

2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Bryan, Texas Fiscal Year Ended September 30, 2014

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CITY OF BRYAN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2014

Prepared by

Fiscal Services Department
Joe Hegwood, Chief Financial Officer

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February 20, 2015

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 (CAFR) for the City of Bryan (the "City") for the fiscal year ended September 30, 2014. 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.

The City's independent auditor, Weaver and Tidwell, L.L.P., has issued an unqualified or "clean" opinion on the City of Bryan's financial statement for the year ended September 30, 2014. 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 MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Bryan, incorporated in 1871, is located in east central Texas approximately 100 miles northwest of Houston and approximately 90 miles east of Austin in an area referred to as the Brazos Valley. Bryan serves as the county seat for Brazos County. The City and the City of College Station to the south, which share common borders, are home to the Texas A&M University System. The City encompasses approximately 43.7 square miles and has an estimated population of 78,709.

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 annually enacts a budget through passage of an appropriation ordinance prior to the start of each fiscal year. The budget serves as the foundation for the City's financial planning and control. Annual budgets are prepared for all governmental funds including the general fund, debt service fund, and special revenue funds.

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, 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. (BCD), a local government corporation and the economic development arm of the City of Bryan.

FACTORS AFFECTING FINANCIAL CONDITION

Bryan continued its strong growth trajectory during the fiscal year, realizing increases in sales taxes, property values as well as in oil and gas related revenues. 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. Five of the top ten employers in the area fall into these classifications.

During 2014, Brazos county and surrounding counties saw a significant increase in oil and gas production activity as the result of the application of hydraulic fracturing techniques in the Eagle Ford shale formation. The economic activity surrounding this development has had a positive impact on sales tax revenues, City lease royalties and property values. The City is taking a conservative approach in estimating the future impact of oil and gas production.

Historically, the Bryan-College Station area's unemployment rate has been among the lowest in the state and that trend continues. As of September 2014, the unemployment rate for the Bryan-College Station area was 4.1% compared to 4.9% state-wide.

In recent years, Bryan and the Bryan-College Station area have been recognized by numerous national survey organizations such as Forbes, Movoto, Nerdwallet, Milken Institute and WalletHub as national and state leaders in categories such as best places to live, top 10 small cities for jobs, fastest growing cities, great places to live and best for recession recovery. These survey results are reflective of the area's growing economy, business opportunities and outstanding quality of life.

MAJOR INITIATIVES

In September 2014, Texas Governor Rick Perry, Texas A&M University System Chancellor John Sharp, Texas A&M Health Science Center CEO Brett Giroir, M.D., and officials from the U.S. Department of Health and Human Services (HHS), State of Texas, and biopharmaceutical company GSK dedicated a national pandemic influenza vaccine manufacturing facility in Bryan, Texas, which when complete will serve as an anchor for the Research Valley BioCorridor. The facility is on track for a 2016 start-up.

The Research Valley BioCorridor had its beginning in 2011 when the Cities of Bryan and College Station adopted an inter-local agreement (ILA) for its creation. The purpose of the BioCorridor is to attract bio-

CITY OF BRYAN, TEXAS

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

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 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.

In 2014 the City continued its development of infrastructure supporting the Research Valley BioCorridor. Projects completed in 2014 include a regional lift station and expansion of the gravity sewer system and an extension of the HSC Parkway to Hwy 47. These projects, along with an overpass completed in 2013 at the intersection of Hwy 47 and HSC Parkway provide critical support to the Research Valley BioCorridor.

In 2014, Axis Pipe & Tube commenced commercial operations in Texas Triangle Park. Axis Pipe & Tube, the largest manufacturing operation in the Brazos County, produces steel pipe, structural steel and tubular steel products. In 2013, the City, as a partner with Brazos County in the City of Bryan and Brazos County Economic Development Foundation, signed a development agreement with Axis Pipe & Tube bringing the \$120 million manufacturing facility to the county. The facility is expected to ultimately employ at least 285 full time employees. Texas Triangle Park is a master-planned, rail served industrial park located in the extra territorial jurisdiction (ETJ) of Bryan. The addition of Axis Pipe and Tube to Texas Triangle Park is expected to be a catalyst for future growth and significant economic benefit to the region.

During 2014, Bryan Texas Utilities (BTU), the City's electric utility, completed construction of major transmission substations and high voltage lines in the south and western portions of Brazos County. This series of projects totaling over \$40.1 million will increase energy reliability to customers and aid in future growth of the area.

CITY OF BRYAN, TEXAS

LONG-TERM FINANCIAL PLANNING

The City has developed and received City Council approval on 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.

In May 2014, the City issued \$7.8 million in certificates of obligation to support governmental infrastructure improvements. This was the City's first debt issuance supporting governmental operations since 2011. As a part of that borrowing, the City also issued \$34.8 million in combination tax and revenue certificates of obligation for BTU to fund transmission and distribution construction for the next two years. Lastly, the City issued \$9.2 million in general obligation refunding bonds in May 2014, which enabled the retirement of higher interest debt at a savings of over \$1.2 million. 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 bonds supported by utility revenues as deemed necessary.

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 at least 60 days of operating budget for the general fund and most other funds and at least 90 days of reserves in the City electric fund to be used for unanticipated emergencies. 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 2014, the City complied with all aspects of the investment policy.

AWARDS AND ACKNOWLEDGMENTS

In 2014, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for last years' Comprehensive Annual Financial Report (CAFR). To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. City staff believes the current CAFR continues to meet the Certificate of Achievement requirements and it will be submitted to the GFOA to determine eligibility for another certificate. The City also received awards for its annual budget document and investment policy during the last year. In March 2014, the City was awarded the Distinguished Budget Presentation Award from the GFOA and in September 2013, the City was awarded the Government Treasurers' Organization of Texas' Certificate of Distinction for its investment policy.

CITY OF BRYAN, TEXAS

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



Government Finance Officers Association

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, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

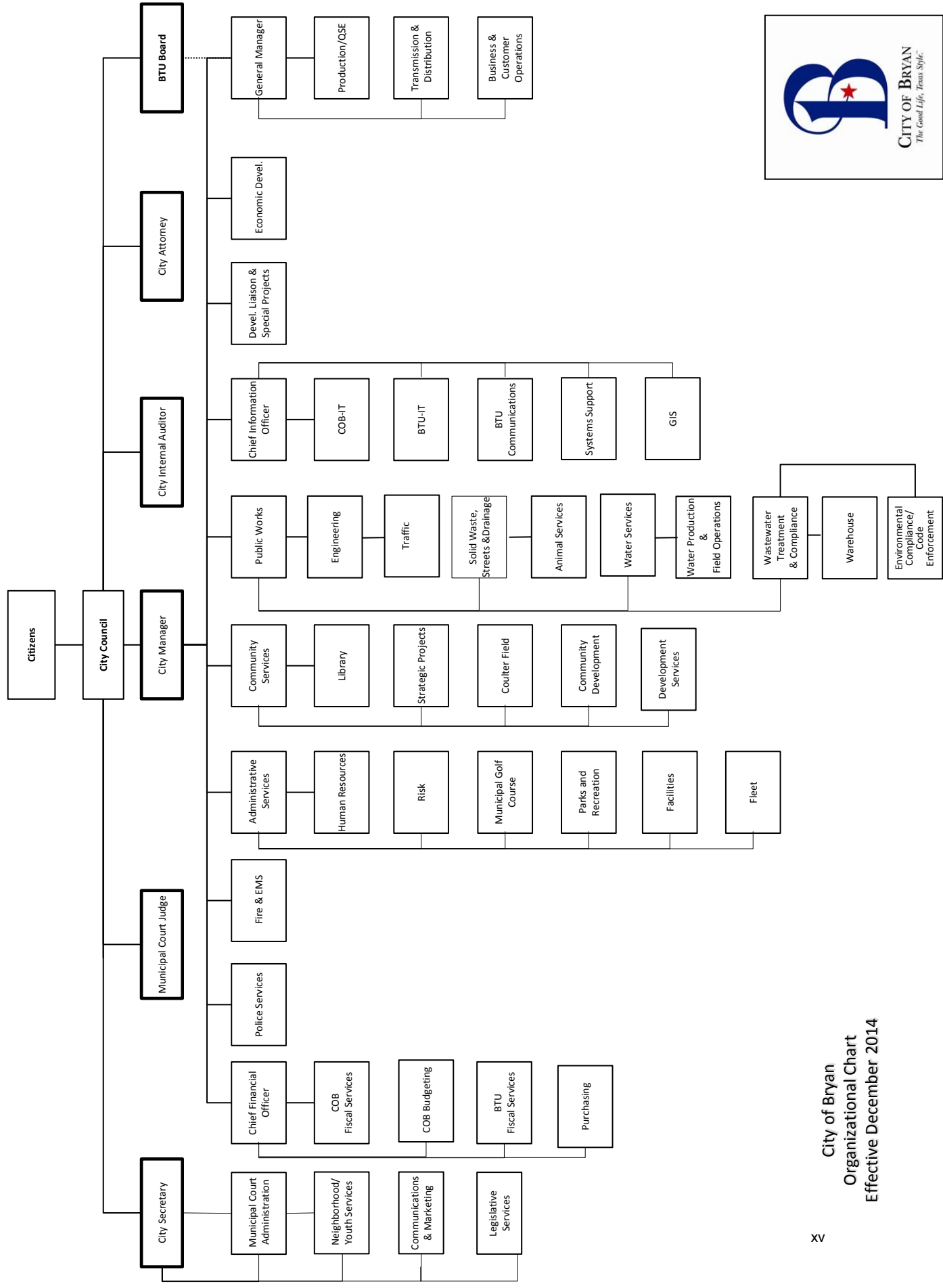
PRINCIPAL OFFICIALS

GOVERNING BODY:

Jason P. Bienski	Mayor
Art Hughes	Mayor Pro Tem
Al Saenz	City Council
Rafael Pena, III	City Council
Chuck Konderla	City Council
Mike Southerland	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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bryan, Texas (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Bryan Business Council, Inc., a discretely presented component unit of the City whose statements reflect total assets of \$3,264,126, total liabilities of \$189,222, total revenues of \$850,543 and total expenses of \$321,911. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Bryan Business Council, Inc., is based solely 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 from material misstatement. The financial statements of Bryan Business Council, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the City has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Beginning net position has been restated to reflect the change in accounting principle from this statement. Our opinion is not modified with respect to this matter.

Change in Accounting Estimate

As discussed in Note 1 to the financial statements, the City has changed its method of allocating the net pension obligation and other post employment benefit obligation between governmental and business-type activities. Beginning net position has been restated to reflect the change in accounting estimate. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Funding Progress – Texas Municipal Retirement System and Schedule of Revenue, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund pages 5 through 20 and 91 through 93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

Houston, Texas
February 16, 2015



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City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2014
(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, 2014. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages viii -xi of this report.

Financial Highlights

- assets exceed liabilities by \$503,117,999 (net position)
- unrestricted net position was \$109,721,734; these may be used to meet ongoing obligations to citizens and creditors
- total net position increased by \$20,117,919
- governmental funds reported combined ending fund balances of \$61,852,171
 - an increase of \$13,930,633 in fund balances is due primarily to higher tax revenues, cost containment measures implemented by the City, and debt issues for projects to be completed in fiscal year 2015
 - approximately \$24,507,623 or 39.6% is available for spending at the City's discretion (unassigned fund balance)
- General Fund unassigned fund balance was \$24,529,175 or 45.3% of total general fund expenditures
- Total debt increased by \$20,035,000 or 5.4%
 - \$9,245,000 in general obligation bonds was issued along with \$42,615,000 in combination tax and revenue certificates. These issues were used to refund portions of outstanding bonds as well as to fund ongoing capital improvement projects over the next two fiscal years.
 - \$31,825,000 in outstanding debt was retired.
 - \$25,375,000 of outstanding debt is due within one year.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2014
(Unaudited)

giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement may be for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities describe services provided by the City and include general government, development services, public works (streets and drainage), public safety, 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. Included in Note 1 of the financial statements are separate Condensed Statements of Net Position, Condensed Statements of Revenues, Expenditures, and Changes in Net Position, and Condensed Statements of Cash Flows for BTU QSE Services, Inc. and Bryan Commerce and Development, Inc.

The government-wide financial statements can be found on pages 22-24 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 demonstrate and ensure 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

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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.

The City currently maintains twenty-four (24) individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Debt Service Fund, both of which are considered to be major funds (2). Data from eleven (11) special revenue funds, two (2), capital project funds, and nine (9) permanent funds have been combined into one single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements 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 26-29 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.

Proprietary funds provide the same types of information as the government-wide financial statements. The proprietary fund financial statements provide separate information in the Proprietary Fund Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows for the city electric, rural electric, water and wastewater systems, all of which are considered major funds of the City. Data from three (3) non-major enterprise funds have been 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 30-35 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 36 of this report.

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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 37-90 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 91-93 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 98-134 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bryan, assets exceed liabilities by \$503,117,999 as of September 30, 2014.

The adoption of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* as well as the allocation of the Net Pension Obligation (NPO) and the Other Post-Employment Benefits obligation to the enterprise funds by the City required the restatement of net position as of October 1, 2013 as follows:

	Governmental Activities	Business Type Activities
Net Position, beginning of period - as previously reported	\$ 112,579,085	\$ 375,036,940
Reduction of unamortized debt issuance costs	(637,416)	(3,978,529)
OPEB reallocation amounts	250,953	(250,953)
NPO reallocation amounts	705,260	(705,260)
Net Position, beginning of period - as restated	<u>\$ 112,897,882</u>	<u>\$ 370,102,198</u>

For more information on this restatement, please see Note 1.

The largest portion of the City's net position \$336,187,887 or 66.8% 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 position \$57,208,378 or 11.4% represents resources that are subject to external restrictions on their usage. The remaining balance of unrestricted net position, \$109,721,734 or 21.8% may be used to meet the government's ongoing obligations to citizens and creditors. At the end of FY14, the City of Bryan was able to report positive

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balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 73,523,290	\$ 61,436,104	\$ 213,941,920	\$ 214,621,004	\$ 287,465,210	\$ 276,057,108
Capital assets	157,659,865	163,257,521	517,413,723	487,435,051	675,073,588	650,692,572
Total assets	<u>231,183,155</u>	<u>224,693,625</u>	<u>731,355,643</u>	<u>702,056,055</u>	<u>962,538,798</u>	<u>926,749,680</u>
Deferred outflows	<u>1,850,603</u>	<u>-</u>	<u>17,190,718</u>	<u>21,104,372</u>	<u>19,041,321</u>	<u>21,104,372</u>
Non-current liabilities	96,893,545	94,101,406	302,355,779	289,969,043	399,249,324	384,070,449
Other liabilities	18,550,345	18,013,134	55,206,857	58,154,444	73,757,201	76,167,578
Total liabilities	<u>115,443,890</u>	<u>112,114,540</u>	<u>357,562,636</u>	<u>348,123,487</u>	<u>473,006,525</u>	<u>460,238,027</u>
Deferred inflows	<u>-</u>	<u>-</u>	<u>5,457,165</u>	<u>-</u>	<u>5,457,165</u>	<u>-</u>
Net position:						
Net investment in						
capital assets	67,019,218	74,520,118	269,168,669	263,550,484	336,187,887	338,070,602
Restricted	23,068,934	18,624,433	34,139,444	36,745,716	57,208,378	55,370,149
Unrestricted	27,501,716	19,434,534	82,220,018	74,740,740	109,721,734	94,175,274
Total net position*	<u>\$ 117,589,868</u>	<u>\$ 112,579,085</u>	<u>\$ 385,528,131</u>	<u>\$ 375,036,940</u>	<u>\$ 503,117,999</u>	<u>\$ 487,616,025</u>
Restated amounts	<u>-</u>	<u>318,797</u>	<u>-</u>	<u>(4,934,742)</u>	<u>-</u>	<u>(4,615,945)</u>
Total net position as restated*	<u>\$ 117,589,868</u>	<u>\$ 112,897,882</u>	<u>\$ 385,528,131</u>	<u>\$ 370,102,198</u>	<u>\$ 503,117,999</u>	<u>\$ 483,000,080</u>

*Note: Restatement of FY13 Net Position, reference Note 1.

The \$20,117,919 increase to \$503,117,999 in total net position is due to increases in the business-type activities as well as governmental activities. The net position of the business type activities increased \$15,425,933 due primarily to the excess of operating revenues over expenses in the Electric, Rural Electric, Water, Wastewater and Solid Waste funds. The net position of the Governmental Activities increased by \$4,691,986 primarily as a result of program and general revenues plus transfers in exceeding expenses. The net effect of the restatement amounts is reflected in the changes to net position and are outlined in the above table and discussed in Note 1 of the financial statements.

An increase of \$15,546,460 to \$109,721,734 in the City's total unrestricted net position is due to the increase in business-type activities as well as an increase in governmental activities. The unrestricted net position of the Business-Type Activities increased by \$7,479,278 to \$82,220,018. The unrestricted net position of the Governmental Activities increased by \$8,067,182 to \$27,501,716. As previously stated, the net effect of the restated amounts from fiscal year 2013 is outlined in the above table.

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City of Bryan's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 6,828,230	\$ 7,604,050	\$ 252,053,246	\$ 227,081,881	\$ 258,881,476	\$ 234,685,931
Operating grants and contributions	2,490,517	2,840,902	-	101,495	2,490,517	2,942,397
Capital grants and contributions	1,661,849	1,891,869	1,784,937	1,757,250	3,446,786	3,649,119
General revenues:						
Property taxes	25,765,716	24,723,667	-	-	25,765,716	24,723,667
Other taxes	21,834,534	19,134,051	-	-	21,834,534	19,134,051
Other	10,230,726	12,663,041	3,096,044	3,658,786	13,326,770	16,321,827
Total revenues	68,811,572	68,857,580	256,934,227	232,599,412	325,745,798	301,456,992
Expenses:						
General Government	11,862,123	12,725,727	-	-	11,862,123	12,725,727
Development Services	5,265,275	5,324,990	-	-	5,265,275	5,324,990
Public Works Services	14,180,817	12,764,623	-	-	14,180,817	12,764,623
Public Safety	33,069,954	32,133,857	-	-	33,069,954	32,133,857
Cultural and Recreational	8,332,012	8,175,136	-	-	8,332,012	8,175,136
Interest on long-term debt	3,548,311	4,264,522	-	-	3,548,311	4,264,522
Electric	-	-	170,664,644	157,381,300	170,664,644	157,381,300
Rural electric	-	-	33,312,663	29,583,733	33,312,663	29,583,733
Water	-	-	9,761,250	9,974,403	9,761,250	9,974,403
Wastewater	-	-	10,272,703	9,848,759	10,272,703	9,848,759
Other	-	-	7,851,301	7,949,095	7,851,301	7,949,095
Total expenses	76,258,492	75,388,855	231,862,561	214,737,290	308,121,053	290,126,145
Increase (decrease) in net assets before transfers and special items	(7,446,920)	(6,531,275)	25,071,666	17,862,122	17,624,745	11,330,847
Special items - Gain on sale of fuel oil	-	-	2,493,174	871,080	2,493,174	871,080
Net Transfers	12,138,907	12,754,364	(12,138,907)	(12,754,364)	-	-
Increase (decrease) in net position	4,691,986	6,223,089	15,425,933	5,978,838	20,117,919	12,201,927
Net position - October 1*	112,897,882	106,355,996	370,102,198	369,058,102	483,000,080	475,414,098
Net position - September 30	\$ 117,589,868	\$ 112,579,085	\$ 385,528,131	\$ 375,036,940	\$ 503,117,999	\$ 487,616,025
Restated amounts	-	318,797	-	(4,934,742)	-	(4,615,945)
Total net position as restated*	\$ 117,589,868	\$ 112,897,882	\$ 385,528,131	\$ 370,102,198	\$ 503,117,999	\$ 483,000,080

*Note: Restatement of FY13 Net Position, reference Note 1.

Governmental Activities. Total governmental activity revenues decreased slightly in FY14 from FY13 by \$46,008 or 0.1% to \$68,811,572. Several factors contributed to this net decrease in FY14. During FY14, other revenues decreased by \$2,432,315 or 19.2% in FY14 due primarily to a decrease in land sales at Traditions. Additionally, program revenues (consisting of grants and charges for services) decreased by \$1,356,225 from FY13. Governmental activities benefited in FY13 from one time revenues related to the sale of property. Largely offsetting these decreases were property taxes and sales taxes (included in "other taxes" above), which increased by \$1,042,049 and \$1,897,530 or 4.2% and 11.9% respectively from FY13 to FY14.

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

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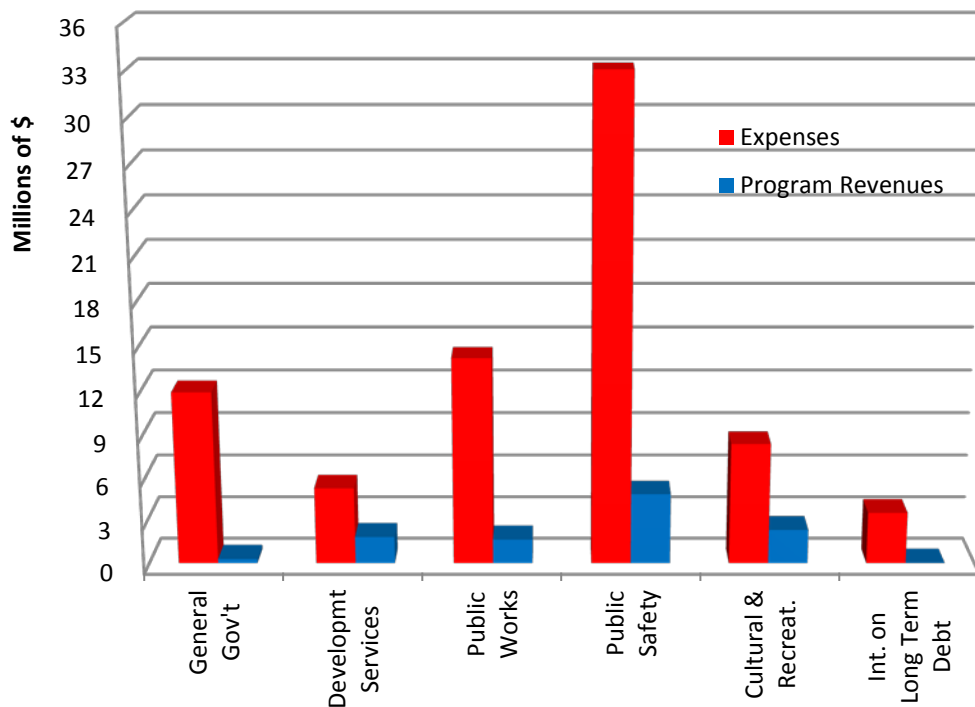
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activities to all related parties. Governmental activities expenses increased in FY14 as compared to FY13 by \$869,637 to \$76,258,492. The major changes in this category were:

- Public safety expenses increased \$936,097 in FY14 when compared to FY13. Personnel costs increased \$1,168,196 or 4.5% in FY14. This increase was due to the addition of eight positions within Police and Fire.
- Public Works expenses increased by \$1,416,194 or 11.1%. This increase is attributable to increased streets and drainage maintenance in FY14.

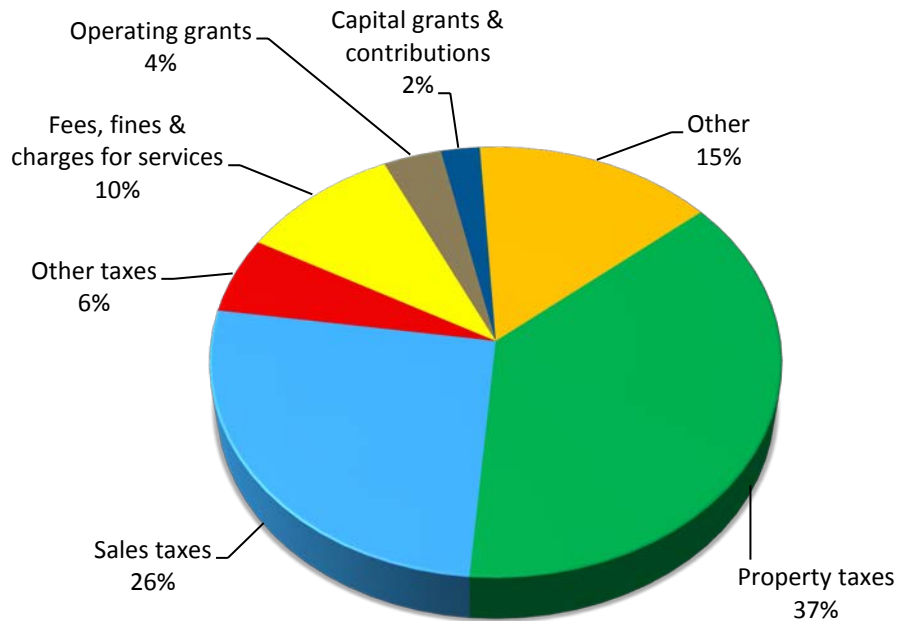
Expenses and Program Revenues - Governmental Activities



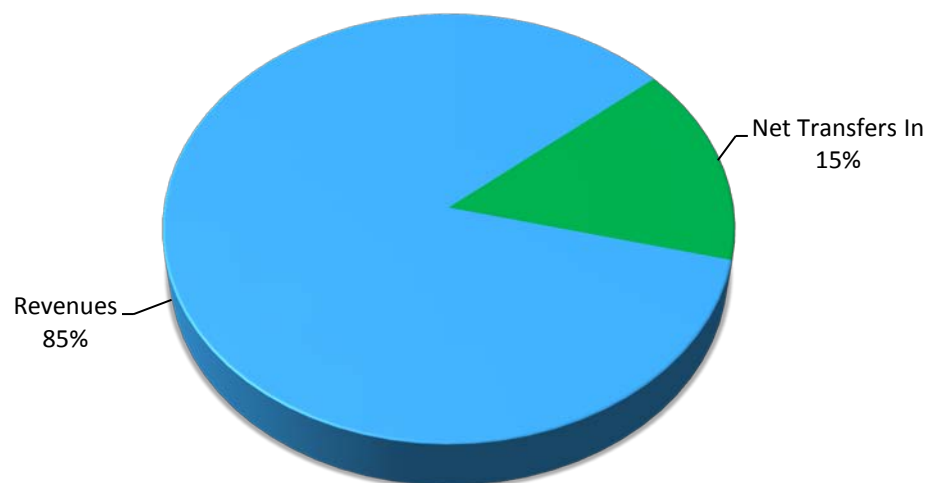
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Revenues by Source - Governmental Activities



All Governmental Resources



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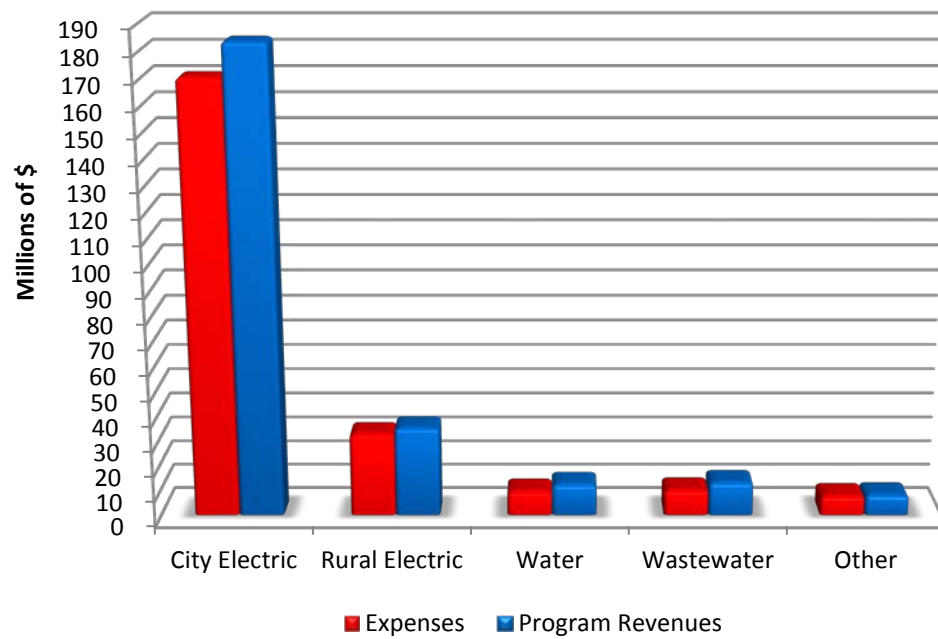
Business-type Activities. Business-type activities increased the City of Bryan's net position by \$15,425,933 or 4.2% to \$385,528,131. Charges for services for business-type activities increased \$24,971,365 or 11.0% to \$252,053,246, while expenses increased \$17,125,271 to \$231,862,561. Key elements of the variances are as follows:

- For the City and Rural Electric Systems, combined operating revenues for FY14 and FY13 were \$219,651,541 and \$191,903,610 respectively, an increase of 14.5%. The increase in revenues for City and Rural Electric are primarily due to higher off system wholesale sales, larger transmission cost of service revenue, and customer growth during the fiscal year ended September 30, 2014. Combined City and Rural Electric operating expenses for FY14 and FY13 were \$172,116,164 and \$156,093,252 respectively, an increase of 10.3% primarily due to higher energy costs resulting from increased system and off-system sales. Net position for the electric systems for the years ended September 30, 2014 and 2013 as restated were \$230,798,961 and \$220,847,148, respectively, of which \$57,072,825 and \$46,910,651 were available to meet ongoing obligations.
- Water system revenues showed a decrease in FY14 of \$1,045,147 or 8.2% to \$11,678,692 due to a dip in water usage resulting from higher annual rainfall in FY14. An increase in net position of \$2,982,335 was due to revenues exceeding expenses. Operating expenses were \$5,718,140, a decrease from FY13 of \$80,281 or 1.4%. This decrease was due to moderate reductions in almost every expense category.
- Net position of the Wastewater system at year end increased by \$2,878,808 or 4.7% over FY13. The increase can be attributed to revenues exceeding expenses. Revenues to note are contributed capital from developers of \$877,166, and operating gains for the year. Wastewater service revenues increased by \$67,680 or .5% when compared to FY13. Operating expenses were \$6,559,946, an increase from FY13 of \$632,777 or 10.7%. Moderate increases were seen in the personnel expense, maintenance expense, and general and administrative categories.

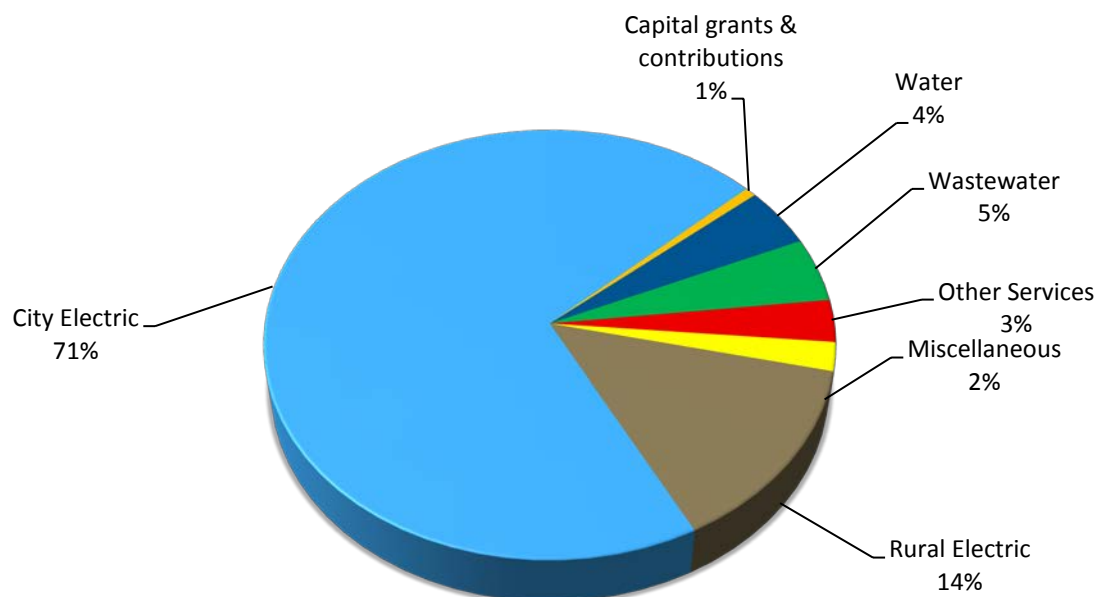
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Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-Type Activities



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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 the balance of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund. The General Fund is the primary governmental fund of the City of Bryan. The fund balance of the General Fund increased by \$5,718,276 during FY14 compared to an increase of \$6,318,080 in FY13. Revenues of the fund increased \$2,281,541 and expenditures increased by \$454,872. Transfers in decreased by 5,097,151, while transfers out decreased by \$2,671,535. FY14 transfers in and out of the fund netted \$11,949,107 and offset the excess of expenditures over revenues. Key factors affecting fund balance are as follows:

- Property tax revenues increased by \$426,290 or 2.6% to \$16,864,109 due to increased property values.
- Sales tax revenue increased by \$1,897,530 or 11.9% to \$17,882,449 due to improved retail activity.
- Franchise fees increased by \$272,266 or 12.9% in FY14 from FY13.
- Charges for services decreased by \$804,858 or 15.5% to \$4,394,267.
- Expenditures totaling \$54,095,470 in the General Fund were 0.8% or \$454,872 higher than in FY13.

Debt Service Fund. The Debt Service Fund ended the fiscal year with a total fund balance of \$6,128,399, compared to \$5,876,433 at the end of FY13. All of the fund balance is restricted for the payment of debt. The net increase in fund balance is due to increased property tax revenues and lower borrowing costs on refinanced debt. The Debt Service Fund is subject to arbitrage calculation. Tax revenues in the Debt Service Fund increased by \$256,779 or 3.6% to \$7,471,801. Debt service payments from the fund totaled \$10,067,197 with debt issuance costs totaling \$66,571. The additional debt service is supported by transfers from TIRZ 10, TIRZ 19, TIRZ 22 and the General Fund in the amount of \$2,386,186.

Other Governmental Funds. The Other Governmental Funds include the Special Revenue Funds, Capital Project Funds, and Permanent Funds. The total fund balance in Other Governmental Funds increased in FY14 over FY13 by \$7,960,391 to \$27,544,600.

Special Revenue Funds. The net change in fund balance increased from \$470,751 in FY13 to \$2,141,796 in FY14. This increase in fund balance was mainly due to decrease in transfers out in the amount of \$2,678,780 or 54.7%.

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- The Community Development Fund provides programs and services to low and moderate income persons. The most significant expense is \$1,278,512 spent on the various programs funded by grants.
- The Street Improvement Fund spent \$4,161,623 on street projects, \$1,393,576 more than was spent during FY13 for neighborhood street renovations. The fund balance was \$13,648,319 including \$4,221,464 in encumbrances for projects at year end.
- The Drainage Improvement Fund expended \$193,635, which was \$260,752 less than in FY13. Ending fund balance was \$1,893,490. There was \$92,153 encumbered for additional projects at year end.

