital financing activities | 1,005,280 | 18,654 | (129,000) | 894,934 |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition and construction of capital assets | (873,610) | - | 59,454 | (814,156) |
| Grants | - | (13,342) | - | (13,342) |
| Amortization of debt expense | - | - | (11,039) | (11,039) |
| Principal paid on certificates of obligation | - | (2,656) | - | (2,656) |
| Interest paid on bonds, contractual obligations, and notes | - | (1,601) | (57,760) | (59,361) |
| Net cash used by capital and related financing activities | (873,610) | (17,599) | (9,345) | (900,554) |
| Cash flows from investing activities: | | | | |
| Purchase of investment securities | (2,215,043) | (47,053) | (13,254) | (2,275,350) |
| Sale of investment securities | 1,315,298 | - | 2,756 | 1,318,054 |
| Interest on investments | 19,888 | 1,248 | 346 | 21,482 |
| Net cash used by investing activities | (879,857) | (45,805) | (10,152) | (935,814) |
| Net increase (decrease) in cash and cash equivalents | 1,227,066 | 60,765 | (34,731) | 1,253,100 |
| Cash and cash equivalents, October 1, 2011 | 768,122 | 27,533 | 295,683 | 1,091,338 |
| Cash and cash equivalents, September 30, 2012 | \$ 1,995,188 | \$ 88,298 | \$ 260,952 | \$ 2,344,438 |

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows (continued)

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2012

| | Solid Waste Fund | Bryan Airport Fund | Bryan Commerce & Development | Total |
|--|---------------------|-----------------------|---------------------------------|--------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ 503,358 | \$ (168,524) | \$ 17,988 | \$ 352,822 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation and amortization | 755,096 | 173,126 | 144,085 | 1,072,307 |
| Receipts for miscellaneous revenues | 200,851 | 6,289 | - | 207,140 |
| Change in assets and liabilities: | | | | |
| Change in accounts receivable | 712,098 | 5,223 | 843 | 718,164 |
| Change in deferred credits | (262,186) | - | - | (262,186) |
| Change in inventory | - | (25,330) | 58 | (25,272) |
| Change in due from other funds | - | 111,602 | - | 111,602 |
| Change in prepaid assets | (4,477) | (1,307) | 16,073 | 10,289 |
| Change in accounts payable | (18,427) | 2,575 | (46,988) | (62,840) |
| Change in accrued liabilities | 155,897 | (121) | (448) | 155,328 |
| Change in customer deposits | - | 1,884 | (26,974) | (25,090) |
| Change in due to other funds | (179,208) | - | - | (179,208) |
| Change in accrued vacation and sick pay | 112,251 | 98 | 9,129 | 121,478 |
| Net cash provided by operating activities | \$ 1,975,253 | \$ 105,515 | \$ 113,766 | \$ 2,194,534 |

Noncash investing, capital and financing activities

During this past year, the Enterprise Funds investment in BVSWMA decreased \$730,841 as a result of their operations.

Two internal service funds were closed during the year and capital assets (net of accumulated depreciation) totaling \$1,004,733 were transferred to the Non-major Enterprise Funds.

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.

Equipment Replacement Fund – To account for funds accumulated by the City for the replacement of City vehicles and equipment, not budgeted in other funds. In fiscal year 2012, this fund was discontinued and its assets were appropriately distributed to other funds.

Facility Maintenance Fund – To account for funds accumulated by the City for the maintenance of City facilities, not budgeted in other funds. In fiscal year 2012, this fund was discontinued and its assets were appropriately distributed to other funds.

CITY OF BRYAN, TEXAS
Internal Service Funds
Combining Statement of Net Assets
As of September 30, 2012

| | <u>Assets</u> | | | | | |
|--|----------------|----------------|-----------------------------|-----------------------|----------------------|--------------|
| | Warehouse Fund | Insurance Fund | Employee Benefit Trust Fund | Equipment Replacement | Facility Maintenance | Total |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 215,253 | \$ 2,261,530 | \$ 1,140,322 | \$ - | \$ - | \$ 3,617,105 |
| Investments | 189,290 | 1,966,782 | 1,002,788 | - | - | 3,158,860 |
| Accounts receivable | - | 3,126 | 362,949 | - | - | 366,075 |
| Interest receivable | 341 | 3,542 | 1,804 | - | - | 5,687 |
| Inventories | 230,035 | - | - | - | - | 230,035 |
| Due from other funds | 410 | 11,858 | 120,234 | - | - | 132,502 |
| Prepaid and other assets | 9 | 241,631 | - | - | - | 241,640 |
| Total current assets | 635,338 | 4,488,469 | 2,628,097 | - | - | 7,751,904 |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Buildings | - | 23,419 | - | - | - | 23,419 |
| Equipment | 27,390 | 236,563 | - | - | - | 263,953 |
| Improvements other than buildings | 98,420 | 29,572 | - | - | - | 127,992 |
| Less accumulated depreciation | (54,654) | (261,680) | - | - | - | (316,334) |
| Total capital assets (net of accumulated depreciation) | 71,156 | 27,874 | - | - | - | 99,030 |
| Total assets | 706,494 | 4,516,343 | 2,628,097 | - | - | 7,850,934 |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 1,019 | 37,968 | 242,386 | - | - | 281,373 |
| Claims payable | - | 659,436 | 1,014,384 | - | - | 1,673,820 |
| Accrued liabilities | 10,084 | 18,032 | - | - | - | 28,116 |
| Accrued vacation and sick pay | 3,574 | 35,057 | - | - | - | 38,631 |
| Total current liabilities | 14,677 | 750,493 | 1,256,770 | - | - | 2,021,940 |
| Noncurrent liabilities: | | | | | | |
| Claims payable | - | 633,576 | - | - | - | 633,576 |
| Accrued liabilities | - | - | 1,330,121 | - | - | 1,330,121 |
| Accrued vacation and sick pay | 2,099 | 20,589 | - | - | - | 22,688 |
| Total noncurrent liabilities | 2,099 | 654,165 | 1,330,121 | - | - | 1,986,385 |
| Total liabilities | 16,776 | 1,404,658 | 2,586,891 | - | - | 4,008,325 |
| Net Assets | | | | | | |
| Invested in capital assets | 71,156 | 27,874 | - | - | - | 99,030 |
| Unrestricted | 618,562 | 3,083,811 | 41,206 | - | - | 3,743,579 |
| Total net assets | \$ 689,718 | \$ 3,111,685 | \$ 41,206 | \$ - | \$ - | \$ 3,842,609 |

CITY OF BRYAN, TEXAS

Internal Service Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2012

| | Warehouse Fund | Insurance Fund | Employee Benefit Trust Fund | Equipment Replacement | Facility Maintenance | Total |
|---|-------------------|---------------------|--------------------------------|--------------------------|-------------------------|---------------------|
| Operating revenues: | | | | | | |
| Intragovernmental | \$ 388,009 | \$ 1,438,470 | \$ 5,388,961 | \$ - | \$ - | \$ 7,215,440 |
| Other | 331 | - | 2,113,327 | - | - | 2,113,658 |
| Total operating revenues | <u>388,340</u> | <u>1,438,470</u> | <u>7,502,288</u> | <u>-</u> | <u>-</u> | <u>9,329,098</u> |
| Operating expenses: | | | | | | |
| Personnel services | 208,213 | 415,391 | - | - | - | 623,604 |
| Maintenance | 913 | 6,524 | - | - | - | 7,437 |
| Claims | - | 728,879 | 7,961,458 | - | - | 8,690,337 |
| Other services and charges | 108,662 | 771,353 | 1,610,827 | - | - | 2,490,842 |
| Other expenses | 17,257 | 12,481 | 14,242 | - | - | 43,980 |
| General and administrative | - | 224,831 | - | - | - | 224,831 |
| Total operating expenses before depreciation | <u>335,045</u> | <u>2,159,459</u> | <u>9,586,527</u> | <u>-</u> | <u>-</u> | <u>12,081,031</u> |
| Operating income (loss) before depreciation | 53,295 | (720,989) | (2,084,239) | - | - | (2,751,933) |
| Depreciation | 6,062 | 3,679 | - | - | - | 9,741 |
| Operating income (loss) | <u>47,233</u> | <u>(724,668)</u> | <u>(2,084,239)</u> | <u>-</u> | <u>-</u> | <u>(2,761,674)</u> |
| Nonoperating revenues: | | | | | | |
| Investment earnings | 2,199 | 21,851 | 14,447 | - | - | 38,497 |
| Other | - | 11,300 | 1,026,018 | - | - | 1,037,318 |
| Total nonoperating revenues | <u>2,199</u> | <u>33,151</u> | <u>1,040,465</u> | <u>-</u> | <u>-</u> | <u>1,075,815</u> |
| Income before transfers | 49,432 | (691,517) | (1,043,774) | - | - | (1,685,859) |
| Other financing sources (uses): | | | | | | |
| Transfers in | 42,344 | 281,054 | - | - | - | 323,398 |
| Transfers out | - | - | (264,187) | (9,651,935) | (168,239) | (10,084,361) |
| Total other financing sources (uses) | <u>42,344</u> | <u>281,054</u> | <u>(264,187)</u> | <u>(9,651,935)</u> | <u>(168,239)</u> | <u>(9,760,963)</u> |
| Change in net assets | 91,776 | (410,463) | (1,307,961) | (9,651,935) | (168,239) | (11,446,822) |
| Net assets, October 1, 2011 | 597,942 | 3,522,148 | 1,349,167 | 9,651,935 | 168,239 | 15,289,431 |
| Net assets, September 30, 2012 | <u>\$ 689,718</u> | <u>\$ 3,111,685</u> | <u>\$ 41,206</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,842,609</u> |

CITY OF BRYAN, TEXAS

Internal Service Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended September 30, 2012

| | Warehouse Fund | Insurance Fund | Employee Benefit Trust Fund | Equipment Replacement | Facility Maintenance | Total |
|---|----------------|----------------|-----------------------------|-----------------------|----------------------|----------------|
| Cash flows from operating activities: | | | | | | |
| Receipts from customers and users | \$ 2,270,640 | \$ - | \$ 1,783,910 | \$ - | \$ - | \$ 4,054,550 |
| Receipts for interfund services provided | 254,731 | 1,438,211 | 5,401,723 | 8,391 | - | 7,103,056 |
| Payments to suppliers | (2,272,732) | (2,275,700) | (8,934,335) | - | - | (13,482,767) |
| Payments to employees | (205,385) | (409,756) | - | - | - | (615,141) |
| Receipts for miscellaneous revenues | - | 11,300 | 1,027,332 | - | - | 1,038,632 |
| Payments for interfund services used | - | (224,831) | - | (1,000) | - | (225,831) |
| Net cash provided (used) by operating activities | 47,254 | (1,460,776) | (721,370) | 7,391 | - | (2,127,501) |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfers in | 42,344 | 281,054 | - | - | - | 323,398 |
| Transfers out | - | - | (264,187) | (2,772,529) | (141,312) | (3,178,028) |
| Net cash used by noncapital activities | 42,344 | 281,054 | (264,187) | (2,772,529) | (141,312) | (2,854,630) |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition and construction of capital assets | (27,390) | - | - | - | - | (27,390) |
| Net cash used by capital and related financing activities | (27,390) | - | - | - | - | (27,390) |
| Cash flows from investing activities: | | | | | | |
| Purchase of investment securities | (264,344) | (3,149,340) | (1,689,949) | (609,525) | (31,150) | (5,744,308) |
| Sale of investment securities | 254,207 | 4,005,397 | 2,327,458 | 2,064,500 | 105,507 | 8,757,069 |
| Interest on investments | 2,199 | 23,675 | 14,447 | 2,765 | 141 | 43,227 |
| Net cash provided (used) by investing activities | (7,938) | 879,732 | 651,956 | 1,457,740 | 74,498 | 3,055,988 |
| Net increase (decrease) in cash and cash equivalents | 54,270 | (299,990) | (333,601) | (1,307,398) | (66,814) | (1,953,533) |
| Cash and cash equivalents, October 1, 2011 | 160,983 | 2,561,520 | 1,473,923 | 1,307,398 | 66,814 | 5,570,638 |
| Cash and cash equivalents, September 30, 2012 | \$ 215,253 | \$ 2,261,530 | \$ 1,140,322 | \$ - | \$ - | \$ 3,617,105 |
| Operating income (loss) | \$ 47,233 | \$ (724,668) | \$ (2,084,239) | \$ - | \$ - | \$ (2,761,674) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation | 6,062 | 3,679 | - | - | - | 9,741 |
| Nonoperating revenue | - | 11,300 | 1,026,018 | - | - | 1,037,318 |
| Change in assets and liabilities: | | | | | | |
| Change in accounts receivable | - | 3,297 | (329,417) | - | - | (326,120) |
| Change in inventory | (2,832) | - | - | - | - | (2,832) |
| Change in due from other funds | 195 | (3,557) | 12,762 | 8,391 | - | 17,791 |
| Change in prepaid assets | - | (241,631) | - | - | - | (241,631) |
| Change in accounts payable | (6,231) | (13,777) | 30,963 | - | - | 10,955 |
| Change in accrued liabilities | 2,130 | 3,078 | 562,033 | - | - | 567,241 |
| Change in due to other funds | - | (3,437) | - | (1,000) | - | (4,437) |
| Change in claims payable | - | (497,617) | 60,510 | - | - | (437,107) |
| Change in vacation and sick pay | 697 | 2,557 | - | - | - | 3,254 |
| Net cash provided (used) by operating activities | \$ 47,254 | \$ (1,460,776) | \$ (721,370) | \$ 7,391 | \$ - | \$ (2,127,501) |

AGENCY FUND

Payroll Fund – To account for the City’s payroll funds. Employee wages, associated employment taxes and employee benefits are paid from the fund. This fund is excluded from the government-wide statement of net assets and statement of activities since the assets are not available to support the City’s own programs.

