



The Good Life, Texas Style.™

2016 Comprehensive Annual **FINANCIAL REPORT**

CITY OF BRYAN, TEXAS
Fiscal Year Ended September 30, 2016

CITY OF BRYAN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2016

Prepared by

Fiscal Services Department
Joe Hegwood, Chief Financial Officer

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March 8, 2017

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, 2016. The purpose of this report is to provide the Council, management, staff, the public, and other interested parties with detailed information reflecting the City's financial condition. The Texas Local Government Code (§103.001) as well as the Bryan City Charter (Sec. 5(j)(5)) both require an annual audit of the City's financial statements. The City has complied with these requirements and the auditors' report is included.

The City's independent auditor, Weaver and Tidwell, L.L.P., has issued an unmodified or "clean" opinion on the City of Bryan's financial statements for the year ended September 30, 2016. An unmodified 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 45.56 square miles and has an estimated population of 82,118.

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.

CITY OF BRYAN TEXAS

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

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 is also financially accountable for Bryan Commerce and Development, Inc. ("BCD"), a local government corporation and the economic development arm of the City of Bryan.

FACTORS AFFECTING FINANCIAL CONDITION

Bryan continued its strong growth trajectory during the fiscal year, realizing increases in current sales taxes and property values. Overall governmental activity revenues in FY 2016 were up 12.2% over the previous year. Business-type activities revenues were up 1.8% for an overall increase government-wide of 4.0% in FY 2016 over FY 2015 totals. 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 60,000, ranks among the nation's largest university campuses and dominates the financial landscape of the Bryan-College Station area. Additionally, Blinn College, a two year academic institution, has a campus in Bryan with a student enrollment of over 12,000. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: government, education and health care. Five of the top ten employers in the area fall into these classifications.

Historically, the Bryan-College Station area's unemployment rate has been among the lowest in the state and that trend continues. As of December 2016, the unemployment rate for the Bryan-College Station area was 3.4% compared to 4.6% state-wide.

MAJOR INITIATIVES

In May 2016, the Texas A&M University System unveiled plans to invest \$150 million to create a new research and development campus to help companies move ideas from the laboratory to the marketplace while also offering a new path toward a college degree. The campus, known as RELLIS, and located at a revamped and renamed Riverside Campus on approximately 2,000 acres, initially will include a cluster of seven new buildings and test beds to encourage the private sector to develop secure research facilities adjacent to the System's site. The focus will include robotics, driverless and connected vehicles, advanced manufacturing, large-scale testing, as well as smart power grids and water systems. Construction on campus facilities began in 2016. The RELLIS campus is within the City of Bryan's extra territorial jurisdiction and is expected to have a significant impact on the area's economy.

Shortly after the RELLIS announcement, Blinn College, headquartered in contiguous Washington County, announced an agreement with Texas A&M for plans to construct facilities on the RELLIS campus. Blinn has

CITY OF BRYAN TEXAS

committed approximately \$34 million for RELLIS campus development. The Blinn development includes a four-story facility with eight science labs, twenty classrooms, and faculty and staff offices. Construction is scheduled to be completed in time for use by the Fall 2018 semester. The new campus establishes a new educational community combining a major university system and a community college at a single physical location. This co-location will allow Blinn College students to transfer seamlessly to leading universities throughout the Texas A&M System in the years to come. Blinn plans to maintain its existing facilities currently in Bryan.

During the last several years, the City of Bryan has experienced significant growth on its west side as a result of major investments in economic development partnerships and infrastructure improvements. The established Traditions development and growing BioCorridor development have seen adjacent growth centered on hospitality and wellness. The City's restated partnership agreements in 2009 with Traditions Acquisition Partnership lead to the completion of Traditions Club facilities, and now the establishment of the ATLAS Master Planned Development and Lake Walk Town Center, anchored by the Stella Hotel, a four-star boutique hotel and conference center. The construction of the Texas A&M Health Science Center in 2010 and the 2011 adoption of the Research Valley BioCorridor Inter-local Agreement between the cities of Bryan and College Station ultimately turned the international spotlight on Bryan, and enhanced the value of real estate holdings and property values in the City. The total value of taxable property within the Traditions Tax Increment Reinvestment Zone 10 (TIRZ 10) now exceeds \$218 million.

In June 2012, Texas A&M received a contract to develop one of three U.S. Department of Health and Human Services National Centers for Innovation in Advanced Development and Manufacturing. Under the Centers for Innovation in Advanced Development and Manufacturing contract, Texas A&M University System is responsible for developing and procuring medical countermeasures 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. Located within the BioCorridor, the Pandemic Influenza Facility is now complete and will begin operation under FujiFilm Diosynth in 2017. The facility is expected to provide a major economic boost to Bryan and College Station as well as the Brazos Valley for many years to come.

In response to this significant growth, the City's west side public infrastructure projects have included a regional lift station, expansion of the gravity sewer system, an extension of the HSC Parkway to Hwy 47, and an overpass at the intersection of Hwy 47 and HSC Parkway. These facilities provide critical support for significant westward growth over the next 30-plus years.

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

Lastly, the City continues to see development at Texas Triangle Park. In 2016, Axis Pipe & Tube continued expansion by adding facilities for heat treatment, threading and finishing to its 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

CITY OF BRYAN TEXAS

Pipe & Tube bringing the \$120 million manufacturing facility to the county. In 2015, Axis Pipe & Tube added an additional 100 acres to its operations. Texas Triangle Park is a master-planned, rail served industrial park located in the extra territorial jurisdiction of Bryan. The addition of Axis Pipe & Tube to Texas Triangle Park has been a catalyst for growth and significant economic benefit to the region.

LONG-TERM FINANCIAL PLANNING

The City annually prepares a five-year financial forecast to ensure that current revenue and spending commitments are sustainable. Economic development efforts in prior years have resulted in significant cash in-flows for the City in more recent years. The sale of land in the Traditions development and other City properties in addition to past oil and gas activity have produced over \$10.0 million in “one-time” revenue since 2013. The resulting inflows, along with the City’s continued attention to cost control have significantly increased the General Fund’s ending fund balance which is approximately 175 days of operating costs based on FY 2017 General Fund budgeted operating expenditures. In 2015, City Council set a target of 100 days of operating cash. Specific one-time parks and recreation projects were approved for spending in 2016 which address a portion of the operating funds over the target. These projects commenced in 2016 and will continue into 2017. In 2016, City Council also approved the establishment of Capital Reserve and Oil and Gas funds to capture future one-time revenues to be directed to specific one-time projects. Through careful planning, City Council is helping to ensure the sustained long-term financial health of the City.

During 2016, through the budget setting process, City Council approved the pre-funding of post-employment healthcare benefits for the City’s employees. Historically, the City has funded these costs on a “pay-as-you-go” basis. With the increased costs of healthcare and the growing liability, the City Council determined that it would be in the best interest of the City to pre-fund these expenses similar in nature to how the City funds its pension liability.

In 2015, staff 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. The City Council adopts its CIP every other year. As such, an updated CIP is scheduled to be adopted in FY 2017.

The City issued new debt in 2016 pursuant to the CIP adopted in 2015. New Certificates of Obligation issued in 2016 total \$10.4 million for capital improvement projects. Additionally, the City issued \$7.8 million in general obligation refunding bonds in September 2016, which enabled the retirement of higher interest debt at a savings of over \$1.1 million. The City Electric and Rural Electric systems issued Revenue Bonds totaling \$87.2 million. Of that, \$13.7 million was issued to refund \$4.8 million of Rural Electric Revenue Bonds and \$8.9 million of City Electric Revenue Bonds. The remainder of these Revenue Bonds were issued for transmission and other capital projects for the City’s electric system. \$26.8 million in additional outstanding debt was retired in 2016. 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.

CITY OF BRYAN TEXAS

RELEVANT FINANCIAL POLICIES

The City's fund balance/operating reserves policies continue to be an important factor in planning decisions. In 2016 the City Council formally adopted the City of Bryan Financial Management Policy Statements. These policy statements outline the specific reserve policies for all major funds based on fund risks. The policies state 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. A copy of these policies can be found on the City's website at www.bryantx.gov/fiscal-services. As noted above, the City also set a target fund balance of 100 days for the general fund. 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 the Investment Committee to review. The City's investment practice is to buy securities and hold to maturity to avoid potential losses from a sale. During Fiscal Year 2016, the City complied with all aspects of the investment policy.

AWARDS AND ACKNOWLEDGMENTS

In 2016, 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 2017, the City was awarded the Distinguished Budget Presentation Award from the GFOA and in January 2016, the City was awarded the Government Treasurers' Organization of Texas' Certificate of Distinction for its investment policy.

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



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Government Finance Officers Association

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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

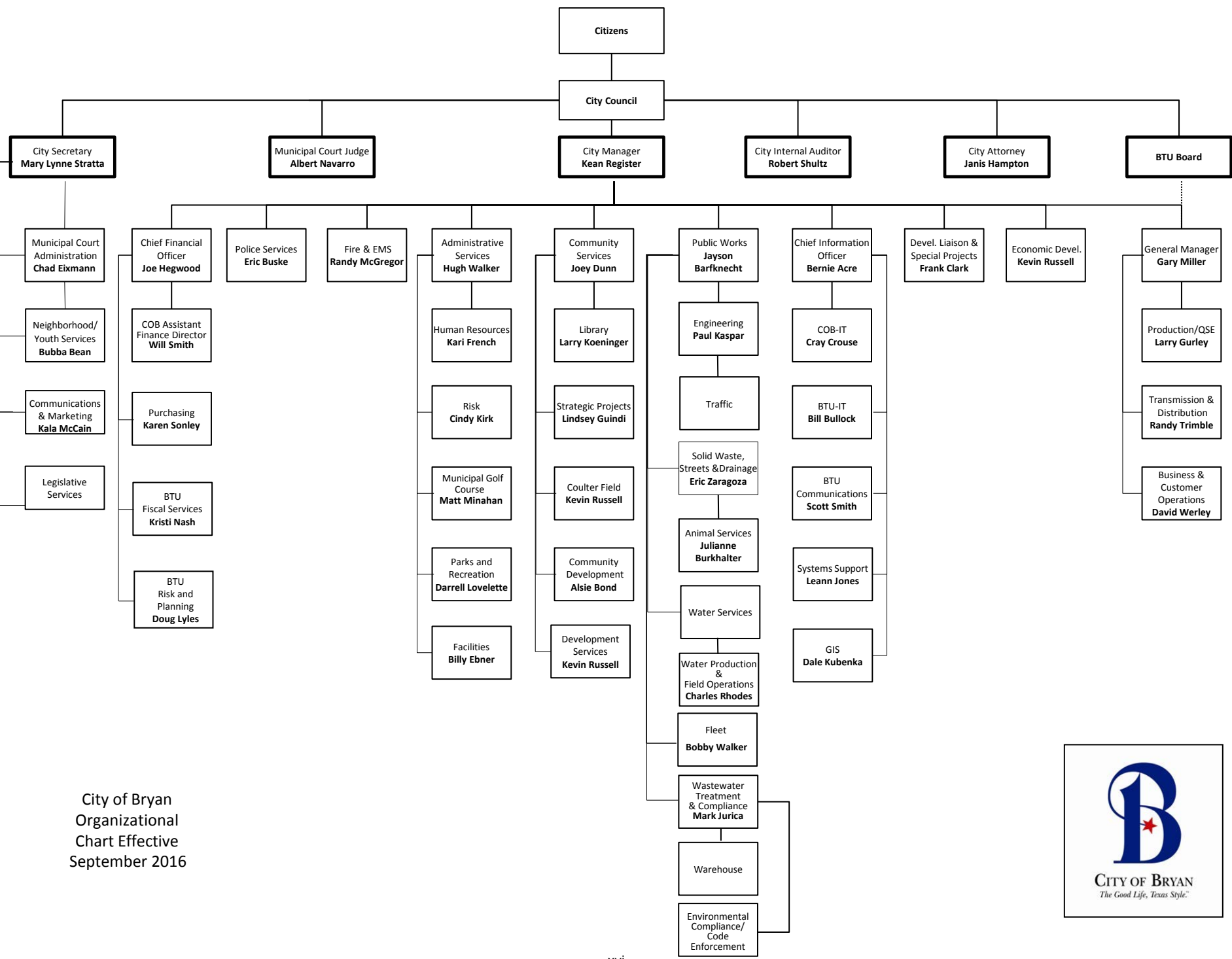
PRINCIPAL OFFICIALS

GOVERNING BODY:

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

OTHER PRINCIPAL OFFICIALS:

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



City of Bryan
Organizational
Chart Effective
September 2016





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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of 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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Bryan, Texas (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA), a joint venture of the City, representing \$14,686,316 of the assets and \$1,097,508 of the income of the business-type activities and aggregate remaining fund information of the City. The financial statements of BVSWMA 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 BVSWMA, 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 BVSWMA were not audited in accordance with *Government Auditing Standards*.

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

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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Bryan, Texas, as of September 30, 2016, 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.

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 Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, Schedule of Required Contributions – Texas Municipal Retirement System, and Schedule of Changes in the City's Net Pension Liability and Related Ratios – Texas Municipal Retirement System 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.

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

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 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 March 8, 2017 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 City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, TX
March 8, 2017



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City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2016
(Unaudited)

As management of the City of Bryan, Texas (the "City"), we offer readers of the City's financial statements this narrative discussion and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages viii -xii of this report.

Financial Highlights

Government-wide financial statements

- assets exceed liabilities by \$523,045,984 (net position)
- unrestricted net position was \$95,606,773; these funds may be used to meet ongoing obligations to citizens and creditors
- total net position increased by \$18,729,530
- total debt, net of premiums and discounts, increased by \$69,506,231 or 18.7%
 - \$7,755,000 in general obligation refunding bonds were issued during FY 2016 in order to reduce interest costs on current outstanding debt. These general obligation bonds along with the offering premium refunded \$7,980,000 in certificate of obligation bonds.
 - \$87,205,000 in Electric System Revenue Bonds were issued. Of that, \$13,725,000 was issued to refund \$4,845,000 of Rural Electric Revenue Bonds and \$8,880,000 of City Electric Revenue Bonds in order to reduce interest costs on current outstanding debt. The remainder of these Revenue Bonds were issued for transmission and other capital projects.
 - \$10,435,000 in Certificates of Obligation were issued for capital improvements.
 - \$26,845,001 in additional outstanding debt was retired. Total debt retired during FY 2016, including the refunded bonds was \$48,550,001.
 - \$26,510,000 of outstanding debt (principal) is due within one year as of September 30, 2016.

Fund Financial Statements

- governmental funds reported combined ending fund balances of \$73,427,743
 - an increase of \$5,104,426 in fund balances is due primarily to the issuance of long term debt during FY 2016
 - approximately \$22,079,084 or 30.1% is available for spending at the City's discretion (unassigned fund balance)
- General Fund unassigned fund balance was \$22,095,483 or 33.7%, of total general fund expenditures during FY 2016. This represents 115 days of cash.

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.

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement may be for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities describe services provided by the City and include general government, development services, public works (streets and drainage), public safety, and cultural and recreational (parks and recreation, library service, and other community service activities). The business-type activities of the City include electric generation, distribution and transmission, water supply and distribution, wastewater collection and treatment, solid waste collection, and a general purpose airport.

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

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

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

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

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

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial activities. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City currently maintains twenty-seven (27) individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Debt Service Fund, both of which are considered to be major funds (2). Data from thirteen (13) special revenue funds, three (3) capital project funds, and nine (9) permanent funds have been combined into one single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary section of this report.

The City of Bryan adopts an annual appropriation budget for its General Fund, Debt Service Fund and special revenue funds. Individual fund budgetary comparison schedules are provided in the Required Supplementary and the Supplementary sections of this report (starting on page 108).

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

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

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financial statements. Individual fund data for the aggregated proprietary funds and the internal service funds is provided in the form of combining statements in the Supplementary section of this report (starting on page 111).

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

Fiduciary Funds. The City maintains one (1) fiduciary fund, the payroll fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 40 of this report.

Notes to the Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-103 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. This presentation of the City's pension liability is based on the adoption of GASB 68, *Accounting and Financial Reporting for Pensions*. Ultimately ten (10) years of data will be displayed in the Required Supplementary section of this report. Also included in the Required Supplementary section is a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. Required supplementary information can be found on pages 105-109 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 114-148 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$523,045,984 as of September 30, 2016.

The largest portion of the City's net position, \$361,334,932 or 69.1%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and improvements), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. An additional portion of the City's net position, \$66,104,279 or 12.6%, represents resources that are subject to external restrictions on their usage. The remaining balance of unrestricted net position, \$95,606,773 or 18.3%, may be used to meet

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the government's ongoing obligations to citizens and creditors. At the end of FY 2016, the City of Bryan was able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of Bryan's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 88,610,273	\$ 81,901,112	\$ 252,899,081	\$ 191,857,934	\$ 341,509,354	\$ 273,759,046
Capital assets	153,239,281	151,505,157	557,708,608	533,751,076	710,947,889	685,256,233
Total assets	<u>241,849,554</u>	<u>233,406,269</u>	<u>810,607,689</u>	<u>725,609,010</u>	<u>1,052,457,243</u>	<u>959,015,279</u>
Deferred outflows	16,695,451	6,612,784	20,852,999	21,157,300	37,548,450	27,770,084
Non-current liabilities	123,468,704	110,209,138	362,955,884	295,087,340	486,424,588	405,296,478
Other liabilities	17,602,257	18,954,449	51,467,183	49,629,357	69,069,440	68,583,806
Total liabilities	<u>141,070,961</u>	<u>129,163,587</u>	<u>414,423,067</u>	<u>344,716,697</u>	<u>555,494,028</u>	<u>473,880,284</u>
Deferred inflows	1,409,729	881,500	10,055,952	7,707,125	11,465,681	8,588,625
Net position:						
Net investment in						
capital assets	67,698,582	68,002,663	293,636,350	281,007,278	361,334,932	349,009,941
Restricted	31,432,237	22,972,793	34,672,042	39,419,987	66,104,279	62,392,780
Unrestricted	16,933,496	18,998,510	78,673,277	73,915,223	95,606,773	92,913,733
Total net position	<u>\$ 116,064,315</u>	<u>\$ 109,973,966</u>	<u>\$ 406,981,669</u>	<u>\$ 394,342,488</u>	<u>\$ 523,045,984</u>	<u>\$ 504,316,454</u>
Restated amounts	-	-	-	-	-	-
Total net position as restated*	<u>\$ 116,064,315</u>	<u>\$ 109,973,966</u>	<u>\$ 406,981,669</u>	<u>\$ 394,342,488</u>	<u>\$ 523,045,984</u>	<u>\$ 504,316,454</u>

The \$18,729,530 increase to \$523,045,984 in total net position is due to increases in business-type activities as well as governmental activities. The net position of business type activities increased \$12,639,181 due primarily to the excess of operating revenues over expenses in the City Electric, Rural Electric, Water, Wastewater, and Solid Waste funds, and land sales in the Bryan Commerce and Development fund. Of this increase in net position, \$12,629,072 was invested in capital assets net of related debt. The net position of the Governmental Activities increased by \$6,090,349 due to revenues and net transfers in exceeding expenditures.