Capital Projects Funds. The total expenditures from Capital Projects Funds were \$2,728,311. The net fund balance in the Capital Project Funds for all capital projects funds increased by \$5,773,985 to \$8,286,216 due to the issuance of debt in FY14. 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 FY14. The fund balance for the various funds increased by \$44,610 to \$1,900,211 due to contributions of \$35,947 and investment earnings of \$8,663.

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

General Fund Budgetary Highlights

Total General Fund revenues for FY14 were \$47,852,381 and were \$4,099,683 or 9.4% more than budgeted. A number of budgetary variances are notable:

- Property taxes were \$17,241 or 0.1% more than budgeted.
- Sales taxes were \$2,012,695 or 12.7% more than budget.
- Recreational charges were \$222,843 or 14.6% less than budget estimates.
- Revenue from the City's ambulance service was over budget by \$186,218 or 11.0%.
- Municipal Court fines and charges were \$190,396 or 9.9% less than budget.
- Health and public safety revenues were \$191,976 or 17.3% under budget.
- Investment earnings were \$31,557 or 33.9% over budget due to higher interest rates.
- Other revenues were \$1,746,582 higher than budgeted primarily due to oil and gas royalties and lease payments and property sales in FY14.

Total General Fund operating expenditures for the year totaled \$54,095,470 and were \$2,122,887 or 3.8% less than budget. All departments were encouraged to manage 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:

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- The Executive department was under budget by \$267,892 or 12.0% due to unfilled positions, savings in utility costs, consultants, office equipment rental, and festivals and events.
- The City Secretary department was under budget by \$302,291 or 30.0% due to unfilled positions lower election expenses and contractual services.
- The Fiscal Services department was under budget by \$109,400 or 7.6% primarily due to savings in personnel costs and contractual services.
- The Parks and Recreation department was under budget by \$280,971 or 6.4%, due primarily to savings in custodial maintenance and other services.
- The Information Technology department was \$220,449 or 7.9% under budget due primarily to unfilled positions and savings in software licensing
- The Fleet Services department was under budget by \$206,146 or 27.4% due primarily to unfilled positions.
- The Facility Services department was under budget by \$213,425 or 11.7% due to unfilled positions, savings in building maintenance and professional services.
- The Development Services department was under budget by \$427,602 or 11.7% due to unfilled positions and savings in professional services.
- The Public Works department was under budget by \$239,804 or 6.7% due to savings in drainage and street maintenance and moderate savings in traffic operations.
- Public Safety was over budget by \$100,286 or 0.3% due primarily to Police and Fire personnel expenses.

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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, 2014 was \$675,073,588 (net of accumulated depreciation), an increase of \$24,381,016 or 3.7%. This investment in capital assets includes land, park facilities, buildings and system improvements, machinery and equipment, street and drainage systems, and construction in progress.

Capital Assets for FY14 included the following:

City of Bryan's Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 11,591,736	\$ 11,543,421	\$ 16,701,003	\$ 16,527,518	\$ 28,292,739	\$ 28,070,939
Buildings	26,911,018	27,876,172	1,077,661	1,004,730	27,988,679	28,880,902
Equipment	7,944,349	8,513,634	3,767,070	4,629,466	11,711,419	13,143,100
Improvements	10,420,959	11,528,089	430,443,540	411,252,511	440,864,499	422,780,600
Infrastructure	95,543,864	96,880,555	-	-	95,543,864	96,880,555
Construction in Progress	5,247,939	6,915,650	65,424,449	54,020,826	70,672,388	60,936,476
Total	<u>\$ 157,659,865</u>	<u>\$ 163,257,521</u>	<u>\$ 517,413,723</u>	<u>\$ 487,435,051</u>	<u>\$ 675,073,588</u>	<u>\$ 650,692,572</u>

*Note: Restatement of FY13 Net Position, reference Note 1.

Additional information on the City's capital assets can be found in Note 4 to the financial statements on pages 55-56 of this report.

Long-term Debt. At the end of fiscal year 2014, the City of Bryan had total debt outstanding of \$390,040,000. Of this amount, \$148,020,000 (general obligation bonds and certificates of obligation) comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured by specified revenue sources (revenue bonds).

Outstanding Debt at Year End Bonds and Notes Payable						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 48,590,908	\$ 44,696,646	\$ 8,359,092	\$ 6,293,354	\$ 56,950,000	\$ 50,990,000
Revenue bonds	-	-	242,020,000	258,805,000	242,020,000	258,805,000
Certificates of obligation	43,290,021	45,970,000	47,779,979	14,240,000	91,070,000	60,210,000
Total	<u>\$ 91,880,929</u>	<u>\$ 90,666,646</u>	<u>\$ 298,159,071</u>	<u>\$ 279,338,354</u>	<u>\$ 390,040,000</u>	<u>\$ 370,005,000</u>

During FY13, the City's total debt increased by \$20,035,000 or 5.4%. The City retired or refunded \$31,825,000 in outstanding principal. The City issued new debt totaling \$51,860,000.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2014
(Unaudited)

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

	<u>Moody's Investors Service</u>	<u>Standard & Poor's</u>
General Obligation Bonds	Aa2	AA
Certificates of Obligation	Aa2	AA
Revenue Bonds - Waterworks and Sewer	Aa2	AA-
Revenue Bonds - City Electric	A2	A+
Revenue Bonds - Rural Electric	A2	A+

Additional information on the City's long-term debt can be found in Note 5 to the financial statements on pages 57-61 of this report.

Economic Factors and Next Year's Budgets and Rates

Bryan continued its strong growth trajectory during the fiscal year, realizing increases in sales taxes, property values as well as in oil and gas related revenues. Bryan and neighboring College Station are the economic center of the region comprised of Brazos County and the surrounding seven counties. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: government, higher education and health care. Five of the top ten employers in the area fall into these classifications.

During 2014, Brazos county and surrounding counties saw a significant increase in oil and gas production activity as the result of the application of hydraulic fracturing techniques in the Eagle Ford shale formation. The economic activity surrounding this development has had a positive impact on sales tax revenues, City lease royalties and property values. The City is taking a conservative approach in estimating the future impact of oil and gas production.

Continued growth in the area allowed the City to lower the property tax rate for FY14 from \$0.633308 per \$100 of property valuation to the effective tax rate of \$0.62999. Tax rates were not changed for FY15. Ad valorem property taxes comprised approximately 36.0% of General Fund revenues. FY16 budgeted property tax revenues increased 7.6% from FY15 bolstered by increased mineral values and increased overall values. FY15 sales tax revenue is budgeted to decrease by 6.4% when compared to the FY14 actual. The City took a conservative approach to sales taxes assuming a decline in the impact of oil and gas activities in FY15. Thus far in FY15, actual tax receipts are significantly higher than budget. Actual sales tax receipts for the first three (3) months of FY15 are \$504,000 or 12.7% above budget. While the City still expects some moderation in oil and gas production activities, any slowdown should be cushioned by the areas economic base previously described. As always, staff continues its efforts to hold the line on operating costs.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2014
(Unaudited)

Revenues for the entire electric system for FY15 are projected to be \$236,468,690, which is an increase of \$30,866,268 or 15.0% in FY15 versus FY14 budget. This projected increase is due primarily to expected higher fuel costs. Also contributing to the increase are higher base revenues resulting from higher sales due in part from serving Axis Pipe and Tube, an approximate 5% increase to BTU electric load. FY15 budgeted electric operating expenses are projected to be \$187,387,840, which is an increase of \$12,914,909 or 7.4% from the FY14 budget. This rise is driven by higher fuel costs and increased TMPA capacity costs.

The Water Fund has budgeted a slight increase in operating expenditures for FY15 compared to the FY14 budget of \$45,286 or 0.7% to \$6,891,822.

The Wastewater Fund budget for FY14 shows operating revenues of \$12,324,100, which is \$333,300 or 2.6% less than the FY14 budget. Budgeted operating expenditures for FY15 are \$6,812,256 which is \$317,989 or 4.5% less than the FY14 budget.

The Solid Waste Fund budget for FY15 shows operating revenues of \$7,640,321. This is \$100,071 or 1.3% more than the FY14 budget. The FY15 budgeted operating expenditures are projected to be \$5,232,897, which is an increase of \$126,311 or 2.5% from the FY14 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 Financial Officer, P.O. Box 1000, Bryan, Texas 77805-1000 or visit our website at <http://www.bryantx.gov>.



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CITY OF BRYAN, TEXAS

Statement of Net Position

As of September 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bryan Business Council, Inc.
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 48,175,291	\$ 69,645,078	\$ 117,820,369	\$ 1,133,774
Investments	12,568,774	5,240,108	17,808,882	-
Receivables:				
Accounts	4,924,356	25,675,870	30,600,226	-
Less allowance for uncollectible	(2,621,032)	(1,363,772)	(3,984,804)	-
Property taxes	1,208,940	-	1,208,940	-
Less allowance for uncollectible	(844,146)	-	(844,146)	-
Sales taxes	3,190,619	-	3,190,619	-
Grants	264,530	75,001	339,531	-
Interest	19,868	66,295	86,163	151,613
Notes	435,000	-	435,000	-
Internal balances	834,974	(834,974)	-	-
Inventories	281,558	4,645,414	4,926,972	-
Unrecovered fuel cost	-	1,234,771	1,234,771	-
Prepaid energy costs	-	8,300,717	8,300,717	-
Prepaid and other assets	29,190	968,286	997,476	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	32,076,013	32,076,013	-
Investments	-	26,198,056	26,198,056	-
Permanently restricted:				
Investments	852,374	-	852,374	-
Total current assets	69,320,296	171,926,863	241,247,159	1,285,387
Noncurrent assets:				
Receivables:				
Assessments	115,056	-	115,056	-
Notes	4,621,170	77,880	4,699,050	337,252
Prepaid energy costs	-	29,027,690	29,027,690	-
Restricted assets:				
Investment in BVSWMA	-	12,909,487	12,909,487	-
Investment in Economic Development Foundation	(533,232)	-	(533,232)	-
Capital assets:				
Land	11,591,736	16,701,003	28,292,739	1,460,148
Buildings	42,835,334	1,920,181	44,755,515	-
Improvements other than buildings	31,909,671	664,567,290	696,476,961	315,243
Machinery and equipment	30,465,396	13,192,580	43,657,976	-
Infrastructure	180,812,706	-	180,812,706	-
Construction in progress	5,247,939	65,424,449	70,672,388	-
Less accumulated depreciation	(145,202,917)	(244,391,780)	(389,594,697)	(133,904)
Total capital assets	157,659,865	517,413,723	675,073,588	1,641,487
Total noncurrent assets	161,862,859	559,428,780	721,291,639	1,978,739
Total assets	\$ 231,183,155	\$ 731,355,643	\$ 962,538,798	\$ 3,264,126
<u>Deferred outflows</u>				
Accumulated decrease in fair value of of hedging derivatives	\$ -	\$ 16,717,295	\$ 16,717,295	\$ -
Unamortized loss on refunded debt	1,850,603	474,208	2,324,811	-
Total deferred outflows	\$ 1,850,603	\$ 17,191,503	\$ 19,042,106	\$ -

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bryan Business Council, Inc.
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 1,809,518	\$ 13,372,910	\$ 15,182,428	\$ 1,295
Accrued liabilities and retainage	4,617,869	1,789,761	6,407,630	-
Over recovered fuel	-	6,628,568	6,628,568	-
Claims	1,521,756	-	1,521,756	-
Accrued vacation and sick pay	2,166,040	681,698	2,847,738	-
Unearned revenue	716,031	74,466	790,497	-
Accrued interest	424,837	89	424,926	-
General obligation bonds	4,631,926	673,074	5,305,000	-
Certificates of obligation	2,510,000	2,005,000	4,515,000	-
Notes	-	-	-	48,699
Payable from restricted assets:				
Derivative financial instruments	-	5,759,986	5,759,986	-
Accrued liabilities	-	575,547	575,547	-
Accrued interest	-	3,116,719	3,116,719	-
Revenue bonds	-	15,555,000	15,555,000	-
Customer deposits	152,368	4,974,039	5,126,407	-
Total current liabilities	18,550,345	55,206,857	73,757,202	49,994
Noncurrent liabilities:				
General obligation bonds	43,958,982	7,686,018	51,645,000	-
Certificates of obligation	40,780,021	45,774,979	86,555,000	-
Revenue bonds	-	226,465,000	226,465,000	-
Unamortized bond premiums (discounts)	610,321	7,677,868	8,288,189	-
Notes	-	1,510	1,510	139,228
Claims	1,100,751	-	1,100,751	-
Derivative financial instruments	-	10,957,309	10,957,309	-
Net pension obligation	4,417,571	2,453,427	6,870,998	-
Other post employment benefits (OPEB)	1,950,629	856,009	2,806,638	-
Accrued vacation and sick pay	4,075,270	483,658	4,558,928	-
Total noncurrent liabilities	96,893,545	302,355,778	399,249,323	139,228
Total liabilities	115,443,890	357,562,635	473,006,525	189,222
<u>Deferred Inflows</u>				
Unamortized gain on refunded debt	-	191,814	191,814	-
Deferred regulatory liability	-	5,264,566	5,264,566	-
Total deferred inflows	-	5,456,380	5,456,380	-
<u>Net Position</u>				
Net investment in capital assets	67,019,218	269,168,669	336,187,887	1,453,560
Restricted for:				
BVSWMA, Inc.	-	12,909,487	12,909,487	-
Debt retirement	-	11,558,189	11,558,189	-
Debt service	5,703,562	6,308,861	12,012,423	-
Perpetual care:				
Expendable	1,047,837	-	1,047,837	-
Nonexpendable	852,374	-	852,374	-
Rate stabilization	-	1,683,888	1,683,888	-
Collateral deposits	-	1,679,019	1,679,019	-
Noncurrent notes receivable	4,621,170	-	4,621,170	-
Police activities	95,182	-	95,182	-
Court activities	505,040	-	505,040	-
Record preservation	77,387	-	77,387	-
Capital improvements	8,286,216	-	8,286,216	-
TIRZ Development	439,715	-	439,715	-
Other purposes	1,440,451	-	1,440,451	-
Unrestricted	27,501,716	82,220,018	109,721,734	1,621,344
Total net position	\$ 117,589,868	\$ 385,528,131	\$ 503,117,999	\$ 3,074,904

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, 2014

Functions/Programs	Program Revenues					Net Revenue (Expense) and Changes in Net Position		Component Unit Bryan Business Council, Inc.
	Expenses	Fees, Fines and Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government and administration	\$ 11,862,123	\$ 286,868	\$ -	\$ -	\$ (11,575,255)	\$ -	\$ (11,575,255)	\$ -
Development services	5,265,275	668,583	1,174,543	-	(3,422,149)	-	(3,422,149)	-
Public works services	14,180,817	-	-	1,661,849	(12,518,968)	-	(12,518,968)	-
Public safety	33,069,954	4,568,322	282,589	-	(28,219,043)	-	(28,219,043)	-
Cultural and recreational	8,332,012	1,304,457	1,033,385	-	(5,994,170)	-	(5,994,170)	-
Interest on long-term debt	3,548,311	-	-	-	(3,548,311)	-	(3,548,311)	-
Total governmental activities	76,258,492	6,828,230	2,490,517	1,661,849	(65,277,897)	-	(65,277,896)	-
Business-type activities:								
Electric	170,664,644	183,923,241	-	-	-	13,258,597	13,258,597	-
Rural electric	33,312,663	35,728,300	-	-	-	2,415,637	2,415,637	-
Water	9,761,250	11,678,692	-	907,771	-	2,825,213	2,825,213	-
Wastewater	10,272,703	12,496,697	-	877,166	-	3,101,160	3,101,160	-
Other	7,851,301	8,226,316	-	-	-	375,015	375,015	-
Total business-type activities	231,862,561	252,053,246	-	1,784,937	-	21,975,622	21,975,622	-
Total primary government	308,121,053	258,881,476	2,490,517	3,446,786	(65,277,897)	21,975,622	(43,302,274)	-
Component unit:								
Bryan Business Council, Inc.	\$ 321,911	\$ -	\$ 127,330	\$ -	\$ -	\$ -	\$ -	\$ (194,581)
General revenues:								
Property taxes					25,765,716	-	25,765,716	-
Sales taxes					17,882,449	-	17,882,449	-
Franchise taxes					2,380,787	-	2,380,787	-
Alcoholic beverage taxes					130,791	-	130,791	-
Bingo taxes					260,733	-	260,733	-
Hotel occupancy taxes					1,179,774	-	1,179,774	-
Transportation and drainage assessments					6,398,465	-	6,398,465	-
Unrestricted investment earnings					290,513	611,789	902,302	723,213
Miscellaneous					3,541,748	2,484,255	6,026,003	-
Special items - Gain on sale of fuel oil					-	2,493,174	2,493,174	-
Transfers (net)					12,138,907	(12,138,907)	-	-
Total general revenues and transfers					69,969,883	(6,549,689)	63,420,194	723,213
Change in net position					4,691,986	15,425,933	20,117,919	528,632
Net position, October 1, 2013 as restated					112,897,882	370,102,198	483,000,080	2,546,272
Net position, September 30, 2014					\$ 117,589,868	\$ 385,528,131	\$ 503,117,999	\$ 3,074,904

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, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 20,898,343	\$ 1,364,460	\$ 21,494,375	\$ 43,757,178
Investments	5,828,426	380,854	5,999,600	12,208,880
Receivables:				
Accounts	3,824,180	-	1,012,282	4,836,462
Less allowance for uncollectible	(2,465,563)	-	(155,469)	(2,621,032)
Property taxes	846,890	362,050	-	1,208,940
Less allowance for uncollectible	(595,517)	(248,629)	-	(844,146)
Sales taxes	3,190,619	-	-	3,190,619
Assessments	115,056	-	-	115,056
Grants	3,904	-	260,626	264,530
Interest	8,629	564	8,881	18,074
Notes	21,170	5,035,000	-	5,056,170
Due from other funds	192,995	-	149,003	341,998
Prepaid and other assets	27,485	-	-	27,485
Total assets	<u>\$ 31,896,617</u>	<u>\$ 6,894,299</u>	<u>\$ 28,769,298</u>	<u>\$ 67,560,214</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 797,150	\$ -	\$ 744,003	\$ 1,541,153
Accrued liabilities	2,424,813	-	21,463	2,446,276
Retainage payable	-	-	187,122	187,122
Due to other funds	4,769	-	192,995	197,764
Customer deposits	152,368	-	-	152,368
Unearned revenue	-	665,000	-	665,000
Total liabilities	<u>3,379,100</u>	<u>665,000</u>	<u>1,145,583</u>	<u>4,524,683</u>
<u>Deferred inflows</u>				
Deferred property taxes	223,289	100,900	71,615	395,804
Other deferred revenue	115,056	-	7,500	122,556
Total deferred inflows	<u>338,345</u>	<u>100,900</u>	<u>79,115</u>	<u>518,360</u>
Fund balances:				
Nonspendable	59,572	-	852,374	911,946
Restricted	719,860	6,128,399	11,171,968	18,020,227
Committed	2,366,766	-	15,541,810	17,908,576
Assigned	503,799	-	-	503,799
Unassigned	24,529,175	-	(21,552)	24,507,623
Total fund balances	<u>28,179,172</u>	<u>6,128,399</u>	<u>27,544,600</u>	<u>61,852,171</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 31,896,617</u>	<u>\$ 6,894,299</u>	<u>\$ 28,769,298</u>	<u>\$ 66,895,214</u>

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

CITY OF BRYAN, TEXASReconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
As of September 30, 2014

Total fund balances - governmental funds \$ 61,852,171

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

Capital assets used in governmental activities are not financial resources and
therefore, are not reported in the funds. (Includes net capital assets of the
Internal service funds in the amount of \$78,197). 157,659,865

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are recorded as unearned in the funds. 467,329

The City's equity in the Economic Development Foundation is included
in the Statement of Net Position but is not included at the fund level (533,232)

Internal service funds are used by management to charge the costs of risk
management, employee health insurance benefits and central warehousing
to individual funds. The assets and liabilities of the internal service funds
related to governmental activities are included in the governmental activities
in the statement of net position. (Net of amount allocated to business-type
activities of \$(649,047) and net capital assets in the amount of \$78,197). 1,752,070

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. (424,837)

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	\$ 48,590,908	
Certificates of obligation payable	43,290,021	
Deferred amount on refunding and premium charges on debt	(1,240,282)	
Net Pension Obligation	4,417,571	
Other Post Employment Benefits	1,950,629	
Accrued vacation and sick leave (Net of internal service fund liability in the amount of \$66,659)	<u>6,174,651</u>	<u>(103,183,498)</u>

Net position of governmental activities \$ 117,589,868

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, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 16,864,109	\$ 7,471,801	\$ 1,226,051	\$ 25,561,961
Sales taxes	17,882,449	-	-	17,882,449
Franchise taxes	2,380,787	-	-	2,380,787
Alcoholic beverage taxes	130,791	-	-	130,791
Bingo taxes	260,733	-	-	260,733
Hotel occupancy taxes	-	-	1,179,774	1,179,774
Transportation and drainage assessments	-	-	6,398,465	6,398,465
Charges for services	4,394,267	-	-	4,394,267
Fines and court charges	1,724,754	-	40,626	1,765,380
Licenses and permits	668,583	-	-	668,583
Grants	1,289,569	-	1,200,949	2,490,518
Investment earnings	124,557	20,931	118,961	264,449
Other	2,131,782	437,236	1,486,721	4,055,739
Total revenues	<u>47,852,381</u>	<u>7,929,968</u>	<u>11,651,547</u>	<u>67,433,896</u>
Expenditures:				
Current:				
General government and administration	13,261,193	-	23,148	13,284,341
Development services	3,217,623	-	1,331,313	4,548,936
Public works services	3,324,025	-	4,377,224	7,701,249
Public safety	30,045,586	-	114,681	30,160,267
Cultural and recreational	6,365,433	-	714,597	7,080,030
Administrative reimbursement	(3,396,294)	-	-	(3,396,294)
Capital outlay	1,277,904	-	2,706,345	3,984,249
Debt service:				
Bond and principal retirement	-	6,714,987	-	6,714,987
Interest and fiscal charges	-	3,352,210	-	3,352,210
Debt issuance costs	-	66,571	-	66,571
Total expenditures	<u>54,095,470</u>	<u>10,133,768</u>	<u>9,267,308</u>	<u>73,496,546</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(6,243,089)</u>	<u>(2,203,800)</u>	<u>2,384,239</u>	<u>(6,062,650)</u>
Other financing sources (uses):				
Sales of capital assets	12,258	-	-	12,258
Transfers in	12,388,262	2,386,186	25,000	14,799,448
Transfers out	(439,155)	-	(2,221,386)	(2,660,541)
Long-term debt issued	-	-	7,760,021	7,760,021
Refunding bonds issued	-	6,954,249	-	6,954,249
Premium on refunding bonds	-	57,981	-	57,981
Premium on long-term debt issued	-	-	12,517	12,517
Payment to refunded bond escrow agent	-	(6,942,650)	-	(6,942,650)
Total other financing sources (uses)	<u>11,961,365</u>	<u>2,455,766</u>	<u>5,576,152</u>	<u>19,993,283</u>
Net change in fund balances	5,718,276	251,966	7,960,391	13,930,633
Fund balances, October 1, 2013	<u>22,460,896</u>	<u>5,876,433</u>	<u>19,584,209</u>	<u>47,921,538</u>
Fund balances, September 30, 2014	<u>\$ 28,179,172</u>	<u>\$ 6,128,399</u>	<u>\$ 27,544,600</u>	<u>\$ 61,852,171</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, 2014

Net change in fund balances - total governmental funds \$ 13,930,633

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. 3,984,249

The City's investment in the Economic Development Foundation is reported at the government-wide level but not at the fund level. (2,009,431)

The net effect of various transactions involving capital assets (i.e., sales and contributions) is to increase net position. 1,655,120

Depreciation expense on capital assets reported in the government-wide statement of activities does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (11,226,716)

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

Issuance of certificates of obligation	\$ (7,760,021)	
Certificate of obligation deferred charges	(12,517)	
General obligation refunding bonds issued	(6,954,249)	
Payment to refunded bond escrow agent	6,942,650	
Refunding bond deferred charges	(57,981)	
Debt principal repayments	6,714,987	(1,127,131)

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. (854,004)

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. (129,528)

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. 352,273

Some revenues reported in the governmental funds were earned in prior periods; and therefore, are not reported in the government-wide statement of activities. (149,324)

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 (\$958,283). 265,845

Change in net position of governmental activities. \$ 4,691,986

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

CITY OF BRYAN, TEXAS
Statement of Net Position
Proprietary Funds
As of September 30, 2014

	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	
<u>Assets</u>							
Current assets:							
Cash and cash equivalents	\$ 43,826,475	\$ 7,047,484	\$ 5,985,076	\$ 9,025,718	\$ 3,760,325	\$ 69,645,078	\$ 4,418,113
Investments	-	-	1,670,945	2,519,650	1,049,513	5,240,108	1,212,268
Accounts receivable	17,951,321	3,950,314	1,542,682	1,626,001	605,552	25,675,870	87,894
Less allowance for uncollectible	(796,019)	(141,452)	(128,200)	(146,218)	(151,883)	(1,363,772)	-
Grants receivable	-	-	75,001	-	-	75,001	-
Interest receivable	57,851	-	2,883	4,008	1,553	66,295	1,794
Inventories	4,262,068	-	368,745	-	14,601	4,645,414	281,558
Due from other funds	3,884,053	-	372,005	298,404	194,115	4,748,577	41,691
Under-recovered regulatory fee	1,133,439	101,332	-	-	-	1,234,771	-
Unrecovered fuel cost	-	-	-	-	-	-	-
Prepaid energy costs	8,300,717	-	-	-	-	8,300,717	-
Prepaid and other assets	961,427	-	2,768	725	3,366	968,286	1,705
						-	
Restricted assets:							
Cash and cash equivalents	-	-	1,525,491	1,939,923	-	3,465,414	-
Investments	-	-	291,840	173,499	-	465,339	-
Total current assets	79,581,332	10,957,678	11,709,236	15,441,710	5,477,142	123,167,098	6,045,023
Noncurrent assets:							
Prepaid energy costs	29,027,690	-	-	-	-	29,027,690	-
Other noncurrent assets	51,176	26,704	-	-	-	77,880	-
Restricted assets:							
Cash and cash equivalents	25,600,410	3,010,189	-	-	-	28,610,599	-
Investments	23,755,167	1,977,550	-	-	-	25,732,717	-
Investment in BVSWMA	-	-	-	-	12,909,487	12,909,487	-
Capital assets:							
Land	6,021,381	111,483	571,812	377,644	9,618,683	16,701,003	-
Buildings	-	-	222,294	444,493	1,253,394	1,920,181	23,420
Equipment	-	-	2,262,024	3,664,877	7,265,679	13,192,580	114,453
Improvements other than buildings	377,210,332	81,226,176	105,704,360	96,901,336	3,525,086	664,567,290	127,992
Construction in progress	31,097,335	2,282,345	9,133,788	22,748,948	162,033	65,424,449	-
Less accumulated depreciation	(138,012,455)	(25,561,086)	(34,844,070)	(38,360,767)	(7,613,402)	(244,391,780)	(187,668)
Total capital assets (net of accumulated depreciation)	276,316,593	58,058,918	83,050,208	85,776,531	14,211,473	517,413,723	78,197
Total noncurrent assets	354,751,036	63,073,361	83,050,208	85,776,531	27,120,960	613,772,096	78,197
Total assets	\$ 434,332,368	\$ 74,031,039	\$ 94,759,444	\$ 101,218,241	\$ 32,598,102	\$ 736,939,194	\$ 6,123,220
Deferred outflows							
Accumulated decrease in fair value of hedging derivatives	\$ 16,717,295	\$ -	\$ -	\$ -	\$ -	\$ 16,717,295	\$ -
Unamortized loss on refunded debt	-	-	314,988	158,435	785	474,208	-
Total deferred outflows	\$ 16,717,295	\$ -	\$ 314,988	\$ 158,435	\$ 785	\$ 17,191,503	\$ -

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	
<u>Liabilities</u>							
Current liabilities:							
Accounts payable	\$ 11,718,187	\$ 772,089	\$ 385,859	\$ 354,132	\$ 142,643	\$ 13,372,910	\$ 268,365
Accrued liabilities	1,263,632	131,034	99,380	117,815	177,901	1,789,762	33,840
Over recovered fuel	5,577,990	1,050,578	-	-	-	6,628,568	-
Claims payable	-	-	-	-	-	-	1,521,756
Due to other funds	1,053,718	3,880,784	-	-	-	4,934,502	-
Unearned revenue	-	-	-	74,466	-	74,466	-
Accrued interest	-	-	-	-	89	89	-
Accrued vacation and sick pay	263,406	74,107	129,284	111,261	103,640	681,698	43,995
Current liabilities payable from restricted assets:							
Derivative financial instruments							
Accrued liabilities	5,759,986	-	-	-	-	5,759,986	-
Accrued interest	-	-	496,851	78,696	-	575,547	-
Revenue bonds	2,431,525	111,612	307,530	266,052	-	3,116,719	-
Certificates of obligation	11,729,979	475,000	1,521,818	1,828,182	-	15,554,979	-
General obligation bonds	830,000	215,000	462,063	497,937	-	2,005,000	-
Customer deposits	3,972,584	991,180	479,507	191,090	2,477	673,074	-
Total current liabilities	44,601,007	7,701,384	3,882,292	3,519,631	437,025	60,141,339	1,867,956
Noncurrent liabilities:							
Revenue bonds	169,750,000	7,145,000	21,930,907	27,639,093	-	226,465,000	-
Certificates of obligation	34,025,000	5,170,000	3,167,059	3,412,941	-	45,775,000	-
General obligation bonds	-	-	5,574,722	2,086,092	25,204	7,686,018	-
Notes	-	-	-	-	1,510	1,510	-
Unamortized bond premiums (discounts)	6,721,109	155,082	410,305	391,253	119	7,677,868	-
Claims payable	-	-	-	-	-	-	1,100,751
Derivative financial instruments	10,957,309	-	-	-	-	10,957,309	-
Net pension obligation	1,765,197	-	197,498	247,132	243,600	2,453,427	-
Other post employment benefits (OPEB)	527,922	-	101,409	92,461	134,218	856,010	1,950,629
Accrued vacation and sick pay	306,351	-	66,601	57,316	53,390	483,658	22,664
Total noncurrent liabilities	224,052,888	12,470,082	31,448,501	33,926,288	458,041	302,355,800	3,074,044
Total liabilities	268,653,895	20,171,466	35,330,793	37,445,919	895,066	362,497,139	4,942,000
Deferred Inflows							
Unamortized gain on refunded debt	191,814	-	-	-	-	191,814	-
Deferred regulatory liability	652,408	4,612,158	-	-	-	5,264,566	-
Total deferred inflows	844,222	4,612,158	-	-	-	5,456,380	-
Net Position							
Net investment in capital assets	112,682,327	42,673,309	49,779,244	49,850,116	14,183,673	269,168,669	78,197
Restricted for:							
BVSWMA	-	-	-	-	12,909,487	12,909,487	-
Debt retirement	11,558,189	-	-	-	-	11,558,189	-
Debt service	3,001,667	447,737	1,052,521	1,806,936	-	6,308,861	-
Rate stabilization	1,683,888	-	-	-	-	1,683,888	-
Collateral deposits	1,679,019	-	-	-	-	1,679,019	-
Unrestricted	50,946,456	6,126,369	8,911,874	12,273,705	4,610,661	82,869,065	1,103,023
Total net position	\$ 181,551,546	\$ 49,247,415	\$ 59,743,639	\$ 63,930,757	\$ 31,703,821	\$ 386,177,178	\$ 1,181,220
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							
Net position of business-type activities							

CITY OF BRYAN, TEXAS

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2014

	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	\$ 182,001,272	\$ 35,728,300	\$ -	\$ -	\$ -	\$ 217,729,572	\$ -	-
Water system	-	-	11,678,692	-	-	11,678,692	-	-
Sewer system	-	-	-	12,496,697	-	12,496,697	-	-
Other	1,921,969	-	-	-	8,226,316	10,148,285	-	9,991,834
Total operating revenues	183,923,241	35,728,300	11,678,692	12,496,697	8,226,316	252,053,246		9,991,834
Operating expenses:								
Personnel services	9,850,910	491,056	1,975,518	2,420,487	2,545,850	17,283,821		655,821
Electric operations	123,264,388	29,234,606	-	-	-	152,498,994		-
Maintenance	3,750,834	617,212	594,071	767,115	336,448	6,065,680		8,588
Claims	-	-	-	-	-	-		8,828,432
Other services and charges	835,908	-	1,875,365	1,164,773	1,667,418	5,543,464		2,680,414
Other expenses	1,718,606	-	213,529	411,704	1,054,163	3,398,002		23,017
General and administrative	2,192,763	159,881	1,059,657	1,795,867	977,016	6,185,184		-
Total operating expenses	141,613,409	30,502,755	5,718,140	6,559,946	6,580,895	190,975,145		12,196,272
before depreciation and amortization	42,309,832	5,225,545	5,960,552	5,936,751	1,645,421	61,078,101		(2,204,438)
Operating income (loss) before depreciation and amortization	20,000,693	2,284,986	2,580,642	2,535,878	1,092,189	28,494,388		10,310
Depreciation and amortization	22,309,139	2,940,559	3,379,910	3,400,873	553,232	32,583,713		(2,214,748)
Operating income (loss)								
Nonoperating revenues (expenses):								
Investment earnings	414,342	73,213	43,405	59,984	20,845	611,789		26,064
Interest expense	(8,486,837)	(524,922)	(1,354,241)	(1,067,926)	(819)	(11,434,745)		-
Grants	-	-	-	-	48,140	48,140		-
Distributive share of BVSWMMA net income	-	-	-	-	291,366	291,366		-
Other - net	1,331,857	-	618,144	182,333	12,415	2,144,749		1,496,246
Total nonoperating revenues (expenses)	(6,740,638)	(451,709)	(692,692)	(825,609)	371,947	(8,338,701)		1,522,310
Income (loss) before contributions, transfers and special items	15,568,501	2,488,850	2,687,218	2,575,264	925,179	24,245,012		(692,438)
Special items - gain on sale of fuel oil	2,493,174	-	-	-	-	2,493,174		-
Capital contributions	-	-	-	877,166	-	1,784,937		-
Transfers in	-	-	907,771	52,824	258,273	325,053		1,150,000
Transfers out	(10,598,712)	-	13,956	(626,610)	(612,192)	(12,463,960)		(1,150,000)
Change in net position	7,462,963	2,488,850	2,982,335	2,878,808	571,260	16,384,216		(692,438)
Net position, October 1, 2013 as restated	174,088,583	46,758,565	56,761,304	61,051,949	31,132,561			1,873,658
Net position, September 30, 2014	\$ 181,551,546	\$ 49,247,415	\$ 59,743,639	\$ 63,930,757	\$ 31,703,821		\$	1,181,220
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.								(958,283)
Change in net position of business-type activities.								\$ 15,425,933

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in net position of business-type activities.