CITY OF BRYAN, TEXAS
Schedule of Changes in Assets and Liabilities - Agency Fund
Payroll Fund
For the Fiscal Year Ended September 30, 2012

| | Balance October 1, 2011 | Additions | Deductions | Balance September 30, 2012 |
|--|----------------------------|---------------|---------------|-------------------------------|
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 667,082 | \$ 58,004,926 | \$ 58,000,297 | \$ 671,711 |
| Accounts Receivable | 330,608 | 322,396 | 338,552 | 314,452 |
| Total assets | 997,690 | 58,327,322 | 58,338,849 | 986,163 |
| <u>Liabilities</u> | | | | |
| Benefits and employment taxes payable | \$ 997,690 | \$ 27,397,418 | \$ 27,385,891 | \$ 986,163 |

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, 2012 and 2011

| | 2012 | 2011 |
|---|-----------------------|-----------------------|
| Governmental funds capital assets: | | |
| Land | \$ 11,570,401 | \$ 11,570,401 |
| Buildings | 42,728,759 | 42,728,760 |
| Improvements other than buildings | 31,165,162 | 30,780,340 |
| Equipment | 28,382,954 | 21,237,090 |
| Infrastructure | 171,120,753 | 157,675,550 |
| Construction in Progress | 7,820,649 | 16,604,018 |
| | <u>\$ 292,788,678</u> | <u>\$ 280,596,159</u> |
| Investments in governmental funds capital assets by source: | | |
| General Fund | \$ 82,003,988 | \$ 73,054,278 |
| Special Revenue Funds | 8,126,350 | 8,126,349 |
| Private Contributions | 35,468,609 | 34,731,366 |
| General Obligation bonds | 42,229,657 | 42,229,659 |
| Grants | 6,611,770 | 6,611,770 |
| Certificates of Obligation | 118,348,304 | 115,842,737 |
| | <u>\$ 292,788,678</u> | <u>\$ 280,596,159</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 assets.

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, 2012

| Function and Activity | Governmental Funds Capital Assets October 1, 2011 | Reclassifications | Additions | Deductions | Governmental Funds Capital Assets September 30, 2012 |
|---|--|-------------------|----------------------|----------------------|---|
| | | | | | |
| General Government: | | | | | |
| Executive | \$ 16,809,824 | \$ - | \$ - | \$ - | \$ 16,809,823 |
| City Secretary | 264,858 | - | - | - | 264,858 |
| Legal services | 41,126 | - | - | - | 41,126 |
| Fiscal services | 324,711 | - | - | - | 324,712 |
| Computer services | 7,512,959 | - | 288,003 | 500 | 7,800,462 |
| Purchasing services | 1,773,250 | - | - | - | 1,773,249 |
| Human resources | 44,862 | - | - | - | 44,862 |
| Facility services | 3,003,431 | (18,121) | 325,644 | 10,050 | 3,300,904 |
| Fleet services | 70,619 | - | - | - | 70,619 |
| Total general government | <u>29,845,640</u> | <u>(18,121)</u> | <u>613,647</u> | <u>10,550</u> | <u>30,430,615</u> |
| Development services: | | | | | |
| Administration | 599,956 | - | - | - | 599,956 |
| Planning | 29,062 | - | 41,008 | - | 70,070 |
| Engineering | 169,526 | - | - | 4,000 | 165,525 |
| Inspections | 123,142 | - | - | 4,000 | 119,143 |
| Community Development | 5,360,216 | - | - | - | 5,360,216 |
| TIF infrastructure | 7,338,901 | - | 2,988,997 | - | 10,327,899 |
| Total development services | <u>13,620,803</u> | <u>-</u> | <u>3,030,005</u> | <u>8,000</u> | <u>16,642,809</u> |
| Public works: | | | | | |
| Environmental services | 28,567 | - | - | - | 28,567 |
| Transportation services | 158,585,643 | 18,121 | 11,379,346 | 10,260 | 169,972,850 |
| Total public works | <u>158,614,210</u> | <u>18,121</u> | <u>11,379,346</u> | <u>10,260</u> | <u>170,001,417</u> |
| Public safety: | | | | | |
| Police services | 23,060,152 | - | 1,896,799 | 324,667 | 24,632,284 |
| Fire and emergency medical services | 10,763,368 | - | 3,617,726 | 22,809 | 14,358,285 |
| Municipal court | 2,149,143 | - | 62,682 | - | 2,211,826 |
| Total public safety | <u>35,972,663</u> | <u>-</u> | <u>5,577,207</u> | <u>347,476</u> | <u>41,202,394</u> |
| Cultural and recreational: | | | | | |
| Administration | 143,955 | - | - | - | 143,955 |
| Library services | 4,008,679 | - | 120,735 | - | 4,129,414 |
| Parks and recreation services | 21,786,191 | - | 686,271 | 55,036 | 22,417,426 |
| Total cultural and recreational | <u>25,938,825</u> | <u>-</u> | <u>807,006</u> | <u>55,036</u> | <u>26,690,795</u> |
| Construction in Progress - Unclassified | <u>16,604,018</u> | <u>-</u> | <u>4,372,382</u> | <u>13,155,752</u> | <u>7,820,649</u> |
| Total governmental funds capital assets | <u>\$ 280,596,159</u> | <u>\$ -</u> | <u>\$ 25,779,593</u> | <u>\$ 13,587,074</u> | <u>\$ 292,788,678</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 assets.

CITY OF BRYAN, TEXAS

Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
As of September 30, 2012

| Function and Activity | Land | Buildings | Improvements Other Than Buildings | Machinery and Equipment | Infrastructure | Construction in Progress | Total |
|---|---------------|---------------|---|-------------------------------|----------------|--------------------------------|----------------|
| General Government: | | | | | | | |
| Executive | \$ 2,138,903 | \$ 14,384,543 | \$ - | \$ 286,378 | \$ - | \$ - | \$ 16,809,823 |
| City Secretary | 125,000 | - | 94,261 | 45,597 | - | - | 264,858 |
| Legal services | - | - | 41,126 | - | - | - | 41,126 |
| Fiscal services | - | 38,385 | - | 286,327 | - | 350 | 325,062 |
| Computer services | - | 60,768 | 33,279 | 7,706,415 | - | 156,342 | 7,956,804 |
| Purchasing services | - | 37,037 | 1,679,680 | 56,533 | - | - | 1,773,249 |
| Human resources | - | - | 9,991 | 34,871 | - | - | 44,862 |
| Facility services | - | 2,468,306 | 118,187 | 714,411 | - | - | 3,300,904 |
| Fleet services | - | 1,671 | 32,396 | 36,552 | - | - | 70,619 |
| Total general government | 2,263,903 | 16,990,709 | 2,008,920 | 9,167,083 | - | 156,692 | 30,587,307 |
| Development services: | | | | | | | |
| Administration | 35,156 | 1,260 | - | 563,540 | - | - | 599,956 |
| Planning | - | 29,062 | - | 41,008 | - | - | 70,070 |
| Engineering | 4,556 | 7,343 | - | 153,627 | - | - | 165,525 |
| Inspections | - | - | - | 119,143 | - | - | 119,143 |
| Community Development | 118,531 | 131,652 | 5,083,368 | 26,665 | - | - | 5,360,216 |
| TIF infrastructure | 126,624 | - | 58,449 | - | 10,142,825 | 2,271,636 | 12,599,535 |
| Total development services | 284,867 | 169,317 | 5,141,817 | 903,983 | 10,142,825 | 2,271,636 | 18,914,445 |
| Public works: | | | | | | | |
| Environmental services | - | 11,995 | 16,572 | - | - | - | 28,567 |
| Transportation services | 5,179,975 | 8,840 | 957,554 | 2,875,957 | 160,950,524 | 5,392,320 | 175,365,170 |
| Total public works | 5,179,975 | 20,835 | 974,126 | 2,875,957 | 160,950,524 | 5,392,320 | 175,393,737 |
| Public safety: | | | | | | | |
| Police services | 1,043,332 | 18,189,593 | 22,982 | 5,376,377 | - | - | 24,632,284 |
| Fire and emergency medical services | - | 6,345,530 | 12,780 | 7,999,975 | - | - | 14,358,285 |
| Municipal court | 1,819,216 | - | 106,675 | 285,934 | - | - | 2,211,826 |
| Total public safety | 2,862,549 | 24,535,122 | 142,437 | 13,662,286 | - | - | 41,202,394 |
| Cultural and recreational: | | | | | | | |
| Administration | - | - | 107,924 | 36,031 | - | - | 143,955 |
| Library services | - | 479,287 | 3,382,399 | 267,728 | - | - | 4,129,414 |
| Parks and recreation services | 979,108 | 533,489 | 19,407,539 | 1,469,886 | 27,404 | - | 22,417,426 |
| Total cultural and recreational | 979,108 | 1,012,776 | 22,897,862 | 1,773,645 | 27,404 | - | 26,690,795 |
| Total governmental funds capital assets | \$ 11,570,401 | \$ 42,728,759 | \$ 31,165,162 | \$ 28,382,954 | \$ 171,120,753 | \$ 7,820,649 | \$ 292,788,678 |

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 assets.



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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 - 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 - These schedules contain information to help the reader assess one of the government's most significant local revenue sources, the property tax.

Debt Capacity - 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 - 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 - 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 Assets by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

Table 1

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt ⁽¹⁾ | \$ 59,966,985 | \$ 65,071,184 | \$ 69,957,643 | \$ 73,996,072 | \$ 58,468,218 | \$ 70,901,798 | \$ 72,148,854 | \$ 63,909,781 | \$ 73,325,895 | \$ 73,821,014 |
| Restricted | 8,744,262 | 12,411,981 | 9,408,853 | 2,363,876 | 27,981,851 | 23,344,871 | 23,432,166 | 30,938,682 | 24,782,392 | 24,404,041 |
| Unrestricted | 8,934,045 | 12,846,291 | 25,200,380 | 33,341,850 | 21,616,812 | 13,567,078 | 6,457,676 | 7,301,794 | 10,124,807 | 8,130,941 |
| Total governmental activities net assets ⁽¹⁾ | <u>77,645,292</u> | <u>90,329,456</u> | <u>104,576,876</u> | <u>109,701,798</u> | <u>108,066,881</u> | <u>107,813,747</u> | <u>102,038,696</u> | <u>102,150,257</u> | <u>108,233,094</u> | <u>106,355,996</u> |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt ⁽¹⁾ | 176,057,147 | 184,042,503 | 192,023,775 | 205,120,101 | 211,649,393 | 219,334,434 | 232,484,352 | 241,866,068 | 252,740,085 | 248,552,828 |
| Restricted | 53,985,790 | 48,397,500 | 48,742,062 | 50,081,595 | 51,830,123 | 43,850,639 | 39,595,645 | 36,217,006 | 29,510,223 | 34,775,027 |
| Unrestricted | 28,731,521 | 33,805,247 | 44,945,078 | 52,644,050 | 60,752,417 | 74,031,100 | 79,737,961 | 75,781,601 | 78,497,386 | 85,730,247 |
| Total Business-type activities net assets ⁽¹⁾ | <u>258,774,458</u> | <u>266,245,250</u> | <u>285,710,915</u> | <u>307,845,746</u> | <u>324,231,933</u> | <u>337,216,173</u> | <u>351,817,958</u> | <u>353,864,675</u> | <u>360,747,694</u> | <u>369,058,102</u> |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt ⁽¹⁾ | 236,024,132 | 249,113,687 | 261,991,418 | 279,116,173 | 270,117,611 | 290,236,232 | 304,633,206 | 305,775,849 | 326,065,980 | 322,373,842 |
| Restricted | 62,730,052 | 60,809,481 | 58,150,915 | 52,445,471 | 79,811,974 | 67,195,510 | 63,027,811 | 67,155,688 | 54,292,615 | 59,179,068 |
| Unrestricted | 37,665,566 | 46,651,538 | 70,145,458 | 85,985,900 | 82,369,229 | 87,598,178 | 86,195,637 | 83,083,395 | 88,622,193 | 93,861,188 |
| Total primary government net assets ⁽¹⁾ | <u>\$ 336,419,750</u> | <u>\$ 356,574,706</u> | <u>\$ 390,287,791</u> | <u>\$ 417,547,544</u> | <u>\$ 432,298,814</u> | <u>\$ 445,029,920</u> | <u>\$ 453,856,654</u> | <u>\$ 456,014,932</u> | <u>\$ 468,980,788</u> | <u>\$ 475,414,098</u> |

⁽¹⁾All amounts have been adjusted to include infrastructure in place prior to fiscal year 2002.
Prior period adjustments reported in fiscal years 2003 and 2005 have been reflected in the applicable year.
The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.