While total net position for governmental activities of the City increased in FY 2016, unrestricted net position for governmental activities decreased by \$2,065,014 to \$16,933,496. This decrease is due to several factors. A planned spend-down in the General Fund for community service and other projects (mainly parks improvements and maintenance) contributed to this decrease. Additionally, investment in the City of Bryan and Brazos County Economic Development Foundation, Inc. ("BBCEDF") for the purchase of land in Texas Triangle Park also contributed to the decrease in unrestricted net position.

Unrestricted net position of business-type activities increased by \$4,758,054 to \$78,673,277 mainly due to the reduction of collateral deposits required for City Electric System.

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City of Bryan's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 7,846,280	\$ 6,926,299	\$ 264,788,623	\$ 261,421,051	\$ 272,634,903	\$ 268,347,350
Operating grants and contributions	2,507,033	2,769,647	-	-	2,507,033	2,769,647
Capital grants and contributions	4,531,545	2,049,078	4,826,334	2,755,942	9,357,879	4,805,020
General revenues:						
Property taxes	29,674,521	28,039,989	-	-	29,674,521	28,039,989
Other taxes	22,661,830	21,683,058	-	-	22,661,830	21,683,058
Other	13,624,954	10,589,029	3,680,266	4,273,025	17,305,220	14,862,054
Total revenues	80,846,163	72,057,100	273,295,223	268,450,018	354,141,385	340,507,118
Expenses:						
General Government	18,119,110	9,775,235	-	-	18,119,110	9,775,235
Development Services	6,556,417	5,403,697	-	-	6,556,417	5,403,697
Public Works Services	16,585,766	16,894,814	-	-	16,585,766	16,894,814
Public Safety	35,934,773	33,648,379	-	-	35,934,773	33,648,379
Cultural and Recreational	9,106,566	8,374,038	-	-	9,106,566	8,374,038
Interest on long-term debt	2,989,038	3,299,163	-	-	2,989,038	3,299,163
City electric	-	-	175,336,256	171,705,349	175,336,256	171,705,349
Rural electric	-	-	40,163,724	36,214,517	40,163,724	36,214,517
Water	-	-	11,651,741	9,841,218	11,651,741	9,841,218
Wastewater	-	-	10,840,072	9,935,489	10,840,072	9,935,489
Solid Waste	-	-	7,331,223	7,005,348	7,331,223	7,005,348
Other	-	-	797,170	854,662	797,170	854,662
Total expenses	89,291,670	77,395,326	246,120,186	235,556,583	335,411,856	312,951,909
Increase (decrease) in net position before transfers and special items	(8,445,507)	(5,338,226)	27,175,037	32,893,435	18,729,530	27,555,209
Special items - sale of plant equipment	-	-	-	505,000	-	505,000
Net Transfers	14,535,856	14,789,653	(14,535,856)	(14,789,653)	-	-
Increase (decrease) in net position	6,090,349	9,451,427	12,639,181	18,608,782	18,729,530	28,060,209
Net position - October 1	109,973,966	100,522,539	394,342,488	375,733,706	504,316,454	476,256,245
Net position - September 30	\$ 116,064,315	\$ 109,973,966	\$ 406,981,669	\$ 394,342,488	\$ 523,045,984	\$ 504,316,454

Governmental Activities. Total governmental activities revenues increased in FY 2016 from FY 2015 by \$8,789,063 or 12.2% to \$80,846,163. Several factors contributed to this increase in FY 2016. Property tax revenues increased by \$1,634,532, or 5.8%. Capital grants and contributions increased significantly by \$2,482,467, or 121.2%. This increase is a result of contributed capital from developers for residential development activity (predominantly in the City's west side Traditions and Edgewater developments and the City's east side Austin's Estates, Austin's Colony, Greenbrier, and Stonebrier developments). During FY 2016, other revenues (including transportation and drainage assessments, investment earnings, and miscellaneous items) increased in total by \$3,035,925 or 28.7%. The primary driver for the increase in this category is payment from the Texas Ambulance Supplemental Payment program and the net change in BBCEDF net position at year end. The change in net position for BBCEDF is largely due to the investment for the purchase of land in Texas Triangle Park. This change in net position is recognized as revenue to the City.

The government-wide presentation of expenses attempts to consolidate all revenues and expenses on a basis similar to a private business. This presentation removes capital spending and principal payments on debt (see note 4 for capital assets of the governmental activities and note 5 for long term debt) and

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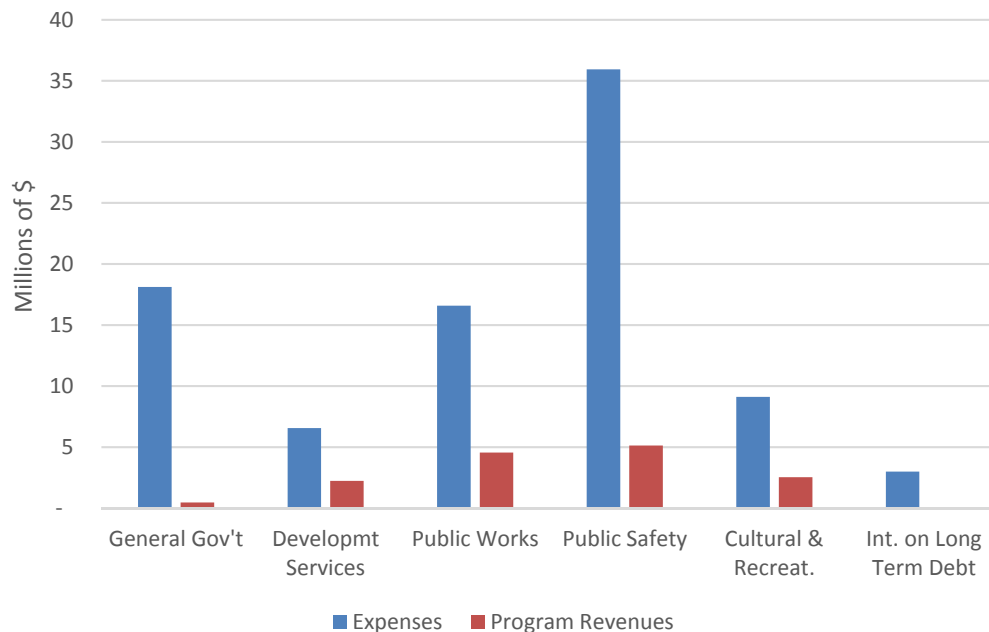
For the Fiscal Year Ended September 30, 2016

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allocates expenses of internal service activities to all related parties. Governmental activities expenses increased in FY 2016 as compared to FY 2015 by \$11,896,344 to \$89,291,670. The major changes in this category were:

- General Government expenses increased \$8,343,875 in FY 2016 compared to FY 2015. This increase is due to the following factors:
 - Investment in BBCEDF for purchase of land in Texas Triangle Park of approximately \$3,000,000.
 - Net pension costs for governmental activities increased by \$2,723,643. This increase was largely due to the current year recognition of lower than expected investment return.
 - Moderate increases year over year were also seen in multiple General Government expenses in the Executive, City Secretary, Fiscal Services, Human Resources, Fleet, and Facilities departments. Generally these increases year over year are due to salary increases, one-time capital and maintenance projects, and contractual service increases.
- Public safety expenses increased \$2,286,394 in FY 2016 when compared to FY 2015. This increase is primarily due to added firefighter and police positions and salary increases. Moderate increases were also seen in Municipal Court salaries. Police and Fire supplies and maintenance also increased significantly for training and uniforms.
- Development Services saw increased expenses in FY 2016 as compared to FY 2015 of \$1,152,720 due primarily to increased development payments in TIRZ 10 and the American's with Disabilities Act transition plan improvements.

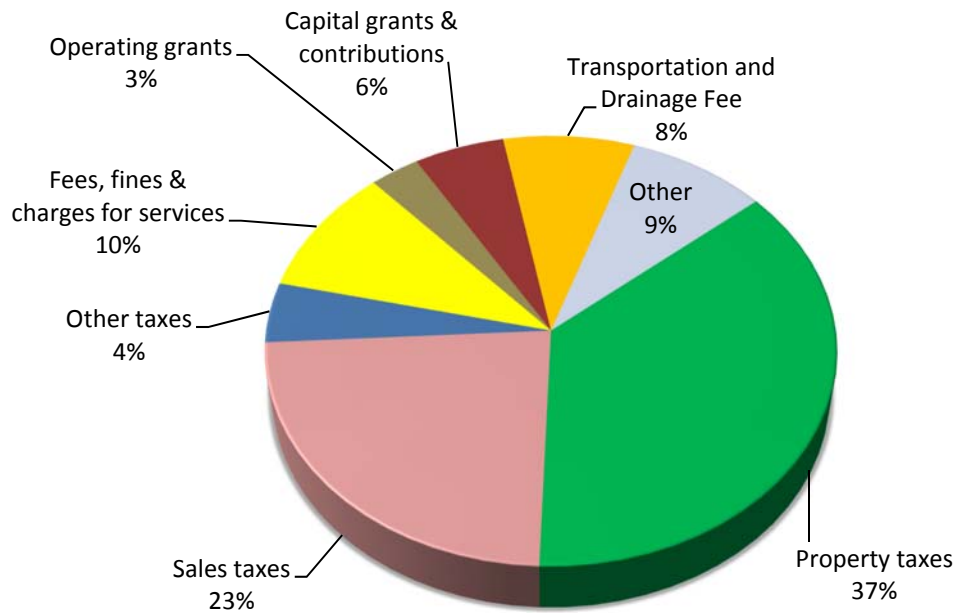
Expenses and Program Revenues - Governmental Activities



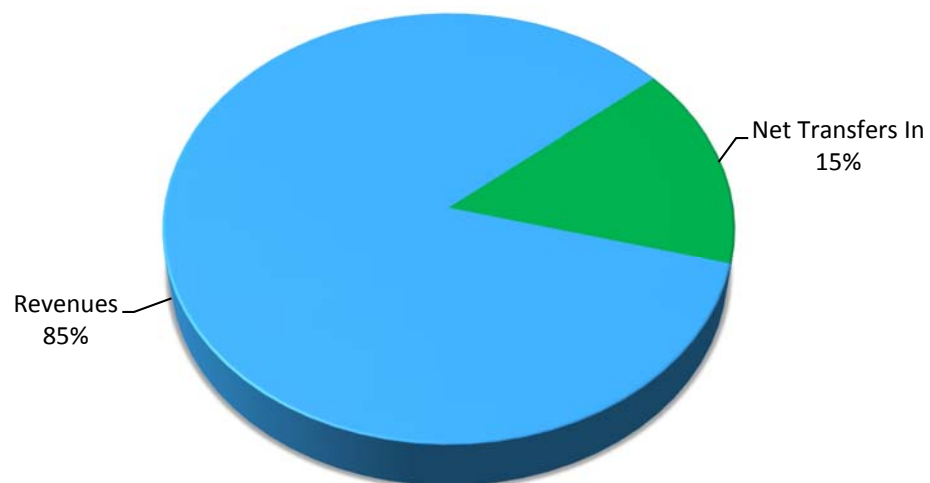
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Revenues by Source - Governmental Activities



All Governmental Resources



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Business-type Activities. Business-type activities net position increased by \$12,639,181, or 3.2%, to \$406,981,669 in FY 2016. Charges for services for business-type activities increased \$3,367,572, or 1.3%, to \$264,788,623, while expenses increased \$10,563,603, or 4.5%, to \$246,120,186. Key elements of the variances are as follows:

- For the City and Rural Electric Systems, combined charges for services for FY 2016 and FY 2015 were \$229,555,681 and \$223,539,164 respectively, an increase of 2.7%. The increase in revenues for City and Rural Electric are primarily due to customer growth, and larger transmission cost of service revenue during the fiscal year ended September 30, 2016. Combined City and Rural Electric expenses for FY 2016 and FY 2015 were \$215,499,980 and \$207,919,866 respectively, an increase of 3.6%. Combined net position for the electric systems at September 30, 2016 was \$237,371,941 of which \$56,897,515 is available to meet ongoing obligations.
- Water system charges for services showed an increase in FY 2016 of \$266,158, or 2.1%, to \$12,656,177 due to higher than expected wholesale water sales to Wickson Water in FY 2016. Water system operating expenses increased by \$1,810,523, or 18.4% in FY 2016. This increase in expenses is primarily due to scheduled maintenance on existing infrastructure. FY 2016 ending net position for the Water system was \$64,544,828 of which \$7,513,153 is available to meet ongoing obligations.
- FY 2016 ending net position for the Wastewater system was \$72,285,037, of which \$9,573,211 was available to meet ongoing obligations. Wastewater system charges for services increased by \$124,147 or 1.0%. Expenses for FY 2016 were \$10,840,072, an increase from FY 2015 of \$904,583 or 9.1%. This increase is primarily due to salary increases and increases in depreciation for new capital items put into service.

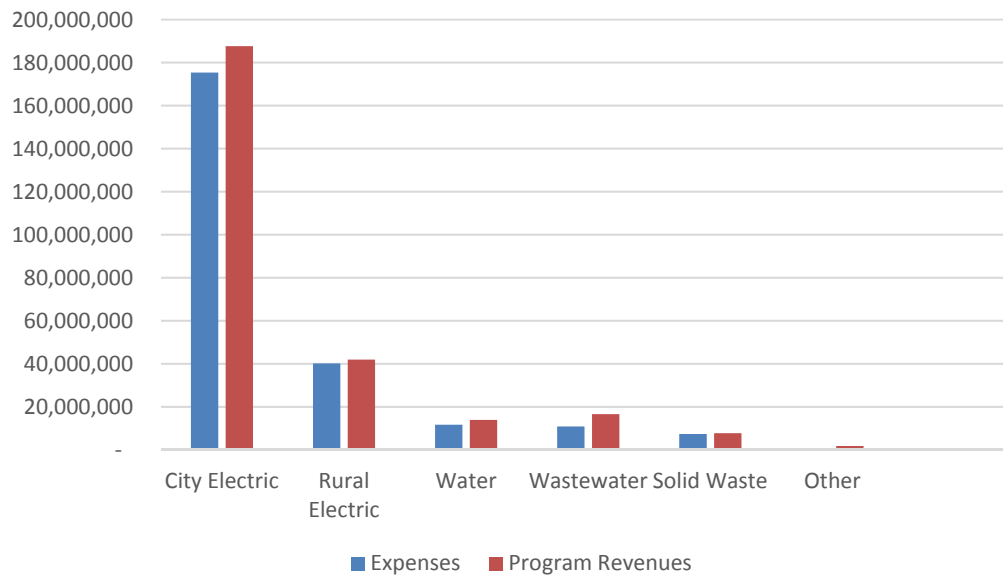
City of Bryan, Texas

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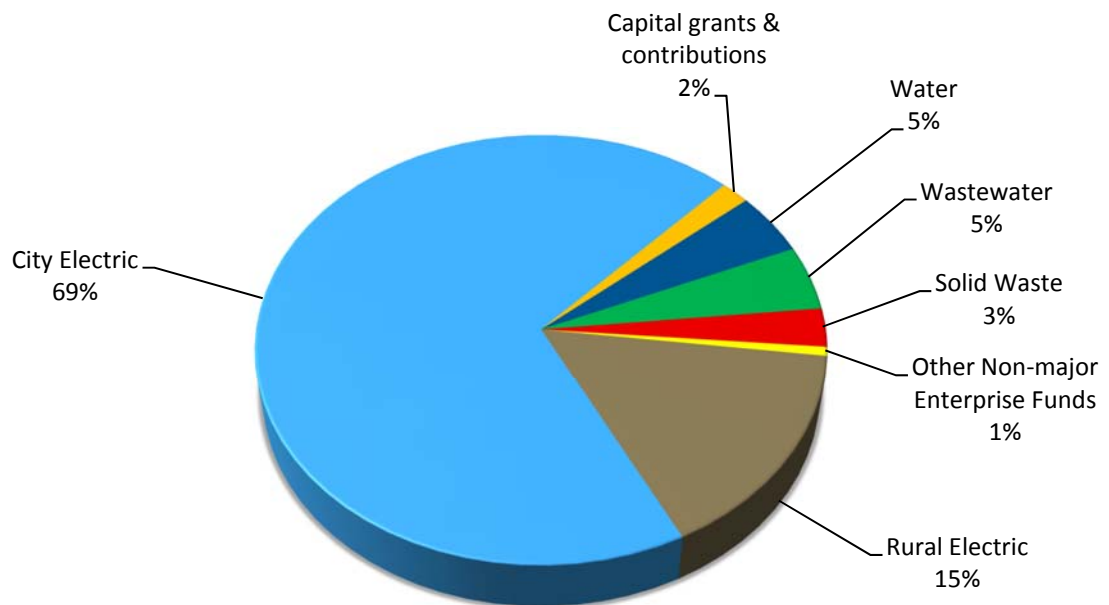
For the Fiscal Year Ended September 30, 2016

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Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-Type Activities



City of Bryan, Texas

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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. Fund financial statements can be found starting on page 114 of this report.