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, 2014

	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	\$ 182,083,005	\$ 35,568,046	\$ 12,371,229	\$ 12,603,620	\$ 8,235,815	\$ 250,861,715	\$ 4,478,356
Receipts for interfund services provided	-	-	-	-	-	-	7,585,864
Payments to suppliers	(137,619,947)	(31,901,973)	(2,460,147)	(2,566,445)	(4,508,131)	(179,056,643)	(12,977,113)
Payments to employees	(9,788,018)	(439,415)	(1,945,814)	(2,387,608)	(2,484,664)	(17,045,519)	(649,579)
Receipts for miscellaneous revenues	-	-	618,144	182,333	60,555	861,032	1,495,878
Payments for interfund services used	-	-	(1,059,657)	(1,795,867)	-	(2,855,524)	-
Net cash provided (used) by operating activities	<u>34,675,040</u>	<u>3,226,658</u>	<u>7,523,755</u>	<u>6,036,033</u>	<u>1,303,575</u>	<u>52,765,061</u>	<u>(66,594)</u>
Cash flows from noncapital financing activities:							
Transfers in	1,331,857	-	13,956	52,824	258,273	1,656,910	1,150,000
Transfers out	(10,598,712)	-	(626,610)	(626,446)	(612,192)	(12,463,960)	(1,150,000)
Net cash (used) by noncapital financing activities	<u>(9,266,855)</u>	<u>-</u>	<u>(612,654)</u>	<u>(573,622)</u>	<u>(353,919)</u>	<u>(10,807,050)</u>	<u>-</u>
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(27,084,045)	(5,371,110)	(2,987,468)	(2,080,878)	(80,383)	(37,603,884)	-
Grant proceeds	-	-	-	-	2,542	2,542	-
Revenue bond proceeds	34,911,221	-	-	-	-	34,911,221	-
Principal paid on outstanding bonds	(10,555,000)	(675,000)	(2,560,835)	(2,298,344)	(730)	(16,089,909)	-
Payment to escrow agent for debt refunding and notes	(9,097,647)	(528,037)	(2,072)	(2,453)	-	(4,525)	-
Net cash (used) by capital and related financing activities	<u>(11,825,471)</u>	<u>(6,574,147)</u>	<u>(6,947,705)</u>	<u>(5,544,427)</u>	<u>(79,390)</u>	<u>(30,971,140)</u>	<u>-</u>
Cash flows from investing activities:							
Purchase of investment securities	(8,940,546)	(1,971,618)	(993,526)	(1,274,331)	588,816	(12,591,205)	(722,132)
Sale of investment securities	15,000,000	3,000,000	1,783,906	2,421,838	(452,994)	21,752,750	1,202,406
Collateral deposits to counterparties	2,000,000	-	-	-	-	2,000,000	-
Interest on investments	441,135	70,509	43,405	59,984	20,918	635,951	26,957
Net cash provided (used) by investing activities	<u>8,500,589</u>	<u>1,098,891</u>	<u>833,785</u>	<u>1,207,491</u>	<u>156,740</u>	<u>11,797,496</u>	<u>507,231</u>
Net increase (decrease) in cash and cash equivalents	<u>22,083,303</u>	<u>(2,248,598)</u>	<u>797,181</u>	<u>1,125,475</u>	<u>1,027,006</u>	<u>22,784,367</u>	<u>440,637</u>
Cash and cash equivalents, October 1, 2013	<u>47,343,582</u>	<u>12,306,271</u>	<u>6,713,386</u>	<u>9,840,166</u>	<u>2,733,319</u>	<u>78,936,724</u>	<u>3,977,476</u>
Cash and cash equivalents, September 30, 2014	<u>\$ 69,426,885</u>	<u>\$ 10,057,673</u>	<u>\$ 7,510,567</u>	<u>\$ 10,965,641</u>	<u>\$ 3,760,325</u>	<u>\$ 101,721,091</u>	<u>\$ 4,418,113</u>

Business-type Activities - Enterprise Funds

	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:							
Operating income (loss)	\$ 22,309,139	\$ 2,940,559	\$ 3,379,910	\$ 3,400,873	\$ 553,232	\$ 32,583,713	\$ (2,214,748)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization	20,000,693	2,284,986	2,580,642	2,535,878	1,092,189	28,494,388	10,310
Bad debts	146,887	29,411	-	-	-	176,298	-
Receipts for miscellaneous revenues	-	-	618,144	182,333	60,555	861,032	1,496,246
Change in assets and liabilities:							
Change in accounts receivable	(1,990,020)	(276,533)	440,166	129,834	(18,391)	(1,714,944)	2,387
Change in inventory	1,023,742	-	(126)	-	24,935	1,048,551	(7,931)
Change in due from other funds	(1,917,385)	-	56,195	(22,911)	-	(1,884,101)	97,546
Change in over(un)recovered fuel	(3,993,307)	(2,369,098)	-	-	-	(6,362,405)	-
Change in Under-recovered regulatory fee	(1,133,439)	(101,332)	-	-	-	(1,234,771)	-
Change in other assets	929,122	-	(2,281)	156	(2,373)	924,624	(590)
Change in grants receivable	-	-	196,176	-	-	196,176	-
Change in accounts payable	(525,479)	313,815	209,250	47,085	(462,018)	(417,347)	48,625
Change in accrued liabilities	(92,612)	51,640	21,856	(331,623)	10,791	(339,948)	217,730
Change in other liabilities	-	-	-	66,500	-	66,500	-
Change in customer deposits	149,784	116,278	-	-	2,955	269,017	-
Change in due to other funds	(387,587)	236,932	-	-	(19,043)	(169,698)	-
Change in claims payable	-	-	-	-	-	-	281,199
Change in unearned revenue	-	-	-	-	-	-	-
Change in accrued vacation and sick pay	-	-	-	-	-	-	-
Change in post employee benefits	-	-	12,321	25,091	14,957	52,369	2,632
Change in net cash provided (used) by operating activities	\$ 34,675,040	\$ 3,226,658	\$ 7,523,755	\$ 6,036,033	\$ 1,303,575	\$ 52,765,061	\$ (66,594)
Reconciliation of total cash and cash equivalents:							
Current assets - cash and cash equivalents	\$ 43,826,475	\$ 7,047,484	\$ 5,985,076	\$ 9,025,718	\$ 3,760,325	\$ 69,645,078	\$ 4,418,113
Restricted assets - cash and cash equivalents	25,600,410	3,010,189	1,525,491	1,939,923	-	32,076,013	-
Total cash and cash equivalents	\$ 69,426,885	\$ 10,057,673	\$ 7,510,567	\$ 10,965,641	\$ 3,760,325	\$ 101,721,091	\$ 4,418,113

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

CITY OF BRYAN, TEXAS
Statement of Fiduciary Net Position
Payroll Fund
As of September 30, 2014

<u>Assets</u>	
Cash and cash equivalents	\$ 1,053,440
Accounts receivable	87,878
Total assets	<u>\$ 1,141,318</u>
<u>Liabilities</u>	
Accounts payable	\$ 1,141,318
Total liabilities	<u>\$ 1,141,318</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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Bryan, Texas (the "City") is a municipal corporation which operates under a Council-Manager form of government. The accompanying financial statements present the City and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended component units

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

Bryan Commerce and Development Incorporated ("BCD") was created to assist and act on behalf of the City in promoting, developing, encouraging, and maintaining employment, commerce, economic development, and public facility development in the City. The Bryan City Council serves as the Board of Directors of BCD. Since the elected officials of the City are financially accountable for BCD and the primary purpose of BCD is to provide a service to the City, BCD is considered a blended component unit. BCD is reported as an enterprise fund.

Condensed Statements of Net Position at September 30, 2014

	<u>QSE</u>	<u>BCD</u>
Current assets	\$ 4,935,611	\$ 9,723
Capital assets, net	406,435	8,964,013
Total assets	<u>5,342,046</u>	<u>8,973,736</u>
Current liabilities	494,352	-
Due to other funds	2,727,062	-
Total liabilities	<u>3,221,414</u>	<u>-</u>
Net Position:		
Net investment in capital assets	406,435	8,964,013
Restricted	-	-
Unrestricted	1,714,197	9,723
Total net position	<u>\$ 2,120,632</u>	<u>\$ 8,973,736</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Condensed Statements of Revenues, Expenses, and Changes in Net Position **for Fiscal Year 2014**

	<u>QSE</u>	<u>BCD</u>
Operating revenues	\$ 1,482,500	\$ 15,976
Operating expenses:		
Personnel expenses	991,299	-
Electric operations	267,473	-
Other services and charges	-	68,063
General and administrative	13,389	-
Depreciation and amortization	210,339	-
Total operating expenses	<u>1,482,500</u>	<u>68,063</u>
Operating gain (loss)	-	(52,087)
Total nonoperating revenues (expenses)	<u>-</u>	<u>3</u>
Income (loss) before contributions and transfers	-	(52,084)
Net transfers	-	60,000
Change in net position	-	7,916
Net position, beginning of period	<u>2,120,632</u>	<u>8,965,820</u>
Net position, end of period	<u><u>\$ 2,120,632</u></u>	<u><u>\$ 8,973,736</u></u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Condensed Statements of Cash Flows **for Fiscal Year 2014**

	<u>QSE</u>	<u>BCD</u>
Net cash provided (used) by;		
Operating activities	\$ -	\$ (52,087)
Noncapital financing activities	-	60,000
Capital and related financing activities	-	-
Investing activities	-	(1,574)
	<u>-</u>	<u>(1,574)</u>
Net change in cash and cash equivalents	-	6,339
Balance, beginning of period	-	1,260
Balance, end of period	<u>\$ -</u>	<u>\$ 7,599</u>

Discretely presented component unit

The City has included the Bryan Business Council, Inc. ("BBC") in its financial statements as a discretely presented component unit, since the City is financially accountable for the entity. The BBC, a non-profit corporation, was originally formed to market properties within the City owned Bryan Industrial Park. In addition, the BBC currently serves as an economic development arm of the City, and as such, provides a financial benefit to the City. The City provides coverage for the board of directors under the City's officer and employee liability plan and provides limited administrative support to the BBC. The BBC's board of directors is appointed by and serves at the discretion of the Bryan City Council. The Bryan City Council also directs the work plan and objectives of the BBC. Financial statements may be obtained by contacting:

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

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 14).

The City's financial statements do not include the Texas Municipal Power Agency ("TMPA"). TMPA, a separate municipal corporation, is a joint venture entered into by the Texas cities of Bryan, Garland, Denton and Greenville for the purpose of obtaining the economic advantages of jointly

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

financing, constructing and operating electric generating units and transmission grid to supply the cities' electric energy needs. The eight-member board of directors of TMPA includes two members appointed by the Bryan City Council. The City has an ongoing financial interest in TMPA due to the City's guarantee of a portion of TMPA's debt (see Note 13).

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

Government-wide and fund financial statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

The City reports the following major governmental funds:

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

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

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

- Grant Fund – The source of funds is grants awarded to the City. The use of these funds is restricted by the terms of each grant.
- Community Development Fund – The source of funds is federal grants awarded to the City and use of the grant money is restricted by the terms of the grants. Primarily, the Community Development fund provides programs and services to low and moderate income persons.
- Hotel and Motel Room Tax Fund – The source of funds is the hotel occupancy tax. The use of these funds is restricted by the tax code of the State of Texas.
- 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.
- 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 #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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

- 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 Position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. At fiscal year end, the City accrues estimated unbilled revenues (excluding fuel expense) for electric, water, and wastewater customers.

The City reports the following major enterprise funds:

The City Electric Fund (Bryan Texas Utilities or BTU) accounts for the activities necessary to provide electric services to the residents of the City. These activities include administration, electric generation, distribution, transmission system operations and maintenance, new construction, financing and related debt service, and billing and collection.

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

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

The Wastewater Fund accounts for the activities necessary to provide wastewater collection and treatment services to the residents of the City. These activities include administrative services, wastewater system operations and maintenance, new construction, financing and related debt

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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.

The Payroll Fund, 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 Position and Statement of Activities since the assets are not available to support the City's own programs.

Measurement focus, basis of accounting, and financial statement presentation

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

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

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

Budgetary Control

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

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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

Cash and Investments

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

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

Investments of all funds are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Inventories

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

Prepaid Energy Costs

The Texas Municipal Power Agency's ("TMPA") rates for the purchase of electricity billed to the City Electric System (BTU) are designed to cover TMPA's annual system costs including debt service costs. During the fiscal year ended September 30, 2010, BTU, along with other TMPA member cities, issued debt in their own names to refund a portion of TMPA debt and to finance certain capital improvements of TMPA. Such amounts have been accounted for as a prepayment of future energy costs on the Statement of Net Position and are amortized through 2019, the life of the associated debt. Additionally, in 2007, BTU entered into a purchase power agreement with a subsidiary of Shell Energy North America (U.S.), L.P. As a part of the agreement, BTU prepaid \$14,000,000 of generation capacity costs. The prepayment is being amortized over the life of the agreement which extends through December 31, 2017. The amortization of prepaid energy costs is reported on the Statement of Revenues, Expenses and Changes in Net Position in depreciation and amortization and totaled \$8,300,717 for the fiscal year ended September 30, 2014.

Other Prepaid Items

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

	Estimated Service Lives
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.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Bond Issuance Expenses

According to the financial reporting requirements of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, bond issuance expenses are to be expensed as incurred. Issuance expenses are reported on the Statement of Activities on the Government-Wide Financial Statements for Governmental Activities in interest on long-term debt expense and on the Statement of Revenues, Expenses, and Changes in Fund Balances in interest and fiscal charges. These amounts totaled \$66,571 for the fiscal year ended September 30, 2014. Issuance expenses for Business-Type

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Activities are reported on the on the Statement of Revenues, Expenses and Changes in Net Position in interest expense and totaled \$334,502 for the fiscal year ended September 30, 2014.

Utility Revenues, Fuel Recovery, and Regulatory Recovery

Electric customers are billed on the basis of monthly cycle billings. At fiscal year end, the City and Rural Electric Systems (BTU) accrue estimated unbilled revenues for the period ended September 30. The difference between fuel revenue billed and fuel expense incurred is recorded as an addition or a reduction to fuel and purchased power expense, with a corresponding entry to accounts payable – over recovered fuel or accounts receivable – under recovered fuel, whichever is appropriate. At September 30, 2014, BTU reported a current liability – over recovered fuel of \$6,628,568.

Deferred Regulatory Liability

For the fiscal year ended September 30, 2014, to better align certain benefits received with the City and Rural Electric System's (BTU) retail rate design, BTU elected the option to utilize regulatory accounting treatment for the funds it collects from customers and developers as contributions of aid in construction (AIC) under GASB 62. BTU recognized AIC received as a deferred regulatory liability in the deferred inflows section of the Statement of Net Position. The deferred regulatory liability is amortized to depreciation expense over the life of the asset constructed. This change in accounting treatment was retroactively applied to the prior period, but there was no impact to net position at September 30, 2013, or change in net position for the period ended September 30, 2013.

Compensated Absences

The City's policy in effect during Fiscal Year 2014 allows employees to earn vacation leave at rates of 10 to 20 days (80 to 160 hours) per year with unlimited accumulation. Classified employees in the police and fire departments earn vacation at the rate of 15 days (120 hours) per year in accordance with Texas Local Government Code, Chapter 143, until the employee reaches 15 years employment at which time the rate of accrual becomes the same rate as that for other City employees. Upon termination, employees with a minimum of one year employment, who leave in good standing, are paid for unused vacation time up to a maximum of two times the employee's annual accrual rate at the time of separation.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

Net Position

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

New Accounting Pronouncements, Changes in Accounting Principles, and Restatements

For the fiscal year ended September 30, 2014, the City adopted:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Additionally, this Statement provides reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

The requirements of GASB Statement No. 65 caused the City to restate prior year net positions and changes in net position by the amount of unamortized debt issuance costs. GASB Statement No. 65 requires that such costs be expensed in the period incurred rather than amortized over the life of the debt.

Not related to GASB Statement No. 65, but provided here as a matter of convenience, the City has determined that allocating the Net Pension Obligation (NPO) and Other Post Employment Benefits (OPEB) to the appropriate enterprise funds based on employee count and contributions is a more effective way to report these liabilities. In the past, the City has reported a portion of these liabilities in the Governmental Activities section of the financial statements. In the Business-Type Activities, BTU's portion of the NPO and OPEB liabilities have been historically reported. However, no other proprietary funds reported a liability in the past. The restatement for fiscal year 2014 has been done to maintain consistency in the allocation of these amounts. The net positions of the Governmental Activities and Business-Type Activities, as well as the proprietary fund financial statements, have been restated accordingly and the current year expenses have been reflected in the appropriate funds.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

The following table provides a reconciliation of net position at September 30, 2013, as previously reported to net position at September 30, 2013, as restated:

	Governmental Activities	Business Type Activities
Net Position, beginning of period - as previously reported	\$ 112,579,085	\$ 375,036,940
Reduction of unamortized debt issuance costs	(637,416)	(3,978,529)
OPEB reallocation amounts	250,953	(250,953)
NPO reallocation amounts	705,260	(705,260)
Net Position, beginning of period - as restated	<u>\$ 112,897,882</u>	<u>\$ 370,102,198</u>

The following table provides a reconciliation of change in net position for the period ending September 30, 2013, as previously reported to change in net position for the period ending September 30, 2013, as restated:

	Governmental Activities	Business Type Activities
Change in Net Position - as previously reported	\$ 6,223,089	\$ 5,978,838
(Increase) Reduction in interest expense	(637,416)	(3,978,529)
(Increase) Reduction OPEB expense	250,953	(250,953)
(Increase) Reduction NPO expense	705,260	(705,260)
Change in Net Position - as restated	<u>\$ 6,541,886</u>	<u>\$ 1,044,096</u>

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions*, issued in April 2013, provides accounting and disclosure guidance for transactions in which a government has extended or received a financial guarantee without directly receiving equal-value consideration in exchange. This guidance requires a government that has extended or received a nonexchange financial guarantee to recognize a liability in certain circumstances involving the likelihood or actuality of payments being made on those guarantees. The City does not engage in such financial guarantees, and as such, there was no impact on the City's financial statements as a result of this implementation.

The following guidance issued by GASB is effective for FY 2015 and is expected to be applicable to the City:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, amends the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to governmental employers that account for pensions that are provided through trusts, or equivalent arrangements. Employers are required to report the difference between the actuarial total pension liability and the pension plan's fiduciary net position as the net pension liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to the plan were exceeded by the actuarially calculated contributions. The City is currently assessing the significance that adoption of this Statement will have on its financial statements. Adoption of this Statement is required for the City by FY 2015.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting guidance related to government combinations and disposals of government operations. The term *government combinations* refers to a variety of transactions and may be mergers, acquisitions, or transfers of operations. This standard sets forth definitions of each of these transaction types and sets forth the specific accounting and reporting treatment to be given for each. The Statement also provides accounting and reporting guidance for disposals of government operations that have been sold or transferred. The requirements of this Statement will be applied prospectively, beginning in the period of adoption. The effect of this guidance on the City will be limited to its impact on recognition of potential combination and disposal transactions into which the City may enter in the future. Adoption of this Statement is required for the City by FY 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68*. This Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Adoption of this statement is required for the City for fiscal year ended September 30, 2015.

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 BB&T were entirely covered by federal depository insurance or by collateral held by the Federal Reserve Bank in the City's name. At September 30, 2014 the amount of the City's demand deposits was \$65,410,659. BTU's demand deposits were \$79,484,558 and the bank balance was \$146,324,142.

Investments

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

The City's policy, which was adopted by the City Council on September 24, 2013, for the fiscal year ending September 30, 2014, 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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

- a. Direct obligations of the United States or its agencies and instrumentalities;
- b. Debentures or discount notes issued by, guaranteed by, or for which the credit of any Federal Agencies and Instrumentalities is pledged for payment;
- c. Direct obligations of the State of Texas or its agencies;
- d. Bonds or other obligations, the principal and interest of which is guaranteed by the full faith and credit of the United States;
- 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;
- k. The City utilizes local government investment pools rated no lower than AAA or AAA-m from at least one nationally recognized rating agency;
- l. Hedging contracts and related security insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations;
- 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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

At September 30, 2014, 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 Treasuries	\$ 40,172,848	20.63%	969 days	AAA
Collateral Deposits	1,679,019	0.86%		
Investments in Government Pools	8,008,610	4.11%	50 days	AAAm
Demand Deposits	144,895,217	74.40%	1 day	
	<u>\$ 194,755,694</u>	<u>100.00%</u>		

Investments of all funds are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

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, 2014, all City deposits were insured or adequately collateralized.

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

Credit Risk and Concentration of Credit Risk – In compliance with the City's Investment Policy and the Texas Public Funds Investment Act, the City managed credit risk through portfolio diversification by limiting investments to avoid over concentration in securities from a specific issuer; limiting investments in securities with high credit risk; and investing in securities with varying maturities. At September 30, 2014, the City had no single investment category that exceeded 10% of investable funds.

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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

3. PROPERTY TAXES

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

Taxpayers have from October 1 of the tax year to January 31 of the following year to pay the full amount of taxes without penalty or interest. Taxes become delinquent on February 1st. Any unpaid balance will accrue penalty and interest.

Taxpayers may elect a split payment option by paying half of the tax amount by November 30 of the tax year. The remaining half may be paid without penalty or interest any time on or before June 30 of the following year.

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

Delinquent taxes are subject to interest and penalty charges. The tax rate to finance general governmental services including debt service was 62.999 cents per \$100 of assessed valuation for the year ended September 30, 2014. Under provisions adopted by the City, the maximum tax rate is limited to \$1.50 per \$100 of assessed valuation.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 follows:

	Balance October 1	Additions / Completions	Retirements / Adjustments	Balance September 30
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 11,543,421	\$ 48,315	\$ -	\$ 11,591,736
Construction in Progress	6,915,650	2,058,936	(3,726,647)	5,247,939
Total capital assets not being depreciated	18,459,071	2,107,251	(3,726,647)	16,839,675
Capital assets, being depreciated				
Buildings	42,752,179	83,155	-	42,835,334
Equipment	29,081,867	1,694,304	(310,775)	30,465,396
Improvements	31,734,478	175,193	-	31,909,671
Infrastructure	175,499,864	5,312,842	-	180,812,706
Total capital assets being depreciated	279,068,388	7,265,494	(310,775)	286,023,107
Less accumulated depreciation for:				
Buildings	(14,876,007)	(1,048,309)	-	(15,924,316)
Equipment	(20,568,233)	(2,251,481)	298,667	(22,521,047)
Improvements	(20,206,389)	(1,282,323)	-	(21,488,712)
Infrastructure	(78,619,309)	(6,649,533)	-	(85,268,842)
Total accumulated depreciation	(134,269,938)	(11,231,646)	298,667	(145,202,917)
Total capital assets, being depreciated, net	144,798,450	(3,966,152)	(12,108)	140,820,190
Governmental activities capital assets, net	\$163,257,521	\$ (1,858,901)	\$ (3,738,755)	\$ 157,659,865
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 16,527,519	\$ 173,484	\$ -	\$ 16,701,003
Construction In Progress	54,020,824	41,212,405	(29,808,780)	65,424,449
Total capital assets not being depreciated	70,548,343	41,385,889	(29,808,780)	82,125,452
Capital assets, being depreciated				
Buildings	1,764,506	155,675	-	1,920,181
Equipment	13,514,593	631,014	(953,027)	13,192,580
Improvements	651,792,151	35,260,270	(22,485,131)	664,567,290
Total capital assets being depreciated	667,071,250	36,046,959	(23,438,158)	679,680,051
Less accumulated depreciation for:				
Buildings	(759,776)	(82,744)	-	(842,520)
Equipment	(8,885,127)	(1,256,727)	716,344	(9,425,510)
Improvements	(237,872,569)	(19,018,717)	22,767,536	(234,123,750)
Total accumulated depreciation	(247,517,472)	(20,358,188)	23,483,880	(244,391,780)
Total capital assets, being depreciated, net	419,553,778	15,688,771	45,722	435,288,271
Business-type activities capital assets, net	\$490,102,121	\$ 57,074,660	\$ (29,763,058)	\$ 517,413,723

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

Governmental activities:

General government and administration	\$ 1,291,807
Development services	723,488
Public works services	6,302,422
Public safety	1,825,376
Cultural and recreational	1,088,553
Total depreciation expense - Governmental activities	<u>\$ 11,231,646</u>

Business-type activities:

City Electric	\$ 11,720,363
Rural Electric	2,429,115
Water	2,580,643
Wastewater	2,535,878
Other Enterprise Funds	1,092,190
Total depreciation expense - Business-type activities	<u>\$ 20,358,188</u>

The City has active construction projects as of September 30, 2014. Total accumulated commitments for ongoing capital projects are composed of the following:

	<u>Committed</u>
Street improvements	\$ 4,932,122
Drainage improvements	112,323
Water system improvements	245,900
Total	<u>\$ 5,290,345</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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, 2014:

	Beginning Balance	Issued	Matured/ Refunded	Ending Balance	Due within one year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 44,696,646	\$ 6,954,249	\$ 3,059,987	\$ 48,590,908	\$ 4,631,926
Certificates of Obligation	45,970,000	7,760,021	10,440,000	43,290,021	2,510,000
Notes Payable	-	-	-	-	-
Total governmental activities	90,666,646	14,714,249	13,499,987	91,880,929	7,141,926
<u>Business-type Activities:</u>					
Water, Sewer & Airport Systems:					
General Obligation Bonds	6,293,354	2,290,751	225,013	8,359,092	673,074
Certificates of Obligation	8,640,000	-	1,100,000	7,540,000	960,000
Revenue Bonds	58,690,000	-	5,770,000	52,920,000	3,350,000
Electric System :					
Certificates of Obligation	5,600,000	34,854,979	215,000	40,239,979	1,045,000
Revenue Bonds	200,115,000	-	11,015,000	189,100,000	12,205,000
Notes Payable	-	-	-	-	-
Total business type activities	279,338,354	37,145,751	18,325,013	298,159,071	18,233,074
Total long-term debt	\$ 370,005,000	\$ 51,860,000	\$ 31,825,000	\$ 390,040,000	\$ 25,375,000

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Long-term debt at September 30, 2014 consists of bonds and certificates of obligation maturing serially and is summarized as follows:

Issue	Interest			Series	First Callable Date	Governmental	Business- type	Total
	Rates (%)							
<u>General Obligation Bonds:</u>								
Refunding, Series 2005	4.50	-	5.00	2025	08/15/16	\$ 13,550,000	\$ -	\$ 13,550,000
Refunding, Series 2010	2.00	-	4.00	2021	None	7,445,000	-	7,445,000
Refunding, Series 2013	2.00	-	3.50	2026	08/15/23	20,765,775	6,109,225	26,875,000
Refunding, Series 2014	2.00	-	3.25	2031	08/15/24	6,830,133	2,249,867	9,080,000
Total General Obligation Bonds						48,590,908	8,359,092	56,950,000
<u>Certificates of Obligation:</u>								
Combination Tax & Revenue, Series 2007	4.00	-	4.25	2026	08/15/16	9,350,000	-	9,350,000
Combination Tax & Revenue, Series 2008	4.00	-	5.00	2028	08/15/18	8,360,000	-	8,360,000
Combination Tax & Revenue, Series 2009	3.00	-	5.00	2029	08/15/19	6,625,000	-	6,625,000
Combination Tax & Revenue, Series 2010	2.00	-	4.38	2030	08/15/20	11,195,000	-	11,195,000
Combination Tax & Revenue Refunding, Series 2011	3.00	-	4.00	2022	None	-	7,540,000	7,540,000
Combination Tax & Revenue, Series 2013	3.00	-	4.25	2023	08/15/23	- 0	5,385,000	5,385,000
Combination Tax & Revenue, Series 2014	2.00	-	5.00	2039	08/15/24	7,760,021	34,854,979	42,615,000
Total Certificates of Obligation						43,290,021	47,779,979	91,070,000
<u>Revenue Bonds:</u>								
Water and Sewer System Revenue, Series 2007	4.00	-	5.00	2032	07/01/17	-	28,170,000	28,170,000
Water and Sewer System Revenue, Series 2009A	2.50	-	4.63	2029	07/01/19	-	4,615,000	4,615,000
Sewer System Revenue, Series 2009B	1.35	-	2.60	2019	None	-	675,000	675,000
Water Revenue, Series 2010A	2.00	-	4.25	2030	07/01/20	-	4,375,000	4,375,000
Sewer System Revenue, Series 2011	0.00	-	2.70	2030	None	-	15,085,000	15,085,000
Electric System Revenue City, Series 2005	4.00	-	4.50	2025	07/01/15	-	8,615,000	8,615,000
Electric System Revenue City, Series 2006	4.00	-	5.00	2031	07/01/16	-	9,690,000	9,690,000
Electric System Revenue City, Series 2007	4.25	-	5.25	2032	07/01/17	-	26,620,000	26,620,000
Electric System Revenue City, Series 2008	4.00	-	5.25	2033	07/01/17	-	27,865,000	27,865,000
Electric System Revenue Rural, Series 2008	3.50	-	4.75	2034	07/01/17	-	5,400,000	5,400,000
Electric System Revenue City, Series 2009	4.00	-	5.00	2034	07/01/17	-	21,730,000	21,730,000
Electric System Revenue City, Series 2010	4.00	-	5.00	2019	07/01/17	-	30,210,000	30,210,000
Electric System Revenue Rural, Series 2011	3.00	-	5.00	2021	None	-	2,220,000	2,220,000
Electric System Revenue City, Series 2012	3.13	-	5.00	2037	07/01/22	-	56,750,000	56,750,000
Total Revenue Bonds						\$ -	\$ 242,020,000	\$ 242,020,000
Total long-term debt						\$ 91,880,929	\$ 298,159,071	\$ 390,040,000

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

General Obligation Bonds

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 4,631,926	\$ 1,631,665	\$ 673,074	\$ 214,545	\$ 7,151,210
2016	4,771,492	1,502,577	683,508	201,083	7,158,660
2017	4,629,136	1,352,697	700,864	187,413	6,870,110
2018	4,771,531	1,201,764	713,469	173,396	6,860,160
2019	4,596,005	1,045,333	673,995	159,127	6,474,460
2020-2024	19,916,247	2,916,101	3,618,753	527,649	26,978,750
2025-2029	4,684,079	370,259	1,100,921	100,416	6,255,675
2030-2031	590,491	28,554	194,508	9,406	822,959
Total	<u>\$ 48,590,907</u>	<u>\$ 10,048,950</u>	<u>\$ 8,359,092</u>	<u>\$ 1,573,035</u>	<u>\$ 68,571,984</u>

Certificates of Obligation

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 2,510,000	\$ 1,735,569	\$2,005,000	\$1,743,467	\$ 7,994,036
2016	2,915,000	1,610,959	2,215,000	1,533,044	8,274,003
2017	2,415,000	1,520,509	2,275,000	1,476,644	7,687,153
2018	2,505,000	1,432,634	2,260,000	1,408,394	7,606,028
2019	2,600,000	1,335,884	2,235,000	1,348,744	7,519,628
2020-2024	14,330,000	5,088,263	9,655,000	5,764,425	34,837,688
2025-2029	13,430,000	2,033,235	8,290,000	4,269,213	28,022,448
2030-2034	2,585,021	242,581	9,399,979	2,775,688	15,003,269
2035-3039	-	-	9,445,000	1,093,221	10,538,221
Total	<u>\$ 43,290,021</u>	<u>\$ 14,999,634</u>	<u>\$ 47,779,979</u>	<u>\$ 21,412,840</u>	<u>\$ 127,482,474</u>

Revenue Bonds

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ -	\$ -	\$ 15,555,000	\$ 10,768,569	\$ 26,323,569
2016	-	-	16,035,000	10,068,294	26,103,294
2017	-	-	15,490,000	9,392,171	24,882,171
2018	-	-	11,190,000	8,675,350	19,865,350
2019	-	-	32,300,000	8,221,124	40,521,124
2020-2024	-	-	54,195,000	28,818,525	83,013,525
2025-2029	-	-	49,990,000	17,890,419	67,880,419
2030-2034	-	-	39,645,000	6,437,066	46,082,066
2035-3039	-	-	7,620,000	636,900	8,256,900
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,020,000</u>	<u>\$ 100,908,418</u>	<u>\$ 342,928,418</u>

Total Long Term Debt

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 7,141,926	\$ 3,367,234	\$ 18,233,074	\$ 12,726,581	\$ 41,468,815
2016	7,686,492	3,113,536	18,933,508	11,802,421	41,535,957
2017	7,044,136	2,873,206	18,465,864	11,056,228	39,439,434
2018	7,276,531	2,634,398	14,163,469	10,257,140	34,331,538
2019	7,196,005	2,381,217	35,208,995	9,728,995	54,515,212
2020-2024	34,246,247	8,004,364	67,468,753	35,110,599	144,829,963
2025-2029	18,114,079	2,403,494	59,380,921	22,260,048	102,158,542
2030-2034	3,175,512	271,135	49,239,487	9,222,160	61,908,294
2035-3039	-	-	17,065,000	1,730,121	18,795,121
Total	<u>\$ 91,880,928</u>	<u>\$ 25,048,584</u>	<u>\$ 298,159,071</u>	<u>\$ 123,894,293</u>	<u>\$ 538,982,876</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Total Long Term Debt

<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>	
2015	\$ 7,141,926	\$ 3,367,234	\$ 18,233,074	\$ 12,726,581	\$ 41,468,815
2016	7,686,492	3,113,536	18,933,508	11,802,421	41,535,957
2017	7,044,136	2,873,206	18,465,864	11,056,228	39,439,434
2018	7,276,531	2,634,398	14,163,469	10,257,140	34,331,538
2019	7,196,005	2,381,217	35,208,995	9,728,995	54,515,212
2020-2024	34,246,247	8,004,364	67,468,753	35,110,599	144,829,963
2025-2029	18,114,079	2,403,494	59,380,921	22,260,048	102,158,542
2030-2034	3,175,512	271,135	49,239,487	9,222,160	61,908,294
2035-3039	-	-	17,065,000	1,730,121	18,795,121
Total	<u>\$ 91,880,929</u>	<u>\$ 25,048,584</u>	<u>\$ 298,159,071</u>	<u>\$ 123,894,293</u>	<u>\$ 538,982,876</u>

On May 27, 2014 the City issued general obligation refunding bonds totaling \$9,245,000. These bonds mature serially from August 15, 2014 through August 15, 2031 with coupon rates ranging from 2.0% to 3.25%. After the payment of issuance costs, the proceeds from the sale of the 2014 general obligation bonds are restricted to refunding portions of the City's outstanding debt and thus lowering the overall debt service requirements of the City. Proceeds from the sale of the bonds were used to refund a total of \$9,020,000, which includes \$6,785,000 of combination tax and revenue certificates of obligation and \$2,235,000 of Water and Sewer Revenue Bonds. This represents a deferred loss of \$393,248, a net present value benefit savings of \$1,161,858, and an economic gain of \$1,397,563 by an average interest rate of 2.806%.