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City of Bryan, Texas
Change in Net Assets
Last Ten Fiscal Years

(Accrual basis of accounting)

Table 2

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-----------------|-----------------------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General government and administration | \$ 6,291,606 | ⁽¹⁾ \$ 6,745,877 | \$ 6,978,510 | \$ 8,297,179 | \$ 9,236,358 | \$ 9,816,634 | \$ 14,552,308 | \$ 11,861,977 | \$ 11,694,539 | \$ 12,567,217 |
| Development services | 3,818,100 | ⁽¹⁾ 4,004,152 | 3,464,594 | 5,462,407 | 4,340,747 | 4,704,351 | 4,488,613 | 5,514,292 | 5,451,223 | 4,946,473 |
| Public works services | 4,810,494 | ⁽¹⁾ 5,312,221 | 7,887,261 | 9,669,822 | 10,511,166 | 10,336,466 | 18,315,196 | 14,603,264 | 14,091,910 | 15,169,531 |
| Public Safety | 17,263,595 | 17,808,452 | 18,764,003 | 22,042,551 | 22,022,243 | 25,001,597 | 24,055,956 | 28,098,561 | 21,693,251 | 24,346,634 |
| Cultural and Recreational | 5,324,307 | 5,099,170 | 6,144,441 | 8,012,157 | 8,015,013 | 7,915,398 | 8,829,886 | 8,585,698 | 7,666,774 | 8,242,037 |
| Interest on long-term debt | 4,224,824 | 3,977,230 | 3,791,338 | 3,867,959 | 4,061,936 | 4,206,919 | 4,742,776 | 4,392,590 | 4,982,815 | 4,560,746 |
| Total governmental activities expenses | 41,732,926 | 42,947,102 | 47,030,347 | 55,952,075 | 58,187,463 | 61,981,365 | 74,984,735 | 73,056,382 | 65,580,512 | 69,832,638 |
| Business-type activities: | | | | | | | | | | |
| Electric | 86,030,612 | 106,532,985 | 187,892,006 | 170,643,465 | 135,258,317 | 151,358,522 | 140,629,222 | 132,804,674 | 142,323,465 | 133,361,843 |
| Rural Electric | 17,138,379 | 20,383,211 | 22,454,245 | 24,727,234 | 23,150,766 | 27,632,138 | 29,712,906 | 27,993,444 | 29,664,911 | 28,603,608 |
| Water | 7,718,702 | 7,894,538 | 7,788,777 | 8,196,725 | 8,222,608 | 9,801,729 | 9,290,685 | 10,380,604 | 10,868,241 | 11,202,934 |
| Wastewater | 8,938,220 | 9,154,681 | 9,193,987 | 8,930,397 | 8,956,833 | 13,429,973 | 11,002,685 | 9,880,856 | 10,658,709 | 10,966,690 |
| Other | 8,356,065 | 7,134,688 | 6,292,314 | 6,241,268 | 15,886,390 | 7,629,919 | 3,848,988 | 9,813,006 | 15,215,556 | 12,195,441 |
| Total business-type activities expenses | 128,181,978 | 151,100,103 | 233,621,329 | 218,739,089 | 191,474,914 | 209,852,281 | 194,484,486 | 190,872,584 | 208,730,882 | 196,330,516 |
| Total primary government expenses | 169,914,904 | 194,047,205 | 280,651,676 | 274,691,164 | 249,662,377 | 271,833,646 | 269,469,221 | 263,928,966 | 274,311,394 | 266,163,154 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Fees, fines, and charges for services | | | | | | | | | | |
| General government and administration | 116,436 | 169,860 | 149,738 | 153,220 | 143,397 | 143,601 | 137,148 | 166,198 | 147,025 | 126,499 |
| Development services | 472,312 | 408,892 | 504,189 | 523,492 | 722,130 | 614,615 | 587,732 | 572,570 | 492,175 | 592,784 |
| Public safety | 2,294,597 | 2,946,667 | 2,963,856 | 3,586,722 | 3,534,273 | 4,394,972 | 4,824,117 | 4,639,041 | 4,385,470 | 4,028,727 |
| Cultural and recreational | 569,132 | 458,481 | 1,358,437 | 1,280,685 | 1,270,134 | 1,464,608 | 1,912,083 | 1,634,222 | 1,355,274 | 1,581,416 |
| Operating grants and contributions | 2,413,339 | 3,130,823 | 2,695,069 | 2,720,818 | 2,386,129 | 2,819,267 | 2,382,961 | 2,640,566 | 2,607,994 | 2,732,746 |
| Capital grants and contributions | 2,156,754 | 5,739,246 | 8,316,305 | 2,463,210 | 3,430,598 | 2,650,099 | 3,528,100 | 4,476,022 | 2,657,466 | 3,232,203 |
| Total governmental activities program revenues | 8,023,170 | 12,853,969 | 15,987,594 | 10,728,147 | 11,486,661 | 12,087,162 | 13,372,141 | 14,128,619 | 11,645,404 | 12,294,375 |
| Business-type activities: | | | | | | | | | | |
| Electric | 99,224,399 | 112,809,451 | 197,251,336 | 181,408,666 | 141,061,065 | 153,872,437 | 147,926,009 | 134,670,691 | 151,634,735 | 145,990,914 |
| Rural Electric | 19,114,630 | 22,332,873 | 24,406,821 | 26,825,404 | 24,991,627 | 28,975,229 | 30,996,152 | 30,133,488 | 31,851,185 | 31,495,841 |
| Water | 7,916,358 | 8,232,182 | 9,853,319 | 9,853,129 | 9,385,539 | 10,944,038 | 12,216,438 | 11,529,217 | 14,281,996 | 12,879,376 |
| Wastewater | 9,937,103 | 9,865,054 | 10,604,267 | 11,384,503 | 11,357,398 | 11,586,181 | 12,017,013 | 12,369,599 | 13,112,105 | 13,072,233 |
| Other Enterprise Funds | 6,659,201 | 6,910,778 | 8,846,382 | 9,595,603 | 10,030,558 | 10,155,749 | 10,181,590 | 10,736,815 | 10,840,430 | 11,066,735 |
| Operating grants and contributions | - | - | - | 26,573 | - | - | 658,470 | 25,033 | 2,615,369 | 540,202 |
| Capital grants and contributions | 2,351,997 | 2,732,508 | 5,488,219 | 2,349,480 | 2,348,044 | 2,643,388 | 1,594,030 | 1,932,153 | 979,666 | 1,173,074 |
| Total business-type activities program revenue | 145,203,688 | 162,882,846 | 256,450,344 | 242,422,413 | 199,174,231 | 218,177,022 | 215,589,702 | 201,396,996 | 225,315,486 | 216,218,375 |
| Total primary government program revenues | 153,226,858 | 175,736,815 | 272,437,938 | 253,150,560 | 210,660,892 | 230,264,184 | 228,961,843 | 215,525,615 | 236,960,890 | 228,512,750 |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | (33,709,756) | (30,093,133) | (31,042,753) | (45,223,928) | (46,700,802) | (49,894,203) | (61,612,594) | (58,927,763) | (53,935,108) | (57,538,263) |
| Business-type activities | 17,021,710 | 11,782,743 | 22,829,015 | 23,683,324 | 7,699,317 | 8,324,741 | 21,105,216 | 10,524,412 | 16,584,604 | 19,887,859 |
| Total primary government net expense | \$ (16,688,046) | \$ (18,310,390) | \$ (8,213,738) | \$ (21,540,604) | \$ (39,001,485) | \$ (41,569,462) | \$ (40,507,378) | \$ (48,403,351) | \$ (37,350,504) | \$ (37,650,404) |

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Revenue and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 13,856,059 | \$ 14,992,594 | \$ 16,160,905 | \$ 17,183,813 | \$ 18,859,376 | \$ 20,494,898 | \$ 21,950,012 | \$ 22,967,025 | \$ 23,043,249 | \$ 24,075,833 |
| Sales taxes | 10,208,391 | 10,778,912 | 11,731,308 | 13,381,722 | 13,491,560 | 14,532,775 | 14,140,838 | 14,608,410 | 14,301,017 | 14,814,931 |
| Franchise taxes | 1,665,395 | 1,702,317 | 1,676,744 | 2,049,517 | 1,920,990 | 2,012,872 | 2,000,294 | 2,071,337 | 2,062,766 | 1,963,381 |
| Alcoholic beverage taxes | 69,061 | 64,849 | 63,401 | 66,073 | 62,031 | 64,994 | 72,777 | 79,573 | 93,042 | 75,460 |
| Bingo taxes | 55,613 | 87,087 | 127,792 | 158,365 | 178,377 | 183,580 | 195,970 | 204,009 | 210,255 | 217,615 |
| Hotel occupancy taxes | 205,481 | 226,849 | 221,482 | 219,711 | 248,935 | 290,187 | 321,859 | 411,190 | 454,217 | 504,078 |
| Transportation and drainage fees | 1,776,081 | 1,771,032 | 3,279,441 | 4,004,370 | 4,008,249 | 4,133,458 | 4,343,987 | 6,129,574 | 6,179,135 | 6,324,068 |
| Unrestricted investment earnings | 1,149,280 | 998,737 | 1,842,525 | 3,861,870 | 4,278,208 | 2,379,105 | 1,084,060 | 578,261 | 251,107 | 278,636 |
| Miscellaneous | 1,515,886 ⁽¹⁾ | 4,419,506 | 4,427,326 | 3,075,731 | 2,731,866 | 3,039,288 | 1,886,157 | 2,298,503 | 2,538,373 | 1,433,639 |
| Transfers(net) | 7,380,322 ⁽²⁾ | 7,735,414 ⁽³⁾ | 5,759,249 ⁽³⁾ | 6,347,678 ⁽³⁾ | (713,707) | 2,509,912 | 9,841,589 | 9,691,442 | 10,884,784 | 5,973,524 |
| Total governmental activities: | 37,881,569 | 42,777,297 | 45,290,173 | 50,348,850 | 45,065,885 | 49,641,069 | 55,837,543 | 59,039,324 | 60,017,945 | 55,661,165 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 2,937,174 | 1,224,364 | 2,149,084 | 4,673,940 | 7,299,354 | 6,761,997 | 3,062,620 | 992,215 | 719,221 | (84,846) |
| Miscellaneous | 145,280 | 2,199,099 | 246,815 | 125,245 | 673,809 | 407,414 | 275,538 | 221,532 | 463,978 | 1,375,263 |
| Special items - Loss on disposal of legacy meters | | | | | | | | | - | (6,894,344) |
| Transfers(net) | (7,380,322) ⁽¹⁾ | (7,735,414) ⁽³⁾ | (5,759,249) ⁽³⁾ | (6,347,678) ⁽³⁾ | 713,707 | (2,509,912) | (9,841,589) | (9,691,442) | (10,884,784) | (5,973,524) |
| Total business-type activities | (4,297,868) | (4,311,951) | (3,363,350) | (1,548,493) | 8,686,870 | 4,659,499 | (6,503,431) | (8,477,695) | (9,701,585) | (11,577,451) |
| Total primary government | 33,583,701 | 38,465,346 | 41,926,823 | 48,800,357 | 53,752,755 | 54,300,568 | 49,334,112 | 50,561,629 | 50,316,360 | 44,083,714 |
| Change in Net Assets | | | | | | | | | | |
| Governmental activities | 4,171,813 | 12,684,164 | 14,247,420 | 5,124,922 | (1,634,917) | (253,134) | (5,775,051) | 111,561 | 6,082,837 | (1,877,098) |
| Business-type activities | 12,723,842 | 7,470,792 | 19,465,665 | 22,134,831 | 16,386,187 | 12,984,240 | 14,601,785 | 2,046,717 | 6,883,019 | 8,310,408 |
| Total primary government | \$ 16,895,655 | \$ 20,154,956 | \$ 33,713,085 | \$ 27,259,753 | \$ 14,751,270 | \$ 12,731,106 | \$ 8,826,734 | \$ 2,158,278 | \$ 12,965,856 | \$ 6,433,310 |

⁽¹⁾ Adjusted to include depreciation expense on infrastructure not previously reported.

⁽²⁾ Adjusted to reclassify the gain/(loss) on disposition of assets previously reported as a reduction of General Revenue.

⁽³⁾ Adjusted to reflect the transfer of assets from governmental activities to business-type activities.