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

General Fund. The General Fund is the primary governmental fund of the City of Bryan. The fund balance of the General Fund decreased by \$1,815,357 during FY 2016 compared to an increase of \$7,189,233 in FY 2015. Revenues of the fund increased \$2,672,287 and expenditures increased by \$8,642,774. Expenditures were in excess of revenues by \$14,861,899. Transfers in decreased by \$1,694,719 and transfers out decreased by \$228,657. FY 2016 transfers in and out of the fund netted \$13,022,849. Sales of capital assets decreased \$1,568,041 in FY 2016. Increases in expenditures in FY 2016 are primarily one-time items including parks projects and maintenance and investment in the purchase of land in Texas Triangle Park. More detailed General Fund budgetary highlights are discussed below under the "General Fund Budgetary Highlights" section. Some items to note in the General Fund are:

- Property tax revenues to the General Fund increased by \$613,757 or 3.4% to \$18,703,844 due to an increase in property values.
- Other General Fund revenues for FY 2016 increased \$142,443, or 11.8% due to un-budgeted revenues from the Texas Ambulance Supplemental Payment Program ("TASPP"). This program, administered by the State of Texas, provides for the recovery of the costs of ambulance transports for un-insured and Medicare patients. Funding is provided by the Federal Department of Health and Human Services and is passed through the state. Increases in this category are offset by the recording of oil and gas revenues and one-time sales of property owned by the City in the Oil and Gas Fund and the Capital Reserve Fund beginning in FY 2016.
- Capital outlay expenditures increased slightly in FY 2016 by \$383,062 or 13.1% due to public safety vehicle purchases including ambulance re-mounts and police vehicles. Additional General Fund capital projects include parks projects, other fleet vehicles, information technology software and hardware, golf course equipment and public safety radio equipment.
- Public safety non capital expenditures increased in FY16 by \$2,720,295, or 8.8%. This was mainly due to salaries and benefits increasing by \$1,826,671 or 6.5%. Increases in salary and benefits are due to merit pool increases as well as the additions of three (3) Police personnel and six (6) Fire personnel.
- General governmental and administration expenditures increased \$3,080,206 or 99.6% due to the contribution to BBCEDF for the purchase of land in Texas Triangle Park for economic development purposes.

Debt Service Fund. The Debt Service Fund ended the fiscal year with a total fund balance of \$5,840,959 compared to \$6,080,301 at the end of FY 2015. All of this fund balance is restricted for the payment of

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debt. Tax revenues in the Debt Service Fund increased by \$262,889 or 3.5% to \$7,837,107. Debt service payments from the fund totaled \$10,676,189 with debt issuance costs totaling \$81,175. Additional debt service is supported by transfers from TIRZ 10, TIRZ 19, TIRZ 22 and the General Fund in the amount of \$2,139,496.

Other Governmental Funds. The Other Governmental Funds include the Special Revenue Funds, Capital Project Funds, and Permanent Funds. The total fund balance in Other Governmental Funds increased in FY 2016 over FY 2015 by \$7,159,125, or 26.6% to \$34,033,736. This is primarily due to the scheduled issuance of new debt related to the City's Capital Improvement Plan ("CIP"). Generally speaking, the City issues new debt every even numbered year to fund the CIP.

Special Revenue Funds. The City's special revenue funds include the Grant Fund, Community Development fund, Hotel and Motel Tax fund, the Oil and Gas Fund, the Capital Reserve Fund, the Court Technology fund, Tax Increment Reinvestment Zones (TIRZ), and two special assessment funds (Street and Drainage Improvement Funds). The fund balances in the special revenue funds increased by \$1,926,740, or 11.0%, in FY 2016. The majority of this increase is due to the establishment by City Council of the Oil and Gas and Capital Reserve funds during FY 2016.

- The Community Development Fund provides programs and services to low and moderate income persons. The most significant expense is \$1,341,466 spent on the various programs funded by state, local, and federal grants.
- Hotel Tax Revenues for FY 2016 were \$1,196,957. Expenditures total \$809,685. These funds primarily go to fund outside agencies who promote the hotel and tourism industries in Bryan, TX.
- The Oil and Gas fund was established to account for revenues associated with oil and gas property taxes and lease and royalty payments to the City. Revenues for FY 2016 were \$340,698 made up primarily of property tax revenues and royalty payments. Ending fund balance for FY 2016 was \$340,698. There were no expenditures in this fund during FY 2016.
- The Capital Reserve fund was established to account for one-time revenues, specifically land sales in the Traditions development. These one-time revenues should be used for one-time expenditures per the establishing ordinance. Total transfers in during FY 2016 total \$1,201,307 for land sales occurring in FY 2015 and FY 2016. There were no expenditures in FY 2016. Total ending fund balance for FY 2016 is \$1,207,886. Interest income was \$6,579 for FY 2016.
- The Street Improvement Fund expenditures total \$6,125,067 on street maintenance and capital projects. The ending fund balance for FY 2016 was \$11,773,499, which is a decrease over FY 2015 totals of \$614,124. Fund balance in this fund is committed for street improvement projects at the end of FY 2016.
- The Drainage Improvement Fund expenditures totaled \$474,173 in FY 2016 on drainage projects throughout the City. Ending fund balance was \$2,851,094, which is committed or encumbered for drainage projects at the end of FY 2016.

Capital Projects Funds. In FY 2016, the 2016 Certificate of Obligation Fund was established with the issuance of Series 2016 Certificates of Obligation. Bonds issued in the amount of \$9,275,000, along with issuer premiums in the amount of \$430,700, total \$9,705,700 in available funding for CIP projects. The total expenditures from Capital Projects Funds were \$4,392,747. The net fund balance in the Capital

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Project Funds increased by \$5,861,644 to \$13,327,432. This increase in fund balance is due to the issuance of the 2016 Bonds. This increase was offset by activities and expenditures relating to the construction of capital infrastructure (CIP projects). All of the fund balance is either available for capital projects or encumbered for capital projects.

Permanent Funds. Expenditures from the permanent funds come from spendable revenue generated by non-spendable donations in the form of interest earnings. In FY 2016 \$681,433 in spendable funds was used for expansion and upkeep of City of Bryan Cemeteries. The Cemetery fund balance decreased by \$629,259 to \$1,288,365 due to the above mentioned expansion and upkeep of the City of Bryan Cemeteries. Investment earnings of \$9,749 and contributions of \$42,345 helped offset expenditures. Non-spendable ending fund balances totaled \$938,069 for FY 2016. Spendable ending fund balances restricted for cemeteries was \$346,358 and spendable ending fund balances for libraries was \$3,938. These spendable fund balances are restricted to their stated purposes.

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

General Fund Budgetary Highlights

General Fund revenues are mainly derived from taxes, charges for services, fines, and grants. Other miscellaneous, non-operating revenues are derived from items such as one time sales of capital assets and other items. Property taxes in the General Fund are derived from the maintenance and operations portion of the tax rate ("M&O rate"). The M&O rate in effect during FY 2016 was \$0.443253 per \$100 of valuation. The adopted tax rate for FY 2016 was \$0.629990 per \$100 of valuation. The remainder of the tax rate is used to fund the City's debt service and is called the interest and sinking fund rate ("I&S rate"). The I&S rate for FY 2016 was \$0.186737 per \$100 of valuation.

Total General Fund revenues for FY 2016 were \$50,782,277 and were \$2,521,962, or 5.2%, ahead of budget and \$2,672,287, or 5.6%, more than revenues in FY 2015. Tax revenues for the General Fund include property tax, sales tax, franchise tax, bingo tax, and alcoholic beverage tax. General Fund tax revenues were 79.1% of total General Fund revenues in FY 2016 and totaled \$40,182,758. Notable variances in General Fund tax revenues for FY 2016 are:

- FY 2016 General Fund property tax revenues were \$18,703,844 and \$376,594, or 2.0%, below budget. Property tax revenues for FY 2016 were \$613,757, or 3.4%, above FY 2015 totals.
- Sales taxes were \$1,194,054, or 6.7%, above budget in FY 2016. Compared to FY 2015 revenues, FY 2016 sales taxes were up by \$1,237,426, or 7.0%. February 2015 sales tax included a refund in the amount of \$615,196 related to collections during 2007-2011. This refund during FY 2015 accounts for the significant increase in FY 2016 along with modest growth in sales taxes year over year.
- Franchise tax revenue for FY 2016 was \$2,037,593 and \$107,087, or 5.0%, below budget for FY 2016. Franchise tax revenues were \$153,753, or 7.0%, below FY 2015 revenues.
- Alcoholic beverage taxes were \$31,122, or 25.4%, above budget for FY 2016 and \$3,746, or 2.5%, ahead of FY 2015 revenues.

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Charges for services in the General Fund include ambulance charges, recreational charges, health and public safety fees, and other miscellaneous charges. Charges for services make up 9.9% of General Fund total revenues in FY 2016. Some notable items in this category are:

- Ambulance charges in FY16 were \$478,500, or 27.6%, above budget. FY 2016 saw an increase of \$277,368, or 14.3% over FY 2015 revenues in this category. This increase in revenue is primarily due to increased transports during the year as well as increases in charges for medical equipment and supplies.
- Revenues for recreational activities were \$242,256, or 19.6%, above budget in FY 2016. Compared to FY 2015 revenues, FY 2016 saw an increase of \$199,208, or 15.6%. Parkland dedication funds account for this increase year over year. Residential development saw a significant increase during FY 2016 and resulted in an increase in this category.
- Miscellaneous charges for services was \$252,932, or 155.9%, ahead of budget and was \$77,978, or 23.1%, above FY 2015 revenues. Animal Center donations account for the increases in this category.

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

- Fines and court charges were \$167,114 or 9.1%, below budget for the year in FY 2016 and were \$52,193, or 3.0%, below FY 2015 revenues. This decrease is due primarily to a lower number of citations filed year over year.
- Other revenues were \$492,704, or 57.7%, above budget in FY 2016 due the TASPP payment of \$700,157. These revenues are unbudgeted because the funding of this program is not guaranteed and is dictated by state and federal budget constraints. Compared to FY 2015, other revenues saw an increase of \$142,443, or 11.8%, due to the above-mentioned TASPP payment. Positive budget variances in this category were offset by the establishment of the Oil and Gas and Capital Reserve Funds. Oil and gas revenues were originally budgeted in this fund but these revenues in the amount of \$340,698 were recognized in the new fund.

Total General Fund operating expenditures are broken down into major categories in the accompanying required supplementary section of the report beginning on page 108. General fund activities are broken down into the following main categories:

- General Government and Administrative – This category includes Executive, City Secretary, Legal Services, Fiscal Services, Information Technology, Human Resources, and other administrative departments that serve the City.
- Development Services – This category includes Planning, Engineering, Building, and Special Projects.
- Public Works Services – Includes Drainage and Streets and Traffic Operations.
- Public Safety – Police, Fire and Ems, the Municipal Court, and the City of Bryan Animal Center are included in this category.

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- Cultural and Recreational – Includes the golf course, parks and recreation services, and the libraries.
- Other General Fund activities include capital expenditures, administrative reimbursements, and transfers in and out.

General Fund expenditures for the year totaled \$65,644,176 and were \$5,136,051, or 7.3%, less than budget. All departments were encouraged to manage spending and conserve funds wherever possible. Additionally, some projects in parks and recreation, such as the Williamson Skate Park and the Bryan Aquatic Center (originally approved by City Council in FY 2016), are under construction and will be completed in FY 2017. As a result, many of the General Fund departments ended the year below their final appropriation amount.

Total general government and administrative expenditures were \$17,579,763 and were \$1,752,140, or 9.1%, under budget for FY 2016. This makes up 26.8% of total FY 2016 General Fund expenditures. Some notable budget variances in this category are as follows:

- The Executive department was below budget by \$177,619, or 7.3%, due to savings in utility costs, consultants, office equipment rental, festivals and events, and contingent expenditures.
- The City Secretary department was below budget by \$159,708, or 15.4%, due primarily to lower than expected contractual service costs and lower than expected election costs. Vacancies during the year also contributed to this budget variance.
- Payments to other agencies were below budget by \$909,145, or 12.8%, due primarily to incentives not earned by economic development partners of the City. Additionally, the actual cost of the investment in Texas Triangle Park was lower than expected.
- The Fiscal Services department was below budget by \$82,510, or 5.2%, due primarily to savings in personnel costs due to vacant positions and lower than expected training costs.
- Fleet services was below budget in FY 2016 by \$217,166, or 27.5%, due to staff vacancies and lower supply costs than anticipated.

Development services finished FY 2016 below budget by \$722,738, or 17.2%. Expenditure totals in this category were \$3,474,114 and made up 5.3% of total General Fund expenditures for FY 2016. Notable budget variances in this category include engineering which was \$674,127, or 34.3%, under budget for FY 2016. This variance is primarily due to CIP projects budgeted in this fund but paid for using bond funds. Planning was over budget by \$211,862, or 13.7%. Capital funds were originally budgeted for the ADA transition project but were ultimately expensed as maintenance.

Public Works services total expenditures for FY 2016 were \$3,648,296 made up 5.6% of total General Fund expenditures for the year. Overall Public Works was \$274,764, or 7.0%, under budget due primarily to contractual cost savings, lower fuel prices, and maintenance projects that will be completed in future periods.

Public Safety expenditures for FY 2016 were \$33,570,381 and were \$412,031, or 1.2%, under budget. Public safety accounts for 51.1% of all General Fund expenditures in FY 2016. Some notable variances include:

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- Police services are \$39,399, or 0.2%, over budget. This variance is due to operating expenditures in supplies being over budget. Capital funds were budgeted in FY 2016 for Police and were not fully expended. These savings were used for supplies during the year.
- Fire and emergency medical services were below budget by \$272,124, or 1.9%, for FY 2016 due to staff vacancies early in the fiscal year.
- Municipal Court expenditures for FY 2016 were \$139,453, or 9.4%, under budget for the year due to savings in professional services. This cost savings is due to the appointment of a permanent municipal court judge. The previous judge was paid on a contractual basis and was not considered an employee of the City. The remainder of this variance is due to savings in supplies cost.

Cultural and recreational services expenditures for FY16 total \$7,136,538 and were \$225,500, or 3.1%, under budget for the year. Library, parks and recreation, and the golf course make up 10.9% of total General Fund expenditures in FY 2016. Parks and Recreation services were under budget by \$160,246, or 3.3%. This variance is due to ongoing maintenance projects. These projects will be completed in a future period.

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, 2016 was \$710,947,889 (net of accumulated depreciation), an increase of \$25,691,656 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 FY 2016 included the following:

City of Bryan's Capital Assets*						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 11,599,609	\$ 11,591,736	\$ 16,401,235	\$ 16,701,003	\$ 28,000,844	\$ 28,292,739
Buildings	23,554,121	24,321,616	18,704,668	19,536,798	42,258,789	43,858,414
Equipment	7,845,645	7,997,064	4,772,032	3,970,340	12,617,677	11,967,404
Improvements	9,419,172	9,401,066	496,673,149	471,096,247	506,092,321	480,497,313
Infrastructure	92,871,738	94,101,920	-	-	92,871,738	94,101,920
Construction in Progress	7,948,996	4,091,755	20,960,131	22,128,882	28,909,127	26,220,637
Retirement in Progress	-	-	197,393	317,806	197,393	317,806
Total	<u>\$ 153,239,281</u>	<u>\$ 151,505,157</u>	<u>\$ 557,708,608</u>	<u>\$ 533,751,076</u>	<u>\$ 710,947,889</u>	<u>\$ 685,256,233</u>

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

Additional information on the City's capital assets can be found in Note 4 to the financial statements on pages 62-63 of this report.

Long-term Debt. At the end of FY 2016, the City of Bryan had total debt outstanding of \$440,945,825 net of premiums and discounts. Of this amount, \$146,749,510 (general obligation bonds and certificates

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of obligation net of premiums and discounts) comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured by specified revenue sources (revenue bonds).

Outstanding Debt at Year End Bonds and Notes Payable

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 46,382,490	\$ 43,553,982	\$ 14,007,511	\$ 15,421,019	\$ 60,390,001	\$ 58,975,001
Revenue bonds	-	-	276,590,000	218,485,001	276,590,000	218,485,001
Certificates of obligation	39,160,021	40,780,021	44,720,000	45,775,000	83,880,021	86,555,021
Premium (discount)	1,614,366	806,053	18,471,437	6,618,518	20,085,803	7,424,571
Total, net	<u>\$ 87,156,877</u>	<u>\$ 85,140,056</u>	<u>\$ 353,788,948</u>	<u>\$ 286,299,538</u>	<u>\$ 440,945,825</u>	<u>\$ 371,439,594</u>

During FY 2016, the City's total debt increased by \$69,506,231 or 18.7%. The City retired or refunded \$49,344,917 of outstanding debt. The City issued new and refunding debt totaling \$118,851,148 including original issue premiums.

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

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

Additional information on the City's long-term debt can be found in Note 5 to the financial statements on pages 64-69 of this report.

Economic Factors and Next Year's Budgets and Rates

Bryan continued its strong growth trajectory during FY16, realizing increases in property values and sales tax revenues which positively impacted the City's governmental funds. Bryan and neighboring College Station are the economic center of the region comprised of Brazos County and the surrounding seven counties. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: government, higher education and health care. Five of the top ten employers in the area fall into these classifications.

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While oil and gas prices continue to remain low, the City has seen a moderate but steady increase in sales tax revenues in other categories to help offset this slow-down. The City Council established the Oil and Gas Fund during FY 2016 to set aside the revenues from oil and gas royalties and property taxes. Earmarking these somewhat volatile revenues for one-time expenditures will help prevent reliance upon these revenue streams for on-going expenditures. The City is monitoring the continuing effect of oil and gas prices and continues to forecast any revenues derived from this activity on a conservative basis.