Also on May 27, 2014, the City issued a combination tax and revenue certificates of obligation totaling \$42,615,000. The Bonds mature serially from August 15, 2015 through August 15, 2039 with coupon rates ranging from 2.0% to 5.0%. The proceeds from the sale of the 2014 Bonds are restricted for: the acquisition and construction of improvements, additions and extensions to the City's electric system; for the constructing, improving, renovating, extending, expanding and developing streets, drainage, traffic signalization, lighting, sidewalks, sound walls, landscaping, and acquiring the right-of-way related thereto; the purchase of fire-fighting equipment, including fire trucks; and, to pay the costs of issuing the obligations.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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, Series 2007 bonds are satisfied with insurance policies, as are the Rural Electric Fund's Series 2008 bonds. There are no reserve requirements for the 2013 and 2014 certificates.

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 2004, 2006, 2007 and 2009A bonds, the City has exercised the option to replace the reserve fund requirement with a surety bond.

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

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As provided for by the bond ordinances, this amount would be as a liability in the Proprietary funds for the benefit of the federal government and will be paid as required by applicable regulations.

Other long term liabilities

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

	Year Ended September 30, 2014		
	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 5,871,283	\$ 1,001,027	\$ 6,872,310
Plus additions	2,593,580	745,994	3,339,574
Less payments	(2,223,553)	(581,665)	(2,805,218)
Ending balance	<u>\$ 6,241,310</u>	<u>\$ 1,165,356</u>	<u>\$ 7,406,666</u>
Amount due in one year	\$ 2,166,040	\$ 681,698	\$ 2,847,738
Amount due in over one year	\$ 4,075,270	\$ 483,658	\$ 4,558,928

6. PRIOR-YEAR DEFEASANCE OF DEBT

In FY 2014 and 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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

As of September 30, 2014, the City had outstanding General Obligation bonds and Certificates of Obligation totaling \$39,065,000 which were considered defeased.

7. BONDS AVAILABLE FOR SALE

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

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

During 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.
- 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. Also included in restricted fund balance are amounts related to Notes Receivable in the Debt Service Fund. These amounts are restricted for the purposes of repaying long term debt of the City.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through the adoption of an ordinance by the City Council. In order for fund balance to be committed, the City Council must adopt an ordinance stating the purpose for which the fund balance is committed. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (adoption of an ordinance) it employed to previously commit these amounts.
- Assigned – includes fund balance amounts that are self-imposed by the City to be used for a particular purpose. Fund balance can be assigned by the City Manager, the Chief Financial Officer or their designee. This authority was delegated to the City Manager and the Chief Financial Officer by formal resolution of the City Council.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

- Unassigned – includes the residual fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

The City's classification of fund balances is as follows at September 30, 2014:

	General Fund	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Nonspendable:						
Permanent Funds Corpus	\$ -	\$ -	\$ -	\$ -	\$ 852,374	\$ 852,374
Other Purposes	59,572	-	-	-	-	59,572
Restricted for:						
Debt Service	-	6,128,399	-	-	-	6,128,399
Grants	245,735	-	14,500	-	-	260,235
Hotel/Motel	-	-	1,122,712	-	-	1,122,712
Municipal Court	245,292	-	259,748	-	-	505,040
TIRZ Development	-	-	439,715	-	-	439,715
Capital Projects	-	-	-	8,286,216	-	8,286,216
Cemeteries	-	-	-	-	1,044,069	1,044,069
Libraries	-	-	-	-	3,768	3,768
Police	95,182	-	-	-	-	95,182
Record Preservation	77,387	-	-	-	-	77,387
Other Purposes	56,264	-	1,240	-	-	57,504
Committed to:						
Parks	998,283	-	-	-	-	998,283
Libraries	178,512	-	-	-	-	178,512
Streets	-	-	13,648,319	-	-	13,648,319
Drainage	-	-	1,893,491	-	-	1,893,491
Severance Reserve	1,189,971	-	-	-	-	1,189,971
Assigned to:						
Encumbrances	503,799	-	-	-	-	503,799
Unassigned	24,529,175	-	(21,552)	-	-	24,507,623
Total fund balances	<u>\$28,179,172</u>	<u>\$6,128,399</u>	<u>\$17,358,173</u>	<u>\$8,286,216</u>	<u>\$1,900,211</u>	<u>\$61,852,171</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Net position has been restricted at September 30, 2014 as follows:

Restricted for:	Business-Type Activities				Total
	Electric	Water	Waste Water	Other Enterprise	
Rate Stabilization	\$ 1,683,888	\$ -	\$ -	\$ -	\$ 1,683,888
Debt Retirement	11,558,189	-	-	-	11,558,189
Debt Service	3,449,404	1,052,521	1,806,936	-	6,308,861
Collateral Deposits	1,679,019	-	-	-	1,679,019
BVSWMA	-	-	-	12,909,487	12,909,487
Total	<u>\$ 18,370,500</u>	<u>\$ 1,052,521</u>	<u>\$ 1,806,936</u>	<u>\$ 12,909,487</u>	<u>\$ 34,139,444</u>

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 850 municipalities having their benefit plan administered by TMRS. Each of the 850 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.org.

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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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:

	Plan Year 2013	Plan Year 2014
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)	50% of CPI Repeating	50% of CPI Repeating

In 2012, the City reduced future retiree annual Cost-of-Living Adjustments (COLAs) to 50% 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 Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

Annual Required Contribution (ARC)	\$ 7,618,287
Interest on Net Pension Obligation	477,560
Adjustment to the ARC	<u>(429,426)</u>
Annual Pension Cost (APC)	7,666,421
Contributions Made	<u>(7,617,713)</u>
Increase (decrease) in net pension obligation	48,708
Net Pension Obligation/(Asset), beginning of year	<u>6,822,290</u>
Net Pension Obligation/(Asset), end of year	<u><u>\$ 6,870,998</u></u>

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

Historical data is as follows:

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation at September 30
09/30/12	8,414,382	7,403,380	87.99%	6,567,779
09/30/13	7,875,420	7,620,909	96.77%	6,822,290
09/30/14	7,666,421	7,617,713	99.36%	6,870,998

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

Valuation date	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	26.3 years; closed period	25.3 years; closed period	25.0 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	7.0%	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	1.5%	1.5%	1.5%

Funding Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Funded Ratio (3)	Unfunded AAL (UAAL) (4)	Covered Payroll (5)	UAAL as a Percentage of Covered Payroll (6)
			(1) / (2)	(2) - (1)		(4) / (5)
12/31/2013	\$ 211,262,385	\$263,183,703	80.3%	\$51,921,318	\$45,779,194	113.4%

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. 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 \$7,322,047 for the twelve month period which began January 1, 2014 and ends December 31, 2014. These stop loss levels apply to medical and prescription coverage only. Dental coverage is not included. 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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

	<u>FY 2014</u>	<u>FY 2013</u>
Beginning balance unpaid claims	\$ 1,010,988	\$ 1,014,384
Incurred claims	6,281,908	7,336,575
Claim payments	<u>(6,433,733)</u>	<u>(7,339,971)</u>
Ending balance unpaid claims	<u>\$ 859,163</u>	<u>\$ 1,010,988</u>
Amounts due in one year	\$ 859,163	\$ 1,010,988

11. OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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

Survivors of employees who die while actively employed are not eligible for retiree health coverage. However, surviving spouses and dependents of Texas public officers (as defined by Texas Government Code, Chapter 615) killed in the line of duty are entitled to purchase continued health insurance benefits. The surviving spouse is entitled to continue to purchase health insurance coverage until the date the surviving spouse becomes eligible for federal Medicare benefits. Surviving dependent minor children are entitled to continue health insurance coverage until the dependent reaches the age of 18 years or a later date to the extent required by state or federal law. A surviving dependent who is not a minor child is entitled to continue health insurance coverage until the earlier of: (1) the date the dependent becomes eligible for group health insurance through another employer or (2) the date the dependent becomes eligible for federal Medicare benefits. Eligible survivors are entitled to purchase the continued coverage at the group rate for that coverage that exists at the time of payment.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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 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, 2014, retirees paid \$576,079 in premiums and \$795,559 in claims were paid for post-retirement health care and administrative charges. As of September 30, 2014, the City has 43 retirees, 39 retirees and spouses, 9 retirees and families and 4 retirees and child(ren) participating in the health plan, out of the 390 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 \$14,618 and incurred claims and administrative expenses of \$4,867 in the year ended September 30, 2014. As of September 30, 2014, the City has 1 COBRA participant.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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.

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, 2013, as required by GASB. The City's annual OPEB cost for the current year and prior two years is as follows:

	FY 2014	FY 2013	FY 2012
Annual required contribution (ARC)	\$ 874,517	\$ 975,990	\$ 947,563
Interest on OPEB obligation	96,503	73,122	43,381
Adjustment to ARC	(89,409)	(44,631)	(40,192)
Annual OPEB cost	881,611	1,004,481	950,752
Contributions made	(219,484)	(484,903)	(289,840)
Increase (decrease) in net OPEB obligation	662,127	519,578	660,912
Net OPEB obligation, beginning of year	2,144,511	1,624,933	964,021
Net OPEB obligation, end of year	<u>\$ 2,806,638</u>	<u>\$ 2,144,511</u>	<u>\$ 1,624,933</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, 2014, and the preceding two fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
2012	\$ 950,752	\$ 289,840	30.5%	\$ 1,624,933
2013	1,004,481	484,903	48.3%	2,144,511
2014	881,611	219,480	24.9%	2,806,642

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Funding status and funding progress

The City had actuarial valuations performed as of December 31, 2013, 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:

	FY 2014	FY 2013	FY 2012
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	10,704,428	11,860,133	11,860,133
Unfunded AAL	(10,704,428)	(11,860,133)	(11,860,133)
Funded Ratio	-	-	-
Covered Payroll	46,907,165	46,141,173	44,294,557
UAAL as a % of Covered Payroll	23%	26%	27%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$10,704,428 at December 31, 2013.

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 7.50% declining to an ultimate rate of 5.00% after 10 years

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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 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.

12. DEFERRED COMPENSATION PLAN

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

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.

13. TEXAS MUNICIPAL POWER AGENCY

The Texas Municipal Power Agency ("TMPA") was created in July 1975 by concurrent ordinances of the Texas cities of Bryan, Denton, Garland, and Greenville ("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 recover TMPA's operating and maintenance

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

expenses and the Bond Fund, Reserve Fund and Contingency Fund requirements of the Revenue Bond Resolutions. In addition, the Cities are obligated to guarantee the payment of TMPA's bonds and commercial paper. At September 30, 2014, the City's portion of outstanding TMPA bonds and commercial paper was approximately \$142.3 million and \$16.6 million, respectively.

As originally written in 1976, the Contract was a requirements contract, which obligated the Cities, with certain exceptions, to purchase their wholesale electricity requirements from TMPA. In 1997, the Contract was amended and 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. Those percentages are Bryan 21.7%; Denton 21.3%; Garland 47%; and Greenville 10%. The amendment confirmed the Cities' obligations to pay all costs of TMPA.

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.

Under the current debt structure, all generation debt will be paid off by September 1, 2018, causing the Power Sales Contract to expire on that same date. Thereafter, all remaining debt will be transmission debt, payable solely from transmission system revenues. TMPA and the Cities are developing a plan in relation to the ownership, operational, and contractual issues associated with TMPA following September 1, 2018.

During the year ended September 30, 2014, the City Electric System (BTU) paid TMPA \$48,665,513 for power purchases and related activity under the contract. As of September 30, 2014 BTU had payables to TMPA amounting to \$1,765,301.

The TMPA's Comprehensive Annual Financial Report for the year ended September 30, 2014 reported the following:

	FY 2014
Total Assets	\$ 952,071,000
Total Deferred Outflows of Resources	7,995,000
Total Liabilities	782,239,000
Total Deferred Inflows of Resources	136,884,000
Total Net Position	<u>\$ 40,943,000</u>
Change in Net Position	
for year ended September 30, 2014	\$ (14,170,000)

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, 2014

14. BRAZOS VALLEY SOLID WASTE MANAGEMENT AGENCY

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

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

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

In 2010, the City issued \$5,145,000 in Certificates of Obligation, Series 2010 to finance the construction of the Twin Oaks Landfill site. BVSWM has agreed to pay the City an amount equal to the future debt service requirements of these certificates of obligation. At September 30, 2014 the City reported a receivable in the amount of \$4,370,000 of which \$220,000 is due and payable to the City within one year.

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

BVSWM's audited annual financial statements for the year ended September 30, 2014 reported the following:

	<u>FY 2014</u>
Total Assets	\$ 39,031,204
Total Liabilities	<u>13,212,231</u>
Total Net Position	<u>\$ 25,818,973</u>
Change in net position for the year ended September 30, 2014	\$ 582,732
Bryan's undivided 50% share of changes in net position for the year ended September 30, 2014	\$ 291,366

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

15. INTERFUND BALANCES

Interfund receivable and payable balances at September 30, 2014 are as follows:

Receivable Fund	Payable Fund	Amount
City Electric	General	\$ 3,269
Nonmajor governmental	General	1,500
Nonmajor governmental	City Electric	147,503
City Electric	Rural	3,880,784
Water	City Electric	372,005
Wastewater	City Electric	298,404
Nonmajor enterprise funds	City Electric	194,115
Internal service funds	City Electric	41,691
General	Nonmajor governmental	192,995
Total		<u>\$ 5,132,266</u>

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

16. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2014 are as follows:

Transfers In	Transfers Out						Total
	General Fund	Nonmajor Governmental Funds	City Electric Fund	Water Fund	Wastewater Fund	Nonmajor Enterprise Funds	
General Fund	\$ -		\$ 10,598,712	\$ 594,713	\$ 621,513	\$ 573,324	\$ 12,388,262
Debt Service	164,800	2,221,386	-	-	-	-	2,386,186
Nonmajor governmental funds	25,000	-	-	-	-	-	25,000
Water Fund	13,956	-	-	-	-	-	13,956
Wastewater Fund	13,956	-	-	-	-	38,868	52,824
Nonmajor enterprise funds	221,443	-	-	31,897	4,933	-	258,273
Total transfers out	<u>\$ 439,155</u>	<u>\$ 2,221,386</u>	<u>\$ 10,598,712</u>	<u>\$ 626,610</u>	<u>\$ 626,446</u>	<u>\$ 612,192</u>	<u>\$ 15,124,501</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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, 2014

17. ADMINISTRATIVE ALLOCATIONS TO OTHER FUNDS

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

	<u>General Fund</u>
<u>Administrative costs allocated to:</u>	
City Electric Fund	\$ 763,783
Water Fund	660,668
Wastewater Fund	765,311
Nonmajor Enterprise Fund (Solid Waste Fund)	565,239
Internal Service Fund (Insurance Fund)	214,391
Street Improvement	116,786
Drainage Fund	59,500
Employee Benefits Fund	140,119
Warehouse Fund	63,026
Hotel/Motel Fund	11,497
Bryan Commerce & Development	35,974
	<u>\$ 3,396,294</u>

18. DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

The balance of deferred inflows of resources and unearned revenues at September 30, 2014 consists of the following:

	<u>Deferred Inflows of Resources</u>	<u>Unearned</u>	<u>Totals</u>
Delinquent property taxes receivable (General Fund)	\$ 223,289	\$ -	\$ 223,289
Delinquent property taxes receivable (Debt Service Fund)	100,900	-	100,900
Street and drainage assessments receivable (General Fund)	115,056	-	115,056
Notes receivable (Debt Service fund)	-	665,000	665,000
WasteWater unearned revenue	-	74,466	74,466
Nonmajor governmental funds	79,115	-	79,115
Total	<u>\$ 518,360</u>	<u>\$ 739,466</u>	<u>\$ 1,257,826</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

19. LITIGATION

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

20. RISK MANAGEMENT

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

In fiscal year 1994, the City 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 for general, auto, and police liability with a \$500,000 self-insured retention for claims was purchased with coverage effective October 1, 2000. Liability coverage for public officials providing a \$2,000,000 limit per occurrence/\$10,000,000 aggregate limit was also provided in the policy. Worker's compensation coverage is provided at \$25,000,000 with a maximum benefit per person of \$10,000,000 including a \$500,000 retention. There have been no settlements that have exceeded insurance coverage for each of the past three fiscal years.

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

The Insurance Fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City has recorded a potential liability in the amount of \$1,763,344 for claims that have been incurred but not reported as of September 30, 2014. 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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

The schedule below represents the changes in estimated claims liabilities:

	2014	2013
Unpaid claims at beginning of fiscal year	\$ 1,330,320	\$ 1,293,012
Incurred claims	888,152	626,395
Claim payments	(455,128)	(589,087)
Total unpaid claims at end of fiscal year	<u>\$ 1,763,344</u>	<u>\$ 1,330,320</u>
Amounts due in one year	\$ 662,593	\$ 440,225

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

21. COMMITMENTS AND CONTINGENCIES

Traditions Development

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

As a result, the City and Jordan Community Properties, L.P. entered into a Master Economic Development Agreement (MEDA) on November 2, 1999. One of the provisions of the MEDA was for the City to create a local government corporation to aid the City in completion of certain provisions in the MEDA. The local government corporation created was Bryan Commerce and Development, Incorporated (BCDI). BCDI purchased the land, identified by the City, for development. The City agreed to provide public infrastructure improvements including all major arterial streets, all major utilities including electrical, gas, water, sewer, telephone, cable, drainage structures, water delivery systems, street lighting, landscaping of median entryways, all signage for the project, traffic signals, entryway structures, and lighting necessary for the project.

The partnership between BCDI and Jordan Community Properties, L.P. was named Bryan/Jordan L.P. (subsequently known as Bryan/Traditions, L.P.). Bryan/Jordan L.P. was formed as a limited partnership, on October 26, 2000, under the laws of the State of Texas. The partners in Bryan/Jordan L.P. were CFJ Properties, Inc., a Texas corporation and the general partner, BCDI, a Texas local government corporation, a limited partner, and Jordan Community Properties, L.P., a Texas limited partnership and a limited partner. The partnership interest was as follows: 1%, 55% and 44% for Jordan Properties, Inc. or an affiliate thereof, Jordan L.P. and BCDI, respectively.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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

Several changes to the original partnership agreement have taken place since October 26, 2000. The following is a history of the changes that have occurred.

On February 24, 2004, the partnership agreement was amended to reflect the change in names of certain partners. CFJ Properties, Inc. was now known as Rosemel Properties, Inc. and Jordan Community Properties, L.P. was now known as Melrose Community Properties, L.P. In addition, the name of the partnership was changed from Bryan/Jordan, L.P. to Bryan/Traditions, L.P.

On February 25, 2009, the partnership agreement, was amended and restated (Amendment) to reflect certain changes. Traditions Acquisition Partnership, GP, LLC, a Texas limited liability company, acquired the general partnership interest originally owned by CFJ Properties, Inc. and subsequently known as Rosemel Properties, Inc. Traditions Acquisition Partnership GP, a Texas limited partnership, acquired the limited partnership interest originally owned by Jordan Community Properties, Inc. subsequently known as Melrose Community Properties, L.P. Concurrent with the Amendment, Traditions Acquisition Partnership, L.P. agreed to acquire a group of loans payable from Bryan/Traditions, L.P. and payable to M&I Bank, relating to the Melrose entities, with a balance at the closing date was \$1,840,432. Traditions Acquisition Partnership, L.P. executed a release, that released the guarantors from their respective obligations for the loan from M&I Bank to Bryan/Traditions, L.P. In consideration for Traditions Acquisition Partnership, L.P.'s contribution, the Amendment specified the deeding of 34 existing lots, within the Traditions Development, from Bryan/Traditions, L.P. to Traditions Acquisition Partnership.

Other special provisions of the Amendment include:

- Provided that if Traditions Acquisition Partnership completed the club house according to the Amendment, then Traditions Acquisition Partnership was to receive the first \$150,000 of the net sales proceeds of each of the next 20 lots developed by Bryan/Traditions, L.P. Traditions Acquisition Partnership completed the club house on March 1, 2011.
- BCDI agrees to provide funding for the construction of a future bridge, roadways or other infrastructure as future development occurs.

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

The Traditions Development includes a Jack Nicklaus designed golf course and an 800 acre high end housing development. At September 30, 2014, BCDI holds approximately 345 acres under the Agreement that remain to be developed. The Partnership is expected to stay operational until all

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Partnership property is sold. There is no debt outstanding related to land held by BCDI in the Traditions development. The City anticipates that the proceeds from BCDI's portion of future land sales will exceed the cost of future City infrastructure required by the Traditions Development.

No sales occurred in FY 2014.

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

City of Bryan and Brazos County Economic Development Foundation Inc.

In 2009, the City of Bryan and Brazos County entered into an agreement to create the City of Bryan and Brazos County Economic Development Foundation Inc. ("BBCEDF"), a local government corporation formed under Subchapter D of Chapter 431 of the Texas Transportation Code. The BBCEDF was created to promote, develop, encourage and maintain employment, commerce, and economic development in the City and the County. In April 2013, the BBCEDF entered into an Economic Development Agreement (EDA) with Kuadrum Pipe and Tube, Inc. (Kuadrum). Per the terms of the EDA, the BBCEDF and the City sold approximately 160 and 23 acres, respectively, to Kuadrum to build a manufacturing facility. In addition, the BBCEDF will provide \$7,150,000 in development credits, the County will provide tax abatement and the City will provide a non-annexation agreement. Kuadrum is also required to meet certain criteria including, among other items, purchasing additional land, achieving a particular taxable valuation and employing a minimum number of full-time employees. If Kuadrum fails to meet its obligations under the EDA, the BBCEDF may terminate the EDA and tender a demand of \$1,500,000. The City of Bryan's 50% ownership is reflected on the Statement of Net Position as Investment in Economic Development Foundation.

Research Valley BioCorridor

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

The agreement provides for the joint construction and cost-sharing of HSC Parkway, the major roadway within the BioCorridor, creation of joint development standards, ad valorem revenue sharing on real and personal properties, sewer service to be provided by Bryan; Water service to be provided by College Station and a swap of exclusive sewer service territories that enables each City to more effectively provide service due to terrain and proximity to existing sewer systems.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Through September 30, 2014, The City of Bryan has expended \$5,637,491 on roadways and sewer improvements under the agreement. Ad valorem taxes to be shared under the agreement are based on the lower of the Cities of Bryan and College Station's O&M tax rates, subject to a minimum rate of \$0.24 per \$100 valuation, and will be split on a 50/50 basis. Tax revenue sharing begins in 2015.

Bryan Texas Utilities (BTU)

BTU purchase and construction commitments approximate \$193.5 million at September 30, 2014. This amount primarily includes provisions for future fuel and energy purchases.

On August 28, 2014, BTU entered into a 25 year renewable energy power purchase agreement with Los Vientos Windpower, LLC, a subsidiary of Duke Energy. Under the agreement, BTU will purchase 33% of the output from wind turbines with a generating capacity of 110 MW from the Los Vientos V wind project in Starr County, Texas, which has an expected completion date of late 2015.

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 owns and operates a photovoltaic solar power plant in Presidio County, Texas. Under the agreement, which extends from 2013 to 2037, BTU will purchase the output from the 10MW facility.

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 \$193.5 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.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

22. ACCOUNTS RECEIVABLE

As of September 30, 2014, 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	\$ 21,170	\$ 4,600,000	\$ 4,621,170
Street and drainage assessments	115,056	-	\$ 115,056
	<u>\$ 136,226</u>	<u>\$ 4,600,000</u>	<u>\$ 4,736,226</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, 2014:

	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	5,433,170	248,307	1,360,051	2,072,988	9,114,516
Rate Stabilization Reserve	1,683,888	-	-	-	1,683,888
Customer Deposits Payable	3,972,584	991,180	-	-	4,963,764
Over-Recovered Fuel Expense	5,577,990	1,050,578	-	-	6,628,568
Collateral Deposits	1,679,019	-	-	-	1,679,019
Capital Debt Proceeds	19,450,737	2,386,632	457,280	40,434	22,335,083
	<u>\$ 49,355,577</u>	<u>\$ 4,987,739</u>	<u>\$ 1,817,331</u>	<u>\$ 2,113,422</u>	<u>\$ 58,274,069</u>

24. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended September 30, 2014 budgetary expenditures in excess of appropriations are reported as indicated below:

Governmental Funds	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - (Negative)
Grant Fund			
Total expenditures	\$ 10,904	\$ 36,180	\$ (25,276)

For the fiscal year ended September 30, 2014, the Grant fund exceeded budget by \$25,276 due to expenditures of grant funds for police equipment made late in the year. The department had grant revenue available to cover the expenditures.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

25. FUND DEFICITS

The Community Development Fund, a Special Revenue Fund, has a deficit unassigned fund balance as of September 31, 2014 in the amount of \$21,552. This is a 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 2015.

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, 2014, the City had four active Tax Increment Financing Zones:

Tax Increment Reinvestment Zone #10: In 2000, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Ten, City of Bryan, Texas" ("Zone Ten"). Zone Ten encompasses a portion of the west side of the City in the area known as Traditions. The development includes a Jack Nicklaus designed golf course and an 800-acre high end housing development. Through the fiscal year ended September 30, 2014, the City estimates that it has funded \$22.0 million in public infrastructure improvements and associated costs within Zone Ten. Combination Tax and Surplus Utility System Revenue Certificates of Obligation, Series 2000A, in the aggregate principal amount of \$17,000,000 were issued by the City to provide funds to commence certain of the public infrastructure improvement. In 2005, the Series 2000A bonds were refunded through the City's issuance of \$13,696,712 of General Obligation refunding bonds. The current outstanding debt balance is \$9,189,920 with debt service payments through 2025. The City contributes all of its incremental tax revenues to Zone Ten. Brazos County has agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Ten through 2016. Incremental ad valorem property taxes provided 103% the debt service payments in FY 2014.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

Tax Increment Reinvestment Zone #19: In 2005, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Nineteen, City of Bryan, Texas" ("Zone Nineteen"). The development consists of 122 acres in the central portion of the City of Bryan in the vicinity of Nash Street. Through the fiscal year ended September 2014, the City estimates that it has funded \$1.8 million in public infrastructure improvements and associated costs within Zone Nineteen. Tax and Revenue Certificates of Obligation, Series 2005, in the aggregate principal amount of \$1,747,642 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Nineteen. Subsequently, in 2007, the City issued Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$200,000 for TIRZ Nineteen projects. In 2013 and 2014, the Series 2005 were refunded through the City's issuance of \$1,534,542 of General Obligation refunding bonds. The current outstanding debt balance is \$1,505,020 with debt service payments through 2031. The City contributes all of its incremental tax revenues to Zone Nineteen. Brazos County has agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Nineteen through 2013. Incremental ad valorem property taxes provided 84% of debt service payments in FY 2014.

Tax Increment Reinvestment Zone #21: In 2006, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Twenty-One, City of Bryan, Texas" ("Zone Twenty-One"). Zone Twenty-One is located in Downtown Bryan and was created to support the re-development of the Downtown district. Through the fiscal year ended September 2014, the City estimates that it has funded \$0.2 million in public infrastructure improvements and associated costs within Zone Twenty-One.

Tax Increment Reinvestment Zone #22: In 2007, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Twenty-Two, City of Bryan, Texas" ("Zone Twenty-Two"). Zone Twenty-Two is a retail development on the east side of the City of Bryan in the vicinity of Bryan Towne Center. Through the fiscal year ended September 2014, the City estimates that it has funded \$5.2 million in public infrastructure improvements and associated costs within Zone Twenty-Two. Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$3,721,414 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Twenty-Two. Subsequently, in 2008, the City issued Tax and Revenue Certificates of Obligation, Series 2008, in the aggregate principal amount of \$287,914 for TIRZ Twenty-Two projects. In September 2013, bond funds of \$1,481,500 were assigned to Zone Twenty-Two from Tax and Revenue Certificates of Obligation, Series 2010. The current outstanding debt balance is \$4,535,624 with debt service payments through 2030. The City contributes all of its incremental tax revenues to Zone Twenty-Two. Brazos County has agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Twenty-Two through 2027. Incremental ad valorem property taxes provided 61% of debt service payments in FY 2014.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

The following schedule is a ten 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
# 10					
2014	637,640	139,749,374	139,111,734	0.62999	876,390
2013	637,640	115,128,526	114,490,886	0.633308	725,080
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
# 22					
2014	2,464,400	27,947,440	25,483,040	0.62999	160,541
2013	2,464,400	24,662,080	22,197,680	0.633308	140,580
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	-
# 19					
2014	2,213,289	20,519,511	18,306,222	0.62999	115,327
2013	2,213,289	19,743,440	17,530,151	0.633308	111,020
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	-
# 21					
2014	41,070,995	54,701,063	13,630,068	0.62999	85,868
2013	41,070,995	53,611,658	12,540,663	0.633308	79,421
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, 2014

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, 2014 the City had established abatement agreements with the following property owners:

Property Owner	Date of Abatement	FY 2014 Appraised Values	FY 2014 Taxable Values	FY 2014 Abated Values	FY 2014 Taxes Levied	FY 2014 Taxes Abated
Brydenpear Premiere LP	2005-2014	\$ 5,965,840	\$ 4,192,084	\$ 1,773,756	\$ 26,410	\$ 11,174
Caliber Bioterepeutics LLC	2010-2020	32,483,480	6,559,336	25,924,144	41,323	163,320
Kent Moore	2008-2016	4,439,700	2,678,604	1,761,096	16,875	11,095
North American Packaging	2008-2013	7,776,800	7,318,640	458,160	46,107	2,886
Penncro Associates	2011-2014	233,020	117,265	115,755	739	729
Toyo Ink International	2008-2015	21,562,430	13,594,992	3,351,498	85,647	21,114

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.

The City applies GASB Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"), which addresses the recognition, measurement, and disclosures related to derivative instruments. 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 Position 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, 2014, 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 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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

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 2014. The correlation coefficient of (0.8386) 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 0.9543 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 31, 2014, the total fair value of outstanding hedging derivative instruments was a net liability of \$16,717,295. The fair value of those instruments maturing within one year are reported on the Statement of Net Position in current liabilities as derivative financial instruments and were \$5,759,986 at September 30, 2014. The fair value of those instruments with maturities exceeding one year are reported on the Statement of Net Position in noncurrent liabilities as derivative financial instruments and were \$10,957,309 at September 30, 2014.

Hedge accounting treatment outlined in GASB 53 and GASB 63 requires changes in the fair value of derivative instruments deemed effective in offsetting changes in cash flows of hedged items be reported as deferred (inflows) outflows of resources on the Statement of Net Position. For the fiscal year ended September 30, 2014, the fair value of the City's Electric fund's hedging derivative instruments – NYMEX-based commodity swaps – increased by \$4,387,077; which is reported in the Statement of Net Position as a reduction of deferred outflows of resources. 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, 2014 the deferred outflows of resources related to hedging derivatives were \$16,717,295 and are reported on the Statement of Net Position.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2014

The following information details the City Electric Fund's hedging derivative instruments as of September 30, 2014:

Type	Terms	Volume Hedged (MMBtu)	Effective Dates	Maturity Dates	Reference Index	Fair Value
Commodity Swaps	BTU pays prices of \$4.065 - 6.49	8,512,500	Oct 2014 - Dec 2018	Oct 2014 - Dec 2018	NYMEX	\$ (16,717,295)
		<u>8,512,500</u>				<u>\$ (16,717,295)</u>

Fuel swap contracts represent a financial obligation to buy or sell the underlying settlement point price. If held to expiration, as is the City'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 asset 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 2014, prompt month prices were \$3.957/MMBtu and \$3.922/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.

29. SUBSEQUENT EVENTS

On October 1, 2014, following an in-depth cost of service study, BTU implemented phase one of a three phase electric rate adjustment for the City Electric System which includes City of Bryan retail customers and the Rural electric System wholesale rate. The three phases, effective on October 1, 2014, 2015, and 2016, will produce a 2.4% increase in base rates over three years.

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 (b-a)/(c)
12/31/2011	181,556,932	239,737,958	76%	58,181,026	44,508,267	130.7%
12/31/2012	196,237,254	237,584,626	83%	41,347,372	45,272,820	91.3%
12/31/2013	211,262,385	263,283,703	80%	51,921,318	45,779,194	113.4%

* 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, 2014

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 16,846,868	\$ 16,846,868	\$ 16,864,109	\$ 17,241
Sales	15,869,754	15,869,754	17,882,449	2,012,695
Franchise	2,075,982	2,075,982	2,380,787	304,805
Bingo	225,000	225,000	260,733	35,733
Alcoholic beverage	75,000	75,000	130,791	55,791
Charges for services:				
Ambulance charges	1,700,000	1,700,000	1,886,218	186,218
Recreational charges	1,527,300	1,527,300	1,304,457	(222,843)
Health and public safety	1,108,700	1,108,700	916,724	(191,976)
Miscellaneous charges	146,200	146,200	286,868	140,668
Fines and court charges:				
Municipal court	1,915,150	1,915,150	1,724,754	(190,396)
Licenses and permits	605,605	605,605	668,583	62,978
Grants:				
Texas Attorney General	-	-	10,179	10,179
U.S. Department of Criminal Justice	122,000	122,000	106,299	(15,701)
Texas Department of Transportation	-	-	39,687	39,687
Contributions to Library - College Station	1,025,939	1,025,939	1,025,939	-
FEMA	-	-	-	-
Other	31,000	31,000	107,465	76,465
Investment earnings	93,000	93,000	124,557	31,557
Other	385,200	385,200	2,131,782	1,746,582
Total revenues	<u>43,752,698</u>	<u>43,752,698</u>	<u>47,852,381</u>	<u>4,099,683</u>
Expenditures:				
Current:				
General government and administration:				
Executive	2,224,984	2,225,576	1,957,684	267,892
City Secretary	1,005,541	1,005,541	703,250	302,291
Legal services	703,515	717,767	700,262	17,505
Payments to other agencies	3,161,159	3,186,950	3,233,008	(46,058)
Fiscal services	1,440,415	1,440,415	1,331,015	109,400
Information technology	2,770,961	2,805,996	2,585,547	220,449
Human resources	618,408	618,408	586,580	31,828
Fleet services	766,567	753,806	547,660	206,146
Facility services	1,827,171	1,829,614	1,616,189	213,425
Total general government and administration	<u>14,518,721</u>	<u>14,584,073</u>	<u>13,261,193</u>	<u>1,322,878</u>
Development services:				
Planning	1,465,546	1,552,296	1,472,091	80,205
Engineering	1,357,124	1,357,124	1,067,586	289,538
Building	275,892	275,892	230,083	45,809
Special Projects	58,938	459,913	447,863	12,050
Total development services	<u>3,157,500</u>	<u>3,645,225</u>	<u>3,217,623</u>	<u>427,602</u>
Public works services:				
Public Works Call Center	-	-	-	-
Drainage and Streets	1,906,569	1,947,328	1,710,409	236,919
Traffic Operations	1,609,001	1,616,501	1,613,616	2,885
Total public works services	<u>3,515,570</u>	<u>3,563,829</u>	<u>3,324,025</u>	<u>239,804</u>

continued

CITY OF BRYAN, TEXAS

Required Supplementary Information

General Fund

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

For the Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public safety:				
Police services	15,684,601	15,687,830	15,771,246	(83,416)
Fire and emergency medical services	12,141,398	12,141,398	12,351,135	(209,737)
Animal Center	713,509	726,709	651,740	74,969
Municipal court	1,389,363	1,389,363	1,271,465	117,898
Total public safety	29,928,871	29,945,300	30,045,586	(100,286)
Cultural and recreational:				
Library services	2,252,412	2,252,412	2,249,151	3,261
Parks and recreation services	4,377,395	4,397,253	4,116,282	280,971
Total cultural and recreational	6,629,807	6,649,665	6,365,433	284,232
Administrative reimbursement	(3,464,278)	(3,464,278)	(3,396,294)	(67,984)
Capital outlay	1,234,659	1,294,545	1,277,904	16,641
Debt service-bond retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	55,520,850	56,218,359	54,095,470	2,122,887
Excess (deficiency) of expenditures over (under) revenues	(11,768,152)	(12,465,661)	(6,243,089)	6,222,572
Other financing sources (uses):				
Sale of capital assets	635,465	635,465	12,258	(623,207)
Transfers in	12,028,858	12,028,858	12,388,262	359,404
Transfers out	(1,615,867)	(1,615,867)	(439,155)	1,176,712
Total other financing sources (uses)	11,048,456	11,048,456	11,961,365	912,909
Net change in fund balance	(719,696)	(1,417,205)	5,718,276	7,135,481
Fund Balance, October 1, 2013	22,460,896	22,460,896	22,460,896	-
Fund Balance, September 30, 2014	<u>\$ 21,741,200</u>	<u>\$ 21,043,691</u>	<u>\$ 28,179,172</u>	<u>\$ 7,135,481</u>



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Supplemental Information

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

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Grant Fund – To account for the receipt and expenditure of grant revenues for all governmental funds other than the Community Development Fund.