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

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

Table 3

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------------|----------------------------|--------------------------|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | | | | | | | |
| Reserved | \$ 5,920,765 | \$ 2,878,247 | \$ 2,592,982 | \$ 1,067,154 | \$ 1,649,953 | \$ 1,480,517 | \$ 1,669,624 | \$ 2,753,840 | \$ - | \$ - |
| Unreserved | 10,046,292 | 15,276,622 | 17,328,864 | 21,126,330 | 15,769,294 | 10,862,228 | 8,961,908 | 9,087,877 | - | - |
| Nonspendable | - | - | - | - | - | - | - | - | 21,206 | 241,366 |
| Restricted | - | - | - | - | - | - | - | - | 542,028 | 657,786 |
| Committed | - | - | - | - | - | - | - | - | 823,479 | 2,328,965 |
| Assigned | - | - | - | - | - | - | - | - | 460,921 | 193,524 |
| Unassigned | - | - | - | - | - | - | - | - | 11,362,664 | 12,721,175 |
| Total general fund | <u>\$ 15,967,057</u> | <u>\$ 18,154,869</u> | <u>\$ 19,921,846</u> | <u>\$ 22,193,484</u> | <u>\$ 17,419,247</u> | <u>\$ 12,342,745</u> | <u>\$ 10,631,532</u> | <u>\$ 11,841,717</u> | <u>\$ 13,210,298</u> | <u>\$ 16,142,816</u> |
| All other governmental funds | | | | | | | | | | |
| Reserved | \$ 26,620,979 | \$ 35,327,867 | \$ 26,424,684 | \$ 42,760,815 | \$ 25,931,013 | \$ 21,458,433 | \$ 22,061,912 | \$ 27,804,909 | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 2,111,465 | 6,019,695 | 8,466,870 | 7,421,286 | 11,345,972 | 7,122,854 | 7,048,799 | 6,560,002 | - | - |
| Capital projects funds | 31,107 | - | - | - | - | - | - | - | - | - |
| Permanent funds | 884,356 | 899,021 | 760,081 | 834,770 | 907,750 | 963,342 | 995,329 | 1,011,046 | - | - |
| Unreserved (deficit), reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | (527,832) ⁽¹⁾ | (2,546,969) ⁽³⁾ | (957,906) ⁽⁴⁾ | - | - | - | - |
| Capital projects funds | - | - | - | (5,334,147) ⁽²⁾ | - | (676,984) ⁽⁵⁾ | - | (870,667) | - | - |
| Nonspendable: | | | | | | | | | | |
| Permanent Funds | - | - | - | - | - | - | - | - | 746,351 | 777,742 |
| Restricted: | | | | | | | | | | |
| Capital Project Funds | - | - | - | - | - | - | - | - | 7,832,036 | 3,597,077 |
| Debt Service Fund | - | - | - | - | - | - | - | - | 6,219,331 | 5,945,264 |
| Permanent Funds: | | | | | | | | | | |
| Cemeteries | - | - | - | - | - | - | - | - | 1,019,007 | 1,028,230 |
| Libraries | - | - | - | - | - | - | - | - | 3,599 | 3,664 |
| Special Revenue Funds: | | | | | | | | | | |
| Grants | - | - | - | - | - | - | - | - | 4,348 | 10,863 |
| Hotel/Motel | - | - | - | - | - | - | - | - | 538,869 | 610,183 |
| Municipal Court | - | - | - | - | - | - | - | - | 261,573 | 287,722 |
| THRZ Development | - | - | - | - | - | - | - | - | 3,364,672 | 3,036,268 |
| Other Purposes | - | - | - | - | - | - | - | - | 473 | - |
| Committed: | | | | | | | | | | |
| Streets | - | - | - | - | - | - | - | - | 7,696,726 | 10,097,187 |
| Drainage | - | - | - | - | - | - | - | - | 1,032,851 | 702,807 |
| Other Purposes | - | - | - | - | - | - | - | - | - | 700 |
| Unassigned: | | | | | | | | | | |
| Special Revenue Funds | - | - | - | - | - | - | - | - | (9,964) | (104) |
| Total all other governmental funds | <u>\$ 29,647,907</u> | <u>\$ 42,246,583</u> | <u>\$ 35,651,635</u> | <u>\$ 45,154,892</u> | <u>\$ 35,637,766</u> | <u>\$ 27,909,739</u> | <u>\$ 30,106,040</u> | <u>\$ 34,505,290</u> | <u>\$ 28,709,872</u> | <u>\$ 26,097,603</u> |
| Total governmental funds | \$ 45,614,964 | \$ 60,401,452 | \$ 55,573,481 | \$ 67,348,376 | \$ 53,057,013 | \$ 40,252,484 | \$ 40,737,572 | \$ 46,347,007 | \$ 41,920,170 | \$ 42,240,419 |

⁽¹⁾ Fiscal year 2007 revenue will offset the deficit fund balance in the Special Revenue funds.
⁽²⁾ The fiscal year 2006 deficit in the Capital Project funds will be offset by the issuance of debt in fiscal year 2007.
⁽³⁾ The fiscal year 2007 deficit in the Special Revenue funds will be offset by the 2007 bond issue.
⁽⁴⁾ The fiscal year 2008 deficit in the Special Revenue funds will be offset by the 2007 and 2008 bond issues.
⁽⁵⁾ The fiscal year 2008 deficit in the Capital Project funds will be offset by the issuance of debt in fiscal year 2009.

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

Table 4

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|---------------------|----------------------|-----------------------|----------------------|------------------------|------------------------|---------------------|---------------------|-----------------------|---------------------|
| Revenues: | | | | | | | | | | |
| Property taxes | \$ 13,854,355 | \$ 14,988,695 | \$ 16,181,224 | \$ 17,191,224 | \$ 18,825,482 | \$ 20,514,034 | \$ 21,838,216 | \$ 22,926,564 | \$ 23,152,233 | \$ 24,151,882 |
| Sales taxes | 10,208,391 | 10,778,912 | 11,731,308 | 13,381,722 | 13,491,560 | 14,532,775 | 14,140,838 | 14,608,410 | 14,301,017 | 14,814,931 |
| Franchise taxes | 1,665,395 | 1,702,317 | 1,676,744 | 2,049,517 | 2,049,990 | 2,012,872 | 2,000,294 | 2,071,337 | 2,062,766 | 1,963,381 |
| Alcoholic beverage taxes | 69,061 | 67,849 | 63,401 | 66,073 | 62,031 | 64,994 | 72,777 | 79,573 | 93,042 | 75,460 |
| Bingo taxes | 55,613 | 87,087 | 127,792 | 158,365 | 178,377 | 183,580 | 195,970 | 204,009 | 210,255 | 217,615 |
| Hotel occupancy taxes | 205,481 | 226,849 | 221,482 | 219,711 | 248,935 | 290,187 | 321,859 | 411,190 | 454,217 | 504,078 |
| Transportation and drainage fees | 1,776,081 | 1,771,032 | 3,279,441 | 4,004,370 | 4,008,249 | 4,133,458 | 4,343,987 | 6,129,574 | 6,179,135 | 6,324,068 |
| Charges for services | 1,252,160 | 2,012,125 | 2,985,561 | 3,245,843 | 3,036,971 | 4,046,022 | 5,087,265 | 4,528,548 | 3,946,937 | 3,846,149 |
| Fines and court charges | 1,697,070 | 1,510,041 | 1,451,695 | 1,746,575 | 1,910,833 | 1,957,159 | 1,786,083 | 1,910,913 | 1,940,832 | 1,890,493 |
| Licenses and permits | 503,847 | 461,734 | 538,964 | 551,701 | 722,130 | 614,615 | 587,732 | 572,570 | 492,175 | 592,784 |
| Grants | 2,576,713 | 3,789,702 | 3,049,046 | 2,896,957 | 2,921,129 | 2,819,267 | 2,847,291 | 3,155,205 | 4,026,214 | 2,979,350 |
| Investment earnings | 1,000,950 | 868,986 | 1,546,218 | 3,308,817 | 3,629,330 | 1,919,790 | 849,630 | 469,682 | 195,201 | 240,139 |
| Litigation proceeds | 450,000 | 450,000 | 450,000 | - | - | - | - | - | - | - |
| Oil and gas royalties | 62,397 | 58,379 | 56,575 | - | 39,273 | 160,241 | 67,688 | 50,701 | - | - |
| Other | 1,307,961 | 4,289,581 | 3,714,747 | 2,937,216 | 2,638,978 | 2,858,270 | 1,798,072 | 2,214,159 | 2,475,134 | 1,423,481 |
| Total revenues | 36,685,475 | 43,066,977 | 47,076,002 | 51,814,666 | 53,634,268 | 56,107,264 | 55,937,702 | 59,332,435 | 59,529,158 | 59,023,811 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government and administration | 8,717,063 | 9,135,911 | 9,413,086 | 10,014,328 | 9,931,464 | 11,657,798 | 12,935,217 | 12,904,403 | 12,510,372 | 12,000,933 |
| Development services | 3,496,039 | 4,039,000 | 3,445,876 | 4,983,483 | 4,002,812 | 4,393,388 | 4,371,598 | 5,281,777 | 4,619,644 | 4,168,041 |
| Public works services | 2,802,949 | 3,017,572 | 5,403,527 | 6,278,000 | 6,284,553 | 6,422,048 | 9,217,923 | 9,872,213 | 7,598,470 | 7,577,027 |
| Public safety | 16,549,344 | 17,338,938 | 18,055,907 | 19,409,511 | 20,865,941 | 24,770,425 | 26,805,639 | 27,027,735 | 28,006,326 | 27,017,326 |
| Cultural and recreational | 4,373,729 | 4,147,065 | 5,195,631 | 6,311,086 | 6,784,658 | 6,758,416 | 7,033,174 | 6,928,973 | 6,016,407 | 6,441,801 |
| Administrative reimbursement | (3,470,274) | (3,479,000) | (3,213,331) | (3,120,000) | (2,474,868) | (3,156,157) | (3,765,735) | (3,990,430) | (3,610,977) | (3,515,703) |
| Capital outlay | 9,915,892 | 9,306,812 | 12,692,098 | 9,339,022 | 25,904,919 | 25,149,920 | 8,808,509 | 11,074,235 | 9,780,078 | 4,548,182 |
| Arbitrage rebate | - | - | - | - | - | 16,890 | - | - | - | - |
| Debt Service: | | | | | | | | | | |
| Bond and principal retirement | 3,108,231 | 3,216,822 | 3,144,848 | 4,657,408 | 3,791,368 | 3,675,634 | 4,435,057 | 4,602,656 | 5,717,656 | 6,702,344 |
| Interest and fiscal charges | 3,716,795 | 3,984,805 | 4,145,333 | 3,394,080 | 3,874,186 | 3,991,540 | 4,401,185 | 4,392,941 | 4,903,129 | 4,445,497 |
| Debt insurance cost | 58,543 | 329,152 | - | 257,893 | 100,749 | 79,500 | 54,170 | 70,134 | (25,000) | - |
| Advance refunding costs | - | - | - | 184,551 | - | - | - | 95,768 | - | - |
| Total expenditures | 49,268,311 | 51,037,077 | 58,282,975 | 61,709,362 | 79,065,782 | 83,759,402 | 74,296,737 | 78,260,405 | 75,516,105 | 69,385,448 |
| Excess of expenditures over revenues | (12,582,836) | (7,970,100) | (11,206,973) | (9,894,696) | (25,431,514) | (27,652,138) | (18,359,035) | (18,927,970) | (15,986,947) | (10,361,637) |
| Other financing sources (uses): | | | | | | | | | | |
| Proceeds of long-term debt issued | 10,000,000 | 14,730,000 | - | 15,295,000 | 12,000,000 | 11,090,000 | 8,730,000 | 13,790,000 | - | - |
| Discount on long-term debt issued | - | - | - | - | (177,780) | - | - | - | - | - |
| Premium on long-term debt issued | - | 102,164 | - | - | - | - | 79,084 | 77,859 | - | - |
| Proceeds of refunding bonds issued | - | - | - | 20,195,000 | - | - | - | 10,635,000 | - | - |
| Payment to refunding bond escrow agent | - | - | - | (20,605,230) | - | - | - | (10,838,398) | - | - |
| Discount on refunding bonds | - | - | - | (88,406) | - | - | - | - | - | - |
| Premium on refunding bonds | - | - | - | 588,916 | - | - | - | 250,488 | - | - |
| Sales of capital assets | 34,019 | 1,676 | 206,033 | 34,633 | 31,638 | 106,724 | 193,450 | 143,309 | 213,342 | 47,265 |
| Transfers in | 9,059,862 | 10,423,444 | 10,334,403 | 10,120,690 | 9,466,882 | 16,414,653 | 13,590,024 | 19,432,819 | 16,706,761 | 16,968,347 |
| Transfers out | (1,107,895) | (2,500,696) | (4,161,434) | (3,773,012) | (10,180,589) | (12,763,768) | (3,748,435) | (8,953,672) | (5,359,993) | (6,333,726) |
| Total other financing sources | 17,985,986 | 22,756,588 | 6,379,002 | 21,669,591 | 11,140,151 | 14,847,609 | 18,844,123 | 24,537,405 | 11,560,110 | 10,681,886 |
| Net change in fund balances | \$ 5,403,150 | \$ 14,786,488 | \$ (4,827,971) | \$ 11,774,895 | \$ (14,291,363) | \$ (12,804,529) | \$ 485,088 | \$ 5,609,435 | \$ (4,426,837) | \$ 320,249 |
| Debt service as a percentage of noncapital expenditures | 17.34% | 17.26% | 15.99% | 15.37% | 14.42% | 13.08% | 13.49% | 13.39% | 16.16% | 17.19% |

City of Bryan, Texas
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual basis of accounting)

Table 5

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Alcoholic Beverage Tax | Bingo Tax | Hotel Occupancy Tax | Transportation & Drainage Assessments | Total |
|-------------|--------------|------------|---------------|------------------------|-----------|---------------------|---------------------------------------|------------|
| 2003 | 13,856,059 | 10,208,391 | 1,665,395 | 69,061 | 55,613 | 205,481 | 1,776,081 | 27,836,081 |
| 2004 | 14,992,594 | 10,778,912 | 1,702,317 | 64,849 | 87,087 | 226,849 | 1,771,032 | 29,623,640 |
| 2005 | 16,160,905 | 11,731,308 | 1,676,744 | 63,401 | 127,792 | 221,482 | 3,279,441 | 33,261,073 |
| 2006 | 17,183,813 | 13,381,722 | 2,049,517 | 66,073 | 158,365 | 219,711 | 4,004,370 | 37,063,571 |
| 2007 | 18,859,376 | 13,491,560 | 1,920,990 | 62,031 | 178,377 | 248,935 | 4,008,249 | 38,769,518 |
| 2008 | 20,494,898 | 14,532,775 | 2,012,872 | 64,994 | 183,580 | 290,187 | 4,133,458 | 41,712,764 |
| 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 |
| Change | | | | | | | | |
| 2003-2012 | 73.76% | 45.13% | 17.89% | 9.27% | 291.30% | 145.32% | 256.07% | 72.35% |