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 FY 2015 through FY 2017. Ad valorem property taxes comprised approximately 36.8% of General Fund revenues in FY 2016. FY 2017 budgeted General Fund property tax revenues increased 6.7% from FY 2016 bolstered by continued growth in Bryan and the surrounding area. FY 2017 sales tax revenue is budgeted to increase by 2.6% when compared to FY 2016 actual sales tax revenue. This reflects the conservative approach the City has taken over the last budget cycle assuming a decline in the impact of oil and gas activities in FY15 and FY16. Thus far in FY 2017, actual tax receipts are slightly lower than budget. Actual sales tax receipts for the first three (3) months of FY 2017 are \$4,842,801, and are \$15,857, or 0.1% below budget. While the City still expects some moderation in retail activities, any slowdown should be cushioned by the areas economic base previously described. As always, staff continues its efforts to hold the line on operating costs.

Revenues for the entire electric system for FY 2017 are budgeted to be \$236,827,315, which is a decrease of \$4,251,256 or 1.8% in FY 2017 versus FY 2016 budget. This projected decrease is due primarily to lower wholesale fuel revenue caused by lower market energy costs. FY 2017 budgeted electric expenditures are projected to be \$244,178,604, which is an increase of \$1,751,126 or 0.7% from the FY 2106 budget. This increase in expenditures is primarily due to increases in cash funded capital expenditures partially offset by lower energy costs and lower capacity costs.

The Water Fund has budgeted a decrease in operating expenditures for FY17 compared to the FY16 budget of \$139,518, or 2.0%, to \$6,824,790. Total expenditures for the Water Fund, including debt service and capital expenditures, is budgeted to decrease by \$72,519, or 0.5%. Revenues budgeted for the Water Fund for FY 2017 are \$12,717,834, and are \$28,971, or 0.2%, higher than FY 2016 budgeted revenues.

The Wastewater Fund budget for FY 2017 shows operating revenues of \$12,740,400, which is \$39,077 or 0.3% higher than the FY 2016 budget. Budgeted operating expenditures for FY 2017 are \$7,045,262 which is \$69,090 or 1.0% more than the FY 2016 budget. Total expenditures including capital projects and debt service are projected to decrease during FY 2017 by \$4,713,787, or 23.0%, due to completed capital projects.

The Solid Waste Fund budget for FY 2017 shows total revenues of \$8,031,713. This is \$118,420 or 1.5% more than the FY 2106 budget. The FY 2017 budgeted operating expenditures are projected to be \$5,625,633, which is an increase of \$185,189 or 3.4% from the FY 216 budget. Total expenditures are budgeted for \$8,315,502 in FY 2017 which is a \$217,333 decrease from FY 2016. This is primarily due to

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capital expenditure decreases resulting from the purchase of new Solid Waste trucks in FY 2016. This decrease is partially offset by the budgeted purchase of new radios.

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, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bryan Business Council, Inc.
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 40,269,938	\$ 70,594,791	\$ 110,864,729	\$ 1,508,425
Investments	32,852,945	10,449,496	43,302,441	-
Receivables:				
Accounts	7,266,505	26,652,600	33,919,105	-
Less allowance for uncollectible	(5,510,477)	(955,038)	(6,465,515)	-
Property taxes	1,215,171	-	1,215,171	-
Less allowance for uncollectible	(1,056,205)	-	(1,056,205)	-
Sales taxes	3,290,601	-	3,290,601	-
Grants	220,014	-	220,014	-
Interest	69,226	151,870	221,096	-
Notes	465,000	-	465,000	160,417
Internal balances	1,033,699	(1,033,699)	-	-
Inventories	218,838	5,480,333	5,699,171	-
Under-recovered fuel cost	-	45,437	45,437	-
Under-recovered regulatory fee	-	106,654	106,654	-
Prepaid energy costs	-	8,300,717	8,300,717	-
Prepaid and other assets	11,268	1,152,645	1,163,913	-
Restricted assets:				
Permanently restricted:				
Investments	938,069	-	938,069	-
Total current assets	81,284,592	120,945,806	202,230,398	1,668,842
Noncurrent assets:				
Receivables:				
Assessments	115,056	-	115,056	-
Notes	3,698,949	-	3,698,949	101,243
Prepaid energy costs	-	12,426,256	12,426,256	-
Restricted assets:				
Cash and cash equivalents	-	63,476,892	63,476,892	-
Investments	-	41,363,811	41,363,811	-
Investment in BVSWM	-	14,686,316	14,686,316	-
Investment in Economic Development Foundation	3,511,676	-	3,511,676	-
Capital assets:				
Land	11,599,609	16,401,235	28,000,844	1,474,150
Buildings	39,005,385	20,531,233	59,536,618	194,499
Improvements other than buildings	33,550,168	760,105,356	793,655,524	11,748
Machinery and equipment	33,510,695	15,484,621	48,995,316	1,230
Infrastructure	191,870,617	-	191,870,617	-
Construction in progress	7,948,996	20,960,131	28,909,127	46,027
Retirement in progress	-	197,393	197,393	-
Less accumulated depreciation	(164,246,189)	(275,971,361)	(440,217,550)	(108,017)
Total capital assets	153,239,281	557,708,608	710,947,889	1,619,637
Total noncurrent assets	160,564,962	689,661,883	850,226,845	1,720,880
Total assets	\$ 241,849,554	\$ 810,607,689	\$ 1,052,457,243	\$ 3,389,722
<u>Deferred outflows</u>				
Accumulated decrease in fair value of of hedging derivatives	\$ -	\$ 11,909,400	\$ 11,909,400	\$ -
Pensions	15,079,273	8,490,259	23,569,532	-
Unamortized loss on refunded debt	1,616,178	453,340	2,069,518	-
Total deferred outflows	\$ 16,695,451	\$ 20,852,999	\$ 37,548,450	\$ -

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bryan Business Council, Inc.
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 3,195,222	\$ 11,207,519	\$ 14,402,741	\$ 580
Accrued liabilities and retainage	1,387,269	802,937	2,190,206	-
Claims	1,730,538	-	1,730,538	-
Accrued vacation and sick pay	2,771,321	530,722	3,302,043	-
Unearned revenue	230,000	82,466	312,466	-
Derivative financial instruments	-	5,234,418	5,234,418	-
Accrued interest	335,418	76	335,494	-
Notes	-	-	-	51,988
Payable from restricted assets:				
Accrued liabilities	-	673,279	673,279	-
Accrued interest	-	2,961,945	2,961,945	-
Over recovered fuel	-	4,352,049	4,352,049	-
Over recovered regulatory fee	-	22,052	22,052	-
Bonds payable, net	7,800,121	20,038,895	27,839,016	-
Customer deposits	152,368	5,560,825	5,713,193	-
Total current liabilities	17,602,257	51,467,183	69,069,440	52,568
Noncurrent liabilities:				
Bonds payable, net	79,356,756	333,750,053	413,106,809	-
Notes	-	-	-	49,645
Claims	730,479	-	730,479	-
Derivative financial instruments	-	6,674,982	6,674,982	-
Net pension liability (NPL)	36,287,711	20,246,061	56,533,772	-
Other post employment benefits (OPEB)	2,253,691	1,034,927	3,288,618	-
Accrued vacation and sick pay	4,840,067	943,510	5,783,577	-
Other noncurrent liabilities	-	306,351	306,351	-
Total noncurrent liabilities	123,468,704	362,955,884	486,424,588	49,645
Total liabilities	141,070,961	414,423,067	555,494,028	102,213
<u>Deferred Inflows</u>				
Pensions	1,409,729	801,952	2,211,681	-
Deferred regulatory liability	-	9,254,000	9,254,000	-
Total deferred inflows	1,409,729	10,055,952	11,465,681	-
<u>Net Position</u>				
Net investment in capital assets	67,698,582	293,636,350	361,334,932	1,518,004
Restricted for:				
BVSWMA, Inc.	-	14,686,316	14,686,316	-
Economic Development Foundation	3,511,676	-	3,511,676	-
Debt retirement	-	9,216,230	9,216,230	-
Debt service	5,505,541	6,898,952	12,404,493	-
Perpetual care:				
Expendable	350,296	-	350,296	-
Nonexpendable	938,069	-	938,069	-
Rate stabilization	-	1,691,508	1,691,508	-
Collateral deposits	-	2,179,036	2,179,036	-
Noncurrent notes receivable	3,698,949	-	3,698,949	-
Police activities	60,416	-	60,416	-
Court activities	441,235	-	441,235	-
Record preservation	83,331	-	83,331	-
Capital improvements	13,327,432	-	13,327,432	-
TIRZ Development	807,993	-	807,993	-
Hotel/Motel	2,171,320	-	2,171,320	-
Other purposes	535,979	-	535,979	-
Unrestricted	16,933,496	78,673,277	95,606,773	1,769,505
Total net position	\$ 116,064,315	\$ 406,981,669	\$ 523,045,984	\$ 3,287,509

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, 2016

		Program Revenues			Net Revenue (Expense) and Changes in Net Position			
Functions/Programs	Expenses	Fees, Fines and Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Bryan Business Council, Inc.
Primary government:								
Governmental activities:								
General government and administration	\$ 18,119,110	\$ 454,949	\$ -	\$ -	\$ (17,664,161)	\$ -	\$ (17,664,161)	\$ -
Development services	6,556,417	1,045,668	1,186,707	-	(4,324,042)	-	(4,324,042)	-
Public works services	16,585,766	-	21,649	4,531,545	(12,032,572)	-	(12,032,572)	-
Public safety	35,934,773	4,866,930	252,322	-	(30,815,521)	-	(30,815,521)	-
Cultural and recreational	9,106,566	1,478,733	1,046,355	-	(6,581,478)	-	(6,581,478)	-
Interest on long-term debt	2,989,038	-	-	-	(2,989,038)	-	(2,989,038)	-
Total governmental activities	89,291,670	7,846,280	2,507,033	4,531,545	(74,406,812)	-	(74,406,812)	-
Business-type activities:								
City electric	175,336,256	187,624,655	-	-	-	12,288,399	12,288,399	-
Rural electric	40,163,724	41,931,026	-	-	-	1,767,302	1,767,302	-
Water	11,651,741	12,656,177	-	1,227,782	-	2,232,218	2,232,218	-
Wastewater	10,840,072	13,007,294	-	3,598,552	-	5,765,774	5,765,774	-
Solid waste	7,331,223	7,766,432	-	-	-	435,209	435,209	-
Other nonmajor enterprise funds	797,170	1,803,039	-	-	-	1,005,869	1,005,869	-
Total business-type activities	246,120,186	264,788,623	-	4,826,334	-	23,494,771	23,494,771	-
Total primary government	335,411,856	272,634,903	2,507,033	9,357,879	(74,406,812)	23,494,771	(50,912,041)	-
Component unit:								
Bryan Business Council, Inc.	\$ 147,780	\$ -	\$ 164,122	\$ -	\$ -	\$ -	\$ -	\$ 16,342
General revenues:								
Property taxes					29,674,521	-	29,674,521	-
Sales taxes					19,025,856	-	19,025,856	-
Franchise taxes					2,037,593	-	2,037,593	-
Alcoholic beverage taxes					153,522	-	153,522	-
Bingo taxes					261,943	-	261,943	-
Hotel occupancy taxes					1,182,916	-	1,182,916	-
Transportation and drainage assessments					6,589,263	-	6,589,263	-
Unrestricted investment earnings					483,317	856,704	1,340,021	-
Miscellaneous					6,552,374	2,823,562	9,375,936	-
Transfers (net)					14,535,856	(14,535,856)	-	-
Total general revenues and transfers					80,497,161	(10,855,590)	69,641,571	-
Change in net position					6,090,349	12,639,181	18,729,530	16,342
Net position, October 1, 2015					109,973,966	394,342,488	504,316,454	3,271,167
Net position, September 30, 2016					\$ 116,064,315	\$ 406,981,669	\$ 523,045,984	\$ 3,287,509

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, 2016

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 17,092,480	\$ 1,032,198	\$ 19,215,095	\$ 37,339,773
Investments	14,356,812	868,304	16,164,084	31,389,200
Receivables:				
Accounts	6,455,551	-	794,302	7,249,853
Less allowance for uncollectible	(5,449,148)	-	(61,329)	(5,510,477)
Property taxes	854,839	360,332	-	1,215,171
Less allowance for uncollectible	(743,006)	(313,199)	-	(1,056,205)
Sales taxes	3,290,601	-	-	3,290,601
Assessments	115,056	-	-	115,056
Grants	-	-	220,014	220,014
Interest	36,492	2,212	24,405	63,109
Notes	13,949	4,150,000	-	4,163,949
Due from other funds	205,327	-	102,328	307,655
Prepaid and other assets	8,129	-	3,139	11,268
Total assets	<u>\$ 36,237,082</u>	<u>\$ 6,099,847</u>	<u>\$ 36,462,038</u>	<u>\$ 78,798,967</u>
<u>Liabilities, Deferred Inflows, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 971,244	\$ -	\$ 1,941,355	\$ 2,912,599
Accrued liabilities	1,202,279	-	10,304	1,212,583
Retainage payable	-	-	160,066	160,066
Due to other funds	173,656	-	222,569	396,225
Customer deposits	152,368	-	-	152,368
Unearned revenue	-	230,000	-	230,000
Total liabilities	<u>2,499,547</u>	<u>230,000</u>	<u>2,334,294</u>	<u>5,063,841</u>
Deferred inflows:				
Deferred property taxes	69,431	28,888	-	98,319
Other deferred revenue	115,056	-	94,008	209,064
Total deferred inflows	<u>184,487</u>	<u>28,888</u>	<u>94,008</u>	<u>307,383</u>
Fund balances:				
Nonspendable	106,321	-	938,069	1,044,390
Restricted	841,565	5,840,959	16,936,437	23,618,961
Committed	2,778,145	-	16,175,629	18,953,774
Assigned	7,731,534	-	-	7,731,534
Unassigned	22,095,483	-	(16,399)	22,079,084
Total fund balances	<u>33,553,048</u>	<u>5,840,959</u>	<u>34,033,736</u>	<u>73,427,743</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 36,237,082</u>	<u>\$ 6,099,847</u>	<u>\$ 36,462,038</u>	<u>\$ 78,798,967</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, 2016

Total fund balances - governmental funds \$ 73,427,743

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 \$114,199). 153,239,281

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 307,383

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. 3,511,676

Internal service funds are used by management to charge the costs of risk management, employee health insurance benefits and central warehousing to individual funds. The assets and liabilities of the internal service funds related to governmental activities are included in the governmental activities in the statement of net position. (Net of amount allocated to business-type activities of \$(1,122,257) and net capital assets in the amount of \$114,199). 1,628,897

Interest payable on long-term debt does not require current financial resources, and therefore, is not reported as a liability in the governmental funds balance sheet. (335,418)

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	\$ 46,382,490	
Certificates of obligation payable	39,160,021	
Deferred amount on refunding and premium charges on debt	(1,812)	
Net Pension Liability	36,287,711	
Deferred amounts on pensions (net)	(13,669,544)	
Accrued vacation and sick leave (Net of internal service fund liability in the amount of \$55,007)	<u>7,556,381</u>	<u>(115,715,247)</u>

Net position of governmental activities \$ 116,064,315

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, 2016

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 18,703,844	\$ 7,837,107	\$ 3,152,933	\$ 29,693,884
Sales taxes	19,025,856	-	-	19,025,856
Franchise taxes	2,037,593	-	-	2,037,593
Alcoholic beverage taxes	153,522	-	-	153,522
Bingo taxes	261,943	-	-	261,943
Hotel occupancy taxes	-	-	1,182,916	1,182,916
Transportation and drainage assessments	-	-	6,589,263	6,589,263
Charges for services	5,031,445	-	-	5,031,445
Fines and court charges	1,670,824	-	38,876	1,709,700
Licenses and permits	1,105,135	-	-	1,105,135
Grants	1,230,450	-	1,276,583	2,507,033
Investment earnings	215,196	37,347	197,770	450,313
Other	1,346,469	420,680	818,707	2,585,856
Total revenues	<u>50,782,277</u>	<u>8,295,134</u>	<u>13,257,048</u>	<u>72,334,459</u>
Expenditures:				
Current:				
General government and administration	17,579,763	-	-	17,579,763
Development services	3,474,114	-	2,317,878	5,791,992
Public works services	3,648,296	-	6,402,724	10,051,020
Public safety	33,570,381	-	66,255	33,636,636
Cultural and recreational	7,136,538	-	820,900	7,957,438
Administrative reimbursement	(3,066,657)	-	-	(3,066,657)
Capital outlay	3,301,741	-	5,209,940	8,511,681
Debt service:				
Bond and principal retirement	-	7,841,492	-	7,841,492
Interest and fiscal charges	-	2,834,697	-	2,834,697
Debt issuance costs	-	81,175	68,351	149,526
Total expenditures	<u>65,644,176</u>	<u>10,757,364</u>	<u>14,886,048</u>	<u>91,287,588</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(14,861,899)</u>	<u>(2,462,230)</u>	<u>(1,629,000)</u>	<u>(18,953,129)</u>
Other financing sources (uses):				
Sales of capital assets	23,693	-	-	23,693
Transfers in	13,608,849	2,139,496	1,276,307	17,024,652
Transfers out	(586,000)	-	(2,193,882)	(2,779,882)
Long-term debt issued	-	-	9,275,000	9,275,000
Refunding bonds issued	-	7,755,000	-	7,755,000
Premium on refunding bonds	-	372,165	-	372,165
Premium on long-term debt issued	-	-	430,700	430,700
Payment to refunded bond escrow agent	-	(8,043,773)	-	(8,043,773)
Total other financing sources (uses)	<u>13,046,542</u>	<u>2,222,888</u>	<u>8,788,125</u>	<u>24,057,555</u>
Net change in fund balances	(1,815,357)	(239,342)	7,159,125	5,104,426
Fund balances, October 1, 2015	<u>35,368,405</u>	<u>6,080,301</u>	<u>26,874,611</u>	<u>68,323,317</u>
Fund balances, September 30, 2016	<u>\$ 33,553,048</u>	<u>\$ 5,840,959</u>	<u>\$ 34,033,736</u>	<u>\$ 73,427,743</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, 2016