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 #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

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.

2014 Certificates of Obligation Fund – To account for the construction of streets, sidewalks, drainage, traffic system improvements and the acquisition of fire-fighting equipment.

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, 2014

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 13,850,794	\$ 6,158,505	\$ 1,485,076	\$ 21,494,375
Investments	3,866,092	1,718,987	414,521	5,999,600
Receivables:				
Accounts	635,987	376,295	-	1,012,282
Less allowance for uncollectible	(155,469)	-	-	(155,469)
Grants	230,332	30,294	-	260,626
Interest	5,723	2,544	614	8,881
Due from other funds	149,003	-	-	149,003
Prepaid and other assets	-	-	-	-
Total assets	<u>\$ 18,582,462</u>	<u>8,286,625</u>	<u>\$ 1,900,211</u>	<u>\$ 28,769,298</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 743,594	\$ 409	\$ -	\$ 744,003
Accrued liabilities	21,463	-	-	21,463
Retainage payable	187,122	-	-	187,122
Due to other funds	192,995	-	-	192,995
Total liabilities	<u>1,145,174</u>	<u>409</u>	<u>-</u>	<u>1,145,583</u>
<u>Deferred inflows</u>				
Deferred property tax	71,615	-	-	71,615
Other dererred revenue	7,500	-	-	7,500
Total dererred inflows	<u>79,115</u>	<u>-</u>	<u>-</u>	<u>79,115</u>
Fund balances:				
Nonspendable	-	-	852,374	852,374
Restricted	1,837,915	8,286,216	1,047,837	11,171,968
Committed	15,541,810	-	-	15,541,810
Unassigned (deficit)	(21,552)	-	-	(21,552)
Total fund balances	<u>17,358,173</u>	<u>8,286,216</u>	<u>1,900,211</u>	<u>27,544,600</u>
Total liabilities, dererred inflows and fund balances	<u>\$ 18,582,462</u>	<u>\$ 8,286,625</u>	<u>\$ 1,900,211</u>	<u>\$ 28,769,298</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2014

	Grant Fund	Community Development Fund	Hotel and Motel Room Tax Fund	Sidewalks Fund	Court Technology Fund	Street Improvement Fund	Drainage Improvement Fund	Tax Increment Reinvestment Zone #10 Fund	Tax Increment Reinvestment Zone #19 Fund	Tax Increment Reinvestment Zone #21 Fund	Tax Increment Reinvestment Zone #22 Fund	Total
Assets												
Cash and cash equivalents	\$ -	\$ -	\$ 793,175	\$ 56,938	\$ 203,001	\$ 11,017,481	\$ 1,436,548	\$ 14,724	\$ 5,741	\$ 195,973	\$ 127,213	\$ 13,850,794
Investments	-	-	221,395	15,893	56,663	3,075,245	400,975	4,110	1,602	54,701	35,508	3,866,092
Accounts receivable	-	-	120,114	-	-	442,103	73,770	-	-	-	-	635,987
Less allowance for uncollectibles	-	-	-	-	-	(133,237)	(22,232)	-	-	-	-	(155,469)
Grants receivable	16,490	213,842	-	-	-	-	-	-	-	-	-	230,332
Interest receivable	-	-	328	24	84	4,551	593	6	3	81	53	5,723
Prepaid and other assets	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	1,500	-	-	-	-	126,410	21,093	-	-	-	-	149,003
Total assets	\$ 17,990	\$ 213,842	\$ 1,135,012	\$ 72,855	\$ 259,748	\$ 14,532,553	\$ 1,910,747	\$ 18,840	\$ 7,346	\$ 250,755	\$ 162,774	\$ 18,582,462
Liabilities and Fund Balances												
Liabilities:												
Accounts payable	\$ -	\$ 15,056	\$ 12,300	\$ -	\$ -	\$ 709,038	\$ 7,200	\$ -	\$ -	\$ -	\$ -	\$ 743,594
Accrued liabilities	-	21,463	-	-	-	-	-	-	-	-	-	21,463
Retainage payable	-	1,870	-	-	-	175,196	10,056	-	-	-	-	187,122
Due to other funds	3,490	189,505	-	-	-	-	-	-	-	-	-	192,995
Total liabilities	3,490	227,894	12,300	-	-	884,234	17,256	-	-	-	-	1,145,174
Deferred inflows												
Deferred property tax	-	-	-	71,615	-	-	-	-	-	-	-	71,615
Other deferred revenue	-	7,500	-	-	-	-	-	-	-	-	-	7,500
Total deferred inflows	-	7,500	-	71,615	-	-	-	-	-	-	-	79,115
Accrued liabilities												
Restricted:												
Grants	14,500	-	-	-	-	-	-	-	-	-	-	14,500
Hotel/Motel	-	-	1,122,712	-	-	-	-	-	-	-	-	1,122,712
Municipal Court	-	-	-	-	259,748	-	-	-	-	-	-	259,748
TIRZ Development	-	-	-	-	-	-	-	18,840	7,346	250,755	162,774	439,715
Other Purposes	-	-	-	1,240	-	-	-	-	-	-	-	1,240
Committed:												
Streets	-	-	-	-	-	13,648,319	-	-	-	-	-	13,648,319
Drainage	-	-	-	-	-	-	1,893,491	-	-	-	-	1,893,491
Unassigned (deficit)	-	(21,552)	-	-	-	-	-	-	-	-	-	(21,552)
Total fund balances	14,500	(21,552)	1,122,712	1,240	259,748	13,648,319	1,893,491	18,840	7,346	250,755	162,774	17,358,173
Total liabilities and fund balances	\$ 17,990	\$ 213,842	\$ 1,135,012	\$ 72,855	\$ 259,748	\$ 14,532,553	\$ 1,910,747	\$ 18,840	\$ 7,346	\$ 250,755	\$ 162,774	\$ 18,582,462

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds - Capital Project Funds

As of September 30, 2014

	2010 Certificates of Obligation Fund	2014 Certificates of Obligation Fund	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 692,472	\$ 5,466,033	\$ 6,158,505
Investments	193,285	1,525,702	1,718,987
Accounts receivable	376,295	-	376,295
Grants receivable	30,294	-	30,294
Interest receivable	286	2,258	2,544
Due from other funds	-	-	-
Total assets	<u>\$ 1,292,632</u>	<u>\$ 6,993,993</u>	<u>\$ 8,286,625</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 409	\$ -	\$ 409
Retainage payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>409</u>	<u>-</u>	<u>409</u>
Fund balances:			
Restricted to capital projects	1,292,223	6,993,993	8,286,216
Total fund balances	<u>1,292,223</u>	<u>6,993,993</u>	<u>8,286,216</u>
Total liabilities and fund balances	<u>\$ 1,292,632</u>	<u>\$ 6,993,993</u>	<u>\$ 8,286,625</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds - Permanent Funds

As of September 30, 2014

	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	\$ 2,012	\$ 7,200	\$ 11,442	\$ 722	\$ 1,405,698	\$ 47,494	\$ 3,945	\$ 5,873	\$ 690	\$ 1,485,076
Investments	562	2,010	3,194	201	392,364	13,257	1,101	1,639	193	414,521
Interest receivable	1	3	5	1	581	19	2	2	-	614
Total assets	<u>\$ 2,575</u>	<u>\$ 9,213</u>	<u>\$ 14,641</u>	<u>\$ 924</u>	<u>\$ 1,798,643</u>	<u>\$ 60,770</u>	<u>\$ 5,048</u>	<u>\$ 7,514</u>	<u>\$ 883</u>	<u>\$ 1,900,211</u>
<u>Fund Balances</u>										
Nonspendable - Permanent Funds Corpus	\$ 1,399	\$ 5,000	\$ 1,500	\$ 500	\$ 829,731	\$ 4,950	\$ 2,085	\$ 6,709	\$ 500	\$ 852,374
Restricted:										
Cemeteries	1,176	4,213	13,141	424	968,912	55,820	-	-	383	1,044,069
Libraries	-	-	-	-	-	-	2,963	805	-	3,768
Total fund balances	<u>2,575</u>	<u>9,213</u>	<u>14,641</u>	<u>924</u>	<u>1,798,643</u>	<u>60,770</u>	<u>5,048</u>	<u>7,514</u>	<u>883</u>	<u>1,900,211</u>
Total liabilities and fund balances	<u>\$ 2,575</u>	<u>\$ 9,213</u>	<u>\$ 14,641</u>	<u>\$ 924</u>	<u>\$ 1,798,643</u>	<u>\$ 60,770</u>	<u>\$ 5,048</u>	<u>\$ 7,514</u>	<u>\$ 883</u>	<u>\$ 1,900,211</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, 2014

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Revenues:				
Property taxes	\$ 1,226,051	\$ -	\$ -	\$ 1,226,051
Hotel occupancy taxes	1,179,774	-	-	1,179,774
Transportation and drainage assessments	6,398,465	-	-	6,398,465
Fines and court charges	40,626	-	-	40,626
Grants	1,200,949	-	-	1,200,949
Investment earnings	87,670	22,628	8,663	118,961
Other	743,644	707,130	35,947	1,486,721
Total revenues	10,877,179	729,758	44,610	11,651,547
Expenditures:				
Current:				
General government and administration	23,148	-	-	23,148
Development services	1,331,313	-	-	1,331,313
Public works services	4,307,234	69,990	-	4,377,224
Public safety	114,681	-	-	114,681
Cultural and recreational	714,597	-	-	714,597
Capital outlay	48,024	2,658,321	-	2,706,345
Debt service:				
Bond and principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Total expenditures	6,538,997	2,728,311	-	9,267,308
Excess (deficiency) of revenues over (under) expenditures	4,338,182	(1,998,553)	44,610	2,384,239
Other financing sources (uses):				
Long-term debt issued	-	7,760,021	-	7,760,021
Premium on long-term debt issued	-	12,517	-	12,517
Transfers in	25,000	-	-	25,000
Transfers out	(2,221,386)	-	-	(2,221,386)
Total other financing sources (uses)	(2,196,386)	7,772,538	-	5,576,152
Net change in fund balances	2,141,796	5,773,985	44,610	7,960,391
Fund balances, October 1, 2013	15,216,377	2,512,231	1,855,601	19,584,209
Fund balances, September 30, 2014	\$ 17,358,173	\$ 8,286,216	\$ 1,900,211	\$ 27,544,600

CITY OF BRYAN, TEXAS

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

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2014

	Grant Fund	Community Development Fund	Hotel and Motel Room Tax Fund	Sidewalks Fund	Court Technology Fund	Street Improvement Fund	Drainage Improvement Fund	Tax Increment Reinvestment Zone #10 Fund	Tax Increment Reinvestment Zone #19 Fund	Tax Increment Reinvestment Zone #21 Fund	Tax Increment Reinvestment Zone #22 Fund	Total
Revenues:												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 870,344	\$ 111,146	\$ 84,020	\$ 160,541	\$ 1,226,051
Hotel occupancy taxes	-	-	1,179,774	-	-	-	-	-	-	-	-	1,179,774
Transportation and drainage assessments	-	-	-	-	-	5,483,484	914,981	-	-	-	-	6,398,465
Grants	26,406	1,174,543	-	-	-	-	-	-	-	-	-	1,200,949
Fines and court charges	-	-	-	-	40,626	-	-	-	-	-	-	40,626
Investment earnings	94	-	3,931	306	1,228	70,354	7,612	1,613	195	1,100	1,237	87,670
Other	-	74,341	-	-	-	-	-	563,090	-	-	106,213	743,644
Total revenues	26,500	1,248,884	1,183,705	306	41,854	5,553,838	922,593	1,435,047	111,341	85,120	267,991	10,877,179
Expenditures:												
Current:												
General government and administration	-	-	-	-	-	-	-	23,148	-	-	-	23,148
Development services	-	1,278,512	-	-	-	-	-	47,574	-	-	5,227	1,331,313
Public works services	-	-	-	-	-	4,161,623	145,611	-	-	-	-	4,307,234
Public safety	36,180	-	-	-	78,501	-	-	-	-	-	-	114,681
Cultural and recreational	-	-	714,597	-	-	-	-	-	-	-	-	714,597
Capital outlay	-	-	-	-	-	-	48,024	-	-	-	-	48,024
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-
Bond and principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	36,180	1,278,512	714,597	-	78,501	4,161,623	193,635	70,722	-	-	5,227	6,538,997
Excess (deficiency) of revenues over (under) expenditures	(9,680)	(29,628)	469,108	306	(36,647)	1,392,215	728,958	1,364,325	111,341	85,120	262,764	4,338,182
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	-	25,000	-	-	25,000
Transfers out	-	-	-	-	-	(259,643)	-	(1,392,002)	(132,218)	-	(437,523)	(2,221,386)
Total other financing sources (uses)	-	-	-	-	-	(259,643)	-	(1,392,002)	(107,218)	-	(437,523)	(2,196,386)
Net change in fund balances	(9,680)	(29,628)	469,108	306	(36,647)	1,132,572	728,958	(27,677)	4,123	85,120	(174,759)	2,141,796
Fund balances, October 1, 2013	24,180	8,076	653,604	934	296,395	12,515,747	1,164,532	46,518	3,223	165,635	337,533	15,216,377
Fund balances, September 30, 2014	\$ 14,500	\$ (21,552)	\$ 1,122,712	\$ 1,240	\$ 259,748	\$ 13,648,319	\$ 1,893,490	\$ 18,841	\$ 7,346	\$ 250,755	\$ 162,774	\$ 17,358,173

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, 2014

	2010 Certificates of Obligation Fund	2014 Certificates of Obligation Fund	Total
Revenues:			
Investment earnings	\$ 4,593	\$ 18,035	\$ 22,628
Other	707,130	-	707,130
Total revenues	711,723	18,035	729,758
Expenditures:			
Current:			
Public works services	38,578	31,412	69,990
Capital outlay	1,893,153	765,168	2,658,321
Total expenditures	1,931,731	796,580	2,728,311
Excess (deficiency) of revenues over (under) expenditures	(1,220,008)	(778,545)	(1,998,553)
Other financing sources (uses):			
Long-term debt issued	-	7,760,021	7,760,021
Premium on long-term debt issued	-	12,517	12,517
Discount on long-term debt issued	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	7,772,538	7,772,538
Net change in fund balances	(1,220,008)	6,993,993	5,773,985
Fund balances, October 1, 2013	2,512,231	-	2,512,231
Fund balances, September 30, 2014	\$ 1,292,223	\$ 6,993,993	\$ 8,286,216

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, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ 35,947	\$ -	\$ -	\$ -	\$ -	\$ 35,947
Investment earnings	12	42	67	5	8,197	279	23	34	4	8,663
Total revenues	12	42	67	5	44,144	279	23	34	4	44,610
Expenditures:										
General government and administration	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	12	42	67	5	44,144	279	23	34	4	44,610
Fund balances, October 1, 2013	2,563	9,171	14,574	919	1,754,499	60,491	5,025	7,480	879	1,855,601
Fund balances, September 30, 2014	\$ 2,575	\$ 9,213	\$ 14,641	\$ 924	\$ 1,798,643	\$ 60,770	\$ 5,048	\$ 7,514	\$ 883	\$ 1,900,211

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, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Property taxes	\$ 7,484,416	\$ 7,471,801	\$ (12,615)
Investment earnings	35,000	20,931	(14,069)
Other	652,236	437,236	(215,000)
Total revenues	<u>8,171,652</u>	<u>7,929,968</u>	<u>(241,684)</u>
Expenditures:			
Debt service:			
Bond and principal retirement	6,779,423	6,714,987	64,436
Interest and fiscal charges	4,025,441	3,352,210	673,231
Debt issuance costs	-	66,571	(66,571)
Total expenditures	<u>10,804,864</u>	<u>10,133,768</u>	<u>671,096</u>
Excess of expenditures over revenues	(2,633,212)	(2,203,800)	429,412
Other financing sources (uses):			
Transfers in	2,563,716	2,386,186	(177,530)
Refunding bonds issued	-	6,954,249	6,954,249
Premium on refunding bonds	-	57,981	57,981
Payment to refunded bond escrow agent	-	(6,942,650)	(6,942,650)
Total other financing sources (uses)	<u>2,563,716</u>	<u>2,455,766</u>	<u>(107,950)</u>
Net change in fund balance	(69,496)	251,966	321,462
Fund Balance, October 1, 2013	5,876,434	5,876,433	-
Fund Balance, September 30, 2014	<u>\$ 5,806,938</u>	<u>\$ 6,128,399</u>	<u>\$ 321,462</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, 2014

	Original Budgeted Amounts	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Grant - Federal	\$ -	\$ -	\$ 26,406	\$ 26,406
Grant - State	-	-	-	-
Grant - Other	-	-	-	-
Investment earnings	-	-	94	94
Total revenues	-	-	26,500	26,500
Expenditures:				
Current:				
Public safety	-	10,904	36,180	(25,276)
Cultural and recreational	-	-	-	-
Total expenditures	-	10,904	36,180	(25,276)
Excess of expenditures over revenues	-	(10,904)	(9,680)	1,224
Net change in fund balance	-	(10,904)	(9,680)	1,224
Fund balance, October 1, 2013	24,180	24,180	24,180	-
Fund balance, September 30, 2014	\$ 24,180	\$ 13,276	\$ 14,500	\$ 1,224

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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Grants	\$ 2,202,648	\$ 2,202,648	\$ 1,174,543	\$ (1,028,105)
Other	66,000	66,000	74,341	8,341
Total revenues	<u>2,268,648</u>	<u>2,268,648</u>	<u>1,248,884</u>	<u>(1,019,764)</u>
Expenditures:				
Current:				
Development services	2,268,648	2,412,848	1,278,512	1,134,336
Total expenditures	<u>2,268,648</u>	<u>2,412,848</u>	<u>1,278,512</u>	<u>1,134,336</u>
Net change in fund balance	-	(144,200)	(29,628)	114,572
Fund balance, October 1, 2013	8,076	8,076	8,076	-
Fund balance, September 30, 2014	<u>\$ 8,076</u>	<u>\$ (136,124)</u>	<u>\$ (21,552)</u>	<u>\$ 114,572</u>

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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Occupancy taxes	\$ 658,400	\$ 655,000	\$ 1,179,774	\$ 524,774
Investment earnings	-	3,400	3,931	531
Total revenues	658,400	658,400	1,183,705	525,305
Expenditures:				
Current:				
Cultural and recreational	534,042	724,350	714,597	9,753
Total expenditures	534,042	724,350	714,597	9,753
Other financing uses:				
Transfers out	(28,997)	(11,497)	-	11,497
Net change in fund balance	95,361	(77,447)	469,108	546,555
Fund balance, October 1, 2013	653,604	653,604	653,604	-
Fund balance, September 30, 2014	\$ 748,965	\$ 576,157	\$ 1,122,712	\$ 546,555

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, 2014

	Original Budgeted Amounts	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Investment earnings	\$ -	\$ -	\$ 306	\$ 306
Total revenues	-	-	306	306
Net change in fund balance	-	-	306	306
Fund balances, October 1, 2013	700	700	934	(234)
Fund balances, September 30, 2014	\$ 934	\$ 934	\$ 1,240	\$ 306

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, 2014

	Original Budgeted Amounts	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Technology fee	\$ 45,000	\$ 45,000	\$ 40,626	\$ (4,374)
Investment earnings - Interest income	1,100	1,100	1,228	128
Total revenues	46,100	46,100	41,854	(4,246)
Expenditures:				
Current:				
Public safety	57,000	82,000	78,501	3,499
Total expenditures	57,000	82,000	78,501	3,499
Net change in fund balance	(10,900)	(35,900)	(36,647)	(747)
Fund balance, October 1, 2013	296,395	296,395	296,395	-
Fund balance, September 30, 2014	\$ 285,495	\$ 260,495	\$ 259,748	\$ (747)

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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Transportation assessments	\$ 5,280,625	\$ 5,280,625	\$ 5,483,484	\$ 202,859
Investment earnings	41,000	41,000	70,354	29,354
Total revenues	<u>5,321,625</u>	<u>5,321,625</u>	<u>5,553,838</u>	<u>232,213</u>
Expenditures:				
Current:				
Public works services	8,592,900	10,528,297	4,161,623	6,366,674
Total expenditures	<u>8,592,900</u>	<u>10,528,297</u>	<u>4,161,623</u>	<u>6,366,674</u>
Excess (deficiency) of revenues over (under) expenditures	(3,271,275)	(5,206,672)	1,392,215	6,598,887
Other financing sources (uses)				
Transfers out	(259,643)	(259,643)	(259,643)	-
Total other financing sources (uses)	<u>(259,643)</u>	<u>(259,643)</u>	<u>(259,643)</u>	<u>-</u>
Net change in fund balance	(3,530,918)	(5,466,315)	1,132,572	6,598,887
Fund balance, October 1, 2013	12,515,747	12,515,747	12,515,747	-
Fund balance, September 30, 2014	<u>\$ 8,984,829</u>	<u>\$ 7,049,432</u>	<u>\$ 13,648,319</u>	<u>\$ 6,598,887</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, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Drainage assessments	\$ 940,000	\$ 940,000	\$ 914,981	\$ (25,019)
Investment earnings	3,700	3,700	7,612	3,912
Total revenues	<u>943,700</u>	<u>943,700</u>	<u>922,593</u>	<u>(21,107)</u>
Expenditures:				
Current:				
Public works services	884,500	1,017,696	145,611	872,085
Capital outlay	-	-	48,024	(48,024)
Total expenditures	<u>884,500</u>	<u>1,017,696</u>	<u>193,635</u>	<u>872,085</u>
Excess (deficiencies) of revenues over (under) expenditures	59,200	(73,996)	728,958	802,954
Other financing uses:				
Transfers out	-	-	-	-
Net change in fund balance	59,200	(73,996)	728,958	802,954
Fund balance, October 1, 2013	1,164,533	1,164,533	1,164,532	1
Fund balance, September 30, 2014	<u>\$ 1,223,733</u>	<u>\$ 1,090,537</u>	<u>\$ 1,893,490</u>	<u>\$ 802,953</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, 2014

	Original and Final Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 869,596	\$ 869,596	\$ 870,344	\$ 748
Investment earnings	100	100	1,613	1,513
Other	550,649	550,649	563,090	12,441
Total revenues	<u>1,420,345</u>	<u>1,420,345</u>	<u>1,435,047</u>	<u>14,702</u>
Expenditures:				
Current:				
General government and administration	25,000	25,000	23,148	1,852
Development services	-	47,574	47,574	-
Total expenditures	<u>25,000</u>	<u>72,574</u>	<u>70,722</u>	<u>1,852</u>
Excess of revenues over expenditures	1,395,345	1,347,771	1,364,325	16,554
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(1,392,002)	(1,392,002)	(1,392,002)	-
Total other financing sources (uses)	<u>(1,392,002)</u>	<u>(1,392,002)</u>	<u>(1,392,002)</u>	<u>-</u>
Net change in fund balance	3,343	(44,231)	(27,677)	16,554
Fund balance, October 1, 2013	46,518	46,518	46,518	-
Fund balance, September 30, 2014	<u>\$ 49,861</u>	<u>\$ 2,287</u>	<u>\$ 18,841</u>	<u>\$ 16,554</u>

CITY OF BRYAN, TEXAS

Tax Increment Reinvestment Zone #19 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2014

	Original Budgeted Amounts	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 112,907	\$ 112,907	\$ 111,146	\$ (1,761)
Investment earnings	-	-	195	195
Other	-	-	-	-
Total revenues	<u>112,907</u>	<u>112,907</u>	<u>111,341</u>	<u>(1,566)</u>
Excess of revenues over expenditures	112,907	112,907	111,341	(1,566)
Other financing sources (uses)				
Transfers in	50,000	50,000	25,000	(25,000)
Transfers out	(156,331)	(156,331)	(132,218)	24,113
Total other financing sources (uses)	<u>(106,331)</u>	<u>(106,331)</u>	<u>(107,218)</u>	<u>(887)</u>
Net change in fund balance	6,576	6,576	4,123	(2,453)
Fund balance, October 1, 2013	<u>3,223</u>	<u>3,223</u>	<u>3,223</u>	<u>-</u>
Fund balance, September 30, 2014	<u>\$ 9,799</u>	<u>\$ 9,799</u>	<u>\$ 7,346</u>	<u>\$ (2,453)</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, 2014

	Original Budgeted Amounts	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 85,686	\$ 85,686	\$ 84,020	\$ (1,666)
Investment earnings	475	475	1,100	625
Total revenues	<u>86,161</u>	<u>86,161</u>	<u>85,120</u>	<u>(1,041)</u>
Expenditures:				
Current:				
General government and administration	-	-	-	-
Development services	-	-	-	-
Capital outlay	-	200,000	-	200,000
Total expenditures	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>86,161</u>	<u>(113,839)</u>	<u>85,120</u>	<u>198,959</u>
Net change in fund balance	86,161	(113,839)	85,120	198,959
Fund balances, October 1, 2013	<u>165,635</u>	<u>165,635</u>	<u>165,635</u>	<u>-</u>
Fund balances, September 30, 2014	<u>\$ 251,796</u>	<u>\$ 51,796</u>	<u>\$ 250,755</u>	<u>\$ 198,959</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, 2014

	Original Budgeted Amounts	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 160,541	\$ 160,541	\$ 160,541	\$ -
Investment earnings	100	100	1,237	1,137
Other	119,769	119,769	106,213	(13,556)
Total revenues	<u>280,410</u>	<u>280,410</u>	<u>267,991</u>	<u>(12,419)</u>
Expenditures:				
Current:				
Development services	25,000	29,774	5,227	24,547
Capital outlay	-	-	-	-
Total expenditures	<u>25,000</u>	<u>29,774</u>	<u>5,227</u>	<u>24,547</u>
Excess of revenues over expenditures	255,410	250,636	262,764	12,128
Other financing sources (uses):				
Transfers in	-	-	-	-
Bond proceeds	-	-	-	-
Transfers out	(395,009)	(437,523)	(437,523)	-
Total other financing sources (uses)	<u>(395,009)</u>	<u>(437,523)</u>	<u>(437,523)</u>	<u>-</u>
Net change in fund balance	(139,599)	(186,887)	(174,759)	12,128
Fund balances, October 1, 2013	337,533	337,533	337,533	-
Fund balances, September 30, 2014	<u>\$ 197,934</u>	<u>\$ 150,646</u>	<u>\$ 162,774</u>	<u>\$ 12,128</u>



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COMBINING FINANCIAL STATEMENTS

NONMAJOR ENTERPRISE FUNDS

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

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

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

CITY OF BRYAN, TEXAS

Combining Statement of Net Position

Nonmajor Enterprise Funds

As of September 30, 2014

	<u>Assets</u>			
	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Current assets:				
Cash and cash equivalents	\$ 3,546,481	\$ 206,245	\$ 7,599	\$ 3,760,325
Investments	989,881	57,511	2,121	1,049,513
Accounts receivable	587,174	18,378	-	605,552
Less allowance for uncollectible	(151,883)	-	-	(151,883)
Interest receivable	1,465	85	3	1,553
Inventories	-	14,601	-	14,601
Due from other funds	194,115	-	-	194,115
Restricted Cash and Cash Equiv				
Prepaid and other assets	468	2,898	-	3,366
Total current assets	5,167,701	299,718	9,723	5,477,142
Noncurrent assets:				
Restricted assets:				
Investment in BVSWMA	12,909,487	-	-	12,909,487
Capital assets:				
Land	-	654,670	8,964,013	9,618,683
Buildings	81,401	1,171,993	-	1,253,394
Equipment	7,251,671	14,008	-	7,265,679
Improvements other than buildings	349,562	3,175,524	-	3,525,086
Construction in progress	-	162,033	-	162,033
Less accumulated depreciation	(4,903,566)	(2,709,836)	-	(7,613,402)
Total capital assets (net of accumulated depreciation)	2,779,068	2,468,392	8,964,013	14,211,473
Total noncurrent assets	15,688,555	2,468,392	8,964,013	27,120,960
Total assets	\$ 20,856,256	\$ 2,768,110	\$ 8,973,736	\$ 32,598,102
Deferred outflows				
Unamortized loss on refunded debt	\$ -	\$ 785	\$ -	\$ 785
Total deferred outflows	\$ -	\$ 785	\$ -	\$ 785

<u>Liabilities</u>		Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Current liabilities:					
Accounts payable		\$ 124,497	\$ 18,146	\$ -	\$ 142,643
Accrued liabilities		172,387	5,514	-	177,901
Accrued interest		-	89	-	89
Accrued vacation and sick pay		102,970	670	-	103,640
Current liabilities payable from restricted assets:					
Customer deposits		-	10,275	-	10,275
General obligation bonds - current portion		-	2,477	-	2,477
Total current liabilities		399,854	37,171	-	437,025
Noncurrent liabilities:					
General obligation bonds		-	25,204	-	25,204
Unamortized bond premiums (discounts)		-	119	-	119
Notes		-	1,510	-	1,510
Accrued vacation and sick pay		53,045	345	-	53,390
Other post employee benefit		122,287	11,931	-	134,218
Net pension obligation		235,909	7,691	-	243,600
Total noncurrent liabilities		411,241	46,800	-	458,041
Total liabilities		811,095	83,971	-	895,066
<u>Net Position</u>					
Net investment in capital assets		2,779,068	2,440,592	8,964,013	14,183,673
Restricted for BVSWMMA		12,909,487	-	-	12,909,487
Unrestricted		4,356,606	244,332	9,723	4,610,661
Total net position		\$ 20,045,161	\$ 2,684,924	\$ 8,973,736	\$ 31,703,821

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended September 30, 2014

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Operating revenues:				
Other	\$ 7,468,199	\$ 742,141	\$ 15,976	\$ 8,226,316
Total operating revenues	<u>7,468,199</u>	<u>742,141</u>	<u>15,976</u>	<u>8,226,316</u>
Operating expenses:				
Personnel services	2,425,907	119,943	-	2,545,850
Maintenance	328,225	8,223	-	336,448
Other services and charges	1,525,680	73,675	68,063	1,667,418
Other expenses	646,201	407,962	-	1,054,163
General and administrative	977,016	-	-	977,016
Total operating expenses				
before depreciation	5,903,029	609,803	68,063	6,580,895
Operating income (loss) before depreciation	<u>1,565,170</u>	<u>132,338</u>	<u>(52,087)</u>	<u>1,645,421</u>
Depreciation	905,312	186,877	-	1,092,189
Operating income (loss)	<u>659,858</u>	<u>(54,539)</u>	<u>(52,087)</u>	<u>553,232</u>
Nonoperating revenues (expenses):				
Investment earnings	20,289	553	3	20,845
Interest expense	-	(819)	-	(819)
Grants	-	48,140	-	48,140
Distributive share of BVSWMA net income	291,366	-	-	291,366
Other - net	12,415	-	-	12,415
Total nonoperating revenues (expenses)	<u>324,070</u>	<u>47,874</u>	<u>3</u>	<u>371,947</u>
Income (loss) before contributions and transfers	983,928	(6,665)	(52,084)	925,179
Transfers in				
Transfers out	88,273	110,000	60,000	258,273
Change in net position	<u>(612,192)</u>	<u>-</u>	<u>-</u>	<u>(612,192)</u>
	460,009	103,335	7,916	571,260
Net position, October 1, 2013, as restated	<u>19,585,152</u>	<u>2,581,589</u>	<u>8,965,820</u>	<u>31,132,561</u>
Net position, September 30, 2014	<u>\$ 20,045,161</u>	<u>\$ 2,684,924</u>	<u>\$ 8,973,736</u>	<u>\$ 31,703,821</u>

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2014

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 7,448,523	\$ 771,316	\$ 15,976	\$ 8,235,815
Payments to suppliers	(3,964,148)	(475,920)	(68,063)	(4,508,131)
Payments to employees	(2,374,927)	(109,737)	-	(2,484,664)
Receipts for miscellaneous revenues	12,415	48,140	-	60,555
Net cash provided (used) by operating activities	1,121,863	233,799	(52,087)	1,303,575
Cash flows from noncapital financing activities:				
Transfers in	88,273	110,000	60,000	258,273
Transfers out	(612,192)	-	-	(612,192)
Net cash provided (used) by noncapital financing activities	(523,919)	110,000	60,000	(353,919)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	92,727	(173,110)	-	(80,383)
Grants	-	2,542	-	2,542
Amortization of debt expense	-	105	-	105
Principal paid on certificates of obligation	-	(835)	-	(835)
Interest paid on bonds, contractual obligations, and notes	-	(819)	-	(819)
Net cash provided (used) by capital and related financing activities	92,727	(172,117)	-	(79,390)
Cash flows from investing activities:				
Purchase of investment securities	635,657	(44,969)	(1,873)	588,816
Sale of investment securities	(468,387)	15,096	298	(452,994)
Interest on investments	20,411	506	1	20,918
Net cash provided (used) by investing activities	187,681	(29,367)	(1,574)	156,740
Net increase in cash and cash equivalents	878,352	142,315	6,339	1,027,006
Cash and cash equivalents, October 1, 2013	2,668,129	63,930	1,260	2,733,319
Cash and cash equivalents, September 30, 2014	\$ 3,546,481	\$ 206,245	\$ 7,599	\$ 3,760,325

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows (continued)

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2014

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 659,858	\$ (54,539)	\$ (52,087)	\$ 553,232
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	905,312	186,877	-	1,092,189
Receipts for miscellaneous revenues	12,415	48,140	-	60,555
Change in assets and liabilities:				
Change in accounts receivable	(19,676)	1,285	-	(18,391)
Change in inventory	-	24,935	-	24,935
Change in prepaid assets	207	(2,580)	-	(2,373)
Change in accounts payable	(478,538)	16,520	-	(462,018)
Change in accrued liabilities	10,348	443	-	10,791
Change in customer deposits	-	2,955	-	2,955
Change in due to other funds	(19,043)	-	-	(19,043)
Change in OPEB and NPO	36,446	9,340	-	45,786
Change in accrued vacation and sick pay	14,534	423	-	14,957
Net cash provided (used) by operating activities	\$ 1,121,863	\$ 233,799	\$ (52,087)	\$ 1,303,575

Noncash investing, capital and financing activities

During this past year, the Enterprise Funds investment in BVSWMA increased \$291,366 as a result of their operations.