Prior period adjustments reported in fiscal years 2003 and 2005 have been reflected in the applicable year.
The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

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 | | | | | |
| 2003 | 1,383,333,173 | 455,485,989 | 416,872,587 | 106,874,543 | 2,148,817,206 | 0.6364 | 2,148,817,206 |
| 2004 | 1,553,291,352 | 488,193,813 | 403,655,246 | 125,650,587 | 2,319,489,824 | 0.6364 | 2,319,489,824 |
| 2005 | 1,656,490,794 | 534,189,438 | 447,160,877 | 132,991,260 | 2,504,849,849 | 0.6364 | 2,504,849,849 |
| 2006 | 1,736,772,236 | 594,918,674 | 465,014,609 | 122,382,611 | 2,674,322,908 | 0.6364 | 2,674,322,908 |
| 2007 | 1,896,663,886 | 645,573,634 | 520,200,774 | 134,081,526 | 2,928,356,768 | 0.6364 | 2,928,356,768 |
| 2008 | 2,111,197,008 | 689,685,451 | 549,482,738 | 145,912,296 | 3,204,452,901 | 0.6364 | 3,204,452,901 |
| 2009 | 2,309,187,521 | 700,438,344 | 606,628,578 | 171,569,861 | 3,444,684,582 | 0.6364 | 3,444,684,582 |
| 2010 | 2,396,959,888 | 821,791,294 | 578,407,922 | 186,366,590 | 3,610,792,514 | 0.6364 | 3,610,792,514 |
| 2011 | 2,494,852,214 | 819,568,329 | 506,894,980 | 195,386,859 | 3,625,928,664 | 0.6364 | 3,625,928,664 |
| 2012 | 2,608,513,429 | 860,709,755 | 529,139,441 | 214,635,480 | 3,783,727,145 | 0.6364 | 3,783,727,145 |

Source: Brazos County Appraisal District

| Fiscal Year | Overlapping Rates | | | | | | | | | | | | Total Direct & Overlapping Rates |
|-------------|-------------------|----------------------|--------------------|---------------------|----------------------|----------------------|-------------------|----------------------|----------------------|---------------------|----------------------|--------------------|----------------------------------|
| | City of Bryan(1) | | | | | | Bryan Independent | | | | | | |
| | Brazos County(2) | | | School District (3) | | | Brazos County(2) | | | School District (3) | | | |
| | Operating Millage | Debt Service Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | Total County Millage | Operating Millage | Debt Service Millage | Total BISD Millage | |
| 2003 | 0.4416 | 0.1948 | 0.6364 | 0.3723 | 0.0423 | 0.4146 | 1.5000 | 0.1800 | 1.6800 | 0.6364 | 2.0946 | 2.7310 | |
| 2004 | 0.4396 | 0.1968 | 0.6364 | 0.3839 | 0.0511 | 0.4350 | 1.5000 | 0.1700 | 1.6700 | 0.6364 | 2.1050 | 2.7414 | |
| 2005 | 0.4485 | 0.1879 | 0.6364 | 0.4093 | 0.0632 | 0.4725 | 1.5000 | 0.2800 | 1.7800 | 0.6364 | 2.2525 | 2.8889 | |
| 2006 | 0.4545 | 0.1819 | 0.6364 | 0.3949 | 0.0701 | 0.4650 | 1.3700 | 0.2600 | 1.6300 | 0.6364 | 2.0950 | 2.7314 | |
| 2007 | 0.4545 | 0.1819 | 0.6364 | 0.3930 | 0.0620 | 0.4550 | 1.0400 | 0.2500 | 1.2900 | 0.6364 | 1.7450 | 2.3814 | |
| 2008 | 0.4702 | 0.1662 | 0.6364 | 0.4030 | 0.0620 | 0.4650 | 1.0400 | 0.2500 | 1.2900 | 0.6364 | 1.7550 | 2.3914 | |
| 2009 | 0.4595 | 0.1769 | 0.6364 | 0.3987 | 0.0813 | 0.4800 | 1.0400 | 0.2500 | 1.2900 | 0.6364 | 1.7700 | 2.4064 | |
| 2010 | 0.4595 | 0.1769 | 0.6364 | 0.4012 | 0.0844 | 0.4856 | 1.0400 | 0.2500 | 1.2900 | 0.6364 | 1.7756 | 2.4120 | |
| 2011 | 0.4354 | 0.2010 | 0.6364 | 0.4037 | 0.0813 | 0.4850 | 1.0400 | 0.2500 | 1.2900 | 0.6364 | 1.7750 | 2.4114 | |
| 2012 | 0.4406 | 0.1958 | 0.6364 | 0.4037 | 0.0813 | 0.4850 | 1.0400 | 0.2500 | 1.2900 | 0.6364 | 1.7750 | 2.4114 | |

(1) City of Bryan Budget Office
 (2) Brazos County
 (3) Bryan ISD

City of Bryan, Texas
Principal Property Taxpayers
As of December 31, 2012

Table 8

| Taxpayer | 2012 | | | 2003 | | |
|------------------------------------|------------------------------|------|---|------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| | | | | | | |
| Waves Z Islander of Bryan LLC | \$ 33,561,750 | 1 | 0.73% | | | |
| Jamespoint Management | 26,700,000 | 2 | 0.58% | | | |
| Bryan Senior Investors LP | 21,144,670 | 3 | 0.46% | | | |
| SW Meadows Point LP | 20,123,680 | 4 | 0.44% | | | |
| Wal-Mart Real Estate | 18,927,130 | 5 | 0.41% | 16,729,300 | 2 | 0.78% |
| KC Presidio Apartments LLC | 18,250,000 | 6 | 0.40% | | | |
| Tejas Center LTD | 18,086,280 | 7 | 0.39% | | | |
| Adam Development Properties LP | 17,452,103 | 8 | 0.38% | | | |
| Galindo Ramiro | 16,351,887 | 9 | 0.36% | | | |
| 4050 Pendleton LTD | 16,333,830 | 10 | 0.36% | | | |
| Verizon Communications | | | | 34,367,320 | 1 | 1.60% |
| Saint-Gobain Norpro Corporations | | | | 16,535,671 | 3 | 0.77% |
| Brazos Valley Physicians Hospital | | | | 16,366,030 | 4 | 0.76% |
| Signature Park LP | | | | 15,000,000 | 5 | 0.70% |
| GGE/G G Enterprises | | | | 14,771,400 | 6 | 0.69% |
| WWK, Ltd. | | | | 14,344,000 | 7 | 0.67% |
| Lowe's Home Centers, Inc. | | | | 12,551,760 | 8 | 0.58% |
| TAU Enterprises/St Joseph Hospital | | | | 11,588,380 | 9 | 0.54% |
| BV- Physicians Center LP | | | | 11,500,000 | 10 | 0.54% |
| Totals | \$ 206,931,330 | | 4.51% | \$ 163,753,861 | | 7.63% |

Source: Brazos County Appraisal District

City of Bryan, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
As of December 31, 2012

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 |
| 2003 | 13,675,082 | 13,383,887 | 97.87% | 265,875 | 13,649,762 | 99.81% |
| 2004 | 14,760,794 | 14,540,232 | 98.51% | 180,364 | 14,720,596 | 99.73% |
| 2005 | 15,940,864 | 15,660,992 | 98.24% | 228,810 | 15,889,802 | 99.68% |
| 2006 | 17,019,389 | 16,662,978 | 97.91% | 306,531 | 16,969,509 | 99.71% |
| 2007 | 18,633,318 | 18,340,249 | 98.43% | 230,298 | 18,570,547 | 99.66% |
| 2008 | 20,432,087 | 20,021,117 | 97.99% | 317,709 | 20,338,826 | 99.54% |
| 2009 | 21,759,324 | 21,271,466 | 97.76% | 376,335 | 21,647,801 | 99.49% |
| 2010 | 22,802,844 | 22,314,031 | 97.86% | 316,732 | 22,630,763 | 99.25% |
| 2011 | 22,810,074 | 22,410,029 | 98.25% | 200,997 | 22,554,055 | 98.88% |
| 2012 | 23,779,538 | 23,386,311 | 98.35% | - | 23,386,311 | 98.35% |

City of Bryan, Texas
Top Ten Electric Customers
As of September 30, 2012

Table 10

| Customer | Type of Industry | Electric Usage | Rank | Percentage of Top Ten Electric Users |
|----------------------------------|------------------|----------------|------|--|
| Sanderson Farms Inc | Corporation | 44,082,432 | 1 | 19.37% |
| BISD | Education | 34,419,923 | 2 | 15.13% |
| St Joseph Regional Health Center | Medical | 30,498,289 | 3 | 13.40% |
| City of Bryan | Local Government | 25,958,567 | 4 | 11.41% |
| B Way Corporation | Corporation | 23,793,600 | 5 | 10.46% |
| TAMU | Education | 21,726,422 | 6 | 9.55% |
| Blinn College | Education | 13,110,890 | 7 | 5.76% |
| City of College Station | Local Government | 12,406,150 | 8 | 5.45% |
| New Alenco Window LTD | Manufacturing | 10,892,670 | 9 | 4.79% |
| Wimberly Building Redevelopment | Redevelopment | 10,670,400 | 10 | 4.69% |
| Total | | 227,559,343 | | 100.00% |

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

Table 11

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| City Electric | | | | | | | | | | |
| Type of Customer | | | | | | | | | | |
| Residential | 317,731,000 | 306,125,000 | 327,515,000 | 340,485,000 | 327,396,000 | 352,307,000 | 347,764,000 | 368,227,000 | 385,921,000 | 365,255,000 |
| Commercial and Industrial | 393,848,000 | 388,811,000 | 417,477,000 | 425,574,000 | 418,474,000 | 449,843,000 | 443,745,000 | 459,371,000 | 482,341,000 | 486,908,000 |
| Public Authorities | 28,123,000 | 28,781,000 | 31,600,000 | 29,506,000 | 27,442,000 | 31,234,000 | 36,080,000 | 35,679,000 | 36,412,000 | 35,429,000 |
| Rural | 254,887,000 | 265,554,000 | 292,454,000 | 289,158,000 | 292,087,000 | 322,095,000 | 332,879,000 | 355,849,000 | 376,858,000 | 379,278,000 |
| Other Utilities | 319,322,000 | 434,251,000 | 1,047,838,000 | 820,520,000 | 597,722,000 | 412,769,000 | 424,131,000 | 271,289,000 | 442,068,000 | 546,265,000 |
| Interdepartmental | 25,834,000 | 23,864,000 | 25,440,000 | 26,500,000 | 23,718,000 | 27,557,000 | 31,246,000 | 31,591,000 | 34,833,000 | 32,634,000 |
| | <u>1,339,745,000</u> | <u>1,447,386,000</u> | <u>2,142,324,000</u> | <u>1,931,743,000</u> | <u>1,686,839,000</u> | <u>1,595,805,000</u> | <u>1,615,845,000</u> | <u>1,522,006,000</u> | <u>1,758,433,000</u> | <u>1,845,769,000</u> |
| Rural Electric | | | | | | | | | | |
| Type of Customer | | | | | | | | | | |
| Residential | 176,043,000 | 172,968,000 | 187,337,000 | 195,183,000 | 196,074,000 | 208,258,000 | 211,585,000 | 242,057,000 | 249,574,000 | 236,568,000 |
| Commercial and Industrial | 71,362,000 | 73,203,000 | 79,618,000 | 83,731,000 | 79,691,000 | 91,880,000 | 95,303,000 | 95,123,000 | 108,507,000 | 103,231,000 |
| | <u>247,405,000</u> | <u>246,171,000</u> | <u>266,955,000</u> | <u>278,914,000</u> | <u>275,765,000</u> | <u>300,138,000</u> | <u>306,888,000</u> | <u>337,180,000</u> | <u>358,081,000</u> | <u>339,799,000</u> |