Net change in fund balances - total governmental funds \$ 5,104,426

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. 8,580,032

The City's investment in the Economic Development Foundation is reported at the government-wide level but not at the fund level. 3,283,013

The net effect of various transactions involving capital assets (i.e., sales and contributions) is to increase net position. 4,531,545

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. (11,364,110)

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	\$ (7,755,000)	
General obligation refunding bonds issued	(9,275,000)	
Payment to refunded bond escrow agent	8,043,773	
Premium amount on refunding bond	(802,865)	
Debt principal repayments	7,841,492	(1,947,600)

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. (2,365,152)

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. (73,166)

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. 98,319

Some revenues reported in the governmental funds were earned in prior periods; and therefore, are not reported in the government-wide statement of activities. (23,675)

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 (\$66,196)). 266,717

Change in net position of governmental activities. \$ 6,090,349

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, 2016

	Business-type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<u>Assets</u>							
Current assets:							
Cash and cash equivalents	\$ 51,901,097	\$ 6,277,122	\$ 3,654,896	\$ 5,352,626	\$ 3,409,050	\$ 70,594,791	\$ 2,930,165
Investments	-	-	3,076,976	4,504,936	2,867,584	10,449,496	2,401,814
Accounts receivable	17,628,991	4,608,645	1,566,978	1,457,512	1,390,474	26,652,600	16,652
Less allowance for uncollectible	(618,900)	(120,581)	(65,786)	(90,173)	(59,598)	(955,038)	-
Grants receivable	-	-	-	-	-	-	-
Interest receivable	122,690	-	9,414	12,462	7,304	151,870	6,117
Inventories	5,038,932	-	428,334	-	13,067	5,480,333	218,838
Due from other funds	3,936,195	-	293,993	218,707	137,938	4,586,833	12
Under-recovered regulatory fee	-	106,654	-	-	-	106,654	-
Under-recovered fuel cost	-	45,437	-	-	-	45,437	-
Prepaid energy costs	8,300,717	-	-	-	-	8,300,717	-
Prepaid and other assets	1,152,645	-	-	-	-	1,152,645	-
Total current assets	87,462,367	10,917,277	8,964,805	11,456,070	7,765,819	126,566,338	5,573,598
Noncurrent assets:							
Prepaid energy costs	12,426,256	-	-	-	-	12,426,256	-
Other noncurrent assets	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	51,145,986	8,899,842	1,298,542	2,132,124	398	63,476,892	-
Investments	38,355,248	2,001,290	619,398	387,875	-	41,363,811	-
Investment in BVSWMMA	-	-	-	-	14,686,316	14,686,316	-
Capital assets:							
Land	6,021,381	111,483	590,812	397,678	9,279,881	16,401,235	-
Buildings	-	-	222,294	19,055,545	1,253,394	20,531,233	23,420
Equipment	-	-	2,451,189	3,886,241	9,147,191	15,484,621	114,453
Improvements other than buildings	429,166,925	99,584,163	119,431,136	108,111,119	3,812,013	760,105,356	188,658
Construction in progress	13,842,126	1,043,029	1,745,269	4,236,433	93,274	20,960,131	-
Retirement in progress	197,393	-	-	-	-	197,393	-
Less accumulated depreciation	(152,003,591)	(30,118,524)	(40,459,218)	(44,444,584)	(8,945,444)	(275,971,361)	(212,332)
Total capital assets (net of accumulated depreciation)	297,224,234	70,620,151	83,981,482	91,242,432	14,640,309	557,708,608	114,199
Total noncurrent assets	399,151,724	81,521,283	85,899,422	93,762,431	29,327,023	689,661,883	114,199
Total assets	\$ 486,614,091	\$ 92,438,560	\$ 94,864,227	\$ 105,218,501	\$ 37,092,842	\$ 816,228,221	\$ 5,687,797
<u>Deferred outflows</u>							
Accumulated decrease in fair value of hedging derivatives	\$ 11,909,400	\$ -	\$ -	\$ -	\$ -	\$ 11,909,400	\$ -
Pensions	6,118,936	-	706,887	826,864	837,572	8,490,259	-
Unamortized loss on refunded debt	-	-	312,310	141,030	-	453,340	-
Total deferred outflows	\$ 18,028,336	\$ -	\$ 1,019,197	\$ 967,894	\$ 837,572	\$ 20,852,999	\$ -

CITY OF BRYAN, TEXAS
Statement of Net Position
Proprietary Funds
As of September 30, 2016

	Business-type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<u>Liabilities</u>							
Current liabilities:							
Accounts payable	9,319,765	1,056,954	351,863	258,760	220,177	11,207,519	\$ 282,626
Accrued liabilities	571,757	23,862	47,958	54,654	104,706	802,937	14,620
Claims payable	-	-	-	-	-	-	1,730,538
Due to other funds	775,236	3,672,858	16,301	15,498	18,382	4,498,275	-
Unearned revenue	-	-	-	82,466	-	82,466	-
Derivative financial instruments	5,234,418	-	-	-	-	5,234,418	-
Accrued interest	-	-	-	-	76	76	-
Accrued vacation and sick pay	257,314	42,666	77,894	80,361	72,487	530,722	31,221
Current liabilities payable from restricted assets:							
Accrued liabilities	-	-	471,736	201,543	-	673,279	-
Accrued interest	2,332,827	137,533	260,114	231,471	-	2,961,945	-
Over-recovered fuel cost	4,352,049	-	-	-	-	4,352,049	-
Over-recovered regulatory fee	22,052	-	-	-	-	22,052	-
Bonds payable, net	13,590,573	1,130,181	2,652,927	2,609,934	55,280	20,038,895	-
Customer deposits	4,146,245	1,403,385	-	-	11,195	5,560,825	-
Total current liabilities	40,602,236	7,467,439	3,878,793	3,534,687	482,303	55,965,458	2,059,005
Noncurrent liabilities:							
Bonds payable, net	256,105,039	22,973,109	25,482,970	28,007,657	1,181,278	333,750,053	-
Claims payable	-	-	-	-	-	-	730,479
Derivative financial instruments	6,674,982	-	-	-	-	6,674,982	-
Net pension liability	14,584,858	-	1,645,390	2,013,814	2,001,999	20,246,061	-
Other post employment benefits (OPEB)	633,211	-	125,962	122,557	153,197	1,034,927	2,253,688
Accrued liabilities	306,351	-	-	-	-	306,351	-
Accrued vacation and sick pay	457,450	75,851	138,479	142,864	128,866	943,510	23,786
Total noncurrent liabilities	278,761,891	23,048,960	27,392,801	30,286,892	3,465,340	362,955,884	3,007,953
Total liabilities	319,364,127	30,516,399	31,271,594	33,821,579	3,947,643	418,921,342	5,066,958
<u>Deferred Inflows</u>							
Pensions	\$ 574,520	\$ -	\$ 67,002	\$ 79,779	\$ 80,651	\$ 801,952	\$ -
Deferred regulatory liability	1,536,028	7,717,972	-	-	-	9,254,000	-
Total deferred inflows	\$ 2,110,548	\$ 7,717,972	\$ 67,002	\$ 79,779	\$ 80,651	\$ 10,055,952	\$ -
<u>Net Position</u>							
Net investment in capital assets	116,349,514	47,592,141	55,836,970	60,453,974	13,404,149	293,636,748	114,199
Restricted for:							
BVSWMA	-	-	-	-	14,686,316	14,686,316	-
Debt reserve	9,216,230	-	-	-	-	9,216,230	-
Debt service	2,879,034	566,963	1,194,705	2,257,852	398	6,898,952	-
Rate stabilization	1,691,508	-	-	-	-	1,691,508	-
Collateral deposits	2,179,036	-	-	-	-	2,179,036	-
Unrestricted	50,852,430	6,045,085	7,513,153	9,573,211	5,811,257	79,795,136	506,640
Total net position	\$ 183,167,752	\$ 54,204,189	\$ 64,544,828	\$ 72,285,037	\$ 33,902,120	\$ 408,103,926	\$ 620,839
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(1,122,257)	
Net position of business-type activities						\$ 406,981,669	

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

CITY OF BRYAN, TEXAS

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the Fiscal Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:							
Electrical system	\$ 186,149,563	\$ 41,931,026	\$ -	\$ -	\$ -	\$ 228,080,589	\$ -
Water system	-	-	12,656,177	-	-	12,656,177	-
Wastewater system	-	-	-	13,007,294	-	13,007,294	-
Solid waste	-	-	-	-	7,766,432	7,766,432	-
Other	1,475,092	-	-	-	1,803,039	3,278,131	11,886,018
Total operating revenues	<u>187,624,655</u>	<u>41,931,026</u>	<u>12,656,177</u>	<u>13,007,294</u>	<u>9,569,471</u>	<u>264,788,623</u>	<u>11,886,018</u>
Operating expenses:							
Personnel services	11,380,761	596,486	2,451,459	2,836,792	2,964,375	20,229,873	685,517
Electric operations	125,273,722	34,892,666	-	-	-	160,166,388	-
Maintenance	3,185,797	876,625	1,464,144	992,236	396,568	6,915,370	1,860
Claims	-	-	-	-	-	-	8,777,636
Other services and charges	838,914	-	2,400,139	1,181,556	1,898,964	6,319,573	3,047,764
Other expenses	1,693,681	-	222,356	364,581	663,194	2,943,812	31,262
General and administrative	2,764,086	183,038	896,113	930,206	1,091,406	5,864,849	-
Total operating expenses	<u>145,136,961</u>	<u>36,548,815</u>	<u>7,434,211</u>	<u>6,305,371</u>	<u>7,014,507</u>	<u>202,439,865</u>	<u>12,544,039</u>
Operating income (loss) before depreciation and amortization	<u>42,487,694</u>	<u>5,382,211</u>	<u>5,221,966</u>	<u>6,701,923</u>	<u>2,554,964</u>	<u>62,348,758</u>	<u>(658,021)</u>
Depreciation and amortization	20,801,760	2,640,488	2,992,691	3,520,826	1,103,021	31,058,786	13,343
Operating income (loss)	<u>21,685,934</u>	<u>2,741,723</u>	<u>2,229,275</u>	<u>3,181,097</u>	<u>1,451,943</u>	<u>31,289,972</u>	<u>(671,364)</u>
Nonoperating revenues (expenses):							
Investment earnings	652,368	41,114	54,425	70,308	38,489	856,704	33,004
Interest expense	(9,351,573)	(974,421)	(1,217,301)	(1,002,841)	(9,203)	(12,555,339)	-
Grants	-	-	-	-	-	-	-
Distributive share of BVSWMA net income	-	-	-	-	1,097,508	1,097,508	-
Other - net	1,515,748	-	78,198	47,151	84,957	1,726,054	547,795
Total nonoperating revenues (expenses)	<u>(7,183,457)</u>	<u>(933,307)</u>	<u>(1,084,678)</u>	<u>(885,382)</u>	<u>1,211,751</u>	<u>(8,875,073)</u>	<u>580,799</u>
Income (loss) before contributions, transfers and special items	14,502,477	1,808,416	1,144,597	2,295,715	2,663,694	22,414,899	(90,565)
Capital contributions	-	-	1,227,782	3,598,552	-	4,826,334	-
Transfers in	-	-	42,021	143,048	201,655	386,724	391,086
Transfers out	(11,908,617)	-	(700,619)	(680,028)	(1,633,316)	(14,922,580)	(100,000)
Change in net position	<u>2,593,860</u>	<u>1,808,416</u>	<u>1,713,781</u>	<u>5,357,287</u>	<u>1,232,033</u>	<u>12,705,377</u>	<u>200,521</u>
Net position, October 1, 2015	<u>180,573,892</u>	<u>52,395,773</u>	<u>62,831,047</u>	<u>66,927,750</u>	<u>32,670,087</u>		<u>420,318</u>
Net position, September 30, 2016	<u>\$ 183,167,752</u>	<u>\$ 54,204,189</u>	<u>64,544,828</u>	<u>\$ 72,285,037</u>	<u>\$ 33,902,120</u>		<u>\$ 620,839</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(66,196)	
Change in net position of business-type activities.						<u>\$ 12,639,181</u>	

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, 2016

	Business-type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:							
Receipts from customers and users	\$ 186,350,662	\$ 42,082,486	\$ 13,253,047	\$ 13,255,453	\$ 8,849,549	\$ 263,791,197	\$ 4,072,335
Receipts for interfund services provided	-	-	-	-	-	-	9,116,403
Payments to suppliers	(130,713,283)	(35,741,500)	(4,189,656)	(2,587,227)	(2,868,481)	(176,100,147)	(13,184,715)
Payments to employees	(10,770,635)	(678,723)	(2,412,174)	(2,770,588)	(2,939,780)	(19,571,900)	(716,739)
Other receipts	-	-	-	-	-	-	545,739
Payments for interfund services used	-	-	(896,113)	(930,206)	(1,091,406)	(2,917,725)	-
Net cash provided (used) by operating activities	<u>44,866,744</u>	<u>5,662,263</u>	<u>5,755,104</u>	<u>6,967,432</u>	<u>1,949,882</u>	<u>65,201,425</u>	<u>(166,977)</u>
Cash flows from noncapital financing activities:							
Transfers in	1,515,748	-	42,021	143,048	201,655	1,902,472	391,086
Transfers out	(11,908,617)	-	(700,619)	(680,028)	(1,633,316)	(14,922,580)	(100,000)
Net cash provided (used) by noncapital financing activities	<u>(10,392,869)</u>	<u>-</u>	<u>(658,598)</u>	<u>(536,980)</u>	<u>(1,431,661)</u>	<u>(13,020,108)</u>	<u>291,086</u>
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(28,090,590)	(7,398,544)	(1,200,847)	(3,598,597)	(1,239,641)	(41,528,219)	-
Proceeds from sale of assets	-	-	218,048	137,756	113,883	469,687	-
Certificates of obligation proceeds	-	-	-	-	1,205,318	1,205,318	-
Revenue bond proceeds	73,663,770	12,137,346	-	-	-	85,801,116	-
Bond issuance costs	(891,218)	(234,396)	-	-	-	(1,125,614)	-
Principal paid on outstanding bonds	(13,240,000)	(705,000)	(2,549,883)	(2,506,112)	(2,513)	(19,003,508)	-
and notes	<u>(8,934,302)</u>	<u>(496,009)</u>	<u>(1,219,863)</u>	<u>(1,018,273)</u>	<u>(654)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>22,507,660</u>	<u>3,303,397</u>	<u>(4,752,545)</u>	<u>(6,985,226)</u>	<u>76,393</u>	<u>14,149,679</u>	<u>-</u>
Cash flows from investing activities:							
Purchase of investment securities	(10,014,673)	-	(2,307,619)	(3,114,799)	(2,000,966)	(17,438,057)	(1,514,489)
Sale of investment securities	-	-	510,750	977,821	525,870	2,014,441	370,471
Interest on investments	591,404	43,443	48,835	63,515	33,981	781,178	31,472
Net cash provided (used) by investing activities	<u>(9,423,269)</u>	<u>43,443</u>	<u>(1,748,034)</u>	<u>(2,073,463)</u>	<u>(1,441,115)</u>	<u>(14,642,438)</u>	<u>(1,112,546)</u>
Net increase (decrease) in cash and cash equivalents	47,558,266	9,009,103	(1,404,073)	(2,628,237)	(846,501)	51,688,558	(988,437)
Cash and cash equivalents, October 1, 2015	<u>55,488,817</u>	<u>6,167,861</u>	<u>6,357,511</u>	<u>10,112,987</u>	<u>4,255,949</u>	<u>82,383,125</u>	<u>3,918,602</u>
Cash and cash equivalents, September 30, 2016	<u>\$ 103,047,083</u>	<u>\$ 15,176,964</u>	<u>\$ 4,953,438</u>	<u>\$ 7,484,750</u>	<u>\$ 3,409,448</u>	<u>\$ 134,071,683</u>	<u>\$ 2,930,165</u>

CITY OF BRYAN, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2016

	Business-type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 21,685,934	\$ 2,741,723	\$ 2,229,275	\$ 3,181,097	\$ 1,451,943	\$ 31,289,972	\$ (671,364)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization	20,801,760	2,640,488	2,992,691	3,520,826	1,103,021	31,058,786	13,343
Bad debts	66,319	24,711	-	-	-	91,030	-
Other revenue	-	-	-	-	-	-	547,795
Change in assets and liabilities:							
Change in accounts receivable	(1,325,712)	(230,796)	349,730	128,911	(810,687)	(1,888,554)	45,188
Change in inventory	(1,186,037)	-	(1,792)	-	2,699	(1,185,130)	(12,707)
Change in due from other funds	1,031,382	-	172,139	119,248	87,051	1,409,820	95,348
Change in over (under) recovered fuel	2,178,474	984,687	-	-	-	3,163,161	-
Change in over (under) recovered regulatory fee	1,222,717	32,217	-	-	-	1,254,934	-
Change in other assets	(145,327)	-	-	-	-	(145,327)	-
Deferred outflows/inflows of resources - pensions	(4,085,156)	-	-	-	-	(4,085,156)	-
Change in grants receivable	-	-	75,001	-	-	75,001	-
Change in accounts payable	764,585	508,333	10,211	(74,876)	71,103	1,279,356	4,774
Change in accrued liabilities	(99,549)	(82,237)	(181,708)	(74,872)	(94,628)	(532,994)	147,046
Change in other liabilities	-	-	-	-	-	-	-
Change in customer deposits	51,719	382,257	-	-	1,015	434,991	-
Change in due to other funds	(889,196)	(1,339,120)	-	15,498	18,382	(2,194,436)	(36,776)
Change in claims payable	-	-	-	-	-	-	(290,169)
Change in accrued vacation and sick pay	-	-	13,283	13,260	15,349	41,892	(9,455)
Change in post employment benefits	4,794,831	-	96,274	138,340	104,634	5,134,079	-
Net cash provided (used) by operating activities	<u>\$ 44,866,744</u>	<u>\$ 5,662,263</u>	<u>\$ 5,755,104</u>	<u>\$ 6,967,432</u>	<u>\$ 1,949,882</u>	<u>\$ 65,201,425</u>	<u>\$ (166,977)</u>
Reconciliation of total cash and cash equivalents:							
Current assets - cash and cash equivalents	\$ 51,901,097	\$ 6,277,122	\$ 3,654,896	\$ 5,352,626	\$ 3,409,050	\$ 70,594,791	\$ 2,930,165
Restricted assets - cash and cash equivalents	51,145,986	8,899,842	1,298,542	2,132,124	398	63,476,892	-
Total cash and cash equivalents	<u>\$ 103,047,083</u>	<u>\$ 15,176,964</u>	<u>\$ 4,953,438</u>	<u>\$ 7,484,750</u>	<u>\$ 3,409,448</u>	<u>\$ 134,071,683</u>	<u>\$ 2,930,165</u>

Total non-cash capital contributions equaled \$4,826,334 for the fiscal year.