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

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

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

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

CITY OF BRYAN, TEXAS
Internal Service Funds
Combining Statement of Net Position
As of September 30, 2014

<u>Assets</u>	<u>Warehouse Fund</u>	<u>Insurance Fund</u>	<u>Employee Benefit Trust Fund</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 54,033	\$ 1,776,101	\$ 2,587,979	\$ 4,418,113
Investments	15,082	474,819	722,367	1,212,268
Accounts receivable	-	40,362	47,532	87,894
Interest receivable	22	703	1,069	1,794
Inventories	281,558	-	-	281,558
Due from other funds	(5)	5,319	36,377	41,691
Prepaid and other assets	-	1,705	-	1,705
Total current assets	350,690	2,299,009	3,395,324	6,045,023
Noncurrent assets:				
Capital assets:				
Buildings	-	23,420	-	23,420
Equipment	27,390	87,063	-	114,453
Improvements other than buildings	98,420	29,572	-	127,992
Less accumulated depreciation	(69,973)	(117,695)	-	(187,668)
Total capital assets (net of accumulated depreciation)	55,837	22,360	-	78,197
Total assets	\$ 406,527	\$ 2,321,369	\$ 3,395,324	\$ 6,123,220
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 23,146	\$ 33,650	\$ 211,569	\$ 268,365
Claims payable	-	662,593	859,163	1,521,756
Accrued liabilities	10,991	22,849	-	33,840
Accrued vacation and sick pay	5,396	38,599	-	43,995
Total current liabilities	39,533	757,691	1,070,732	1,867,956
Noncurrent liabilities:				
Claims payable	-	1,100,751	-	1,100,751
Accrued liabilities	-	-	1,950,629	1,950,629
Accrued vacation and sick pay	2,780	19,884	-	22,664
Total noncurrent liabilities	2,780	1,120,635	1,950,629	3,074,044
Total liabilities	42,313	1,878,326	3,021,361	4,942,000
<u>Net Position</u>				
Net investment in capital assets	55,837	22,360	-	78,197
Unrestricted	308,377	420,683	373,963	1,103,023
Total net position	\$ 364,214	\$ 443,043	\$ 373,963	\$ 1,181,220

CITY OF BRYAN, TEXAS
Internal Service Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2014

	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Operating revenues:				
Intragovernmental	\$ 211,572	\$ 1,546,324	\$ 5,797,100	\$ 7,554,996
Other	336	-	2,436,502	2,436,838
Total operating revenues	<u>211,908</u>	<u>1,546,324</u>	<u>8,233,602</u>	<u>9,991,834</u>
Operating expenses:				
Personnel services	216,762	439,059	-	655,821
Maintenance	2,355	6,233	-	8,588
Claims	-	2,488,542	6,339,890	8,828,432
Other services and charges	61,136	669,649	1,949,629	2,680,414
Other expenses	8,348	14,669	-	23,017
Total operating expenses before depreciation	<u>288,601</u>	<u>3,618,152</u>	<u>8,289,519</u>	<u>12,196,272</u>
Operating loss before depreciation	(76,693)	(2,071,828)	(55,917)	(2,204,438)
Depreciation	7,660	2,650	-	10,310
Operating loss	<u>(84,353)</u>	<u>(2,074,478)</u>	<u>(55,917)</u>	<u>(2,214,748)</u>
Nonoperating revenues:				
Investment earnings	526	12,065	13,473	26,064
Other	-	1,177,598	318,648	1,496,246
Total nonoperating revenues	<u>526</u>	<u>1,189,663</u>	<u>332,121</u>	<u>1,522,310</u>
Loss before transfers	(83,827)	(884,815)	276,204	(692,438)
Transfers in	-	-	1,150,000	1,150,000
Transfers out	-	(1,150,000)	-	(1,150,000)
Change in net position	<u>(83,827)</u>	<u>(2,034,815)</u>	<u>1,426,204</u>	<u>(692,438)</u>
Net position, October 1, 2013	448,041	2,477,858	(1,052,241)	1,873,658
Net position, September 30, 2014	<u>\$ 364,214</u>	<u>\$ 443,043</u>	<u>\$ 373,963</u>	<u>\$ 1,181,220</u>

CITY OF BRYAN, TEXAS
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2014

	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,047,949	\$ -	\$ 2,430,407	\$ 4,478,356
Receipts for interfund services provided	136,650	1,560,159	5,889,055	7,585,864
Payments to suppliers	(2,046,387)	(2,749,569)	(8,181,157)	(12,977,113)
Payments to employees	(212,457)	(437,122)	-	(649,579)
Receipts for miscellaneous revenues	-	1,177,598	318,280	1,495,878
Payments for interfund services used	-	-	-	-
Net cash (used) by operating activities	(74,245)	(448,934)	456,585	(66,594)
Cash flows from noncapital financing activities:				
Transfers in	-	-	1,150,000	1,150,000
Transfers out	-	(1,150,000)	-	(1,150,000)
Net cash used by noncapital activities	-	(1,150,000)	1,150,000	-
Cash flows from investing activities:				
Purchase of investment securities	(7,136)	(224,672)	(490,324)	(722,132)
Sale of investment securities	35,252	887,870	279,284	1,202,406
Interest on investments	561	12,923	13,473	26,957
Net cash provided by investing activities	28,677	676,121	(197,567)	507,231
Net increase (decrease) in cash and cash equivalents	(45,568)	(922,813)	1,409,018	440,637
Cash and cash equivalents, October 1, 2013	99,601	2,698,914	1,178,961	3,977,476
Cash and cash equivalents, September 30, 2014	\$ 54,033	\$ 1,776,101	\$ 2,587,979	\$ 4,418,113
Operating (loss)	\$ (84,353)	\$ (2,074,478)	\$ (55,917)	(2,214,748)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				-
Depreciation	7,660	2,650	-	10,310
Nonoperating revenue	-	1,177,598	318,648	1,496,246
Change in assets and liabilities:				
Change in accounts receivable	-	8,482	(6,095)	2,387
Change in inventory	(7,931)	-	-	(7,931)
Change in due from other funds	238	5,353	91,955	97,546
Change in prepaid assets	-	(590)	-	(590)
Change in accounts payable	5,836	(2,910)	45,699	48,625
Change in accrued liabilities	1,070	2,540	214,120	217,730
Change in due to other funds	-	-	-	-
Change in claims payable	-	433,024	(151,825)	281,199
Change in vacation and sick pay	3,235	(603)	-	2,632
Net cash (used) by operating activities	(74,245)	(448,934)	456,585	(66,594)

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, 2014

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<u>Assets</u>				
Cash and cash equivalents	\$ 786,700	\$ 62,410,784	\$ 62,144,044	\$ 1,053,440
Accounts Receivable	331,714	1,523,392	1,767,228	87,878
Total assets	\$ 1,118,414	\$ 63,934,176	\$ 63,911,272	\$ 1,141,318
<u>Liabilities</u>				
Benefits and employment taxes payable	\$ 1,118,414	\$ 29,453,947	\$ 29,476,851	\$ 1,141,318

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, 2014 and 2013

	2014	2013
Governmental funds capital assets:		
Land	\$ 11,591,736	\$ 11,543,422
Buildings	42,811,914	42,728,759
Improvements other than buildings	31,781,678	31,606,485
Equipment	30,350,944	28,817,914
Infrastructure	180,812,706	175,499,864
Construction in Progress	5,247,939	6,915,651
	<u>\$ 302,596,917</u>	<u>\$ 297,112,095</u>
Investments in governmental funds capital assets by source:		
General Fund	\$ 83,923,466	\$ 82,740,141
Special Revenue Funds	8,126,350	8,126,350
Private Contributions	39,011,598	37,349,749
General Obligation bonds	42,229,658	42,229,658
Grants	6,611,770	6,611,770
Certificates of Obligation	122,694,075	120,054,427
	<u>\$ 302,596,917</u>	<u>\$ 297,112,095</u>

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

CITY OF BRYAN, TEXAS

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended September 30, 2014

Function and Activity	Governmental Funds Capital Assets October 1, 2013	Reclassifications	Additions	Deductions	Governmental Funds Capital Assets September 30, 2014
General Government:					
Executive	\$ 16,809,823	\$ -	\$ 7,500	\$ -	\$ 16,817,323
City Secretary	264,858	-	-	-	264,858
Legal services	41,126	-	-	-	41,126
Fiscal services	324,712	-	-	-	324,712
Computer services	8,025,754	-	338,093	-	8,363,847
Purchasing services	1,773,249	-	-	-	1,773,249
Human resources	44,862	-	-	-	44,862
Facility services	3,300,904	-	22,322	-	3,323,226
Fleet services	70,619	-	-	-	70,619
Total general government	30,655,907	-	367,915	-	31,023,822
Development services:					
Administration	599,956	-	-	18,673	581,283
Planning	70,070	-	-	-	70,070
Engineering	165,525	-	40,966	-	206,491
Inspections	119,143	-	-	-	119,143
Community Development	5,360,216	-	-	-	5,360,216
TIF infrastructure	10,283,177	-	-	-	10,283,177
Total development services	16,598,087	-	40,966	18,673	16,620,380
Public works:					
Environmental services	28,567	-	-	-	28,567
Transportation services	174,354,139	-	5,389,461	17,946	179,725,654
Total public works	174,382,706	-	5,389,461	17,946	179,754,221
Public safety:					
Police services	24,853,737	-	334,099	107,905	25,079,931
Fire and emergency medical services	14,348,276	-	799,111	-	15,147,387
Municipal court	2,211,825	-	52,316	-	2,264,141
Total public safety	41,413,838	-	1,185,526	107,905	42,491,459
Cultural and recreational:					
Administration	143,955	-	-	-	143,955
Library services	4,265,018	-	204,240	-	4,469,258
Parks and recreation services	22,736,934	-	125,700	16,751	22,845,883
Total cultural and recreational	27,145,907	-	329,940	16,751	27,459,096
Construction in Progress - Unclassified	6,915,651	-	2,058,935	3,726,647	5,247,939
Total governmental funds capital assets	\$ 297,112,095	\$ -	\$ 9,372,743	\$ 3,887,922	\$ 302,596,917

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, 2014

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government:							
Executive	\$ 2,138,903	\$ 14,392,043	\$ -	\$ 286,378	\$ -	\$ -	\$ 16,817,324
City Secretary	125,000	-	94,261	45,597	-	-	264,858
Legal services	-	-	41,126	-	-	-	41,126
Fiscal services	-	38,384	-	286,327	-	-	324,711
Computer services	-	60,768	33,279	8,269,800	-	-	8,363,847
Purchasing services	-	37,037	1,679,680	56,533	-	-	1,773,250
Human resources	-	-	9,991	34,871	-	-	44,862
Facility services	-	2,468,306	118,187	736,733	-	-	3,323,226
Fleet services	-	1,671	32,396	36,552	-	-	70,619
Total general government	2,263,903	16,998,209	2,008,920	9,752,791	-	-	31,023,823
Development services:							
Administration	35,156	1,260	-	544,867	-	-	581,283
Planning	-	29,062	-	41,008	-	-	70,070
Engineering	4,556	7,343	-	194,593	-	-	206,492
Inspections	-	-	-	119,143	-	-	119,143
Community Development	118,531	131,652	5,083,368	26,665	-	-	5,360,216
TIF infrastructure	81,902	-	58,449	-	10,142,825	-	10,283,176
Total development services	240,145	169,317	5,141,817	926,276	10,142,825	-	16,620,380
Public works:							
Environmental services	-	11,995	16,572	-	-	-	28,567
Transportation services	5,246,032	8,840	957,554	2,870,751	170,642,477	5,137,355	184,863,009
Total public works	5,246,032	20,835	974,126	2,870,751	170,642,477	5,137,355	184,891,576
Public safety:							
Police services	1,043,332	18,189,593	22,982	5,824,024	-	-	25,079,931
Fire and emergency medical services	-	6,345,530	12,780	8,789,077	-	-	15,147,387
Municipal court	1,819,216	-	106,675	338,250	-	-	2,264,141
Total public safety	2,862,548	24,535,123	142,437	14,951,351	-	-	42,491,459
Cultural and recreational:							
Administration	-	-	107,924	36,031	-	-	143,955
Library services	-	554,941	3,637,801	276,515	-	-	4,469,257
Parks and recreation services	979,108	533,489	19,768,653	1,537,229	27,404	110,584	22,956,467
Total cultural and recreational	979,108	1,088,430	23,514,378	1,849,775	27,404	110,584	27,569,679
Total governmental funds capital assets	\$ 11,591,736	\$ 42,811,914	\$ 31,781,678	\$ 30,350,944	\$ 180,812,706	\$ 5,247,939	\$ 302,596,917

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

STATISTICAL SECTION

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

Contents

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

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

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

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

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

City of Bryan, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

Table 1

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets ⁽¹⁾										
Restricted	\$ 69,967,643	\$ 73,996,072	\$ 58,468,218	\$ 70,901,798	\$ 72,148,854	\$ 63,909,781	\$ 73,325,895	\$ 73,821,014	\$ 74,520,118	\$ 67,019,218
Unrestricted	9,408,853	2,363,876	27,981,851	23,344,871	23,432,166	30,938,682	24,782,392	24,404,041	18,624,433	23,068,934
Total governmental activities net position ⁽¹⁾	<u>\$ 25,200,380</u>	<u>\$ 33,341,850</u>	<u>\$ 21,616,812</u>	<u>\$ 13,567,078</u>	<u>\$ 6,457,676</u>	<u>\$ 7,301,794</u>	<u>\$ 10,124,807</u>	<u>\$ 8,130,941</u>	<u>\$ 19,434,534</u>	<u>\$ 27,501,716</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>	<u>\$ 112,579,085</u>	<u>\$ 117,589,868</u>
Business-type activities										
Net investment in capital assets ⁽¹⁾										
Restricted	\$ 192,023,775	\$ 205,120,101	\$ 211,649,393	\$ 219,334,434	\$ 232,484,352	\$ 241,866,068	\$ 252,740,085	\$ 248,552,828	\$ 263,550,484	\$ 269,168,669
Unrestricted	48,742,062	50,081,595	51,830,123	43,850,639	39,595,645	36,217,006	29,510,223	34,775,027	36,745,716	34,139,444
Total Business-type activities net position ⁽¹⁾	<u>\$ 44,945,078</u>	<u>\$ 52,644,050</u>	<u>\$ 60,752,417</u>	<u>\$ 74,031,100</u>	<u>\$ 79,737,961</u>	<u>\$ 75,781,601</u>	<u>\$ 78,497,386</u>	<u>\$ 85,730,247</u>	<u>\$ 74,740,740</u>	<u>\$ 82,220,018</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>	<u>\$ 375,036,940</u>	<u>\$ 385,528,131</u>
Primary government										
Net investment in capital assets ⁽¹⁾										
Restricted	\$ 261,991,418	\$ 279,116,173	\$ 270,117,611	\$ 290,236,232	\$ 304,633,206	\$ 305,775,849	\$ 326,065,980	\$ 322,373,842	\$ 338,070,602	\$ 336,187,887
Unrestricted	58,150,915	52,445,471	79,811,974	67,195,510	63,027,811	67,155,688	54,292,615	59,179,068	55,370,149	57,208,378
Total primary government net position ⁽¹⁾	<u>\$ 70,145,458</u>	<u>\$ 85,985,900</u>	<u>\$ 82,369,229</u>	<u>\$ 87,598,178</u>	<u>\$ 86,195,637</u>	<u>\$ 83,083,395</u>	<u>\$ 88,622,193</u>	<u>\$ 93,861,188</u>	<u>\$ 94,175,274</u>	<u>\$ 109,721,734</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>	<u>\$ 487,616,025</u>	<u>\$ 503,117,999</u>

⁽¹⁾ All amounts have been adjusted to include infrastructure in place prior to fiscal year 2002.

Note: Restatement of FY13 Ending Net Position, Reference Note 1.

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

Table 2

Expenses	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
General government and administration	\$ 6,978,510	\$ 8,297,179	\$ 9,236,358	\$ 9,816,634	\$ 14,552,308	\$ 11,861,977	\$ 11,694,539	\$ 12,567,217	\$ 12,725,727	\$ 11,862,127
Development services	3,464,594	5,462,407	4,340,747	4,704,351	4,488,613	5,514,292	5,451,223	4,946,473	5,324,990	5,265,275
Public works services	7,887,261	9,669,822 ⁽¹⁾	10,511,166	10,336,466	18,315,196	14,603,264	14,091,910	15,169,531	12,764,623	14,180,817
Public safety	18,764,003	20,642,551	22,022,243	25,001,597	24,055,956	28,098,561	21,693,251	24,346,634	32,133,857	33,069,954
Cultural and Recreational	6,144,441	8,012,157	8,015,013	7,915,198	8,829,886	8,585,698	7,666,774	8,242,037	8,175,136	8,332,012
Interest on long-term debt	3,791,538	3,867,959	4,061,936	4,206,919	4,742,776	4,392,590	4,982,815	4,560,746	4,264,522	3,548,309
Total governmental activities expenses	47,030,347	55,952,075	58,187,463	61,981,365	74,984,735	73,056,382	65,580,512	69,832,638	75,388,855	76,258,494
Business-type activities:										
Electric	187,892,006	170,643,465	135,258,317	151,358,522	140,629,222	132,804,674	142,323,465	133,361,843	157,381,300	170,664,649
Rural Electric	22,454,245	24,727,234	23,150,766	27,632,138	29,712,906	27,993,444	29,664,911	28,603,608	29,583,733	33,312,663
Water	7,788,777	8,196,725	8,222,608	9,801,729	9,290,685	10,380,604	10,868,241	11,202,934	9,974,403	9,761,250
Wastewater	9,193,987	8,930,397	8,956,833	13,429,973	11,002,685	9,880,856	10,658,709	10,966,690	9,848,759	10,272,703
Other	6,292,314	6,241,268	15,886,390	7,629,919	3,848,988	9,813,006	15,215,556	12,195,441	7,949,095	7,851,301
Total business-type activities expenses	233,621,329	218,739,089	191,474,914	209,852,281	194,484,486	190,872,584	208,730,892	196,330,516	214,737,290	231,862,566
Total primary government expenses	\$ 280,651,676	\$ 274,691,164	\$ 249,662,377	\$ 271,833,646	\$ 269,469,221	\$ 263,928,966	\$ 274,311,394	\$ 266,163,154	\$ 290,126,145	\$ 308,121,060
Program Revenues										
Governmental activities:										
General government and administration	\$ 149,738	\$ 153,220	\$ 143,397	\$ 143,601	\$ 137,148	\$ 166,198	\$ 147,025	\$ 126,499	\$ 269,503	\$ 286,868
Development services	504,189	523,492	722,130	614,615	587,732	572,570	492,175	592,784	565,539	668,583
Public safety	2,963,856	3,586,722	3,534,273	4,394,972	4,824,117	4,639,041	4,385,470	4,028,727	4,717,287	4,568,322
Cultural and recreational	1,358,437	1,280,685	1,270,134	1,464,608	1,912,083	1,634,222	1,355,274	1,581,416	2,051,721	1,304,457
Operating grants and contributions	2,695,069	2,720,818	2,386,129	2,819,267	2,382,961	2,640,566	2,607,994	2,732,746	2,840,902	2,490,517
Capital grants and contributions	8,316,305	2,463,210	3,430,598	2,500,099	3,528,100	4,476,022	2,657,466	3,232,203	1,891,869	1,661,949
Total governmental activities program revenues	15,987,594	10,728,147	11,486,661	12,087,162	13,372,141	14,128,619	11,645,404	12,794,375	12,336,821	10,980,596
Business-type activities:										
Electric	197,251,336	181,408,666	141,061,065	153,872,437	147,926,009	134,670,691	151,634,735	145,990,914	157,857,718	183,923,241
Rural Electric	24,406,821	26,825,204	24,991,627	28,975,229	30,996,152	30,133,488	31,851,185	31,495,841	32,257,374	35,728,300
Water	9,853,319	10,832,129	9,385,539	10,944,038	12,216,438	11,529,217	14,281,996	12,723,839	12,723,839	11,678,692
Wastewater	10,604,267	11,384,558	11,357,398	11,586,181	12,017,013	12,369,599	13,112,105	13,072,233	12,429,017	12,496,697
Other Enterprise Funds	8,846,382	9,595,603	10,030,558	10,155,749	10,181,590	10,736,815	10,840,430	11,066,735	11,813,933	8,226,316
Operating grants and contributions	-	26,573	-	-	658,470	25,033	2,615,369	540,202	101,495	-
Capital grants and contributions	5,488,219	2,349,480	2,348,044	2,643,388	1,594,030	1,932,153	979,666	1,173,074	1,757,250	1,784,937
Total business-type activities program revenue	256,450,344	242,422,413	199,174,231	218,177,022	215,589,702	201,396,996	225,315,486	216,218,375	228,940,626	253,838,183
Total primary government program revenues	\$ 272,437,938	\$ 253,150,560	\$ 210,660,892	\$ 230,264,184	\$ 228,961,843	\$ 215,525,615	\$ 236,960,890	\$ 228,512,750	\$ 241,277,447	\$ 264,818,779
Net (expense)/revenue										
Governmental activities	\$ (31,042,753)	\$ (45,223,928)	\$ (46,700,802)	\$ (49,894,203)	\$ (61,612,594)	\$ (58,927,763)	\$ (53,935,108)	\$ (57,538,263)	\$ (63,052,034)	\$ (65,277,898)
Business-type activities	22,829,015	23,683,324	7,699,317	8,324,741	21,105,216	10,524,412	16,584,604	19,887,859	14,203,333	21,975,617
Total primary government net expense	\$ (8,213,738)	\$ (21,540,604)	\$ (39,001,485)	\$ (41,569,462)	\$ (40,507,378)	\$ (48,403,351)	\$ (37,350,504)	\$ (37,650,404)	\$ (48,848,701)	\$ (43,302,281)
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 16,160,905	\$ 17,183,813	\$ 18,859,376	\$ 20,494,898	\$ 21,950,012	\$ 22,967,025	\$ 23,043,249	\$ 24,075,833	\$ 24,723,667	\$ 25,765,716
Sales taxes	11,731,308	13,381,722	13,491,560	14,532,775	14,140,838	14,608,410	14,301,017	14,814,931	15,984,919	17,882,449
Franchise taxes	1,676,744	2,049,512	1,920,990	2,012,872	2,000,294	2,071,337	2,062,766	1,963,381	2,108,521	2,380,787
Alcoholic beverage taxes	63,401	66,073	62,031	64,994	72,777	79,573	93,042	75,460	85,789	130,791
Bingo taxes	127,792	158,365	178,377	183,580	195,970	204,009	210,255	217,615	234,105	260,733
Hotel occupancy taxes	221,482	219,711	248,935	290,187	321,859	411,190	454,217	504,078	720,717	1,179,774
Transportation and drainage fees	3,279,441	4,004,370	4,008,249	4,133,458	4,343,587	6,129,574	6,179,135	6,324,068	6,302,953	6,398,465
Unrestricted investment earnings	1,842,525	3,861,870	4,278,208	2,379,105	1,084,060	578,261	251,107	278,636	206,083	290,514
Miscellaneous	4,427,326	3,075,731	2,731,866	3,039,288	1,886,157	2,298,503	2,538,373	1,433,639	6,154,005	3,541,748

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Transfers(net)	5,759,249 ⁽¹⁾	6,347,678 ⁽²⁾	(713,707)	2,509,912	9,841,589	9,691,442	10,884,784	5,973,524	12,754,364	12,138,907
Total governmental activities:	45,290,173	50,348,850	45,065,885	49,641,069	55,837,543	59,039,324	60,017,945	55,661,165	69,275,123	69,969,883
Business-type activities:										
Unrestricted investment earnings	2,149,084	4,673,940	7,299,354	6,761,997	3,062,620	992,215	719,221	(84,846)	969,402	611,791
Miscellaneous	246,815	125,245	673,809	407,414	275,538	221,532	463,978	1,375,263	2,689,384	2,484,255
Special items - Gain on sale of capital assets							-	(6,894,344)	871,080	2,493,174
Transfers(net)	(5,759,249) ⁽²⁾	(6,347,678) ⁽²⁾	713,707	(2,509,912)	(9,841,589)	(9,691,442)	(10,884,784)	(5,973,524)	(12,754,364)	(12,138,907)
Total business-type activities	(3,363,350)	(1,548,493)	8,686,870	4,659,499	(6,503,431)	(8,477,695)	(9,701,585)	(11,577,451)	(8,224,498)	(6,549,687)
Total primary government	\$ 41,926,823	\$ 48,800,357	\$ 53,752,755	\$ 54,300,568	\$ 49,334,112	\$ 50,561,629	\$ 50,316,360	\$ 44,083,714	\$ 61,050,625	\$ 63,420,196
Change in Net Position										
Governmental activities	\$ 14,247,420	\$ 5,124,922	\$ (1,634,917)	\$ (253,134)	\$ (5,775,051)	\$ 111,561	\$ 6,082,837	\$ (1,877,098)	\$ 6,223,089	\$ 4,691,986
Business-type activities	19,465,665	22,134,831	16,386,187	12,984,240	14,601,785	2,046,717	6,883,019	8,310,408	5,978,835	15,425,933
Total primary government	\$ 33,713,085	\$ 27,259,753	\$ 14,751,270	\$ 12,731,106	\$ 8,826,734	\$ 2,158,278	\$ 12,965,856	\$ 6,433,310	\$ 12,201,924	\$ 20,117,919

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

⁽²⁾ Adjusted to reflect the transfer of assets from governmental activities to business-type activities.

Note: Restatement of FY13 Ending Net Position, Reference Note 1.

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

Table 3

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ 2,592,982	\$ 1,067,154	\$ 1,649,953	\$ 1,480,517	\$ 1,669,624	\$ 2,753,840	\$ -	\$ -	\$ -	\$ -
Unreserved	17,328,864	21,126,330	15,769,294	10,862,228	8,961,908	9,087,877	-	-	-	-
Nonspendable	-	-	-	-	-	-	21,206	241,366	75,907	59,572
Restricted	-	-	-	-	-	-	542,028	657,786	636,118	719,860
Committed	-	-	-	-	-	-	823,479	2,328,965	2,268,582	2,366,766
Assigned	-	-	-	-	-	-	460,921	193,524	974,951	503,799
Unassigned	-	-	-	-	-	-	11,362,664	12,721,175	18,505,338	24,529,175
Total general fund	\$ 19,921,846	\$ 22,193,484	\$ 17,419,247	\$ 12,342,745	\$ 10,631,532	\$ 11,841,717	\$ 13,210,298	\$ 16,142,816	\$ 22,460,896	\$ 28,179,172
All other governmental funds										
Reserved	\$ 26,424,684	\$ 42,760,815	\$ 25,931,013	\$ 21,458,433	\$ 22,061,912	\$ 27,804,909	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	8,466,870	7,421,286	11,345,972	7,122,854	7,048,799	6,560,002	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	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 and other	-	-	-	-	-	-	746,351	777,742	819,709	852,374
Restricted:										
Capital Project Funds	-	-	-	-	-	-	7,832,036	3,597,077	2,512,231	8,286,216
Debt Service Fund	-	-	-	-	-	-	6,219,331	5,945,264	5,876,433	6,128,399
Permanent Funds:										
Cemeteries	-	-	-	-	-	-	1,019,007	1,028,230	1,035,463	1,044,069
Libraries	-	-	-	-	-	-	3,599	3,664	3,711	3,768
Special Revenue Funds:										
Grants	-	-	-	-	-	-	4,348	10,863	24,180	14,500
Hotel/Motel	-	-	-	-	-	-	538,869	610,183	653,604	1,122,712
Municipal Court	-	-	-	-	-	-	261,573	287,722	296,395	259,748
TIRZ Development	-	-	-	-	-	-	3,364,672	3,036,268	552,909	439,715
Other Purposes	-	-	-	-	-	-	473	-	5,728	1,240
Committed:										
Streets	-	-	-	-	-	-	7,696,726	10,097,187	12,515,747	13,648,319
Drainage	-	-	-	-	-	-	1,032,851	702,807	1,164,532	1,893,491
Other Purposes	-	-	-	-	-	-	-	700	-	-
Unassigned:										
Special Revenue Funds	-	-	-	-	-	-	(9,964)	(104)	-	(21,552)
Total all other governmental funds	\$ 35,651,635	\$ 45,154,892	\$ 35,637,766	\$ 27,909,739	\$ 30,106,040	\$ 34,505,290	\$ 28,709,872	\$ 26,097,603	\$ 25,460,642	\$ 33,672,999
Total governmental funds	\$ 55,573,481	\$ 67,348,376	\$ 53,057,013	\$ 40,252,484	\$ 40,737,572	\$ 46,347,007	\$ 41,920,170	\$ 42,240,419	\$ 47,921,538	\$ 61,852,171

⁽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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Property taxes	\$ 16,181,224	\$ 17,191,224	\$ 18,825,482	\$ 20,514,034	\$ 21,838,216	\$ 22,926,564	\$ 23,152,233	\$ 24,151,882	\$ 24,780,426	\$ 25,561,961
Sales taxes	11,731,308	13,381,722	13,491,560	14,532,775	14,140,838	14,608,410	14,301,017	14,814,931	15,984,919	17,882,449
Franchise taxes	1,676,744	2,049,517	2,012,872	2,012,872	2,000,517	2,071,337	2,062,766	1,963,381	2,108,521	2,380,787
Alcoholic beverage taxes	63,401	66,073	62,031	64,994	72,777	79,573	93,042	75,460	85,789	130,791
Bingo taxes	127,792	158,365	178,377	183,580	195,970	204,009	210,255	217,615	234,105	260,733
Hotel occupancy taxes	221,482	219,711	248,935	290,187	321,859	411,190	454,217	504,078	720,717	1,179,774
Transportation and drainage fees	3,279,441	4,004,370	4,008,249	4,133,458	4,343,987	6,129,574	6,179,135	6,324,068	6,302,953	6,398,465
Charges for services	2,985,561	3,245,843	3,036,971	4,046,022	5,087,265	4,528,548	3,946,937	3,846,149	5,199,125	4,394,267
Fines and court charges	1,451,695	1,746,575	1,910,833	1,957,159	1,786,083	1,910,913	1,940,832	1,890,493	1,839,386	1,765,380
Licenses and permits	538,964	551,701	722,130	614,615	587,732	572,570	492,175	592,784	565,539	668,583
Grants	3,049,046	2,896,957	2,921,129	2,819,267	2,847,291	3,155,205	4,026,214	2,979,350	2,851,631	2,490,518
Investment earnings	1,546,218	3,308,817	3,629,330	1,919,790	849,630	469,682	195,201	240,139	180,942	264,450
Oil and gas royalties	58,379	56,575	39,273	160,241	67,688	50,701	-	-	-	-
Other	3,714,747	2,837,216	2,638,978	2,858,270	1,798,072	2,214,159	2,475,134	1,423,481	3,500,662	4,055,739
Total revenues	47,076,002	51,814,666	53,634,268	56,107,264	55,937,702	59,332,435	59,529,158	59,023,811	64,354,714	67,433,897
Expenditures:										
Current:										
General government and administration	9,413,086	10,014,328	9,931,464	11,657,798	12,935,217	12,904,403	12,510,372	12,000,933	13,193,580	13,284,344
Development services	3,445,876	4,983,483	4,002,812	4,393,388	4,371,598	5,281,777	4,619,644	4,168,041	4,537,856	4,548,936
Public works services	5,403,527	6,278,000	6,284,553	6,422,048	9,271,923	9,872,213	7,598,470	7,577,027	6,271,155	7,701,249
Public safety	18,055,907	19,409,511	20,865,941	24,770,425	26,805,639	27,027,735	28,006,326	27,017,326	29,048,683	30,160,267
Cultural and recreational	5,195,631	6,311,086	6,784,658	6,758,416	7,033,174	6,928,973	6,016,407	6,441,801	6,898,826	7,080,030
Administrative reimbursement	(3,213,331)	(3,120,000)	(2,474,868)	(3,156,157)	(3,765,735)	(3,990,430)	(3,610,977)	(3,515,703)	(3,425,498)	(3,396,294)
Capital outlay	12,692,098	9,339,022	25,904,919	25,149,920	8,808,509	11,074,235	9,780,078	4,548,182	2,792,337	3,984,249
Arbitrage rebate	-	-	-	16,890	-	-	-	-	-	-
Debt Service:										
Bond and principal retirement	3,144,848	4,657,408	3,791,368	3,675,634	4,435,057	4,602,656	5,717,656	6,702,344	7,932,739	6,714,987
Interest and fiscal charges	4,145,333	3,394,080	3,874,186	3,991,540	4,401,185	4,392,941	4,903,129	4,445,497	4,197,126	3,352,210
Debt issuance cost	-	257,893	100,749	79,500	54,170	70,134	(25,000)	-	421,506	66,571
Advance refunding costs	-	184,551	-	-	-	95,768	-	-	-	-
Total expenditures	58,282,975	61,709,362	79,065,782	83,759,402	74,296,737	78,260,405	75,516,105	69,385,448	71,868,310	73,496,550
Excess of expenditures over revenues	(11,206,973)	(9,894,696)	(25,431,514)	(27,652,138)	(18,359,035)	(18,927,970)	(15,986,947)	(10,361,637)	(7,513,596)	(6,062,653)
Other financing sources (uses):										
Proceeds of long-term debt issued	-	15,295,000	12,000,000	11,090,000	8,730,000	13,790,000	-	-	-	7,760,021
Discount on long-term debt issued	-	-	(177,780)	-	-	-	-	-	-	-
Premium on long-term debt issued	-	-	-	-	79,084	77,859	-	-	-	12,517
Proceeds of refunding bonds issued	-	20,195,000	-	-	-	10,635,000	-	-	21,391,646	6,954,249
Payment to refunded bond escrow agent	-	(20,605,230)	-	-	-	(10,838,398)	-	-	(21,381,600)	(6,942,650)
Discount on refunding bonds	-	(186,406)	-	-	-	-	-	-	-	-
Premium on refunding bonds	-	588,916	-	-	-	250,488	-	-	417,193	57,981
Sales of capital assets	206,033	34,633	31,638	106,724	193,450	143,309	213,342	47,265	13,115	12,258
Transfers in	10,334,403	10,120,690	9,466,882	16,414,653	13,590,024	19,432,819	16,706,761	16,968,347	23,478,903	14,799,448
Transfers out	(4,161,434)	(3,773,012)	(10,180,589)	(12,763,768)	(3,748,435)	(8,953,672)	(5,359,993)	(6,333,726)	(10,724,542)	(2,660,541)
Total other financing sources	6,379,002	21,669,591	11,140,151	14,847,609	18,844,123	24,537,405	11,560,110	10,681,886	13,194,715	19,993,283
Net change in fund balances	\$ (4,827,971)	\$ 11,774,895	\$ (14,291,363)	\$ (12,804,529)	\$ 485,088	\$ 5,609,435	\$ (4,426,837)	\$ 320,249	\$ 5,681,119	\$ 13,930,630
Debt service as a percentage of noncapital expenditures	15.99%	15.37%	14.42%	13.08%	13.49%	13.39%	16.16%	17.19%	17.56%	14.48%