City of Bryan, Texas
Electric Rates
Last Ten Fiscal Years

Table 12

| | 2003 | | | | 2004 | | | | 2005 | | | | 2006 | | | | 2007 | | | |
|------------------------------|---------------------------|---------------|--------------|---------------------------|---------------|--------------|---------------------------|---------------|--------------|---------------------------|---------------|--------------|---------------------------|---------------|--------------|---------------------------|---------------|--------------|---------------------------|---------------|
| | 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 | Customer Charge per Month | Demand per kW | Rate per kWh | Customer Charge per Month | Demand per kW |
| City Electric System | | | | | | | | | | | | | | | | | | | | |
| Residential Winter (Nov-Apr) | \$ 8.15 | \$ - | \$ 0.0800 | \$ 8.15 | \$ - | \$ 0.0800 | \$ 8.15 | \$ - | \$ 0.0800 | \$ 8.15 | \$ - | \$ 0.0800 | \$ 8.15 | \$ - | \$ 0.0800 | \$ 8.15 | \$ - | \$ 0.0752 | \$ 8.15 | \$ - |
| Residential Summer (May-Oct) | 8.15 | - | 0.0900 | 8.15 | - | 0.0900 | 8.15 | - | 0.0900 | 8.15 | - | 0.0900 | 8.15 | - | 0.0900 | 8.15 | - | 0.0852 | 8.15 | - |
| Small Commercial | 9.83 | - | 0.0844 | 9.83 | - | 0.0844 | 9.83 | - | 0.0844 | 9.83 | - | 0.0844 | 9.83 | - | 0.0844 | 9.83 | - | 0.0792 | 9.83 | - |
| General Service Commercial | 20.00 | 6.35 | 0.0650 | 20.00 | 6.35 | 0.0650 | 20.00 | 6.35 | 0.0650 | 20.00 | 6.35 | 0.0650 | 20.00 | 6.35 | 0.0650 | 20.00 | 6.35 | 0.0590 | 20.00 | 6.35 |
| Large Industrial | - | 13.70 | 0.0453 | - | 13.70 | 0.0453 | - | 13.70 | 0.0453 | - | 13.70 | 0.0453 | - | 13.70 | 0.0453 | - | 11.70 | 0.0453 | - | 11.70 |
| Bryan Public Scholls | 30.00 | - | 0.0915 | 30.00 | - | 0.0915 | 30.00 | - | 0.0915 | 30.00 | - | 0.0915 | 30.00 | - | 0.0915 | 30.00 | - | 0.0855 | 30.00 | - |
| Interdepartmental | 30.00 | - | 0.0931 | 30.00 | - | 0.0931 | 30.00 | - | 0.0931 | 30.00 | - | 0.0931 | 30.00 | - | 0.0931 | 30.00 | - | 0.0871 | 30.00 | - |
| Rural Electric Division | - | 7.13 | 0.0568 | - | 7.13 | 0.0568 | - | 7.13 | 0.0568 | - | 7.13 | 0.0568 | - | 7.13 | 0.0568 | - | 6.30 | 0.0530 | - | 6.30 |
| Rural Electric System | | | | | | | | | | | | | | | | | | | | |
| Residential Winter (Nov-Apr) | 8.15 | - | 0.0810 | 8.15 | - | 0.0810 | 8.15 | - | 0.0810 | 8.15 | - | 0.0810 | 8.15 | - | 0.0810 | 8.15 | - | 0.0761 | 8.15 | - |
| Residential Summer (May-Oct) | 8.15 | - | 0.0910 | 8.15 | - | 0.0910 | 8.15 | - | 0.0910 | 8.15 | - | 0.0910 | 8.15 | - | 0.0910 | 8.15 | - | 0.0861 | 8.15 | - |
| Small Commercial | 9.83 | - | 0.0890 | 9.83 | - | 0.0890 | 9.83 | - | 0.0890 | 9.83 | - | 0.0890 | 9.83 | - | 0.0890 | 9.83 | - | 0.0822 | 9.83 | - |
| General Service Commercial | 20.00 | 7.21 | 0.0658 | 20.00 | 7.21 | 0.0658 | 20.00 | 7.21 | 0.0658 | 20.00 | 7.21 | 0.0658 | 20.00 | 7.21 | 0.0658 | 20.00 | 7.21 | 0.0610 | 20.00 | 7.21 |
| Public/Private Schools | 30.00 | - | 0.0980 | 30.00 | - | 0.0980 | 30.00 | - | 0.0980 | 30.00 | - | 0.0980 | 30.00 | - | 0.0980 | 30.00 | - | 0.0920 | 30.00 | - |
| City Electric System | | | | | | | | | | | | | | | | | | | | |
| Residential Winter (Nov-Apr) | \$ 8.15 | \$ - | \$ 0.0902 | \$ 8.15 | \$ - | \$ 0.0782 | \$ 8.15 | \$ - | \$ 0.0782 | \$ 8.15 | \$ - | \$ 0.0782 | \$ 8.15 | \$ - | \$ 0.0782 | \$ 8.88 | \$ - | \$ 0.0786 | \$ 8.88 | \$ - |
| Residential Summer (May-Oct) | 8.15 | - | 0.1002 | 8.15 | - | 0.0882 | 8.15 | - | 0.0882 | 8.15 | - | 0.0882 | 8.15 | - | 0.0882 | 8.88 | - | 0.0895 | 8.88 | - |
| Small Commercial | 9.83 | - | 0.0942 | 9.83 | - | 0.0822 | 9.83 | - | 0.0822 | 9.83 | - | 0.0822 | 9.83 | - | 0.0822 | 11.16 | - | 0.0848 | 11.16 | - |
| General Service Commercial | 20.00 | 6.35 | 0.0730 | 20.00 | 6.35 | 0.0620 | 20.00 | 6.35 | 0.0620 | 20.00 | 6.35 | 0.0620 | 20.00 | 6.35 | 0.0620 | 22.12 | 7.03 | 0.0612 | 22.12 | 7.03 |
| Large Industrial | - | 11.70 | 0.0603 | - | 11.70 | 0.0483 | - | 11.70 | 0.0483 | - | 11.70 | 0.0483 | - | 11.70 | 0.0483 | - | 11.88 | 0.0454 | - | 11.88 |
| Bryan Public Scholls | 30.00 | - | 0.1005 | 30.00 | - | 0.0885 | 30.00 | - | 0.0885 | 30.00 | - | 0.0885 | 30.00 | - | 0.0885 | 33.18 | - | 0.0905 | 33.18 | - |
| Interdepartmental | 30.00 | - | 0.1021 | 30.00 | - | 0.0901 | 30.00 | - | 0.0901 | 30.00 | - | 0.0901 | 30.00 | - | 0.0901 | 30.00 | - | 0.0871 | 30.00 | - |
| Rural Electric Division | - | 6.30 | 0.0690 | - | 6.30 | 0.0560 | - | 6.30 | 0.0560 | - | 6.30 | 0.0560 | - | 6.30 | 0.0560 | - | 6.59 | 0.0710 | - | 6.59 |
| Rural Electric System | | | | | | | | | | | | | | | | | | | | |
| Residential Winter (Nov-Apr) | 8.15 | - | 0.0891 | 8.15 | - | 0.0766 | 8.15 | - | 0.0766 | 8.15 | - | 0.0766 | 8.15 | - | 0.0766 | 8.85 | - | 0.0766 | 8.85 | - |
| Residential Summer (May-Oct) | 8.15 | - | 0.1091 | 8.15 | - | 0.0866 | 8.15 | - | 0.0866 | 8.15 | - | 0.0866 | 8.15 | - | 0.0866 | 8.85 | - | 0.0903 | 8.85 | - |
| Small Commercial | 9.83 | - | 0.0952 | 9.83 | - | 0.0827 | 9.83 | - | 0.0827 | 9.83 | - | 0.0827 | 9.83 | - | 0.0827 | 11.37 | - | 0.0862 | 11.37 | - |
| General Service Commercial | 20.00 | 7.21 | 0.0740 | 20.00 | 7.21 | 0.0615 | 20.00 | 7.21 | 0.0615 | 20.00 | 7.21 | 0.0615 | 20.00 | 7.21 | 0.0615 | 19.62 | 7.21 | 0.0581 | 19.62 | 7.21 |
| Public/Private Schools | 30.00 | - | 0.1050 | 30.00 | - | 0.0925 | 30.00 | - | 0.0925 | 30.00 | - | 0.0925 | 30.00 | - | 0.0925 | 31.47 | - | 0.0920 | 31.47 | - |

City of Bryan, Texas
Top Ten Water Customers
As of September 30, 2012

Table 13

| Customer | Type of Industry | Water Usage | Rank | Percentage of Total Water Usage |
|-----------------------------|-----------------------|---------------|------|---------------------------------------|
| City of Bryan | Local Government | 147,332,900 | 1 | 3.37% |
| BISD | Public School | 129,127,200 | 2 | 2.95% |
| St. Joseph Hospital | Health Care Facility | 75,439,900 | 3 | 1.72% |
| Brushy Water Supply | Utility District | 64,268,000 | 4 | 1.47% |
| Brazos County | County Government | 48,291,900 | 5 | 1.10% |
| Oakwood/Country Village | MHP | 39,179,800 | 6 | 0.90% |
| TDCJ - Hamilton Unit | Correctional Facility | 32,955,700 | 7 | 0.75% |
| Federal Prison Camp | Correctional Facility | 30,916,200 | 8 | 0.71% |
| Reveille Ranch | Apartments | 27,358,500 | 9 | 0.63% |
| Housing Authority of Bryan | Housing | 25,878,200 | 10 | 0.59% |
| Total | | 620,748,300 | | 14.19% |
| Total gallons of water sold | | 4,373,377,200 | | |

City of Bryan, Texas
Top Ten Sewer Customers
As of September 30, 2012

Table 14

| Customer | Type of Industry | Sewer Usage | Rank | Percentage of Total Gallons of Sewer Treated |
|--------------------------------|-------------------------|--------------------|-------------|---|
| St. Joseph Hospital | Health Care Facility | 58,239,900 | 1 | 2.45% |
| City of Bryan | Local Government | 50,093,200 | 2 | 2.10% |
| Oakwood/Country Village | MHP | 39,179,800 | 3 | 1.64% |
| BISD | Public School | 38,738,200 | 4 | 1.63% |
| Brazos County | County Government | 33,406,900 | 5 | 1.40% |
| TDCJ - Hamilton Unit | Correctional Facility | 32,955,700 | 6 | 1.38% |
| Federal Prison Camp | Correctional Facility | 30,690,200 | 7 | 1.29% |
| Housing Authority of Bryan | Housing | 23,046,500 | 8 | 0.97% |
| The Oaks | Apartments | 23,030,800 | 9 | 0.97% |
| Saint Gobain Norpro | Manufacturing | 20,446,600 | 10 | 0.86% |
| Total | | 349,827,800 | | 14.69% |
| Total gallons of sewer treated | | 2,381,803,000 | | |

City of Bryan, Texas
Water and Sewer Rates
As of September 30, 2012

Table 15

| Monthly Water Rates | | |
|-----------------------|----------------------------|-----------------------------------|
| Customer Class | Monthly Customer Charge | Volume Charge per 1000 gallons |
| Residential | \$ 8.31 | \$ 2.76 |
| Commercial/Industrial | 13.74 | 2.38 |
| Bryan Public Schools | 13.74 | 2.38 |
| Interdepartmental | 13.74 | 2.38 |
| Special Contracts | 13.74 | 4.05 |
| Bulk Sales | n/a | 11.08 |

| Monthly Sewer Rates | | |
|-----------------------|----------------------------|-----------------------------------|
| Customer Class | Monthly Customer Charge | Volume Charge per 1000 gallons |
| 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 | Per(a) Capita |
|-------------|--------------------------|----------------------------|-----------|-----------------------|--------------------------|----------------------------|-----------|-------------|--------------------------|---------------|
| | General Obligation Bonds | Certificates of Obligation | Notes | Utility Revenue Bonds | General Obligation Bonds | Certificates of Obligation | Notes | | | |
| | | | | | | | | | | |
| 2003 | 3,462,075 | 53,311,875 | 4,280,000 | 61,775,000 | 442,443 | 48,125 | 2,159,276 | 125,478,794 | 1,880 | |
| 2004 | 2,618,691 | 65,903,437 | 4,045,000 | 66,805,000 | 278,354 | 46,563 | 1,720,470 | 141,417,515 | 2,045 | |
| 2005 | 1,782,280 | 63,855,000 | 3,785,000 | 77,330,000 | 142,720 | 45,000 | 1,309,579 | 148,249,579 | 2,136 | |
| 2006 | 20,332,997 | 57,236,875 | 3,215,000 | 92,555,000 | 52,002 | 43,125 | 876,919 | 174,311,918 | 2,494 | |
| 2007 | 20,084,754 | 65,963,750 | 2,945,000 | 133,015,000 | 35,247 | 41,250 | 2,337,456 | 224,422,457 | 3,172 | |
| 2008 | 19,652,088 | 74,105,782 | 2,650,000 | 166,390,000 | 17,912 | 39,218 | 1,903,941 | 264,758,941 | 3,676 | |
| 2009 | 19,040,000 | 79,342,813 | 2,320,000 | 166,995,001 | - | 37,188 | 1,898,778 | 269,633,780 | 3,726 | |
| 2010 | 29,005,000 | 79,175,156 | 2,140,000 | 248,310,000 | - | 34,844 | 1,893,792 | 360,558,792 | 5,009 | |
| 2011 | 27,680,000 | 74,982,500 | 1,940,000 | 245,570,000 | - | 10,817,500 | 1,893,792 | 362,883,792 | 4,741 | |
| 2012 | 25,525,000 | 70,655,156 | 1,720,000 | 279,300,000 | - | 9,744,844 | 1,893,792 | 388,838,792 | 5,029 | |

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

Personal income data for the City of Bryan is not available

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

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, 2012 is \$0.6364 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

| Fiscal Year | Tax Supported Debt | Less Debt Service Cash Funds | Net Bonded Debt | Percentage of Actual Taxable Value of Property | Per(a) Capita |
|-------------|--------------------|------------------------------|-----------------|--|---------------|
| 2003 | 56,773,950 | 631,944 | 56,142,006 | 2.61% | 841 |
| 2004 | 68,522,128 | 676,021 | 67,846,107 | 2.93% | 981 |
| 2005 | 65,637,280 | 742,870 | 64,894,410 | 2.59% | 935 |
| 2006 | 77,569,872 | 932,641 | 76,637,231 | 2.87% | 1,096 |
| 2007 | 86,048,504 | 877,511 | 85,170,993 | 2.91% | 1,204 |
| 2008 | 93,757,870 | 1,194,757 | 92,563,113 | 2.89% | 1,285 |
| 2009 | 98,382,813 | 1,053,059 | 97,329,754 | 2.83% | 1,345 |
| 2010 | 108,180,156 | 1,508,402 | 106,671,754 | 2.95% | 1,400 |
| 2011 | 102,662,500 | 6,219,331 | 96,443,169 | 2.66% | 1,260 |
| 2012 | 96,180,156 | 5,945,264 | 90,234,892 | 2.38% | 1,167 |

(a) See Table 24 for population data.