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

During the fiscal year ended September 30, 2016, the City of Bryan issued general obligation refunding bonds to refund City Electric System debt issued in 2006. Proceeds of \$8,960,085 were deposited immediately into an irrevocable trust for the defeasance of \$8,880,000 of outstanding revenue bond principal and accrued interest thereon.

CITY OF BRYAN, TEXAS

Statement of Fiduciary Net Position

Payroll Fund

As of September 30, 2016

Assets

Cash and cash equivalents	\$	1,520,828
Accounts receivable		<u>60,440</u>
Total assets	\$	<u><u>1,581,268</u></u>

Liabilities

Accounts payable	\$	<u>1,581,268</u>
Total liabilities	\$	<u><u>1,581,268</u></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, 2016

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 not separately presented here as it is separately presented in the supplementary section of this report. See page 140.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

The condensed combined statements of net position for the City Electric System and QSE as of September 30, 2016 are as follows:

	September 30, 2016		
	BTU City	QSE	Combined
Current assets	\$ 83,037,748	\$ 4,161,282	\$ 87,199,030
Capital assets, net	297,143,466	80,768	297,224,234
Restricted assets	89,501,234	-	89,501,234
Other	12,426,256	-	12,426,256
Total assets	482,108,704	4,242,050	486,350,754
Deferred outflows	18,028,336	-	18,028,336
Current liabilities	14,261,661	2,090,942	16,352,603
Current liabilities payable from restricted assets	23,353,173	-	23,353,173
Noncurrent liabilities	279,395,014	-	279,395,014
Total liabilities	317,009,848	2,090,942	319,100,790
Deferred inflows	2,110,548	-	2,110,548
Net position:			
Net investment in capital assets	116,268,746	80,768	116,349,514
Restricted	15,965,808	-	15,965,808
Unrestricted	48,782,090	2,070,340	50,852,430
Total net position	\$ 181,016,644	\$ 2,151,108	\$ 183,167,752

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

The condensed combined statements of revenues, expenses, and changes in net position for the City Electric System and QSE for the year ended September 30, 2016, are as follows:

	Fiscal Year Ended September 30, 2016		
	BTU City	QSE	Combined
Operating revenues	\$ 186,165,511	\$ 1,459,144	\$ 187,624,655
Operating expenses	164,479,576	1,459,144	165,938,721
Operating income	21,685,934	-	21,685,934
Investment income	652,368	-	652,368
Interest expense	(9,351,573)	-	(9,351,573)
Income before operating transfers & special items	12,986,729	-	12,986,729
Other non-operating, net		-	-
Transfers, net	(10,392,869)	-	(10,392,869)
Changes in net position	2,593,860	-	2,593,860
Net position, beginning of period	178,453,260	2,120,632	180,573,892
Net position, end of period	\$ 181,047,121	\$ 2,120,632	\$ 183,167,752

Discretely presented component unit

The City has included the Bryan Business Council, Inc. ("BBC") in its financial statements as a discretely presented component unit, since the City is financially accountable for the entity. The BBC, a non-profit corporation, was originally formed to market properties within the City owned Bryan Industrial Park. In addition, the BBC currently serves as an economic development arm of the City, and as such, provides a financial benefit to the City. The City provides coverage for the board of directors under the City's officer and employee liability plan and provides limited administrative support to the BBC. The BBC's board of directors is appointed by and serves at the discretion of the Bryan City Council. The Bryan City Council also directs the work plan and objectives of the BBC. During FY 2016 the BBC board of directors voted to change the fiscal year-end for BBC from September 30 to June 30. Therefore, the financial position as of June 30, 2016 and the changes in net position from October 1, 2015 to June 30, 2016 are presented in the statement of net position and statement of activities, respectively. Financial statements may be obtained by contacting:

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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

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

Government-wide and fund financial statements

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

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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

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

The City reports the following major governmental funds:

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

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

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

- Grant Fund – The source of funds is grants awarded to the City. The use of these funds is restricted by the terms of each grant.
- Community Development Fund – The source of funds is federal grants awarded to the City and use of the grant money is restricted by the terms of the grants. Primarily, the Community Development fund provides programs and services to low and moderate income persons.
- Hotel and Motel Room Tax Fund – The source of funds is the hotel occupancy tax. The use of these funds is restricted by the tax code of the State of Texas.
- Oil and Gas Fund – This fund was established by City of Bryan Ordinance to account for revenues associated with oil and gas leases, royalties and mineral property taxes. The use of these funds is committed for projects of a non-recurring nature determined by City Council.
- Capital Reserve Fund – This fund was established by City of Bryan Ordinance to accumulate miscellaneous one-time revenues. The use of these funds is committed for projects of a non-recurring nature determined by City Council.
- Sidewalks Fund – This fund was established by City of Bryan Ordinance to collect and track funds from developers and property owners for the construction and maintenance of sidewalks. The use of these funds is committed for this purpose. Funds received are refunded to the remitter if not used within 10 years.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

- Court Technology Fund – This fund was established by City Ordinance and the source of funds is a \$4.00 fee for each case that comes before the City's Municipal Court. These funds are restricted to technology necessary for the Court's operations.
- Street Improvement Fund – Per the City of Bryan Code of Ordinances, a transportation user fee was established in order to provide a properly maintained road system. That fee is the source of revenue for this fund. The use of these funds is committed to the purposes of planning, constructing, operating, monitoring and maintaining the transportation system of the City.
- Drainage Improvement Fund – The drainage fee was established by the City of Bryan Code of Ordinances and is the source of revenue for this fund. The use of these funds is committed for the planning, constructing, operating, monitoring, and maintaining the City's drainage system.
- Tax Increment Reinvestment Zone #10 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Reinvestment Zone #19 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Reinvestment Zone #21 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Reinvestment Zone #22 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.

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

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

The City reports the following major enterprise funds:

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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

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

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

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

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

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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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

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

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

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

Budgetary Control

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

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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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

The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

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

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

Cash and Investments

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

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

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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, 2016.

Other Prepaid Items

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

Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "Due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions between Funds

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

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

Capital Assets

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

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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

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

Minimum Fund Balance Policy

The City has set financial guidelines regarding the retention of General Fund fund balances and reserves, to ensure that adequate funds are available to cover daily operating expenditures and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund minimum fund balance of 60 days of annual operating expense totals.

On April 12, 2016, the Bryan City Council adopted the City of Bryan Financial Management Policy Statements in order to assemble all of the City's major financial policies into one document. Included in these policies are recommendations and guidelines regarding the minimum balances for other City funds in order to maintain the City's financial ability to meet its current and future service needs. These statements are available on the City's website at www.bryantx.gov/fiscal-services/.

Pensions

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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, Expenditures, and Changes in Fund Balances in debt issuance costs. These amounts totaled \$149,526 for the fiscal year ended September 30, 2016. Issuance expenses for Business-Type Activities are reported on the on the Statement of Revenues, Expenses and Changes in Net Position in interest expense and totaled \$1,125,615 for the fiscal year ended September 30, 2016.

Utility Revenues, Fuel Recovery, and Regulatory Recovery

BTU City and Rural Electric customers are billed on the basis of monthly cycle billings. At year end, the City and Rural Electric Systems accrue estimated unbilled revenues for the period ended September 30. The difference between fuel revenue billed and fuel expense incurred is recorded as an addition or a reduction to fuel and purchased power expense, with a corresponding entry to accounts payable – over recovered fuel or accounts receivable – under recovered fuel, whichever is appropriate. At September 30, 2016 the City Electric System reported a current liability – over recovered fuel cost of \$4,352,049. At September 30, 2016 the Rural Electric System reported a current asset – under-recovered fuel cost of \$45,437.

The difference between regulatory revenue billed and regulatory expense incurred is recorded as an addition or a reduction to transmission cost of service expense, with a corresponding entry to accounts payable – over recovered regulatory fee or accounts receivable – under recovered regulatory fee, whichever is appropriate. At September 30, 2016, the City Electric System reported a current liability – over-recovered regulatory fee of \$22,052. At September 30, 2016 the Rural Electric System reported a current asset – under-recovered regulatory fee of \$106,654.

Deferred Regulatory Liability

To better align certain benefits received with BTU's retail rate design, the City Electric System utilizes regulatory accounting treatment for the funds it collects from customers and developers as

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

contributions of aid in construction (AIC) under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB & AICPA Pronouncements*. The City Electric System recognizes AIC received as a deferred regulatory liability in the deferred inflows section of the Statements of Net Position. The deferred regulatory liability is amortized to depreciation expense over the life of the asset constructed. During the fiscal year ended September 30, 2016, the City Electric System collected \$640,508 of AIC. During the fiscal year ended September 30, 2016, the Rural Electric System collected \$1,700,653 of AIC.

Compensated Absences

The City's policy in effect during Fiscal Year 2016 allows employees to earn vacation leave at rates of 10 to 20 days (80 to 160 hours) per year with unlimited accumulation. Classified employees in the police and fire departments earn vacation at the rate of 15 days (120 hours) per year in accordance with Texas Local Government Code, Chapter 143, until the employee reaches 15 years employment at which time the rate of accrual becomes the same rate as that for other City employees. Upon termination, employees with a minimum of one year employment, who leave in good standing, are paid for unused vacation time up to a maximum of two times the employee's annual accrual rate at the time of separation.

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

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

Net Position

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

New Accounting Pronouncements and Changes in Accounting Principles

For the fiscal year ended September 30, 2016, the City adopted:

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this statement during the reporting period, individually or in the aggregate, were significant.

This statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The City participates in investment pools and adopted this guidance for FY 2016.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

The following guidance issued by GASB is effective for years following FY 2016 and is expected to be applicable to the City:

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

This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This new guidance is effective for fiscal years beginning after June of 2017. Therefore, the City will adopt this guidance for FY 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*. This statement requires new disclosures for Tax Abatement agreements entered into by State and Local Governments. Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This guidance is effective for fiscal years beginning after December of 2015. Therefore, the City will adopt this guidance for FY 2017.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

Prior to the issuance of this statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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

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

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, 2016 the amount of the City's demand deposits was \$51,098,054, BTU's demand deposits were \$116,045,012 and the combined bank balance was \$167,143,066.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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 August 25, 2015, for the fiscal year ending September 30, 2016, sets forth (1) the basic principles governing the investment of City funds; (2) the objectives of the City's investment program; and (3) the authority, responsibilities, limitations, documentation and requirements to be used in the administration and operation of the City's investment program.

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

- a. Direct obligations of the United States or its agencies and instrumentalities;
- b. Debentures or discount notes issued by, guaranteed by, or for which the credit of any Federal Agencies and Instrumentalities is pledged for payment;
- c. Direct obligations of the State of Texas or its agencies;
- d. Bonds or other obligations, the principal and interest of which is guaranteed by the full faith and credit of the United States;
- e. Certificates of deposit issued by state and national banks within the state of Texas that are secured by obligations qualified as acceptable collateral;
- f. Bankers Acceptances eligible for discounting with the Federal Reserve maturing within 90 days;
- g. Commercial paper with a stated maturity of 180 days or less from the date of issuance that is rated not less than A-1, P-1, F-1 or its equivalent;
- h. Fully collateralized repurchase agreements having a defined termination date of 90 days or less, secured by qualified obligations, pledged with a third party, and placed through a primary government securities dealer as defined by the Federal Reserve, or a bank domiciled in Texas;
- i. Money-market mutual funds that are SEC registered no-load funds with dollar-weighted average portfolio maturity of 90 days or less;
- j. The City utilizes local government investment pools rated no lower than AAA or AAA-m from at least one nationally recognized rating agency;

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

- k. Hedging contracts and related security insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations;
- l. Reverse repurchase agreements are allowed only if the term does not exceed 90 days after delivery, and money received is used to acquire additional authorized investments with a maturity date not to exceed the expiration date stated in the agreement.

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

The City's cash and cash equivalents and investments at September 30, 2016 as are follows:

	<u>Carrying Value</u>	<u>Percentage of Total</u>	<u>Wgt. Avg. Maturity</u>	<u>Credit Risk</u>
U. S. Agencies and Instrumentalities	\$ 82,586,328	31.77%	797	AAA
Collateral Deposits	2,179,036	0.84%		
Investments in Government Pools	8,037,512	3.09%	40	AAAm
Cash	167,143,066	64.30%	1 day	
Total Investments and deposits	<u>\$ 259,945,942</u>	<u>100.00%</u>		

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

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

The City has recurring fair value measurements as presented in the table below. The investment balances at September 30, 2016 are as follows:

	Value at FYE	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments measured at amortized cost				
Investments in Government Pools	\$ 2,508,715			
Investments measured at net asset value (NAV)				
Investments in Government Pools	5,528,797			
Investment measured at fair value				
U.S. Agencies	82,586,328	\$ -	\$ 82,586,328	\$ -
	<u>\$ 90,623,840</u>	<u>\$ -</u>	<u>\$ 82,586,328</u>	<u>\$ -</u>

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

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

As of September 30, 2016, the City had the following investments:

Investment Types	Value	Investment Maturity (in Years)		
		Less Than 1	1-5	Greater Than 5
Investments in agency securities	\$ 82,586,328	\$ 23,028,051	\$ 59,558,277	\$ -
Investments in government pools	8,037,512	8,037,512	-	-
Total	<u>\$ 90,623,840</u>	<u>\$ 31,065,563</u>	<u>\$ 59,558,277</u>	<u>\$ -</u>

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

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

TexSTAR was created in April 2003 pursuant to the Interlocal Cooperation Act of the State of Texas, Article 4413(32c), Vernon's Texas Civil Statutes, as amended. TexSTAR policies require that local

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

government deposits be used to purchase investments authorized by the Texas Public Funds Investment Act. The State Comptroller of Public Accounts exercises responsibility over TexSTAR. TexSTAR is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management. J.P. Morgan Investment Management, Inc. provides investment advisory services.

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

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

Custodial Risk – City deposits in excess of the \$250,000 amount covered by the Federal Depository Insurance Corporation (“FDIC”) must be secured by authorized securities with a market value equal to or greater than 105% of the total deposits. At September 30, 2016, 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, 2016, 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, 2016

3. PROPERTY TAXES

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

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

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

Delinquent taxes are subject to interest and penalty charges. The tax rate to finance general governmental services including debt service was 62.999 cents per \$100 of assessed valuation for the year ended September 30, 2016. Under provisions adopted by the City, the maximum tax rate is limited to \$1.50 per \$100 of assessed valuation.

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance October 1	Additions / Completions	Retirements / Adjustments	Balance September 30
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 11,591,736	\$ 7,873	\$ -	\$ 11,599,609
Construction in Progress	4,091,755	5,305,152	(1,447,911)	7,948,996
Total capital assets not being depreciated	15,683,491	5,313,025	(1,447,911)	19,548,605
Capital assets, being depreciated				
Buildings	38,783,545	221,840	-	39,005,385
Equipment	31,914,180	1,963,255	(366,740)	33,510,695
Improvements	32,198,451	1,351,717	-	33,550,168
Infrastructure	186,160,966	5,709,651	-	191,870,617
Total capital assets being depreciated	289,057,142	9,246,463	(366,740)	297,936,865
Less accumulated depreciation for:				
Buildings	(14,461,929)	(989,335)	-	(15,451,264)
Equipment	(23,917,116)	(2,114,674)	366,740	(25,665,050)
Improvements	(22,797,385)	(1,333,611)	-	(24,130,996)
Infrastructure	(92,059,046)	(6,939,833)	-	(98,998,879)
Total accumulated depreciation	(153,235,476)	(11,377,453)	366,740	(164,246,189)
Total capital assets being depreciated, net	135,821,666	(2,130,990)	-	133,690,676
Governmental activities capital assets, net	\$ 151,505,157	\$ 3,182,035	\$ (1,447,911)	\$ 153,239,281
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 16,701,003	\$ 39,034	\$ (338,802)	\$ 16,401,235
Construction In Progress	22,128,882	37,517,152	(38,685,903)	20,960,131
Retirement in Progress	317,806	752,737	(873,150)	197,393
Total capital assets not being depreciated	39,147,691	38,308,923	(39,897,855)	37,558,759
Capital assets, being depreciated				
Buildings	20,531,233	-	-	20,531,233
Equipment	13,813,251	1,993,125	(321,755)	15,484,621
Improvements	719,658,286	45,632,146	(5,185,076)	760,105,356
Total capital assets being depreciated	754,002,770	47,625,271	(5,506,831)	796,121,210
Less accumulated depreciation for:				
Buildings	(994,435)	(832,130)	-	(1,826,565)
Equipment	(9,842,911)	(1,155,345)	285,667	(10,712,589)
Improvements	(248,562,039)	(21,059,782)	6,189,614	(263,432,207)
Total accumulated depreciation	(259,399,385)	(23,047,257)	6,475,281	(275,971,361)
Total capital assets being depreciated, net	494,603,385	24,578,014	968,450	520,149,849
Business-type activities capital assets, net	\$ 533,751,076	\$ 62,886,937	\$ (38,929,406)	\$ 557,708,608

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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

Governmental activities:

General government and administration	\$ 1,260,966
Development services	728,292
Public works services	6,510,492
Public safety	1,779,973
Cultural and recreational	1,097,730
Total depreciation expense - Governmental activities	<u>\$ 11,377,453</u>

Business-type activities:

City Electric	\$ 12,549,044
Rural Electric	2,881,675
Water	2,992,691
Wastewater	3,520,826
Other Enterprise Funds	1,103,021
Total depreciation expense - Business-type activities	<u>\$ 23,047,257</u>

The City has active construction projects as of September 30, 2016. Total accumulated commitments for ongoing capital projects are composed of the following:

	<u>Committed</u>
Street improvements	\$12,841,215
Drainage improvements	463,762
Construction of new fire station	6,114,200
Water system improvements	1,370,385
Wastewater system improvements	2,493,453
Total	<u>\$23,283,015</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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, 2016:

	Beginning Balance	Issued	Matured/ Refunded	Ending Balance	Due within one year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 43,553,982	\$ 7,755,000	\$ 4,926,492	\$ 46,382,490	\$ 5,464,136
Certificates of Obligation	40,780,021	9,275,000	10,895,000	39,160,021	2,185,000
Total governmental activities	84,334,003	17,030,000	15,821,492	85,542,511	7,649,136
Total premium (discount)	806,053	802,865	(5,448)	1,614,366	150,985
Total governmental activities, net	85,140,056	17,832,865	15,816,044	87,156,877	7,800,121
<u>Business-type Activities:</u>					
Water, Sewer & Airport Systems:					
General Obligation Bonds	7,686,019	-	683,508	7,002,511	700,864
Certificates of Obligation	6,580,000	1,160,000	990,000	6,750,000	1,075,000
Revenue Bonds	49,570,001	-	3,385,001	46,185,000	3,525,000
Electric System :					
General Obligation Bonds	7,735,000	-	730,000	7,005,000	730,000
Certificates of Obligation	39,195,000	-	1,225,000	37,970,000	1,250,000
Revenue Bonds	168,915,000	87,205,000	25,715,000	230,405,000	11,580,000
Total business type activities	279,681,020	88,365,000	32,728,509	335,317,511	18,860,864
Total premium (discount)	6,618,518	12,653,283	800,364	18,471,437	1,178,031
Total business-type activities, net	286,299,538	101,018,283	33,528,873	353,788,948	20,038,895
Total long-term debt	364,015,023	105,395,000	48,550,001	420,860,022	26,510,000
Total long-term debt, net	\$ 371,439,594	\$ 118,851,148	\$ 49,344,917	\$ 440,945,825	\$ 27,839,016

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

Long-term debt at September 30, 2016 consists of bonds and certificates of obligation maturing serially and is summarized as follows:

<u>Issue</u>	<u>Interest Rates (%)</u>	<u>Series Matures</u>	<u>First Callable Date</u>	<u>Governmental</u>	<u>Business- type</u>	<u>Total</u>
<u>General Obligation Bonds:</u>						
Refunding, Series 2010	2.00 - 4.00	2021	None	\$ 5,435,000	\$ -	\$ 5,435,000
Refunding, Series 2013	2.00 - 3.50	2026	08/15/23	17,022,140	5,007,860	22,030,000
Refunding, Series 2014	2.00 - 3.25	2031	08/15/24	6,055,350	1,994,651	8,050,001
Refunding, Series 2015	2.00 - 4.00	2025	None	10,115,000	7,005,000	17,120,000
Refunding, Series 2016	1.50 - 3.00	2026	None	7,755,000	-	7,755,000
Total General Obligation Bonds				<u>46,382,490</u>	<u>14,007,511</u>	<u>60,390,001</u>
<u>Certificates of Obligation:</u>						
Combination Tax & Revenue, Series 2008	4.00 - 5.00	2028	08/15/18	7,450,000	-	7,450,000
Combination Tax & Revenue, Series 2009	3.00 - 5.00	2029	08/15/19	5,970,000	-	5,970,000
Combination Tax & Revenue, Series 2010	2.00 - 4.38	2030	08/15/20	9,995,000	-	9,995,000
Combination Tax & Revenue Refunding, Series 2011	3.00 - 4.00	2022	None	-	5,590,000	5,590,000
Combination Tax & Revenue, Series 2013	3.00 - 4.25	2033	08/15/23	-	4,950,000	4,950,000
Combination Tax & Revenue, Series 2014	2.00 - 5.00	2039	08/15/24	6,470,021	33,020,000	39,490,021
Combination Tax & Revenue, Series 2016	2.00 - 5.00	2036	08/15/26	9,275,000	1,160,000	10,435,000
Total Certificates of Obligation				<u>39,160,021</u>	<u>44,720,000</u>	<u>83,880,021</u>
<u>Revenue Bonds:</u>						
Water and Sewer System Revenue, Series 2007	4.00 - 5.00	2032	07/01/17	-	23,640,000	23,640,000
Water and Sewer System Revenue, Series 2009A	2.50 - 4.63	2029	07/01/19	-	4,135,000	4,135,000
Sewer System Revenue, Series 2009B	1.35 - 2.60	2019	None	-	420,000	420,000
Water Revenue, Series 2010A	2.00 - 4.25	2030	07/01/20	-	3,940,000	3,940,000
Sewer System Revenue, Series 2011	0.00 - 2.70	2030	None	-	14,050,000	14,050,000
Electric System Revenue City, Series 2007	4.50 - 5.25	2032	07/01/17	-	24,665,000	24,665,000
Electric System Revenue City, Series 2008	4.00 - 5.25	2033	07/01/17	-	25,980,000	25,980,000
Electric System Revenue Rural, Series 2008	3.50 - 4.75	2034	07/01/17	-	190,000	190,000
Electric System Revenue City, Series 2009	4.00 - 5.00	2034	07/01/17	-	20,290,000	20,290,000
Electric System Revenue City, Series 2010	5.00 - 5.00	2019	07/01/17	-	23,385,000	23,385,000
Electric System Revenue Rural, Series 2011	3.00 - 5.00	2021	None	-	1,625,000	1,625,000
Electric System Revenue City, Series 2012	3.13 - 5.00	2037	07/01/22	-	47,065,000	47,065,000
Electric System Revenue City, Series 2016	3.00 - 5.00	2041	07/01/26	-	71,435,000	71,435,000
Electric System Revenue Rural, Series 2016	2.00 - 5.00	2041	07/01/26	-	15,770,000	15,770,000
Total Revenue Bonds				<u>\$ -</u>	<u>\$ 276,590,000</u>	<u>\$ 276,590,000</u>
Total long-term debt				<u>\$ 85,542,511</u>	<u>\$ 335,317,511</u>	<u>\$ 420,860,022</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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	
2017	\$ 5,464,136	\$ 1,275,718	\$ 1,430,864	\$ 388,638	\$ 8,559,356
2018	5,566,531	1,162,114	1,463,469	360,021	8,552,135
2019	5,321,005	1,022,208	1,398,995	327,002	8,069,210
2020	5,459,991	894,688	1,430,009	299,022	8,083,710
2021	5,191,498	722,451	1,473,502	250,109	7,637,560
2022-2026	17,968,920	1,657,449	6,346,080	579,039	26,551,488
2027-2031	1,410,409	135,852	464,592	44,750	2,055,603
Total	<u>\$ 46,382,490</u>	<u>\$ 6,870,480</u>	<u>\$ 14,007,511</u>	<u>\$ 2,248,581</u>	<u>\$ 69,509,062</u>

Certificates of Obligation

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 2,185,000	\$ 1,424,305	\$ 2,325,000	\$ 1,505,318	\$ 7,439,623
2018	2,235,000	1,379,290	2,305,000	1,439,157	7,358,447
2019	2,310,000	1,301,740	2,280,000	1,378,607	7,270,347
2020	2,385,000	1,220,677	2,230,000	1,317,888	7,153,565
2021	2,480,000	1,140,002	2,310,000	1,257,863	7,187,865
2022-2026	13,385,000	4,256,605	8,635,000	5,226,635	31,503,240
2027-2031	10,425,000	1,511,293	9,155,000	3,793,118	24,884,411
2032-2036	3,755,021	302,109	9,610,000	2,133,779	15,800,909
2037-2039	-	-	5,870,000	450,688	6,320,688
Total	<u>\$ 39,160,021</u>	<u>\$ 12,536,021</u>	<u>\$ 44,720,000</u>	<u>\$ 18,503,053</u>	<u>\$ 114,919,095</u>

Revenue Bonds

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ -	\$ -	\$ 15,105,000	\$ 11,761,179	\$ 26,866,179
2018	-	-	10,675,000	11,472,913	22,147,913
2019	-	-	33,335,000	11,050,443	44,385,443
2020	-	-	12,495,000	9,517,885	22,012,885
2021	-	-	13,055,000	8,985,410	22,040,410
2022-2026	-	-	57,990,000	36,965,338	94,955,338
2027-2031	-	-	64,970,000	23,131,553	88,101,553
2032-2036	-	-	43,550,000	9,337,450	52,887,450
2037-2037	-	-	25,415,000	2,505,750	27,920,750
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,590,000</u>	<u>\$ 124,727,921</u>	<u>\$ 401,317,921</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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>	
2017	\$ 7,649,136	\$ 2,700,023	\$ 18,860,864	\$ 13,655,135	\$ 42,865,158
2018	7,801,531	2,541,404	14,443,469	13,272,091	38,058,495
2019	7,631,005	2,323,948	37,013,995	12,756,052	59,725,000
2020	7,844,991	2,115,365	16,155,009	11,134,795	37,250,160
2021	7,671,498	1,862,453	16,838,502	10,493,382	36,865,835
2022-2026	31,353,920	5,914,054	72,971,080	42,771,012	153,010,066
2027-2031	11,835,409	1,647,145	74,589,592	26,969,421	115,041,567
2032-2036	3,755,021	302,109	53,160,000	11,471,229	68,688,359
2037-2037	-	-	31,285,000	2,956,438	34,241,438
Total	<u>\$ 85,542,511</u>	<u>\$ 19,406,501</u>	<u>\$ 335,317,511</u>	<u>\$ 145,479,555</u>	<u>\$ 585,746,078</u>

On July 12, 2016, the City Electric Fund issued revenue and improvement bonds totaling \$71,435,000. These bonds mature serially from July 1, 2017 through July 1, 2041 with coupon rates ranging from 3.0% to 5.0%. The proceeds from the sale of the 2016 Bonds are restricted for: financing costs or expenses incurred in relation to the acquisition or construction of improvements, additions, or extensions to the City Electric System, including facilities for the generation, transmission, or distribution of electric power and energy, and capital assets, facilities and equipment incident and related to the operation, maintenance, or administration of the Electric System; funding the reserve fund requirement for the Bonds with a municipal bond reserve fund insurance policy issued by Assured Guaranty Municipal Corp.; and refunding portions of outstanding bonds of \$8,880,000 of revenue bonds. This represents a reduction in debt service payments over the next 15 years of \$1,683,252, and an economic gain of \$1,414,670 by an average interest rate of 2.334%.

On July 13, 2016, the Rural Electric Fund issued revenue refunding and improvement bonds totaling \$15,770,000. The Bonds mature serially from July 1, 2017 through July 1, 2041 with coupon rates ranging from 2.0% to 5.0%. The proceeds from the sale of the 2016 Bonds are restricted for: financing costs or expenses incurred in relation to the acquisition or construction of improvements, additions, or extensions to the Rural System, including facilities for the generation, transmission, or distribution of electric power and energy, and capital assets, facilities and equipment incident and related to the operation, maintenance, or administration of the Rural System; funding the reserve fund requirement for the Bonds with a municipal bond reserve fund insurance policy issued by Assured Guaranty Municipal Corp.; and refunding portions of outstanding bonds of \$4,845,000 of revenue bonds. This represents a reduction in debt service payments over the next 15 years of \$880,520, and an economic gain of \$696,190 by an average interest rate of 2.668%.

On September 20, 2016, the City issued general obligation refunding bonds totaling \$7,755,000. These bonds mature serially from August 15, 2017 through August 15, 2026 with coupon rates ranging from 1.5% to 3.0%. After the payment of issuance costs, the proceeds from the sale of the 2016 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 \$7,980,000 of certificate of obligation bonds. This represents a deferred loss of \$161,056, a reduction in debt service payments over the next 10 years of \$1,141,289, and an economic gain of \$1,044,456 by an average interest rate of 1.642%.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

Also on September 20, 2016, the City also issued combination tax and revenue certificates totaling \$10,435,000. These bonds mature serially from August 15, 2017 through August 15, 2036 with coupon rates ranging from 2.0% to 5.0%. The proceeds from the sale of the 2016 Bonds are restricted for: constructing, improving, renovating, extending, expanding and developing streets, including drainage, traffic signalization, lighting, sidewalks, sound walls and landscaping, and acquiring right-of-way related thereto; constructing, renovating and improving fire department facilities and purchasing fire-fighting equipment, including fire trucks; constructing, renovating and improving airport facilities, including hangars; and related professional services, including legal fiscal, engineering and design fees, and costs of the issuance of the certificates.

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

Under the terms of the bond covenants, City Electric and Rural Electric Funds are required to maintain minimum reserve fund requirements equal to approximately one year of debt service requirements. The reserve fund requirements may be satisfied by cash, letter of credit or an insurance policy. The reserve fund requirements for the Series 2008, 2009, 2010, 2011, and 2012 Bonds are satisfied with restricted funds. The reserve fund requirements for the City Electric Fund Series 2007 and 2016 bonds are satisfied with insurance policies, as are the Rural Electric Fund's Series 2008 and 2016 bonds. There are no reserve requirements for the 2013 and 2014 Certificates or the 2015 Refunding Bonds.

The ordinance authorizing the Waterworks and Sewer System revenue bonds stipulates that the City will deposit certain amounts into a reserve fund for the purpose of retiring the last of the bonds as they become due or to pay principal of and interest on the outstanding bonds if necessary. The ordinance also allows the City to replace or substitute a credit facility for cash or investments on deposit in the reserve fund. For the Series 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. The City did not have an arbitrage liability as of September 30, 2016.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

Other long term liabilities

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

	Year Ended September 30, 2016		
	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 6,977,190	\$ 1,271,815	\$ 8,249,005
Plus additions	3,089,360	823,901	3,913,261
Less payments	(2,455,162)	(621,484)	(3,076,646)
Ending balance	<u>\$ 7,611,388</u>	<u>\$ 1,474,232</u>	<u>\$ 9,085,620</u>
Amount due in one year	\$ 2,771,321	\$ 530,722	\$ 3,302,043
Amount due in over one year	\$ 4,840,067	\$ 943,510	\$ 5,783,577

6. PRIOR-YEAR DEFEASANCE OF DEBT

In FY 2016 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.

As of September 30, 2016, the City had outstanding general obligation bonds, certificates of obligation, and revenue bonds totaling \$72,675,000 which were considered defeased.

7. BONDS AVAILABLE FOR SALE

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

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

8. NATURE AND PURPOSE OF CLASSIFICATION OF FUND EQUITY

The fund balance classifications for Governmental Funds are:

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

The City's classification of fund balances is as follows at September 30, 2016:

	General Fund	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Nonspendable:						
Permanent Funds Corpus	\$ -	\$ -	\$ -	\$ -	\$ 938,069	\$ 938,069
Other Purposes	106,321	-	-	-	-	106,321
Restricted for:						
Debt Service	-	5,840,959	-	-	-	5,840,959
Grants	403,368	-	33,827	-	-	437,195
Hotel/Motel	-	-	2,171,320	-	-	2,171,320
Municipal Court	195,666	-	245,569	-	-	441,235
TIRZ Development	-	-	807,993	-	-	807,993
Capital Projects	-	-	-	13,327,432	-	13,327,432
Cemeteries	-	-	-	-	346,358	346,358
Libraries	-	-	-	-	3,938	3,938
Police	60,416	-	-	-	-	60,416
Record Preservation	83,331	-	-	-	-	83,331
Other Purposes	98,784	-	-	-	-	98,784
Committed to:						
Parks	1,252,881	-	-	-	-	1,252,881
Libraries	159,684	-	-	-	-	159,684
Streets	-	-	11,773,499	-	-	11,773,499
Drainage	-	-	2,851,094	-	-	2,851,094
Severance Reserve	1,365,580	-	-	-	-	1,365,580
Other Purposes	-	-	1,551,036	-	-	1,551,036
Assigned to:						
Parks	1,339,717	-	-	-	-	1,339,717
Streets	2,888,375	-	-	-	-	2,888,375
Economic Development	2,600,000	-	-	-	-	2,600,000
Other Purposes	903,442	-	-	-	-	903,442
Unassigned	22,095,483	-	(16,399)	-	-	22,079,084
Total fund balances	\$33,553,048	\$5,840,959	\$19,417,939	\$13,327,432	\$1,288,365	\$73,427,743

Net position has been restricted at September 30, 2016 as follows:

	Business-Type Activities				
	Electric	Water	Waste Water	Other Enterprise	Total
Restricted for:					
Rate Stabilization	\$ 1,691,508	\$ -	\$ -	\$ -	\$ 1,691,508
Debt Retirement	9,216,230	-	-	-	9,216,230
Debt Service	3,445,997	1,194,705	2,257,852	398	6,898,952
Collateral Deposits	2,179,036	-	-	-	2,179,036
BVSWMA	-	-	-	14,686,316	14,686,316
Total	\$ 16,532,771	\$ 1,194,705	\$ 2,257,852	\$ 14,686,714	\$ 34,672,042

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

9. RETIREMENT PLAN

Plan Description

The City of Bryan participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

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For the Fiscal Year Ended September 30, 2016

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

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	531
Inactive employees entitled to but not yet receiving benefits	435
Active employees	<u>858</u>
Total	1,824

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.50% and 15.04% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$8,279,509, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with	

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2016

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

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for the time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100%	

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

Discount Rate

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2014	\$ 275,672,153	\$ 236,784,515	\$ 38,887,638
Changes for the year:			
Service Cost	7,796,505	-	7,796,505
Interest	19,160,943	-	19,160,943
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,545,768)	-	(1,545,768)
Changes of assumptions	3,577,731	-	3,577,731
Contributions - employer	-	7,727,068	(7,727,068)
Contributions - employee	-	3,490,130	(3,490,130)
Net investment income	-	349,403	(349,403)
Benefit payments, including refunds of employee contributions	(11,685,311)	(11,685,311)	-
Administrative expense	-	(212,814)	212,814
Other changes	-	(10,511)	10,511
Net changes	17,304,100	(342,034)	17,646,134
Balance at 12/31/2015	<u>\$ 292,976,253</u>	<u>\$ 236,442,481</u>	<u>\$ 56,533,772</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$100,084,230	\$56,533,772	\$21,063,315

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2016

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the year ended September 30, 2016 the city recognized pension expense of \$11,007,219.