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
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
2013	24,723,667	15,984,919	2,108,521	85,789	234,105	720,717	6,302,953	50,160,671
2014	25,765,716	17,882,449	2,380,787	130,791	260,733	1,179,774	6,398,465	53,998,715
Change								
2005-2014	59.43%	52.43%	41.99%	106.29%	104.03%	432.67%	95.11%	62.35%

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					
2005	\$ 1,656,490,794	\$ 534,189,438	\$ 447,160,877	\$ 132,991,260	\$ 2,504,849,849	0.636400	\$ 2,504,849,849
2006	1,736,772,236	594,918,674	465,014,609	122,382,611	2,674,322,908	0.636400	2,674,322,908
2007	1,896,663,886	645,573,634	520,200,774	134,081,526	2,928,356,768	0.636400	2,928,356,768
2008	2,111,197,008	689,685,451	549,482,738	145,912,296	3,204,452,901	0.636400	3,204,452,901
2009	2,309,187,521	700,438,344	606,628,578	171,569,861	3,444,684,582	0.636400	3,444,684,582
2010	2,396,959,888	821,791,294	578,407,922	186,366,590	3,610,792,514	0.636400	3,610,792,514
2011	2,494,852,214	819,568,329	506,894,980	195,386,859	3,625,928,664	0.636400	3,625,928,664
2012	2,608,513,429	860,709,755	529,139,441	214,635,480	3,783,727,145	0.636400	3,783,727,145
2013	2,661,055,047	895,028,798	586,784,032	247,525,695	3,895,342,182	0.633308	3,895,342,182
2014	2,777,498,151	924,121,184	599,276,361	245,030,266	4,055,865,430	0.629990	4,055,865,430

Source: Brazos County Appraisal District

City of Bryan, Texas
Property Tax Rates and Ratios
Direct and Overlapping Governments
Last Ten Fiscal Years

Table 7

Fiscal Year	Overlapping Rates										Total Direct & Overlapping Rates	
	City of Bryan(1)			Brazos County(2)			Bryan Independent					
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total BISD Millage	Subtotal Direct Rates		
												Subtotal Overlapping Rates
2005	0.4485	0.1879	0.636400	0.4093	0.0632	0.4725	1.5000	0.2800	1.7800	0.636400	2.2525	
2006	0.4545	0.1819	0.636400	0.3949	0.0701	0.4650	1.3700	0.2600	1.6300	0.636400	2.0950	2.7314
2007	0.4545	0.1819	0.636400	0.3930	0.0620	0.4550	1.0400	0.2500	1.2900	0.636400	1.7450	2.3814
2008	0.4702	0.1662	0.636400	0.4030	0.0620	0.4650	1.0400	0.2500	1.2900	0.636400	1.7550	2.3914
2009	0.4595	0.1769	0.636400	0.3987	0.0813	0.4800	1.0400	0.2500	1.2900	0.636400	1.7700	2.4064
2010	0.4595	0.1769	0.636400	0.4012	0.0844	0.4856	1.0400	0.2500	1.2900	0.636400	1.7756	2.4120
2011	0.4354	0.2010	0.636400	0.4037	0.0813	0.4850	1.0400	0.2500	1.2900	0.636400	1.7750	2.4114
2012	0.4406	0.1958	0.636400	0.4037	0.0813	0.4850	1.0400	0.2500	1.2900	0.636400	1.7750	2.4114
2013	0.4375	0.1958	0.633308	0.4071	0.0779	0.4850	1.0400	0.2500	1.2900	0.633308	1.7750	2.4083
2014	0.4341	0.1959	0.629990	0.4168	0.0707	0.4875	1.0400	0.2500	1.2900	0.629990	1.7775	2.4075

(1) City of Bryan Budget Office

(2) Brazos County

(3) Bryan ISD

City of Bryan, Texas
Principal Property Taxpayers
As of December 31, 2014

Table 8

	2014				2005			
	Taxable Assessed		Percentage of Total Taxable Assessed		Taxable Assessed		Percentage of Total Taxable Assessed	
	Value	Rank	Value		Value	Rank	Value	
Sanderson Farms Inc	\$ 42,089,777	1	1.04%					
Waves Z Islander of Bryan LLC	35,611,150	2	0.88%					
Jamespoint Management Co	29,769,660	3	0.73%					
Weatherford Artificial Lift Systems Inc	23,639,390	4	0.58%					
SW Meadows Point LP	21,926,730	5	0.54%					
Texas A&M University - Ground Lease	20,710,280	6	0.51%					
Bryan Senior Investors	20,689,490	7	0.51%					
Wal-Mart Real Estate	20,462,700	8	0.50%		18,943,120	4		0.76%
KC Presidio Apartments LLC	19,121,520	9	0.47%					
21 Gramercy Park LP	18,388,190	10	0.45%					
Adam Development Properties LP					33,209,840	1		1.33%
Verizon Communications					32,333,960	2		1.29%
Campus Lodge of Bryan LTD					19,285,330	3		0.77%
Brazos Valley Physicians Hospital					17,238,650	5		0.69%
Signature Park LP					16,671,514	6		0.67%
GGE/G G Enterprises					14,614,770	7		0.58%
Dowell Schlimberger Inc					13,876,625	8		0.55%
TAU Enterprises/St Joseph Hospital					13,843,960	9		0.55%
Lowe's Home Centers Inc					13,337,470	10		0.53%
Totals	\$ 252,408,887		6.22%		\$ 193,355,239			7.72%

Source: Brazos County Appraisal District

City of Bryan, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
As of December 31, 2014

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
2005	\$ 15,940,864	\$ 15,660,992	98.24%	\$ 240,143	\$ 15,901,135	99.75%
2006	17,019,389	16,662,978	97.91%	319,611	16,982,589	99.78%
2007	18,633,318	18,340,249	98.43%	247,173	18,587,422	99.75%
2008	20,432,087	20,021,117	97.99%	353,446	20,374,563	99.72%
2009	21,759,324	21,271,466	97.76%	425,633	21,697,099	99.71%
2010	22,802,844	22,314,031	97.86%	407,319	22,721,350	99.64%
2011	22,810,074	22,410,029	98.25%	287,935	22,697,964	99.51%
2012	23,800,130	23,386,311	98.26%	261,963	23,648,274	99.36%
2013	24,418,567	24,091,210	98.66%	154,659	24,245,869	99.29%
2014	25,299,027	24,931,688	98.55%	-	24,931,688	98.55%

City of Bryan, Texas
Top Ten Electric Customers
For Fiscal Year Ended September 30, 2014

Table 10

Customer	Type of Industry	Electric Usage kWh	Rank	Percentage of Top Ten Electric Users
Sanderson Farms Inc	Corporation	38,308,416	1	16.99%
BISD	Education	32,403,604	2	14.37%
St Joseph Regional Health Center	Medical	30,220,860	3	13.40%
City of Bryan	Local Government	25,864,841	4	11.47%
B Way Corporation	Corporation	23,709,600	5	10.51%
TAMU	Education	21,446,377	6	9.51%
Blinn College	Education	15,671,198	7	6.95%
New Alenco Window LTD	Manufacturing	12,798,788	8	5.68%
Wal-Mart Stores, Inc.	Corporation	12,751,186	9	5.65%
Wimberly Building Redevelopment	Corporation	12,319,200	10	5.46%
Total		225,494,070		100.00%

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

Table 11

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Electric										
Type of Customer										
Residential	327,515,000	340,485,000	327,396,000	352,307,000	347,764,000	368,227,000	385,921,000	365,255,000	356,559,000	370,812,000
Commercial and Industrial	417,477,000	425,574,000	418,474,000	449,843,000	443,745,000	459,371,000	482,341,000	486,908,000	506,994,000	522,896,000
Public Authorities ⁽¹⁾	31,600,000	29,506,000	27,442,000	31,234,000	36,080,000	35,679,000	36,412,000	35,429,000	4,462,000	-
Rural	292,454,000	289,158,000	292,087,000	322,095,000	332,879,000	355,849,000	376,858,000	379,278,000	375,671,000	419,250,000
Other Utilities	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	608,077,000	779,781,000
Interdepartmental	25,440,000	26,500,000	23,718,000	27,557,000	31,246,000	31,591,000	34,833,000	32,634,000	34,753,000	32,218,000
	<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>	<u>1,886,516,000</u>	<u>2,124,957,000</u>
Rural Electric										
Type of Customer										
Residential	187,337,000	195,183,000	196,074,000	208,258,000	211,585,000	242,057,000	249,574,000	236,568,000	244,371,000	272,149,000
Commercial and Industrial	79,618,000	83,731,000	79,691,000	91,880,000	95,303,000	95,123,000	108,507,000	103,231,000	108,457,000	113,691,000
	<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>	<u>352,828,000</u>	<u>385,840,000</u>

⁽¹⁾ Public schools were reclassified from "Public Authority" to "Commercial and Industrial" in 2013.

City of Bryan, Texas
Electric Rates
Last Ten Fiscal Years

Table 12

	2005				2006				2007				2008				2009			
	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	
City Electric System																				
Residential Winter (Nov-Apr)	\$ 8.15	\$ -	\$ 0.0800		\$ 8.15	\$ -	\$ 0.0800		\$ 8.15	\$ -	\$ 0.0752		\$ 8.15	\$ -	\$ 0.0902		\$ 8.15	\$ -	\$ 0.0782	
Residential Summer (May-Oct)	8.15	-	0.0900		8.15	-	0.0900		8.15	-	0.0852		8.15	-	0.1002		8.15	-	0.0882	
Small Commercial	9.83	-	0.0844		9.83	-	0.0844		9.83	-	0.0792		9.83	-	0.0942		9.83	-	0.0822	
General Service Commercial	20.00	6.35	0.0650		20.00	6.35	0.0650		20.00	6.35	0.0590		20.00	6.35	0.0730		20.00	6.35	0.0620	
Large Industrial	-	13.70	0.0453		-	13.70	0.0453		-	11.70	0.0453		-	11.70	0.0603		-	11.70	0.0483	
Bryan Public Schools	30.00	-	0.0915		30.00	-	0.0915		30.00	-	0.0855		30.00	-	0.1005		30.00	-	0.0885	
Interdepartmental	30.00	-	0.0931		30.00	-	0.0931		30.00	-	0.0871		30.00	-	0.1021		30.00	-	0.0901	
Rural Electric Division	-	7.13	0.0568		-	7.13	0.0568		-	6.30	0.0530		-	6.30	0.0690		-	6.30	0.0560	
Rural Electric System																				
Residential Winter (Nov-Apr)	8.15	-	0.0810		8.15	-	0.0810		8.15	-	0.0761		8.15	-	0.0891		8.15	-	0.0766	
Residential Summer (May-Oct)	8.15	-	0.0910		8.15	-	0.0910		8.15	-	0.0861		8.15	-	0.1091		8.15	-	0.0866	
Small Commercial	9.83	-	0.0890		9.83	-	0.0890		9.83	-	0.0822		9.83	-	0.0952		9.83	-	0.0827	
General Service Commercial	20.00	7.21	0.0658		20.00	7.21	0.0658		20.00	7.21	0.0610		20.00	7.21	0.0740		20.00	7.21	0.0615	
Public/Private Schools	30.00	-	0.0980		30.00	-	0.0980		30.00	-	0.0920		30.00	-	0.1050		30.00	-	0.0925	
City Electric System																				
Residential Winter (Nov-Apr)	\$ 8.15	\$ -	\$ 0.0782		\$ 8.15	\$ -	\$ 0.0782		\$ 8.88	\$ -	\$ 0.0786		\$ 10.28	\$ -	\$ 0.0800		\$ 10.28	\$ -	\$ 0.0718	
Residential Summer (May-Oct)	8.15	-	0.0882		8.15	-	0.0882		8.88	-	0.0895		10.28	-	0.0926		10.28	-	0.0844	
Small Commercial	9.83	-	0.0822		9.83	-	0.0822		11.16	-	0.0848		13.82	-	0.0909		13.82	-	0.0846	
General Service Commercial	20.00	6.35	0.0620		20.00	6.35	0.0620		22.12	7.03	0.0612		26.34	8.37	0.0606		26.34	6.31	0.0606	
Large Industrial	-	11.70	0.0483		-	11.70	0.0483		200.00	11.88	0.0454		400.00	12.30	0.0407		400.00	10.28	0.0407	
Bryan Public Schools	30.00	-	0.0885		30.00	-	0.0885		33.18	-	0.0905		39.52	-	0.0955		39.52	-	0.0866	
Interdepartmental	30.00	-	0.0901		30.00	-	0.0901		30.00	-	0.0871		30.00	-	0.0821		30.00	-	0.0774	
Rural Electric Division	-	6.30	0.0560		-	6.30	0.0560		-	6.59	0.0710		-	7.16	0.0510		-	5.42	0.0501	
Rural Electric System																				
Residential Winter (Nov-Apr)	8.15	-	0.0766		8.15	-	0.0766		8.85	-	0.0766		9.61	-	0.0749		9.61	-	0.0697	
Residential Summer (May-Oct)	8.15	-	0.0866		8.15	-	0.0866		8.85	-	0.0903		9.61	-	0.0872		9.61	-	0.0820	
Small Commercial	9.83	-	0.0827		9.83	-	0.0827		11.37	-	0.0862		13.16	-	0.0887		13.16	-	0.0844	
General Service Commercial	20.00	7.21	0.0615		20.00	7.21	0.0615		19.62	7.21	0.0581		19.25	6.93	0.0527		19.25	6.00	0.0527	
Public/Private Schools	30.00	-	0.0925		30.00	-	0.0925		31.47	-	0.0920		33.01	-	0.0896		33.01	-	0.0825	

City of Bryan, Texas Top Ten Water Customers For Fiscal Year Ended September 30, 2014			Table 13	
Customer	Type of Industry	Water Usage Gallons	Rank	Percentage of Total Water Usage
BISD	Public School	91,999,000	1	2.62%
City of Bryan	Local Government	89,356,600	2	2.55%
Wellborn Special Utility District	Utility District	88,704,000	3	2.53%
St. Joseph Hospital	Health Care Facility	78,578,800	4	2.24%
Brazos County	County Government	47,996,800	5	1.37%
Federal Prison Camp	Correctional Facility	32,986,400	6	0.94%
TDCJ - Hamilton Unit	Correctional Facility	32,705,300	7	0.93%
Oakwood/Country Village	MHP	32,264,600	8	0.92%
Saint-Gobain Norpro	Manufacturing	27,840,500	9	0.79%
Housing Authority of Bryan	Housing	24,555,500	10	0.70%
Total		546,987,500		15.60%
Total gallons of water sold		3,505,848,800		

City of Bryan, Texas
Top Ten Sewer Customers
For Fiscal Year Ended September 30, 2014

Table 14

Customer	Type of Industry	Sewer Usage Gallons	Rank	Percentage of Total Gallons of Sewer Treated
St. Joseph Hospital	Health Care Facility	71,311,900	1	2.79%
Brazos County	County Government	35,097,400	2	1.37%
Federal Prison Camp	Correctional Facility	32,717,400	3	1.28%
TDCJ - Hamilton Unit	Correctional Facility	32,705,300	4	1.28%
Oakwood/Country Village	MHP	32,264,600	5	1.26%
Saint-Gobain Norpro	Manufacturing	27,840,500	6	1.09%
BISD	Public School	27,550,000	7	1.08%
City of Bryan	Local Government	25,590,000	8	1.00%
New Alenco Window LTD	Manufacturing	22,696,900	9	0.89%
Housing Authority of Bryan	Housing	22,173,300	10	0.87%
Total		329,947,300		12.92%
Total gallons of wastewater treated		2,553,953,000		

City of Bryan, Texas
Water and Sewer Rates
As of September 30, 2014 Table 15

Customer Class	Monthly Water Rates		Volume Charge per 1000 gallons
	Monthly Customer Charge		
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

Customer Class	Monthly Sewer Rates		Volume Charge per 1000 gallons
	Monthly Customer Charge		
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	Govt Only Per ^(a) Capita	Utility Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Notes			
2005	\$ 1,782,280	\$ 63,855,000	\$ 3,785,000	\$ 892	\$ 77,330,000	\$ 142,720	\$ 45,000	\$ 1,309,579	\$ 148,249,579	\$ 1,904	
2006	20,332,997	57,236,875	3,215,000	988	92,555,000	52,002	43,125	876,919	174,311,918	2,132	
2007	20,084,754	65,963,750	2,945,000	966	133,015,000	35,247	41,250	2,337,456	224,422,457	2,435	
2008	19,652,088	74,105,782	2,650,000	1,020	166,390,000	17,912	39,218	1,903,941	264,758,941	2,802	
2009	19,040,000	79,342,813	2,320,000	1,075	166,995,001	-	37,188	1,898,778	269,633,780	2,877	
2010	29,005,000	79,175,156	2,140,000	1,038	248,310,000	-	34,844	1,893,792	360,558,792	3,391	
2011	27,680,000	74,982,500	1,940,000	994	245,570,000	-	10,817,500	1,893,792	362,883,792	3,450	
2012	25,525,000	70,655,156	1,720,000	789	279,300,000	-	9,744,844	1,893,792	388,838,792	3,134	
2013	44,696,646	45,970,000	-	717	258,805,000	6,293,354	14,240,000	-	370,005,000	2,926	
2014	43,290,021	48,590,908	-	676	242,020,000	8,359,092	47,779,979	-	390,040,000	2,871	

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

^(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, 2014 is \$0.62999 per \$100 assessed valuation with assessed valuation being 100% of appraised values.

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

Table 18

Fiscal Year	Tax		Less Debt		Net Bonded Debt	Percentage of Actual Taxable		Per(a) Capita	
	Supported Debt		Service Cash Funds			Value of Property			
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
2013		90,666,646		5,876,433		84,790,213	2.18%		1,086
2014		91,880,929		6,128,399		85,752,530	2.11%		1,089

(a) See Table 24 for population data.

City of Bryan, Texas
Direct and Overlapping Governmental Activities Debt
For Fiscal Year Ended September 30, 2014 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	\$ 138,870,000	74.75%	\$ 103,806,136
Brazos County	88,720,000	31.50%	27,946,503
Subtotal, overlapping debt			131,752,638
City of Bryan direct debt*	85,752,530 ⁽¹⁾	100.00%	85,752,530
			<u>\$ 217,505,168</u>

*Excludes self supporting debt. (Reference Table 18)

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⁽¹⁾

Last Ten Fiscal Years

Table 20

Fiscal Year	City Electric Fund					Coverage ⁽³⁾
	Gross Operating Revenue	Less: Operating Expenses	Interest Earnings	Net Revenue ⁽²⁾ Available for Debt Service	Average Annual Debt Service Requirement	
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	155,453,210	112,143,156	369,937	43,679,991	12,117,100	3.60
2013	160,991,056	128,862,043	407,920	32,536,933	11,791,899	2.76
2014	185,255,098	141,613,409	414,342	44,056,031	11,456,262	3.85

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

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

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

Note: Restatement of FY13 Ending Net Position, Reference Note 1.

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

Table 21

Rural Electric Fund						
Fiscal Year	Gross Operating and Other	Less: Operating Expenses	Interest Earnings	Net Revenue ⁽¹⁾ as Defined in Bond Ordinance	Average Annual Debt Service Requirement	Coverage ⁽²⁾
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	565,365	9.25
2013	32,257,374	27,231,209	47,422	5,073,589	555,382	9.14
2014	35,728,300	30,502,755	73,213	5,298,758	544,220	9.74

⁽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, per the bond resolutions.

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	
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
2013	25,152,856	11,725,590	91,842	13,519,108	4,105,963	3.29
2014	24,175,389	12,278,086	103,389	12,000,692	3,808,332	3.15

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

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

Note: Restatement of FY13 Ending Net Position, Reference Note 1.

City of Bryan, Texas

Sales Tax by Category

Last Ten Calendar Years

Table 23

Category:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Communications and information	\$ 837,297	\$ 809,579	\$ 699,322	\$ 804,022	\$ 975,054	\$ 1,073,901	\$ 999,938	\$ 1,122,368	\$ 1,146,495	\$ 1,301,546
Home furnishings and appliances	437,244	472,573	458,752	392,899	411,290	414,247	405,991	414,871	383,795	457,351
Eating and drinking establishments	952,618	978,832	1,074,893	1,202,131	1,273,763	1,348,927	1,397,466	1,473,779	1,453,187	1,782,607
Department and retail stores	1,098,052	2,265,562	1,172,948	394,574	1,411,043	646,320	683,216	762,097	757,696	2,318,066
Oil and gas operations	499,341	989,910	483,382	739,345	465,054	457,378	244,732	96,821	130,639	3,995
Construction and building	659,770	805,337	1,030,817	1,013,741	380,446	641,427	496,984	183,079	202,861	(338,386)
Auto dealers and supplies	458,816	489,013	526,366	541,842	518,952	506,107	526,788	604,063	657,617	804,230
Printing/Publishers	46,898	61,655	62,523	55,930	60,045	62,385	74,499	78,050	81,592	96,547
Contractors	128,894	109,519	79,646	117,969	102,428	233,051	166,857	96,107	170,312	258,052
Manufacturing	511,573	488,312	780,537	627,914	479,757	659,853	404,338	477,069	389,218	913,475
Wholesalers	629,705	805,308	830,156	1,029,940	913,467	808,256	1,035,272	1,040,901	942,114	1,349,014
Food Stores	395,400	442,727	501,861	530,319	578,078	574,453	576,909	656,980	590,592	633,784
Other stores	1,210,767	1,348,408	1,861,118	2,825,398	3,095,127	3,300,348	3,000,558	3,108,023	3,156,217	3,624,535
Apparel	58,783	63,400	74,201	110,101	137,787	157,434	173,774	189,569	197,411	841,424
All other outlets	3,258	6,175	4,034	5,767	8,561	7,147	6,522	9,220	9,949	17,579
Financial services	37,882	29,914	41,613	42,252	42,012	87,646	115,873	129,935	120,050	158,925
Rentals and leasing	286,025	458,336	648,912	687,486	501,611	379,943	519,721	528,027	449,878	600,118
Professional services	417,913	406,126	521,846	446,664	475,821	492,995	542,964	563,031	527,801	565,630
Repair and maintenance	237,136	256,641	261,041	316,507	249,669	299,983	354,236	429,320	273,518	578,585
Hotels/Motels	1,501	4,194	1,904	3,733	23,338	5,351	(261)	10,001	21,824	33,193
Other products and equipment	142,987	139,817	60,721	79,815	5,962	17,491	48,381	43,322	71,858	212,622
Other	2,156,022	2,409,002	1,848,034	2,111,392	1,107,023	1,950,649	1,935,112	1,945,432	2,498,185	1,669,556
Total	\$ 11,207,884	\$ 13,840,340	\$ 13,024,627	\$ 14,079,741	\$ 13,216,292	\$ 13,216,288	\$ 13,709,871	\$ 13,962,066	\$ 14,232,808	\$ 17,882,449

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⁾
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		28,839	6.20%
2011	76,541	15,800		29,753	5.50%
2012	77,321	15,609		30,664	5.70%
2013	78,061	15,621		31,788	4.90%
2014	78,709	15,982		32,241	4.10%

⁽¹⁾ U.S. Census Bureau and www.factfinder2.census.gov

⁽²⁾ Bryan Independent School District

⁽³⁾ Bureau of Economic Analysis; www.bea.gov; www.stlouisfed.org (FRED) Fed Reserve Bank of St Louis and totals represent Bryan and College Station statistics combined.

City of Bryan, Texas

Principal Employers

Current Year and Ten Years Ago

Table 25

2014	2005
Blinn College	Brazos County Government
Brazos County	Bryan Independent School District
Bryan Independent School District	City of Bryan
City of Bryan	City of College Station
Kent Moore Cabinets	College Station Independent School District
Knife River	Reliant Building Products, Inc.
Ply Gem Windows	Sanderson Farms
Sanderson Farms	St. Joseph Regional Hospital
St. Joseph Regional Hospital	Texas A&M University System
Wal Mart	Wal-Mart

Employers are listed in alphabetical order and do not reflect any ranking. The Texas Workforce Commission ranking and number of employee data is confidential.

Source: Texas Workforce Commission, Labor Market/Career Information Department. InfoGroup data on Tracer website. <http://socrates.cdr.state.tx.us/>

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

Table 26

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government and Administration										
Executive Services	5	5	6	7	6	6	5	5	5	6
Communications & Marketing	2	3	3	3	5	5	5	3	4	4
Neighborhood and Youth Services	1	1	1	1	1	1	1	1	-	-
Economic Development	-	-	-	-	-	-	-	-	-	2
Internal Audit	1	1	1	1	1	1	1	1	1	1
City Secretary	6	6	7	7	7	7	7	6	6	6
Legal Services	5	5	5	6	6	6	6	5	4	5
Fiscal Services	13	13	12	12	13	12	12	12	12	10
Information Technology	13	13	14	15	15	15	15	15	16	17
Special Projects	1	1	1	1	3	0.25	0.25	0.25	-	-
Purchasing Services	5	4	5	5	5	2	2	2	2	2
Warehouse	3	3	4	4	4	4	4	4	4	4
Fleet Services	11	12	11	11	11	11	12	9	9	5
Human Resources	5	5	5	5	5.5	5	5	6	5	5
Facility Services	27	27	24	24	23	23	23	16	16	16
Risk Management	6	6	6	6	5	6	6	6	6	6
Development Services										
Planning and Development	8	8	9	8	8	8	8	8	10	8
Engineering Services	17	17	17	18	17	16	19	13	12	12
Building Services	8	9	13	16	16	16	17	14	9	11
Community Development	7.4	7	8	8	6.5	5.75	5.75	5.75	6	6
Public Works Services										
Administration	-	-	1	1	3	5	-	-	-	-
Call Center	-	-	-	-	5	5	5	5	5	5
Environmental Services	-	-	-	-	-	-	-	-	-	-
Transportation & Drainage	30	30	30	31	31	29	29	18	16	15
Traffic Services	-	-	-	-	9	9	10	10	9	8
Public Safety										
Police Officers	116	118	119	123	124	124	124	138	136	140
Civilians	34	38	38	37	47	47	47	39	35	31
Firefighters/Emergency Medical Technicians	90	91	101	108	108	108	108	107	108	118
Civilians	2	2	2	4	5	5	5	4	6	4
Emergency Management Coordinator	-	-	-	1	1	1	1	1	1	1
Bryan Animal Center	-	-	-	-	-	-	-	-	8	10
Municipal Court	14	14	14	14	16	16	16	15	16	15
Cultural and Recreation										
Library Services	19	19	19	19	20	19	19	24	21	21
College Station Library	16	16	16	16	15	16	16	19	18	17
Parks and Recreation	8	9	14	13	14	19	18	28	22	21
Water										
Wastewater	53	53	44	43	44.2	44.45	44.45	31.50	40	31
Solid Waste	50	49	55	51	46	46	47	44	37	41
Airport	-	-	-	-	-	-	2	1	1	1
Electric - City and Rural (BTU)	203	203	195	203	181	187	189	165	171	177
Total	819	828	836	857	862.5	866	871	816	810	815

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

Table 27

Function:	2005	2006	2007	2009	2010	2011	2012	2013	2014
Police									
Physical arrest	4,784	5,838	4,178	5,030	5,744	5,063	4,826	5,525	5,497
Traffic citations	12,986	17,640	13,097	15,325	12,752	12,400	11,663	11,118	9,812
Fire									
Number of Fire and EMS calls	7,884	8,016	8,359	8,923	8,871	9,150	9,188	9,250	9,922
Transportation									
Potholes repaired	n/a	4,000	6,500	n/a	3,133	3,225	225	208	321
HMAC (Hot Mix Asphaltic Concrete) placed (tons)	n/a	n/a	n/a	2,853	2,476	1,258	1,978	1,455	1,434
In-house concrete poured (cubic yards)	n/a	n/a	n/a	1,080	162	584	485	723	434
Culture and recreation									
New library patron registration	10,399	10,995	8,611	9,014	9,573	8,419	7,259	3,806	7,018
Library circulation of materials	664,444	726,762	804,617	785,243	421,354	411,113	784,421	797,577	726,617
Number of cooperative programs with Bryan ISD and College Station Parks and Recreation department	18	11	12	12	12	10	13	16	18
Pavilion rentals	855	824	849	876	888	743	913	993	1,215
Athletic field usage (hours)									
Travis Park (1 field)	216	208	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bryan Regional Athletic Complex (4 softball fields)	1,590	1,632	1,620	1,740	1,825	1,910	1,920	2,432	2,510
Bryan Regional Athletic Complex (9 soccer fields)	1,003	1,026	1,040	1,105	1,284	1,192	1,105	1,070	1,094
Neighborhood/Youth Services									
Neighborhood Associations registered	36	31	32	38	40	41	41	41	41
Municipal Court									
Number of cases filed	15,000	15,613	17,199	15,490	14,728	18,147	17,832	16,821	13,304
Community Development									
Number of citizens provided homebuyers assistance	22	25	37	28	26	17	17	18	6
Number of households provided rehabilitation	41	1	-	3	3	5	1	3	3
Number of households provided minor rehabilitation	n/a	35	30	33	29	41	41	43	54
Water									
Number of new connections	326	414	286	245	183	180	151	173	167
Maximum daily capacity (gallons)	32,000,000	32,000,000	36,000,000	36,000,000	37,700,000	37,700,000	37,708,000	37,708,000	37,708,000
Daily average usage (gallons)	9,297,276	9,966,788	8,123,886	10,422,973	9,403,642	11,981,855	10,572,675	10,414,774	9,605,065
Total usage (gallons)	3,393,505,900	3,637,877,700	2,965,218,600	3,804,385,300	3,432,329,400	4,373,377,200	3,869,598,900	3,801,392,400	3,505,848,800
Wastewater									
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	14,000,000	14,000,000
Daily average usage (gallons)	7,437,896	7,004,600	7,798,565	6,392,433	7,127,600	6,525,488	6,995,218	6,499,737	6,997,132
Total usage (gallons)	2,714,832,100	2,556,679,000	2,846,476,400	2,333,238,000	2,601,574,000	2,381,803,000	2,560,249,000	2,372,404,000	2,553,953,000
Solid Waste									
Refuse collected (tons)	44,416	48,647	45,275	52,443	56,800	56,120	55,819	55,520	55,345

Sources: Various City Departments

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

Table 28

Function:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sworn personnel	116	118	121	124	124	137	136	137	136	140
Fire and emergency medical services:										
Number of stations	4	4	4	4	5	5	5	5	5	5
Number of personnel	90	91	112	114	108	114	114	110	115	114
Highways and streets:										
Lane miles of paved streets	646	649	660	660	738	738	738	738	752	752
Culture and recreation:										
Number of parks	45	45	45	35	42	42	42	42	52	53
Park acreage	587	587	587	587	611	611	611	611	678	683
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Golf course acreage	128	128	128	104	104	104	104	104	104	104
Hike and bike trails - number of miles	5	5	18	22	23	23	23	23	23	23
Number of cemeteries	3	3	3	3	3	3	3	3	3	3
Cemetery acreage	97	97	97	70	70	70	70	70	70	70
Number of libraries	3	3	3	3	3	3	3	3	3	3
Library volumes	248,240	257,833	255,366	242,171	245,810	128,798	147,090	237,557	233,237	223,266
Water system:										
Miles of line	399	403	410	442	453	453	459	472	469	474
Number of connections	20,799	21,102	21,388	21,782	21,587	21,770	21,804	21,913	22,147	22,418
Number of wells	9	9	10	12	12	12	12	12	12	12
Wastewater system:										
Miles of line	377	378	378	378	380	380	382	387	393	396
Number of connections	19,943	20,224	20,461	20,839	21,113	21,378	21,460	21,539	21,761	22,021
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Electric system:										
Generating capacity (kW)	287,000	287,000	287,000	234,644	296,000	336,000	337,000	337,000	337,000	226,000
Reserve oil capacity (gallons) ⁽¹⁾	4,900,000	4,900,000	4,670,000	4,670,000	4,670,000	4,170,000	3,120,000	3,120,000	3,120,000	0
Number of substations	9	9	9	9	9	10	11	11	11	11
Number of connections	33,189	33,702	34,678	46,169	47,268	48,014	48,616	33,160	33,920	34,609
Rural Electric system:										
Number of utility connections	13,519	13,978	14,416	14,513	15,116	15,593	16,033	16,882	17,556	18,328
Number of substations	12	12	11	12	12	12	13	13	15	15

Sources: Various City Departments

⁽¹⁾ On April 8, 2014, BTU sold 1.5 million gallons of fuel oil from the Dansby generation facility for the amount of \$3,803,050. BTU had no further operational need for the fuel oil.