City of Bryan, Texas
Direct and Overlapping Governmental Activities Debt
Last Ten Fiscal Years

Table 19

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|-----------------------------------|---------------------|---------------------------------------|---|
| Debt repaid with property taxes | | | |
| Bryan Independent School District | \$ 150,130,000 | 71.51% | \$ 107,358,461 |
| Brazos County | 90,785,000 | 32.58% | 29,573,292 |
| Subtotal, overlapping debt | | | \$ 136,931,753 |
| City of Bryan direct debt* | 91,954,892 (1) | 100.00% | 91,954,892 |
| | | | <u>\$ 228,886,645</u> |

*Excludes General Obligation debt serviced by Electric Fund, Water Fund, Wastewater Fund, Solid Waste Fund and Airport Fund

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.

(1) General Obligation debt outstanding less amount available in Debt Service Fund

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

Table 20

| Fiscal Year | City Electric Fund | | | | | Coverage ⁽¹⁾ |
|-------------|-------------------------|--------------------------|-------------------|---|---|-------------------------|
| | Gross Operating Revenue | Less: Operating Expenses | Interest Earnings | Net Revenue ⁽²⁾ Available for Debt Service | Average Annual Debt Service Requirement | |
| 2003 | \$ 99,884,399 | \$ 80,254,836 | \$ 686,532 | \$ 20,316,095 | \$ 724,597 | 28.04 |
| 2004 | 115,665,480 | 100,663,667 | 703,482 | 15,705,295 | 710,454 | 22.11 |
| 2005 | 199,635,537 | 181,285,659 | 1,244,602 | 19,594,480 | 1,016,194 | 19.28 |
| 2006 | 184,493,117 | 163,039,450 | 2,667,490 | 23,191,157 | 3,987,212 | 5.82 |
| 2007 | 144,289,607 | 127,100,116 | 3,895,267 | 19,868,758 | 6,100,700 | 3.26 |
| 2008 | 156,996,327 | 140,918,938 | 2,522,016 | 18,599,405 | 4,417,023 | 4.21 |
| 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 | 147,972,138 | 106,259,604 | 369,937 | 42,082,471 | 18,994,535 | 2.22 |

⁽¹⁾ Required minimum coverage is 1.10 times annual debt service requirement.

⁽²⁾ Net Revenue as defined in the bond Ordinance includes operating income before depreciation plus certain interest income.

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

Table 21

| Fiscal Year | Rural Electric Fund | | | | | Coverage ⁽²⁾ |
|-------------|---------------------------|--------------------------|-------------------|---|---|-------------------------|
| | Gross Operating and Other | Less: Operating Expenses | Interest Earnings | Net Revenue ⁽¹⁾ as Defined in Bond Ordinance | Average Annual Debt Service Requirement | |
| 2003 | \$ 19,114,630 | \$ 16,179,841 | \$ 54,676 | \$ 2,989,465 | \$ 218,325 | 13.69 |
| 2004 | 22,332,873 | 19,424,005 | 44,082 | 2,952,950 | - | - |
| 2005 | 24,406,821 | 21,468,000 | 149,142 | 3,087,963 | - | - |
| 2006 | 26,825,404 | 23,628,753 | 399,295 | 3,595,946 | - | - |
| 2007 | 24,991,627 | 21,889,442 | 383,439 | 3,485,624 | 402,349 | 8.66 |
| 2008 | 28,975,229 | 26,118,134 | 239,229 | 3,096,324 | 34,680 | 89.28 |
| 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 | 731,402 | 7.15 |

⁽¹⁾ Net Revenue as defined in the bond Ordinance includes operating income before depreciation plus certain interest income.

⁽²⁾ Required minimum coverage is 1.20 times annual debt service requirement.

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

Table 22

| Fiscal Year | Water and Wastewater Funds | | | | | Coverage ⁽²⁾ |
|-------------|----------------------------|--------------------------|-------------------|---|---|-------------------------|
| | Gross Operating and Other | Less: Operating Expenses | Interest Earnings | Net Revenue as Defined in Bond Ordinance ⁽¹⁾ | Average Annual Debt Service Requirement | |
| 2003 | \$ 17,853,461 | \$ 10,683,744 | \$ 852,983 | \$ 8,022,700 | \$ 4,448,029 | 1.80 |
| 2004 | 18,097,236 | 11,237,317 | 456,060 | 7,315,979 | 3,583,647 | 2.04 |
| 2005 | 20,457,586 | 10,888,453 | 715,405 | 10,284,538 | 3,501,709 | 2.94 |
| 2006 | 22,216,687 | 10,533,140 | 1,155,149 | 12,838,696 | 3,705,217 | 3.47 |
| 2007 | 20,742,937 | 10,085,575 | 1,827,111 | 12,484,473 | 4,398,781 | 2.84 |
| 2008 | 22,530,219 | 11,876,811 | 1,019,821 | 11,673,229 | 3,944,851 | 2.96 |
| 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 |

⁽¹⁾ Net Revenue as defined in the bond Ordinance includes operating income before depreciation plus certain interest income.

⁽²⁾ Required minimum coverage is 1.25 times average annual debt service requirement.

City of Bryan, Texas
Sales Tax by Category⁽¹⁾
Last Ten Calendar Years

Table 23

| Category: | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Communications and information | \$ 846,330 | \$ 817,075 | \$ 837,297 | \$ 809,579 | \$ 699,322 | \$ 804,022 | \$ 975,054 | \$ 1,073,901 | \$ 999,938 | \$ 1,122,368 |
| Home furnishings and appliances | 337,526 | 437,818 | 437,244 | 472,573 | 458,752 | 392,899 | 411,290 | 414,247 | 405,991 | 414,871 |
| Eating and drinking establishments | 808,365 | 849,742 | 952,618 | 978,832 | 1,074,893 | 1,202,131 | 1,273,763 | 1,348,927 | 1,397,466 | 1,473,779 |
| Department and retail stores | 1,265,132 | 1,171,696 | 1,098,052 | 2,265,562 | 1,172,948 | 394,574 | 1,411,043 | 646,320 | 683,216 | 762,097 |
| Oil and gas operations | 145,318 | 182,643 | 499,341 | 989,910 | 483,382 | 739,345 | 465,054 | 457,378 | 244,732 | 96,821 |
| Construction and building | 578,263 | 762,661 | 659,770 | 805,337 | 1,030,817 | 1,013,741 | 380,446 | 641,427 | 496,984 | 183,079 |
| Auto dealers and supplies | 410,187 | 415,952 | 458,816 | 489,013 | 526,366 | 541,842 | 518,952 | 506,107 | 526,788 | 604,063 |
| Printing/Publishers | 58,622 | 36,423 | 46,898 | 61,655 | 62,523 | 55,930 | 60,045 | 62,385 | 74,499 | 78,050 |
| Contractors | 25,432 | 45,991 | 128,894 | 109,519 | 79,646 | 117,969 | 102,428 | 233,051 | 166,857 | 96,107 |
| Manufacturing | 429,351 | 466,167 | 511,573 | 488,312 | 780,537 | 627,914 | 479,757 | 659,853 | 404,338 | 477,069 |
| Wholesalers | 236,661 | 464,286 | 629,705 | 805,308 | 830,156 | 1,029,940 | 913,467 | 808,256 | 1,035,272 | 1,040,901 |
| Food Stores | 309,512 | 296,206 | 395,400 | 442,727 | 501,861 | 530,319 | 578,078 | 574,453 | 576,909 | 656,980 |
| Other stores | 1,066,459 | 1,223,561 | 1,210,767 | 1,348,408 | 1,861,118 | 2,825,398 | 3,095,127 | 3,300,348 | 3,000,558 | 3,108,023 |
| Apparel | 47,312 | 52,787 | 58,783 | 63,400 | 74,201 | 110,101 | 137,787 | 157,434 | 173,774 | 189,569 |
| All other outlets | 1,304 | 3,122 | 3,258 | 6,175 | 4,034 | 5,767 | 8,561 | 7,147 | 6,522 | 9,220 |
| Financial services | 65,818 | 54,226 | 37,882 | 29,914 | 41,613 | 42,252 | 42,012 | 87,646 | 115,873 | 129,935 |
| Rentals and leasing | 230,243 | 273,226 | 286,025 | 458,336 | 648,912 | 687,486 | 501,611 | 379,943 | 519,721 | 528,027 |
| Professional services | 417,688 | 431,285 | 417,913 | 406,126 | 521,846 | 446,664 | 475,821 | 492,995 | 542,964 | 563,031 |
| Repair and maintenance | 233,121 | 222,299 | 237,136 | 256,641 | 261,041 | 316,507 | 249,669 | 299,983 | 354,236 | 429,320 |
| Hotels/Motels | 1,112 | 1,272 | 1,501 | 4,194 | 1,904 | 3,733 | 23,338 | 5,351 | (261) | 10,001 |
| Other products and equipment | 147,875 | 149,614 | 142,987 | 139,817 | 60,721 | 79,815 | 5,962 | 17,491 | 48,381 | 43,322 |
| Other | 2,047,329 | 2,811,565 | 2,156,022 | 2,409,002 | 1,848,034 | 2,111,392 | 1,107,023 | 1,950,649 | 1,935,112 | 1,945,432 |
| Total | \$ 9,708,960 | \$ 11,169,617 | \$ 11,207,881 | \$ 13,840,340 | \$ 13,024,627 | \$ 14,079,741 | \$ 13,216,288 | \$ 14,125,292 | \$ 13,709,871 | \$ 13,962,066 |

⁽¹⁾ Values reported in this schedule are based on a calendar year basis. The City's sales tax revenue is reported on a fiscal year basis.

Source: Texas Comptroller of Public Accounts

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

Table 24

| Fiscal Year | Population ⁽¹⁾ | School Enrollment ⁽²⁾ | Personal Income ⁽³⁾ | Per Capita Personal Income ⁽³⁾ | Unemployment Rate ⁽¹⁾ |
|-------------|---------------------------|----------------------------------|--------------------------------|---|----------------------------------|
| 2003 | 66,754 | 14,077 | | | 4.90% |
| 2004 | 69,146 | 14,172 | | | 4.50% |
| 2005 | 69,396 | 14,568 | | | 4.00% |
| 2006 | 69,903 | 14,738 | | | 4.10% |
| 2007 | 70,744 | 14,700 | 5,568,000,000 | 27,436 | 4.10% |
| 2008 | 72,015 | 14,700 | 5,836,000,000 | 28,176 | 4.20% |
| 2009 | 72,357 | 15,000 | 5,905,000,000 | 27,818 | 6.50% |
| 2010 | 76,201 | 15,800 | | | 6.20% |
| 2011 | 76,541 | 15,800 | | | 5.50% |
| 2012 | 77,321 | 15,609 | | | 5.70% |

⁽¹⁾ U.S. Census Bureau

⁽²⁾ Bryan Independent School District

⁽³⁾ Bureau of Economic Analysis

Note: Personal income information for the City of Bryan is only available for calendar years 2007 - 2009.

| | |
|--------------------------------|----------|
| City of Bryan, Texas | |
| Principal Employers | |
| Current Year and Ten Years Ago | Table 25 |

| 2012 | 2003 |
|---|---|
| Brazos County Government | Brazos County Government |
| Bryan Independent School District | Bryan Independent School District |
| City of Bryan | City of Bryan |
| City of College Station | City of College Station |
| College Station Independent School District | College Station Independent School District |
| Reynolds & Reynolds | Reliant Building Products Inc |
| Sanderson Farms | Sanderson Farms |
| St. Joseph Regional Hospital | St. Joseph Regional Hospital |
| Texas A&M University System | Texas A&M University System |
| Wal-Mart | Wal-Mart |

Notes: Data includes principal employers in Brazos County. Employers are listed in alphabetical order and do not reflect any ranking. The TWC ranking and number of employee data is confidential.