**CONTINUING FINANCIAL DISCLOSURE TABLES
(UNAUDITED)**

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

TYPE OF DEBT

TABLE SERIES

General Obligation Bonds
Waterworks and Sewer System Revenue Bonds
City Electric System Revenue Bonds
Rural Electric System Revenue Bonds

GO-1 – GO-13
RW-1 – RW-10
REC-1 – REC-7
RER-1 – RER-6

City of Bryan, Texas

Valuation, Exemptions and General Obligation Debt

As of September 30, 2014

Table GO-1

2013/2014 Market Valuation Established by Brazos County Appraisal District
(Excluding totally exempt property) \$ 4,300,895,696

Less Exemptions/Reductions at 100% Market Value

Over 65 or Disabled Exemptions	\$ 55,356,768
Homestead Cap Adjustment	13,991,017
Disabled Veterans Exemptions	13,863,340
Agricultural Land Use Reductions	76,234,251
Pollution Control	4,280,880
Prorated Exempt Property	203,443
Freeport Exemptions	47,925,984
Tax Abatement Reductions	33,174,583
	<u>245,030,266</u>

2013/2014 Net Taxable Valuation

4,055,865,430

General Obligation & Certificates of Obligation Debt Payable from Ad Valorem Taxes (as of 9/30/14)

148,020,000

Less : Self Supporting Debt

78,681,266

Net General Obligation Debt Payable from Ad Valorem Taxes

69,338,734

General Obligation Interest and Sinking Fund as of 9/30/2014

6,128,399

Ratio Net General Obligation Tax Debt to Taxable Assessed Valuation

1.71%

2014 Estimated Population - 78,709

Per Capita Taxable Assessed Valuation - \$51,530

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$792

City of Bryan, Texas

Taxable Assessed Valuations by Category

As of September 30, 2014

Table GO-2

Category	2014		2013		2012		2011		2010	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$2,112,073,229	49.11%	\$ 2,035,277,991	49.09%	\$ 2,008,513,999	50.23%	\$ 1,915,473,138	51.30%	\$ 1,839,690,224	48.45%
Real, Residential, Multi-Family	445,683,327	10.36%	421,407,065	10.17%	405,749,972	10.15%	386,493,919	10.35%	361,972,890	9.53%
Real, Vacant Lots/Tracts	94,517,351	2.20%	85,878,322	2.07%	81,232,842	2.03%	85,197,103	2.28%	87,590,232	2.31%
Real, Acreage (Land Only)	125,050,665	2.91%	113,860,982	2.75%	105,851,362	2.65%	100,768,588	2.70%	100,023,228	2.63%
Real, Farm and Ranch Improvements	173,578	0.00%	7,372,974	0.18%	7,165,254	0.18%	6,919,466	0.19%	7,683,314	0.20%
Real, Commercial and Industrial	870,572,606	20.24%	841,981,424	20.31%	800,398,222	20.02%	674,091,709	18.05%	769,090,579	20.25%
Real, Oil, Gas and Other Mineral Reserves	11,065,359	0.26%	9,930,584	0.24%	11,742,793	0.29%	11,844,810	0.32%	7,207,975	0.19%
Real and Tangible Personal, Utilities	42,483,220	0.99%	43,116,790	1.04%	48,568,740	1.21%	46,390,110	1.24%	45,492,740	1.20%
Tangible Personal, Business	543,115,138	12.63%	531,395,980	12.82%	475,954,991	11.90%	456,187,890	12.22%	527,143,602	13.88%
Tangible Personal, Other	15,298,224	0.36%	15,359,270	0.37%	15,509,640	0.39%	15,455,330	0.41%	15,664,250	0.41%
Real, Inventory and Special Inventory	40,862,999	0.95%	40,028,782	0.97%	37,674,810	0.94%	35,251,760	0.94%	35,600,070	0.94%
Total Appraised Value before Exemptions	4,300,895,696	100.00%	4,145,610,164	100.00%	3,998,362,625	100.00%	3,734,073,823	100.00%	3,797,159,104	100.00%
Less: Total Exemptions/Reductions	245,030,266		250,267,982		214,929,766		195,679,975		186,688,184	
Taxable Assessed Value	<u>\$4,055,865,430</u>		<u>\$ 3,895,342,182</u>		<u>\$ 3,783,432,859</u>		<u>\$ 3,538,393,848</u>		<u>\$ 3,610,470,920</u>	

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

City of Bryan, Texas

Valuation and General Obligation Debt History

As of September 30, 2014

Table GO-3

Fiscal Year Ended 9-30	Estimated Population	Taxable Assessed Valuation⁽¹⁾	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year⁽²⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2009	73,972	\$ 3,444,684,582	\$ 46,567	\$ 98,420,000	2.86%	\$ 1,331
2010	76,201	3,610,470,920	47,381	108,215,000	3.00%	1,420
2011	76,541	3,538,393,848	46,229	113,480,000	3.21%	1,483
2012	77,321	3,783,727,145	48,935	105,925,000	2.80%	1,370
2013	78,061	3,895,342,182	49,901	111,200,000	2.85%	1,425
2014	78,709	4,055,865,430	51,530	148,020,000	3.65%	1,881

⁽¹⁾ As reported by the Brazos County Appraisal District on City's annual State Property Tax Reports; subject to change during the ensuing year.

⁽²⁾ Includes self-supporting General Obligation Debt. See Table GO-1 Valuation, Exemptions and General Obligation Debt.

City of Bryan, Texas**Tax Rate, Levy and Collection History****As of September 30, 2014****GO-4**

Fiscal Year	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
Ended 9/30						
2009	0.636400	0.459501	0.176899	\$ 21,759,324	97.76%	99.68%
2010	0.636400	0.459501	0.176899	22,802,844	97.86%	99.57%
2011	0.636400	0.435392	0.201008	22,810,074	98.25%	99.30%
2012	0.636400	0.440579	0.195821	23,800,130	98.26%	99.16%
2013	0.633308	0.437483	0.195825	24,418,567	98.66%	99.66%
2014	0.629990	0.434109	0.195881	25,299,027	98.57%	99.73%

City of Bryan, Texas

Ten Largest Taxpayers

As of December 31, 2014

Table GO-5

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2013/2014 Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Sanderson Farms Inc	Food Processing	\$ 42,089,777	1.04%
Waves Z Islander of Bryan LLC	Student Housing	35,611,150	0.88%
Jamespoint Management Co	Apartments	29,769,660	0.73%
Weatherford Artificial Lift Systems Inc	Multi-Use Development	23,639,390	0.58%
SW Meadows Point LP	Apartments	21,926,730	0.54%
Texas A&M University - Ground Lease	Multi-Use Development	20,710,280	0.51%
Bryan Senior Investors	Multi-Use Development	20,689,490	0.51%
Wal-Mart Real Estate	Retail Stores	20,462,700	0.50%
KC Presidio Apartments LLC	Apartments	19,121,520	0.47%
21 Gramercy Park LP	Apartments	18,388,190	0.45%
		<u>\$ 252,408,887</u>	<u>6.22%</u>

City of Bryan, Texas

Debt Information - General Obligation - Debt Service Requirements*

As of September 30, 2014

Table GO-6

DEBT SERVICE REQUIREMENTS - General Obligation Debt				Less Self Supporting Debt				Total Debt Service			
Fiscal Year Ended	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Total
2015	\$ 9,820,000	\$ 5,329,929	\$ 15,149,929	\$ 4,561,241	\$ 2,928,429	\$ 7,489,670	\$ 5,258,759	\$ 2,401,500	\$ 7,660,259		
2016	10,585,000	4,847,444	15,432,444	4,867,250	2,630,049	7,497,299	5,717,750	2,217,395	7,935,145		
2017	10,020,000	4,537,038	14,557,038	4,801,440	2,477,683	7,279,123	5,218,560	2,059,355	7,277,915		
2018	10,250,000	4,215,961	14,465,961	4,648,003	2,305,371	6,953,374	5,601,997	1,910,590	7,512,587		
2019	10,105,000	3,888,855	13,993,855	4,596,613	2,157,132	6,753,745	5,508,387	1,731,723	7,240,110		
2020	10,330,000	3,562,271	13,892,271	4,633,805	2,008,401	6,642,206	5,696,195	1,553,870	7,250,065		
2021	10,275,000	3,205,015	13,480,015	4,514,552	1,852,296	6,366,848	5,760,448	1,352,719	7,113,167		
2022	9,270,000	2,832,843	12,102,843	4,620,723	1,686,313	6,307,036	4,649,277	1,146,530	5,795,807		
2023	8,670,000	2,501,885	11,171,885	3,854,580	1,518,814	5,373,394	4,815,420	983,071	5,798,491		
2024	8,975,000	2,192,876	11,167,876	3,996,433	1,381,686	5,378,119	4,978,567	811,190	5,789,757		
2025	8,115,000	1,843,089	9,958,089	3,858,741	1,216,924	5,075,665	4,256,259	626,165	4,882,424		
2026	6,255,000	1,533,875	7,788,875	2,961,997	1,072,542	4,034,539	3,293,003	461,333	3,754,336		
2027	4,480,000	1,302,487	5,782,487	2,436,941	969,740	3,406,681	2,043,059	332,747	2,375,806		
2028	4,645,000	1,134,862	5,779,862	2,515,659	884,994	3,400,653	2,129,341	249,868	2,379,209		
2029	4,010,000	957,104	4,967,104	2,586,700	795,462	3,382,162	1,423,300	161,642	1,584,942		
2030	3,150,000	807,346	3,957,346	2,073,509	701,483	2,774,992	1,076,491	105,863	1,182,354		
2031	2,675,000	696,087	3,371,087	2,023,100	629,878	2,652,978	651,900	66,209	718,109		
2032	2,360,000	603,869	2,963,869	1,955,000	559,334	2,514,334	405,000	44,535	449,535		
2033	2,455,000	518,644	2,973,644	2,035,000	488,284	2,523,284	420,000	30,360	450,360		
2034	2,130,021	429,756	2,559,777	1,695,000	414,096	2,109,096	435,021	15,660	450,681		
2035	1,755,000	353,076	2,108,076	1,755,000	353,076	2,108,076	-	-	-		
2036	1,820,000	289,458	2,109,458	1,820,000	289,458	2,109,458	-	-	-		
2037	1,885,000	222,118	2,107,118	1,885,000	222,118	2,107,118	-	-	-		
2038	1,955,000	151,430	2,106,430	1,955,000	151,430	2,106,430	-	-	-		
2039	2,029,979	77,141	2,107,120	2,029,979	77,141	2,107,120	-	-	-		
	\$ 148,020,000	\$ 48,034,459	\$ 196,054,459	\$ 78,681,266	\$ 29,772,134	\$ 108,453,400	\$ 69,338,734	\$ 18,262,325	\$ 87,601,059		

*Includes all General Obligation Bonds (CO's and GO's)

City of Bryan, Texas

**Interest and Sinking Fund Budget Projection
As of September 30, 2014**

Table GO-7

Estimated Debt Service Requirements, Fiscal Year Ending 9-30-15		(1)
		\$ 10,514,760
Interest and Sinking Fund, 09-30-14	6,128,399	
2014 Interest and Sinking Fund Tax Levy Collection	7,562,478	
Budget Transfers	2,335,606	
Estimated Investment and Other Income	26,783	16,053,266
Estimated Balance, 9-30-15		\$ 5,538,506

(1) Fiscal Year 2015 Budget Projection

City of Bryan, Texas

Computation of Self-Supporting Debt ⁽¹⁾	
As of September 30, 2014	GO-8
Net System Revenue, FYE 9-30-14	\$ 65,343,437
Less: System Revenue Bond Requirements,	
FYE 09-30-14	26,323,569
Balance Available for Other Purposes	<u>\$ 39,019,868</u>
Self Supporting System GO and CO Bond Requirements,	
For Fiscal Year Ending 09-30-15	\$ 7,489,884
Percentage of System General Obligation Bonds	
Self Supporting	100%

⁽¹⁾ Self Supporting debt is primarily supported by revenues from Water and Sewer system, City Electric, Rural Electric, TIRZs, BVSWMA, and Brazos County.

City of Bryan, Texas

Authorized by Unissued General Obligation Bonds

As of September 30, 2014

Table GO-9

Purpose	Date Authorized	Amount Authorized	Amount		Unissued Balance
			Previously Issued	Being Issued	
Streets	1-24-84	\$ 14,525,000	\$ 6,300,000	\$ -	\$ 8,225,000
Parks and Recreation	1-24-84	7,100,000	5,325,000	-	1,775,000
Railroad Grade Separation	1-24-84	3,200,000	350,000	-	2,850,000
Sanitary Landfill	1-24-84	1,000,000	800,000	-	200,000
		<u>\$ 25,825,000</u>	<u>\$ 12,775,000</u>	<u>-</u>	<u>\$ 13,050,000</u>

City of Bryan, Texas Other Obligations As of September 30, 2014	GO-10
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The City has no Other Obligations outstanding as of September 30, 2014.

City of Bryan, Texas

Changes in Net Position

As of September 30, 2014

Table GO-11A

	Government Activities				
	2014	2013	2012	2011	2010
Revenues					
Program Revenues					
Charges for Services	\$ 6,828,230	\$ 7,604,050	\$ 6,329,426	\$ 6,379,944	\$ 7,012,031
Operating Grant and Contributions	2,490,517	2,840,902	2,732,746	2,607,994	2,640,566
Capital Grants and Contributions	1,661,849	1,891,869	3,232,203	2,657,466	4,476,022
General Revenues					
Property Taxes	25,765,716	24,723,667	24,075,833	23,043,249	22,967,025
Other Taxes	21,834,534	19,134,052	17,575,465	17,121,297	17,374,519
Other	10,230,727	12,663,041	8,036,343	8,968,615	9,006,338
Total Revenues	68,811,573	68,857,581	61,982,016	60,778,565	63,476,501
Expenditures					
General Government and Administration					
Development Services	11,862,127	12,725,727	12,567,217	11,694,539	11,861,977
Public Works Services	5,265,275	5,324,990	4,946,473	5,451,223	5,514,292
Public Safety	14,180,817	12,764,623	15,169,531	14,091,910	14,603,264
Culture and Recreation	33,069,954	32,133,857	24,346,634	21,693,251	28,098,561
Interest on Long Term Debt	8,332,012	8,175,136	8,242,037	7,666,774	8,585,698
	3,548,309	4,264,522	4,560,746	4,982,815	4,392,590
Total Expenditures	76,258,494	75,388,855	69,832,638	65,580,512	73,056,382
Decrease in Net Position Before Transfers	(7,446,921)	(6,531,274)	(7,850,622)	(4,801,947)	(9,579,881)
Transfers	12,138,907	12,754,364	5,973,524	10,884,784	9,691,442
Change in Net Position After Transfers	4,691,986	6,223,090	(1,877,098)	6,082,837	111,561
Net Position - October 1	112,897,882	106,355,996	108,233,094	102,150,257	102,038,696
Net Position- Sept 30*	\$ 117,589,868	\$ 112,579,086	\$ 106,355,996	\$ 108,233,094	\$ 102,150,257

* Net Position for FY2013 restated, reference Note 1

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In addition, the Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem, taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year.

Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any are to 8 1/4%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the City) is limited to no more than 2% (when combined with the State sales and use tax rate of 1/4%).

In addition to the one percent (1%) local sales and use tax referred to above, voters of the City approved an additional sales and use tax of one-half of one percent (1/2 of 1%) for property tax reductions effective October 1, 1990. The following table sets forth the City's historical collections of sales and uses taxes.

Fiscal Year Ended 9/30	Tax Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem	
			Tax Rate	Per Capita
2010	\$ 14,608,410	64.06%	\$ 0.4077	\$ 191.71
2011	14,301,017	62.70%	0.3990	186.84
2012	14,814,931	62.30%	0.3965	191.60
2013	15,984,919	65.46%	0.4146	204.77
2014	17,882,449	61.68%	0.3885	227.20

City of Bryan, Texas

Current Investments and Cash Deposits ⁽¹⁾

As of September 30, 2014

Table GO-13

As of September 30, 2014 the following percentages of the City's investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Book Value</u>	<u>Percentage</u>
Demand Deposits	\$ 65,410,659	73.05%
Coupon Agencies	19,126,596	21.36%
Government Pools	5,001,567	5.59%
Total Investable Funds	<u>\$ 89,538,822</u>	<u>100%</u>

⁽¹⁾ This table excludes City Electric and Rural Electric investments.

City of Bryan, Texas

Historical Water Consumption (Gallons)

Last Five Fiscal Years

Table RW-1

Fiscal Year Ended 9/30	Daily Average Usage	Peak Daily Usage	Total Usage
2010	9,403,642	20,893,000	3,432,329,400
2011	11,981,855	24,620,000	4,373,377,200
2012	10,572,675	21,521,000	3,869,598,900
2013	10,414,774	23,281,000	3,801,392,400
2014	9,605,065	19,389,000	3,505,848,800

City of Bryan, Texas

Ten Largest Water and Sewer Customers (Based on Gallons of Water Consumed)

As of September 30, 2014

Table RW-2

Customer	Type of Industry	Water Usage	% of Total Water Usage
BISD	Public School	91,999,000	2.62%
City of Bryan	Local Government	89,356,600	2.55%
Wellborn Special Utility District	Utility District	88,704,000	2.53%
St. Joseph Hospital	Health Care Facility	78,578,800	2.24%
Brazos County	County Government	47,996,800	1.37%
Federal Prison Camp	Correctional Facility	32,986,400	0.94%
TDCJ - Hamilton Unit	Correctional Facility	32,705,300	0.93%
Oakwood/Country Village	MHP	32,264,600	0.92%
Saint-Gobain Norpro	Manufacturing	27,840,500	0.79%
Housing Authority of Bryan	Housing	24,555,500	0.70%
		<u>546,987,500</u>	<u>15.59%</u>

City of Bryan, Texas Monthly Water Rates Effective September 30, 2014			Table RW-3
Water Class	Customer Charge Per Month	Volume Charge Per 1,000 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 (per 500 gallons)	

City of Bryan, Texas
Wastewater Usage (Gallons)
Last Five Fiscal Years

Table RW-4

Fiscal Year Ended 9/30	Daily Average	Monthly Average	Total Usage	Total Fiscal Year End Revenues
2010	7,127,600	216,797,833	2,601,574,000	\$ 11,951,662
2011	6,525,488	198,483,583	2,381,803,000	12,478,220
2012	6,995,218	213,354,158	2,560,249,900	12,469,568
2013	6,499,737	197,700,333	2,372,404,000	11,793,584
2014	6,997,132	212,829,417	2,553,953,000	11,989,872

City of Bryan, Texas Monthly Sewer Rates Effective September 30, 2014			Table RW-5
Wastewater Class	Customer Charge Per Month	Volume Charge Per 1,000 Gallons	
Non Commercial	\$7.88	\$4.03	
Commercial/Industrial	7.88	3.80	

City of Bryan, Texas

Debt Information - Waterworks and Sewer System Debt Service Requirements*

As of September 30, 2014

Table RW-6

Fiscal Year Ended	Principal	Interest	Total	% of Principal Retired
2015	\$ 3,350,000	\$ 1,929,719	\$ 5,279,719	
2016	3,385,000	1,805,494	5,190,494	
2017	3,525,000	1,673,746	5,198,746	
2018	3,755,000	1,532,006	5,287,006	
2019	3,995,000	1,386,711	5,381,711	34.03%
2020	4,240,000	1,260,854	5,500,854	
2021	4,420,000	1,111,791	5,531,791	
2022	4,595,000	950,666	5,545,666	
2023	2,420,000	777,704	3,197,704	
2024	2,370,000	706,491	3,076,491	34.10%
2025	2,525,000	633,273	3,158,273	
2026	2,590,000	545,135	3,135,135	
2027	2,660,000	452,929	3,112,929	
2028	2,660,000	356,391	3,016,391	
2029	2,735,000	256,241	2,991,241	24.89%
2030	2,185,000	151,079	2,336,079	
2031	740,000	66,063	806,063	
2032	770,000	33,688	803,688	6.98%
	<u>\$ 52,920,000</u>	<u>\$ 15,629,981</u>	<u>\$ 68,549,981</u>	100.00%

*Includes Only Revenue Bonds

City of Bryan, Texas

Waterworks and Sewer System Condensed Statement of Operations

As of September 30, 2014

Table RW-8

	Fiscal Year			
	2014	2013	2012	2011
				2010
Revenues				
Waterworks	\$ 11,678,692	\$ 12,723,839	\$ 12,879,376	\$ 14,281,996
Sewer System	12,496,697	12,429,017	13,072,233	13,112,105
Interest Income	103,389	91,845	170,563	239,262
Total Revenues	24,278,778	25,244,701	26,122,172	27,633,363
Expenses:				
Waterworks	5,718,140	5,798,421	6,585,168	6,235,774
Sewer System	6,559,946	5,927,169	6,079,396	6,131,398
Total Expenses	12,278,086	11,725,590	12,664,564	12,367,172
Net Available for Debt Service	\$ 12,000,692	\$ 13,519,111	\$ 13,457,608	\$ 15,266,191
Water Connections	22,418	22,171	21,913	21,804
Sewer Connectins	22,021	21,770	21,539	21,460
				21,770
				21,378

City of Bryan, Texas

Waterworks and Sewer System Coverage and Fund Balances

As of September 30, 2014

Table RW-9

Average Annual Principal and Interest Requirement, 2015-2032 Coverage of Average Requirements by 9-30-2014 Net Income	\$ 3,808,332 3.15 Times
Maximum Principal and Interest Requirements, 2022 Coverage of Maximum Requirements by 9-30-13 Net Income	\$ 5,545,666 2.16 Times
Waterworks and Sewer System Revenue Bonds (September 30, 2014)	\$52,920,000
Interest and Sinking Fund (September 30, 2014)	\$ 2,859,457
Reserve Fund (September 30, 2014) ⁽¹⁾	-

⁽¹⁾ As permitted by the Prior Lien Bond Ordinance, the Reserve Fund is currently funded by two surety policies issued by Assured Guaranty in the aggregate amount of \$5,833,600, a surety policy issued by National Public Finance Guaratee in the amount of \$438,713, and a surety policy issued by Financial Guaranty Insurance Company in the amount of \$2,848,495 for the reserve fund requirement. The surety guarantee amount of each surety bond is reduced as bonds of the correlating series are paid and retired.

City of Bryan, Texas

Current Investments and Cash Deposits

As of September 30, 2014

Table RW-10

As of September 30, 2014 the following percentages of the City's investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Amortized Value</u>	<u>Percentage</u>
Demand Deposits	\$ 65,410,659	73%
Coupon Agencies	19,126,596	21%
Government Pools	5,001,567	6%
Total Investable Funds	<u>\$ 89,538,822</u>	<u>100%</u>

City of Bryan, Texas

Electric Rates

As of September 30, 2014

Table REC-1

City Class	Customer Charge Per Month	Demand Per kW	Energy Charge Per kWh	Fuel Charge Per kWh (1)
Residential Winter (Nov. - Apr)	\$ 10.28	\$ -	\$ 0.0531	\$ 0.0330
Residential Summer (May - Oct.)	10.28	-	0.0657	0.0330
Small Commercial	13.82	-	0.0625	0.0330
General Service Commercial	26.34	6.31	3.6176	0.0330
General Service Commercial - Energy Only	23.99	-	0.0419 -0.0489	0.0330
Large Industrial	400.00	10.28	3.5177	0.0330
Transmission Service	1,633.00	10.20	2.6202	0.0330
Bryan Public/Private Schools	39.52	-	0.0690	0.0330
Interdepartmental	30.00	-	0.0525	0.0330
Rural Electric Division	-	5.42	3.0402	0.0330
Rural Class				
Residential Winter (Nov. - Apr)	\$ 9.61	\$ -	0.0453	0.0335
Residential Summer (May - Oct.)	9.61	-	0.0576	0.0335
Small Commercial	13.16	-	0.0584	0.0335
General Service Commercial	19.25	6.00	1.9292	0.0335
General Service Commercial - Energy Only	22.94	-	0.0387-0.0559	0.0335
Public/Private Schools	33.01	-	0.0614	0.0335

(1) Fuel Charges are subject to change.

City of Bryan, Texas

Energy Sales by Types of Customers - BTU City
As of September 30, 2014

Table REC-2

Type of Customer	2014		2013		2012	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	370,811,660	17.45%	356,559,000	18.90%	365,255,000	19.36%
Commercial & Industrial	522,895,038	24.61%	506,994,000	26.87%	486,908,000	25.81%
Public Authorities ⁽¹⁾	-	0.00%	4,462,000	0.24%	35,429,000	1.88%
Rural Electric Division	419,249,453	19.73%	375,671,000	19.91%	379,278,000	20.10%
Other Utilities	779,781,000	36.70%	608,077,000	32.23%	546,265,000	28.96%
Interdepartmental	32,218,646	1.52%	34,753,000	1.84%	32,634,000	1.73%
Total	2,124,955,797	100.00%	1,886,516,000	100.00%	1,845,769,000	97.84%

Type of Customer	2011		2010		2009	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	385,921,000	20.91%	368,227,000	20.94%	347,764,000	22.85%
Commercial & Industrial	482,341,000	26.13%	459,371,000	26.12%	443,745,000	29.16%
Public Authorities	36,412,000	1.97%	35,679,000	2.03%	36,080,000	2.37%
Rural Electric Division	376,858,000	20.42%	355,849,000	20.24%	332,879,000	21.87%
Other Utilities	442,068,000	23.95%	271,289,000	15.43%	424,131,000	27.87%
Interdepartmental	34,833,000	1.89%	31,591,000	1.80%	31,246,000	2.05%
Total	1,758,433,000	95.27%	1,522,006,000	86.55%	1,615,845,000	106.17%

⁽¹⁾ Public schools were reclassified from "Public Authority" to "Commercial and Industrial" in 2013.

City of Bryan, Texas

Electric System Revenue Debt Service Requirements - City Electric

As of September 30, 2014

Table REC-3

Fiscal Year Ended	Principal	Interest	Total	% of Principal Retired
2015	\$ 11,730,000	\$ 8,532,050	\$ 20,262,050	
2016	12,165,000	7,968,200	20,133,200	
2017	11,470,000	7,437,800	18,907,800	
2018	6,920,000	6,877,944	13,797,944	
2019	27,775,000	6,586,463	34,361,463	38.60%
2020	6,615,000	5,245,888	11,860,888	
2021	6,920,000	4,935,313	11,855,313	
2022	7,260,000	4,607,069	11,867,069	
2023	6,605,000	4,276,613	10,881,613	
2024	6,895,000	3,984,244	10,879,244	18.90%
2025	7,205,000	3,675,506	10,880,506	
2026	6,550,000	3,329,456	9,879,456	
2027	6,865,000	3,009,863	9,874,863	
2028	7,200,000	2,672,825	9,872,825	
2029	7,555,000	2,319,325	9,874,325	19.49%
2030	7,935,000	1,946,131	9,881,131	
2031	8,325,000	1,550,781	9,875,781	
2032	7,900,000	1,154,144	9,054,144	
2033	6,005,000	775,419	6,780,419	
2034	3,965,000	492,100	4,457,100	18.81%
2035	2,440,000	314,325	2,754,325	
2036	2,540,000	213,675	2,753,675	
2037	2,640,000	108,900	2,748,900	4.20%
	\$ 181,480,000	\$ 82,014,032	\$ 263,494,032	100.00%

City of Bryan, Texas
Authorized but Unissued Revenue Bonds
As of September 30, 2014

Table REC-4

The City has no voted but unissued electric revenue bonds, and pursuant to State law, the City is not required to obtain the approval of voters to issue its Electric System revenue bonds.

City of Bryan, Texas

Condensed Statement of City Electric System Operations

As of September 30, 2014

Table REC-5

	Fiscal Year			
	2014	2013 ⁽²⁾	2012	2011
Revenues				
City Electric System and Other Revenue ⁽¹⁾	\$ 185,255,098	\$ 160,991,056	\$ 155,453,210	\$ 154,851,433
Investment Income	414,342	407,920	369,937	369,563
Total Revenues	185,669,440	161,398,976	155,823,147	155,220,996
City Electric System Expenses ⁽¹⁾	141,613,409	128,862,043	112,143,156	117,869,352
NET AVAILABLE FOR DEBT SERVICE	\$ 44,056,031	\$ 32,536,933	\$ 43,679,991	\$ 37,351,644
BTU - City Electric Customers	34,609	33,920	33,160	32,583
				32,421

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

⁽²⁾ As restated, reference Note 1.

City of Bryan, Texas**City Electric Coverage and Fund Balances****As of September 30, 2014****Table REC-6**

Average Annual Principal and Interest Requirement, 2015-2037	\$ 11,456,262
Coverage of Average Requirements by 9-30-2014 Net available for debt service	3.85 Times
Maximum Principal and Interest Requirements, 2019	\$ 34,361,463
Coverage of Maximum Requirements by 9-30-2014 Net available for debt service ⁽¹⁾	1.28 Times
Electric System Revenue Bonds, 9-30-2014	\$181,480,000
Interest and Sinking Fund (September 30, 2014)	\$ 5,433,170
Reserve Fund (September 30, 2014)	\$ 11,558,189

⁽¹⁾ The City will treat the principal payment due July 1, 2019 as a Balloon Debt for the coverage calculation per the definition of the Annual Debt Service Requirements in the Board Ordinance. Based on revenue projections (which reflect a substantial reduction in the amount of the City's contract payment to TMPA for the Fiscal year 2019), the City expects that Net Revenues of the Electric System will be sufficient to pay the projected actual maximum annual debt service of \$34,361,463 in 2019.

City of Bryan, Texas**Current Investments and Cash Deposits - City Electric**

As of September 30, 2014

Table REC-7

As of September 30, 2014 the following percentages of BTU's City Electric investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Book Value</u>	<u>Percentage</u>
Demand Deposits	\$ 69,426,885	74.51%
Investment in Gov't Pool	3,007,043	3.23%
Collateral deposits with counterparties	1,679,019	1.80%
Investment in agency securities	19,069,105	20.46%
Investments in treasury securities	-	0.00%
Totals	<u>\$ 93,182,052</u>	<u>100%</u>

City of Bryan, Texas

Electric Rates

As of September 30, 2014

Table RER-1

City Class	Customer Charge Per Month	Demand Per kW	Energy Charge Per kWh	Fuel Charge Per kWh (1)
Residential Winter (Nov. - Apr)	\$ 10.28	\$ -	\$ 0.0531	\$ 0.0330
Residential Summer (May - Oct.)	10.28	-	0.0657	0.0330
Small Commercial	13.82	-	0.0625	0.0330
General Service Commercial	26.34	6.31	3.6176	0.0330
General Service Commercial - Energy Only	23.99	-	0.0419-0.0489	0.0330
Large Industrial	400.00	10.28	3.5177	0.0330
Transmission Service	1,633.00	10.20	2.6202	0.0330
Bryan Public/Private Schools	39.52	-	0.0690	0.0330
Interdepartmental	30.00	-	0.0525	0.0330
Rural Electric Division	-	5.42	3.0402	0.0330
Rural Class				
Residential Winter (Nov. - Apr)	\$ 9.61	\$ -	\$ 0.0453	\$ 0.0335
Residential Summer (May - Oct.)	9.61	-	0.0576	0.0335
Small Commercial	13.16	-	0.0584	0.0335
General Service Commercial	19.25	6.00	1.9292	0.0335
General Service Commercial - Energy Only	22.94	-	0.0387-0.0559	0.0335
Public/Private Schools	33.01	-	0.0614	0.0335

(1) Fuel Charges are subject to change.

City of Bryan, Texas

Energy Sales by Types of Customers - Rural

As of September 30, 2014

Table RER-2

Type of Customer	2014		2013		2012	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	272,148,841	70.53%	244,371,000	69.26%	236,568,000	69.62%
Commercial	113,690,684	29.47%	108,457,000	30.74%	103,231,000	30.38%
Total	385,839,525	100.00%	352,828,000	100.00%	339,799,000	100.00%

Type of Customer	2011		2010		2009	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	249,574,000	69.70%	242,057,000	71.79%	211,585,000	68.95%
Commercial	108,507,000	30.30%	95,123,000	28.21%	95,303,000	31.05%
Total	358,081,000	100.00%	337,180,000	100.00%	306,888,000	100.00%

City of Bryan, Texas

Rural Electric System Revenue Debt Service Requirements

As of September 30, 2014

Table RER-3

Fiscal Year Ending	Principal	Interest	Total	% of Principal Retired
2015	\$ 475,000	\$ 306,800	\$ 781,800	
2016	485,000	294,600	779,600	
2017	495,000	280,625	775,625	
2018	515,000	265,400	780,400	
2019	530,000	247,950	777,950	32.81%
2020	550,000	230,000	780,000	
2021	570,000	208,000	778,000	
2022	235,000	184,863	419,863	
2023	245,000	174,875	419,875	
2024	255,000	164,156	419,156	24.34%
2025	265,000	153,000	418,000	
2026	275,000	141,075	416,075	
2027	290,000	128,700	418,700	
2028	300,000	115,288	415,288	
2029	315,000	101,413	416,413	18.96%
2030	330,000	86,450	416,450	
2031	345,000	70,775	415,775	
2032	365,000	54,388	419,388	
2033	380,000	37,050	417,050	
2034	400,000	19,000	419,000	23.88%
	\$ 7,620,000	\$ 3,264,407	\$ 10,884,407	100.00%

City of Bryan, Texas

Condensed Statement of Rural Electric System Operations

As of September 30, 2014

Table RER-4

	Fiscal Year			
	2014	2013	2012	2011
				2010
Revenues				
Rural Electric System	\$ 35,728,300	\$ 32,257,374	\$ 31,495,841	\$ 31,851,185
Investment Income	73,213	47,422	82,333	53,347
Total Revenues	35,801,513	32,304,796	31,578,174	31,904,532
				30,176,490
Rural Electric System Expenses ⁽¹⁾	30,502,755	27,231,209	26,348,351	27,624,793
				26,083,010
NET AVAILABLE FOR DEBT SERVICE	\$ 5,298,758	\$ 5,073,587	\$ 5,229,823	\$ 4,279,739
				\$ 4,093,480
Rural Electric Customers	18,328	17,556	16,881	16,033
				15,593

⁽¹⁾ Excludes Depreciation.

City of Bryan, Texas

Rural Electric Coverage and Fund Balances

As of September 30, 2014

Table RER-5

Average Annual Principal and Interest Requirement, 2015-2034	\$	544,220
Coverage of Average Requirements by 9-30-2014 Net Available for debt service		9.74 Times
Maximum Principal and Interest Requirements, 2015	\$	781,800
Coverage of Maximum Requirements by 9-30-2014 Net Available for debt service		6.78 Times
Rural Electric System Revenue Bonds, 9-30-2014	\$	7,620,000
Interest and Sinking Fund (September 30, 2014)	\$	248,307
Reserve Fund (September 30, 2014)	\$	311,042

City of Bryan, Texas

Current Investments and Cash Deposits - Rural Electric

As of September 30, 2014

Table RER-6

As of September 30, 2014 the following percentages of BTU's Rural Electric investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Book Value</u>	<u>Percentage</u>
Bank Deposits	\$ 10,057,673	84%
Agency Securities	1,977,550	16%
Totals	<u>\$ 12,035,223</u>	<u>100%</u>



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