Source: Texas Workforce Commission, Labor Market/Career Information Department

City of Bryan, Texas
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table 26

| Function | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|------|------|------|------|------|------|-------|-------|-------|-------|
| General Government and Administration | | | | | | | | | | |
| Executive Services | 5 | 5 | 5 | 5 | 6 | 7 | 6 | 6 | 5 | 5 |
| Communications & Marketing | \$ 2 | \$ 2 | \$ 2 | \$ 3 | \$ 3 | 3 | 5 | 5 | 5 | 3 |
| Neighborhood and Youth Services | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Economic Development | 1 | 1 | - | - | - | - | - | - | - | - |
| Internal Audit | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| City Secretary | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 6 |
| Legal Services | 6 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 5 |
| Fiscal Services* | 14 | 13 | 13 | 13 | 12 | 12 | 13 | 12 | 12 | 12 |
| Information Technology | 14 | 13 | 13 | 13 | 14 | 15 | 15 | 15 | 15 | 15 |
| Special Projects** | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 0.25 | 0.25 | 0.25 |
| Purchasing Services | 5 | 5 | 5 | 4 | 5 | 5 | 5 | 2 | 2 | 2 |
| Warehouse | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Fleet Services | - | - | 11 | 12 | 11 | 11 | 11 | 11 | 12 | 9 |
| Human Resources | 6 | 5 | 5 | 5 | 5 | 5 | 5.5 | 5 | 5 | 6 |
| Facility Services | 32 | 44 | 27 | 27 | 24 | 24 | 23 | 23 | 23 | 16 |
| Risk Management | 5 | 6 | 6 | 6 | 6 | 6 | 5 | 6 | 6 | 6 |
| Development Services | | | | | | | | | | |
| Planning and Development | 8 | 8 | 8 | 8 | 9 | 8 | 8 | 8 | 8 | 8 |
| Engineering Services | 15 | 14 | 17 | 17 | 17 | 18 | 17 | 16 | 19 | 13 |
| Building Services | 8 | 8 | 8 | 9 | 13 | 16 | 16 | 16 | 17 | 14 |
| Community Development | 7 | 7.4 | 7.4 | 7 | 8 | 8 | 6.5 | 5.75 | 5.75 | 5.75 |
| Public Works Services | | | | | | | | | | |
| Administration | 1 | - | - | - | 1 | 1 | 3 | 5 | - | - |
| Call Center | - | - | - | - | - | - | 5 | 5 | 5 | 5 |
| Environmental Services | - | - | - | - | - | - | - | - | - | - |
| Transportation & Drainage | 29 | 28 | 30 | 30 | 30 | 31 | 31 | 29 | 29 | 18 |
| Traffic Services | - | - | - | - | - | - | 9 | 9 | 10 | 10 |
| Public Safety | | | | | | | | | | |
| Police Officers | 113 | 113 | 116 | 118 | 119 | 123 | 124 | 124 | 124 | 138 |
| Civilians | 35 | 35 | 34 | 38 | 38 | 37 | 47 | 47 | 47 | 39 |
| Firefighters/Emergency Medical Technicians | 89 | 89 | 90 | 91 | 101 | 108 | 108 | 108 | 108 | 107 |
| Civilians | 2 | 2 | 2 | 2 | 2 | 4 | 5 | 5 | 5 | 4 |
| Emergency Management Coordinator | 1 | - | - | - | - | 1 | 1 | 1 | 1 | 1 |
| Municipal Court | 15 | 14 | 14 | 14 | 14 | 14 | 16 | 16 | 16 | 15 |
| Cultural and Recreation | | | | | | | | | | |
| Library Services | 20 | 19 | 19 | 19 | 19 | 19 | 20 | 19 | 19 | 24 |
| College Station Library | 16 | 16 | 16 | 16 | 16 | 16 | 15 | 16 | 16 | 19 |
| Parks and Recreation | 18 | 7 | 8 | 9 | 14 | 13 | 14 | 19 | 18 | 28 |
| Water | 48 | 39 | 40 | 40 | 36 | 35 | 35.8 | 35.55 | 36.55 | 34.50 |
| Wastewater | 52 | 53 | 53 | 53 | 44 | 43 | 44.2 | 44.45 | 44.45 | 31.50 |
| Solid Waste | 48 | 51 | 50 | 49 | 55 | 51 | 46 | 46 | 47 | 44 |
| Airport | - | - | - | - | - | - | - | - | 2 | 1 |
| Electric Department-Municipal and Rural | 203 | 203 | 203 | 203 | 195 | 203 | 181 | 187 | 189 | 165 |
| Total | 829 | 816 | 819 | 828 | 836 | 857 | 862.5 | 866 | 871 | 816 |

Source: City of Bryan Budget Office
**Includes Real Estate Services

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

Table 27

| Function: | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Police | | | | | | | | | | |
| Physical arrest | 4,201 | 4,375 | 4,784 | 5,838 | 4,178 | 5,205 | 5,030 | 5,744 | 5,063 | 4,826 |
| Traffic citations | 16,147 | 14,932 | 12,986 | 17,640 | 13,097 | 15,512 | 15,325 | 12,752 | 12,400 | 11,663 |
| Fire | | | | | | | | | | |
| Number of Fire and EMS calls | 7,281 | 7,398 | 7,884 | 8,016 | 8,359 | 8,352 | 8,923 | 8,871 | 9,150 | 9,188 |
| Transportation | | | | | | | | | | |
| Potholes repaired | n/a | n/a | n/a | 4,000 | 6,500 | 3,200 | n/a | 3,133 | 3,225 | 225 |
| HMAC (Hot Mix Asphalt Concrete) placed (tons) | n/a | n/a | n/a | n/a | n/a | n/a | 2,853 | 2,476 | 1,258 | 1,978 |
| In-house concrete poured (cubic yards) | n/a | n/a | n/a | n/a | n/a | n/a | 1,080 | 162 | 584 | 485 |
| Culture and recreation | | | | | | | | | | |
| New library patron registration | 982 | 7,449 | 10,399 | 10,995 | 8,611 | 8,323 | 9,014 | 9,573 | 8,419 | 7,259 |
| Library circulation of materials | 695,433 | 731,924 | 664,444 | 726,762 | 804,617 | 840,601 | 785,243 | 421,354 | 411,113 | 784,421 |
| Number of cooperative programs with Bryan ISD and College Station Parks and Recreation department | 15 | 18 | 18 | 11 | 12 | 12 | 12 | 12 | 10 | 13 |
| Pavilion rentals | 780 | 843 | 855 | 824 | 849 | 956 | 876 | 888 | 743 | 913 |
| Athletic field usage | | | | | | | | | | |
| Travis Park (1 field) | 229 | 237 | 216 | 208 | n/a | n/a | n/a | n/a | n/a | n/a |
| Bryan Regional Athletic Complex (4 softball fields) | 1,410 | 1,452 | 1,590 | 1,632 | 1,620 | 1,710 | 1,740 | 1,825 | 1,910 | 1,920 |
| Bryan Regional Athletic Complex (9 soccer fields) | 995 | 946 | 1,003 | 1,026 | 1,040 | 1,050 | 1,105 | 1,284 | 1,192 | 1,105 |
| Neighborhood/Youth Services | | | | | | | | | | |
| Neighborhood Associations registered | 16 | 30 | 36 | 31 | 32 | 37 | 38 | 40 | 41 | 41 |
| Youth receiving new adult mentors | 60 | 80 | 100 | n/a | 143 | 57 | 125 | 115 | 125 | 137 |
| Municipal Court | | | | | | | | | | |
| Number of cases filed | 17,109 | 15,193 | 15,000 | 15,613 | 17,199 | 16,190 | 15,490 | 14,728 | 18,147 | 17,832 |
| Community Development | | | | | | | | | | |
| Number of citizens provided homebuyers assistance | 15 | 22 | 22 | 25 | 37 | 21 | 28 | 26 | 17 | 17 |
| Number of households provided rehabilitation | 20 | 41 | 41 | 1 | - | 4 | 3 | 3 | 5 | 1 |
| Number of households provided minor rehabilitation | n/a | n/a | n/a | 35 | 30 | 41 | 33 | 29 | 41 | 41 |
| Water | | | | | | | | | | |
| Average consumption (gallons/day) | 8,749,109 | 8,113,164 | 9,297,276 | 9,966,788 | 9,297,276 | 9,820,980 | 10,420,000 | 9,400,000 | 11,980,000 | 10,572,675 |
| Number of new connections | 346 | 376 | 326 | 414 | 286 | 319 | 245 | 183 | 180 | 151 |
| Maximum daily capacity (gallons) | 28,000,000 | 28,000,000 | 32,000,000 | 32,000,000 | 36,000,000 | 36,000,000 | 36,000,000 | 37,700,000 | 37,700,000 | 37,708,000 |
| Daily average usage (gallons) | 8,749,109 | 8,113,164 | 9,297,276 | 9,966,788 | 8,123,886 | 9,794,146 | 10,422,973 | 9,403,642 | 11,981,855 | 10,572,675 |
| Peak daily usage (gallons) | 20,740,000 | 20,680,000 | 24,741,000 | 24,104,000 | 13,710,000 | 23,115,000 | 22,186,000 | 20,893,000 | 24,620,000 | 21,521,000 |
| Total usage (gallons) | 3,193,424,746 | 2,969,418,100 | 3,393,505,900 | 3,637,877,700 | 2,965,218,600 | 3,584,657,700 | 3,804,385,300 | 3,432,329,400 | 4,373,377,200 | 3,869,598,900 |
| Wastewater | | | | | | | | | | |
| Average treatment flow (gallon/day) | 7,684,230 | 7,564,486 | 7,437,896 | 7,004,600 | 7,437,896 | 7,397,260 | 6,390,000 | 7,130,000 | 6,530,000 | 7,150,000 |
| Combined capacity (gallons per day) | 12,750,000 | 12,750,000 | 12,750,000 | 12,750,000 | 12,750,000 | 12,750,000 | 12,750,000 | 12,750,000 | 12,750,000 | 12,750,000 |
| Daily average usage (gallons) | 7,684,230 | 7,564,486 | 7,437,896 | 7,004,600 | 7,798,565 | 6,969,882 | 6,392,433 | 7,127,600 | 6,525,488 | 6,995,218 |
| Peak daily usage (gallons) | 233,728,667 | 230,716,833 | 226,326,008 | 213,056,583 | 237,206,367 | 211,878,917 | 194,436,500 | 216,797,833 | 198,483,583 | 213,354,158 |
| Total usage (gallons) | 2,804,744,000 | 2,768,602,000 | 2,714,832,100 | 2,556,679,000 | 2,846,476,400 | 211,878,917 | 194,436,500 | 216,797,833 | 198,483,583 | 213,354,158 |
| Solid Waste | | | | | | | | | | |
| Refuse collected (tons) | 45,397 | 42,164 | 44,416 | 48,647 | 45,275 | 54,881 | 52,443 | 56,800 | 56,120 | 55,819 |

Sources: Various City Departments

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

Table 28

| Function: | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of sworn personnel | 113 | 113 | 116 | 118 | 121 | 124 | 124 | 137 | 136 | 137 |
| Fire and emergency medical services: | | | | | | | | | | |
| Number of stations | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Number of personnel | 89 | 89 | 90 | 91 | 112 | 114 | 108 | 114 | 114 | 110 |
| Highways and streets: | | | | | | | | | | |
| Lane miles of paved streets | 640 | 643 | 646 | 649 | 660 | 660 | 738 | 738 | 738 | 738 |
| Culture and recreation: | | | | | | | | | | |
| Number of parks | 45 | 45 | 45 | 45 | 45 | 35 | 42 | 42 | 42 | 42 |
| Park acreage | 587 | 587 | 587 | 587 | 587 | 587 | 611 | 611 | 611 | 611 |
| Number of golf courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf course acreage | 128 | 128 | 128 | 128 | 128 | 104 | 104 | 104 | 104 | 104 |
| Hike and bike trails - number of miles | 5 | 5 | 5 | 5 | 18 | 22 | 23 | 23 | 23 | 23 |
| Number of cemeteries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Cemetery acreage | 97 | 97 | 97 | 97 | 97 | 70 | 70 | 70 | 70 | 70 |
| Number of libraries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Library volumes | 232,748 | 232,748 | 248,240 | 257,833 | 255,366 | 242,171 | 245,810 | 128,798 | 147,090 | 237,557 |
| Water system: | | | | | | | | | | |
| Miles of line | 393 | 396 | 399 | 403 | 410 | 442 | 453 | 453 | 459 | 472 |
| Number of connections | 20,354 | 20,509 | 20,799 | 21,102 | 21,388 | 21,782 | 21,587 | 21,770 | 21,804 | 21,913 |
| Number of wells | 8 | 8 | 9 | 9 | 10 | 12 | 12 | 12 | 12 | 12 |
| Wastewater system: | | | | | | | | | | |
| Miles of line | 371 | 374 | 377 | 378 | 378 | 378 | 380 | 380 | 382 | 387 |
| Number of connections | 19,588 | 19,725 | 19,943 | 20,224 | 20,461 | 20,839 | 21,113 | 21,378 | 21,460 | 21,539 |
| Number of treatment plants | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Electric system: | | | | | | | | | | |
| Generating capacity (MW) | 240,000 | 287,000 | 287,000 | 287,000 | 287,000 | 234,644 | 296,000 | 336,000 | 337,000 | 337,000 |
| Reserve oil capacity (gallons) | 4,900,000 | 4,900,000 | 4,900,000 | 4,900,000 | 4,670,000 | 4,670,000 | 4,670,000 | 4,170,000 | 3,120,000 | 3,120,000 |
| Number of substations | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 11 | 11 |
| Number of connections | 32,206 | 32,264 | 33,189 | 33,702 | 34,678 | 46,169 | 47,268 | 48,014 | 48,616 | 33,160 |
| Rural Electric system: | | | | | | | | | | |
| Number of utility connections | 12,352 | 13,171 | 13,519 | 13,978 | 14,416 | 14,513 | 15,116 | 15,593 | 16,033 | 16,882 |
| Number of substations | 10 | 10 | 12 | 12 | 11 | 12 | 12 | 12 | 13 | 13 |

Sources: Various City Departments



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