At September 30, 2016 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (2,211,681)
Changes in actuarial assumptions	2,784,443	-
Difference between projected and actual investment earnings	14,701,772	-
Contributions subsequent to the measurement date	6,083,317	-
Total	<u>\$ 23,569,532</u>	<u>(2,211,681)</u>

\$6,083,317 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended December 31
2016	\$ 3,891,492
2017	3,891,492
2018	4,016,670
2019	3,474,880
2020	-
Thereafter	-
Total	<u>\$ 15,274,534</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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 an individual stop loss deductible in the amount of \$150,000 and a maximum aggregate stop loss deductible of \$10,002,092 for the twelve month period which began January 1, 2016 and ends December 31, 2016. These stop loss levels apply to both medical and prescription drug coverage. Prescription drug and dental coverage is not included. There were no significant reductions in insurance coverage in the current year from coverage in the prior year. For the City's aggregate stop loss coverage, there have been no settlements that have exceeded insurance coverage for the past three calendar years. However, the City has paid out \$116,383 for calendar year 2014, \$282,458 for calendar year 2015, and \$183,397 for calendar year 2016 to date in settlements that exceed insurance coverage applicable to individual stop loss coverage.

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

	<u>FY 2016</u>	<u>FY 2015</u>
Beginning balance unpaid claims	\$ 995,718	\$ 859,163
Incurred claims	8,052,689	8,047,486
Claim payments	<u>(7,985,400)</u>	<u>(7,910,931)</u>
Ending balance unpaid claims	<u>\$ 1,063,007</u>	<u>\$ 995,718</u>
Amounts due in one year	\$ 1,063,007	\$ 995,718

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.

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2016

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.

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, 2016, retirees paid \$582,645 in premiums and \$1,231,508 in claims were paid for post-retirement health care and administrative charges. As of September 30, 2016, the City has 32 retirees, 40 retirees and spouses, 8 retirees and families and 4 retirees and child(ren) participating in the health plan, out of the 419 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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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 \$17,817 and incurred claims and administrative expenses of \$24,845 during the year ended September 30, 2016. As of September 30, 2016, 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 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, 2015, as required by GASB. The City's annual OPEB cost for the current year and prior two years is as follows:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

	FY 2016	FY 2015	FY 2014
Annual required contribution (ARC)	\$ 920,004	\$ 900,753	\$ 874,517
Interest on OPEB obligation	120,575	126,299	96,503
Adjustment to ARC	(117,460)	(117,015)	(89,409)
Annual OPEB cost	923,119	910,042	881,611
Contributions made	(648,865)	(702,316)	(219,484)
Increase (decrease) in net OPEB obligation	274,254	207,726	662,127
Net OPEB obligation, beginning of year	3,014,364	2,806,638	2,144,511
Net OPEB obligation/(asset), end of year	<u>\$ 3,288,618</u>	<u>\$ 3,014,364</u>	<u>\$ 2,806,638</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, 2015, and the preceding two fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
2014	\$ 881,611	\$ 219,484	24.9%	\$ 2,806,638
2015	910,042	702,316	77.2%	3,014,364
2016	923,119	648,865	70.3%	3,288,618

Funding status and funding progress

The City had an actuarial valuation performed as of December 31, 2015. The funded status of the City's retiree health care plan, under GASB Statement No. 45, is as follows:

	FY 2016	FY 2015	FY 2014
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	11,248,356	10,704,428	10,704,428
Unfunded AAL	(11,248,356)	(10,704,428)	(10,704,428)
Funded Ratio	-	-	-
Covered Payroll	54,614,239	48,991,679	46,907,165
UAAL as a % of Covered Payroll	21%	22%	23%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$11,248,356 at December 31, 2015.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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	- 2.50% per annum
Investment rate of return	- 4.00%, 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 4.50% after 13 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information on page 105 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

City of Bryan, Texas

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beneficiaries. This is in accordance with changes made to Section 457 of the Internal Revenue Code. Since the City is no longer the Plan Administrator or the trustee, the assets of the Plan are no longer a reportable fund in the City's basic financial statements.

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

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

13. TEXAS MUNICIPAL POWER AGENCY

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

TMPA operates the Gibbons Creek Steam Electric Station ("Gibbons Creek"), a coal-fired generating plant located in Grimes County, Texas with a net generating capability of 462 MW within the jurisdiction of the Electric Reliability Council of Texas (ERCOT). The plant began commercial operation October 1, 1983. Additionally, TMPA owns and operates 250 miles of transmission lines and 14 substations within ERCOT. TMPA also owns 10,500 acres of land adjacent to the plant previously used to mine lignite for generation.

In September 1976, TMPA entered into identical Power Sales Contracts (the "PSC") with each of the Member 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 Member Cities' future energy needs. Under the PSC, the Member 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 expenses and the Bond Fund, Reserve Fund and Contingency Fund requirements of the Revenue Bond Resolutions. In addition, the Member Cities are obligated to guarantee the payment of TMPA's bonds and commercial paper. The PSC, as amended in 1997, is a take-or-pay contract, under which each Member 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%.

Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement (the "JOA"). In general, the purposes of the JOA include: (i) funding TMPA operations such as mine reclamation, transmission service, and plant decommissioning following expiration of the PSC (ii)

City of Bryan, Texas

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subject to certain exceptions, requiring Member City approval for the issuance of new debt, the execution of certain significant contracts, and the sale of property exceeding \$10 million in value (iii) specifying provisions for determining how costs of TMPA and proceeds from the sale of assets are to be allocated among the Member Cities (iv) providing for the establishment by TMPA of reserve funds for the decommissioning of the plant and the indemnification of TMPA Board Members and Member City officials, employees, contractors, and agents and (v) dividing the operations of TMPA into three business functions-mine, generation, and transmission-and requiring separate budgets and books for each business function. As of September 30, 2016, in accordance with the JOA, funds in the amount of \$1,664,000 that would have been refunded back to the Member Cities prior to the JOA will be used to fund a reserve account. The PSC provides that upon dissolution of TMPA, the assets of TMPA will automatically be transferred to the Member Cities, with each Member City receiving an undivided interest in the assets of TMPA in proportion to the amount paid by the Member City to TMPA. The JOA requires TMPA to periodically make this calculation for each business unit, and sets out formulas for making these calculations. Under the JOA, these ownership calculations are relevant not only to the allocation of assets upon dissolution of TMPA, but also to the allocation of certain proceeds from the sale of assets, and in some cases, the allocation of TMPA costs. At the request of a majority of the Member Cities, TMPA is required by the JOA to transfer a divided interest in the transmission system to each Member City. Under this partition process, the objective is for each City to receive ownership of transmission facilities in the vicinity of the Member City, and in proportion to the Member City's ownership interest in the transmission business. Any such transfer of transmission assets must be in compliance with relevant bond covenants, including those requiring defeasance of all or a portion of transmission debt.

The JOA includes a reclamation plan for the mine, requires the development of a decommissioning plan, and sets out standards for environmental remediation. TMPA is required to comply with these plans and standards.

Under the JOA, in discharging its contractual obligations, including mine reclamation, decommissioning, transmission service, environmental remediation, indemnification, and other obligations, TMPA is rendering services to the Member Cities. The JOA obligates each Member City to pay the cost of these services, and to collect rates and charges for electric service sufficient to enable it to pay to TMPA all amounts due under the JOA for these services. A Member City's payment obligations under the JOA are payable exclusively from such electric utility revenues, and constitute an operating expense of its electric system.

Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until the dissolution of TMPA and the winding up of its affairs.

Effective September 1, 2016, the JOA was amended. The primary purposes of the amendment were to authorize the sale of Gibbons Creek and the sale of the Southern 345 kV Transmission System, as described below, and to authorize the issuance of refunding bonds in connection with such sales.

In January 2016, the Board of Directors authorized a request for proposals for the sale of the Gibbons Creek and the 345 kV transmission system located in Grimes, Brazos, and Robertson counties (the "Southern 345 kV Transmission System"). The Southern 345 kV Transmission System comprises

City of Bryan, Texas

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approximately 25% of the TMPA transmission system. Submitted as a joint proposal, TMPA received a proposal from Clean Energy Technology Association, Inc. ("CETA") for Gibbons Creek and a proposal from GridLiance Texas Transco, LLC ("GridLiance") for the Southern 345 kV Transmission System. While the governing boards of the Member Cities and the TMPA Board of Directors have expressed interest in pursuing these proposed transactions, no definitive agreement has been signed by the parties, and details are still in the process of negotiation and resolution. In November 2016, the Board of Directors adopted a resolution which outlined the major components of the proposed transactions. The CETA transaction would involve the sale of Gibbons Creek for a purchase price of \$57.5 million, plus an amount for working capital. In addition, CETA would provide \$35 million in funding for an environmental escrow, and provide a \$25 million letter of credit for environmental purposes. The GridLiance transaction would involve the sale of the Southern 345 kV Transmission System for net book value, plus certain additional amounts as set out in the proposed transaction documents.

At September 30, 2016, BTU's portion of outstanding TMPA bonds and commercial paper was approximately \$77.3 million and \$19.3 million, respectively.

During the year ended September 30, 2016 the City Electric System paid TMPA \$47,823,937 for power purchases and related activity under the contract. As of September 30, 2016 the City Electric System had payables to TMPA amounting to \$1,001,817.

The TMPA's Comprehensive Annual Financial Report for the year ended September 30, 2016 reported the following:

	FY 2016
Total Assets	\$ 580,482,000
Total Deferred Outflows of Resources	843,000
Total Liabilities	548,931,000
Total Deferred Inflows of Resources	-
Total Net Position	<u>\$ 32,394,000</u>
Change in Net Position	
for year ended September 30, 2016	\$ (1,682,000)

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

14. BRAZOS VALLEY SOLID WASTE MANAGEMENT AGENCY

In 2010, the City Councils of Bryan and College Station approved, through an interlocal agreement, the creation of a local government corporation, BVSWMA, 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. BVSWMA, Inc. superseded a previous

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2016

agreement established in 1990 which combined landfill operations under the then newly created Brazos Valley Solid Waste Management Agency (BVSWMMA). The powers of BVSWMMA, Inc. are vested in a seven member Board of Directors, consisting of appointees from each City Council.

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

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

In 2010, the City issued \$5,145,000 in Certificates of Obligation, Series 2010 to finance the construction of the Twin Oaks Landfill site. BVSWMMA has agreed to pay the City an amount equal to the future debt service requirements of these certificates of obligation. At September 30, 2016 the City reported a receivable in the amount of \$3,920,000 of which \$235,000 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 BVSWMMA, Inc. The City of Bryan's 50% ownership is reflected in the Solid Waste Fund.

BVSWMMA's audited annual financial statements for the year ended September 30, 2016 reported the following:

	FY 2016
Total Assets	\$ 42,420,502
Total Liabilities	<u>13,047,870</u>
Total Net Position	<u>\$ 29,372,632</u>
Change in net position for the year ended September 30, 2016	\$ 2,195,016
Bryan's undivided 50% share of changes in net position for the year ended September 30, 2016	\$ 1,097,508

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

15. INTERFUND BALANCES

Interfund receivable and payable balances at September 30, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	City Electric	\$ 22,258
General	Nonmajor governmental	183,069
Nonmajor governmental	City Electric	102,328
City Electric	Rural Electric	3,672,858
	General	173,656
	Nonmajor Enterprise	18,382
	Nonmajor governmental	39,500
	Water	16,301
	Wastewater	15,498
Water	City Electric	293,993
Wastewater	City Electric	218,707
Nonmajor enterprise funds	City Electric	137,938
Internal service funds	City Electric	12
Total		<u>\$ 4,894,500</u>

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

16. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2016 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	\$ -	\$ 54,386	\$ 11,908,617	\$ 631,378	\$ 633,504	\$ 380,964	\$ 13,608,849
Debt Service	-	2,139,496	-	-	-	-	2,139,496
Nonmajor governmental funds	75,000	-	-	-	-	1,201,307	1,276,307
Water Fund	31,516	-	-	-	-	10,505	42,021
Wastewater Fund	102,508	-	-	-	-	40,540	143,048
Nonmajor enterprise funds	166,696	-	-	28,838	6,121	-	201,655
Internal service funds	210,280	-	-	40,403	40,403	-	291,086
Total transfers out	<u>\$ 586,000</u>	<u>\$ 2,193,882</u>	<u>\$ 11,908,617</u>	<u>\$ 700,619</u>	<u>\$ 680,028</u>	<u>\$ 1,633,316</u>	<u>\$ 17,702,462</u>

Transfers are primarily used to move funds from:

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

17. ADMINISTRATIVE ALLOCATIONS TO OTHER FUNDS

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

	<u>General Fund</u>
<u>Administrative costs allocated to:</u>	
City Electric Fund	\$ 768,630
Water Fund	462,635
Wastewater Fund	517,840
Nonmajor Enterprise Fund (Solid Waste Fund)	563,220
Internal Service Fund (Insurance Fund)	183,011
Street Improvement	159,720
Drainage Fund	118,248
Employee Benefits Fund	137,615
Warehouse Fund	63,132
Bryan Commerce & Development	39,412
Coulter Airfield Fund	53,194
	<u>\$ 3,066,657</u>

18. DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

The balance of deferred inflows of resources and unearned revenues at September 30, 2016 consists of the following:

	<u>Deferred Inflows of Resources</u>	<u>Unearned</u>	<u>Totals</u>
Delinquent property taxes receivable (General Fund)	\$ 69,431	\$ -	\$ 69,431
Delinquent property taxes receivable (Debt Service Fund)	28,888	-	28,888
Street and drainage assessments receivable (General Fund)	115,056	-	115,056
Notes receivable (Debt Service fund)	-	230,000	230,000
WasteWater unearned revenue	-	82,466	82,466
Nonmajor governmental funds	94,008	-	94,008
Total	<u>\$ 307,383</u>	<u>\$ 312,466</u>	<u>\$ 619,849</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

19. LITIGATION

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

20. RISK MANAGEMENT

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

In fiscal year 1994, the City began purchasing excess liability insurance to reduce its exposure to catastrophic losses. Liability insurance providing a \$5,000,000 limit per occurrence/\$5,000,000 aggregate limit for general, auto, public officials, and police liability with a \$500,000 self-insured retention for claims was purchased with coverage effective October 1, 2015. Worker's compensation coverage is provided at \$20,000,000 with \$2,500,000 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 \$1,398,010 for claims that have been incurred but not reported as of September 30, 2016. Because actual claims liabilities depend on such complex factors as changes in legal doctrines and damage awards, the process used in computing liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The schedule below represents the changes in estimated claims liabilities:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

	2016	2015
Unpaid claims at beginning of fiscal year	\$ 1,755,468	\$ 1,763,344
Change in unpaid claims	(143,174)	520,171
Claim payments	(214,284)	(528,047)
Total unpaid claims at end of fiscal year	<u>\$ 1,398,010</u>	<u>\$ 1,755,468</u>
Amounts due in one year	\$ 667,531	\$ 769,321

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, 2016

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 provided that:

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

At September 30, 2016, Traditions Acquisition Partnership had received proceeds for all 20 of the committed 20 lots from which the partnership is entitled to receive the first \$150,000 of net sales proceeds, thereby fulfilling that obligation under the Amendment. Also on September 28, 2016,

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

Traditions Acquisition Partnership exercised its option to purchase Parcel 35 for \$1, eliminating the City's future obligations for a bridge, roadways and other infrastructure under the Amendment.

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

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

In September 2014, the City of Bryan entered into economic development agreements with Atlas Hotel, L.P., and Traditions Acquisitions Partnership, L.P., related to the Traditions development. The agreements provide funding of \$6,000,000 for a hotel conference center and the immediately surrounding infrastructure including roadways, utilities, landscaping, street lighting and other improvements to be funded solely by available TIRZ Ten revenues. A separate agreement provides up to \$2,250,000 from Hotel/Motel Tax revenues collected from the Atlas Hotel operations for qualifying expenses.

The Traditions Development currently includes a Jack Nicklaus designed golf course and an 800 acre high end housing development. At September 30, 2016, BCDI holds approximately 190 acres under the Agreement that remain to be developed. The Partnership is expected to stay operational until all Partnership property is sold. There is no debt outstanding related to land held by BCDI in the Traditions development. The City anticipates that the proceeds from BCDI's portion of future land sales will exceed the cost of future City infrastructure required by the Traditions Development.

Through September 30, 2016, the City of Bryan has invested \$36.3 million towards land, infrastructure and operating costs in the Traditions development. Funding sources include TIRZ #10 tax revenues, Traditions land sales, water and wastewater funds, the general fund and special projects funds.

City of Bryan and Brazos County Economic Development Foundation Inc.

In 2009, the City of Bryan and Brazos County entered into an agreement to create the City of Bryan and Brazos County Economic Development Foundation Inc. ("BBCEDF"), a local government corporation formed under Subchapter D of Chapter 431 of the Texas Transportation Code. The BBCEDF was created to promote, develop, encourage and maintain employment, commerce, and economic development in the City and the County. In 2009, the BBCEDF purchased 191 acres of land in north Brazos County to be developed as a business park. Also in 2009, the BBCEDF entered into an option agreement that gave BBCEDF the right to purchase up to 724 adjacent acres. In fiscal year 2016, BBCEDF exercised the option to purchase all remaining acres under the option agreement. The business park, known as the Texas Triangle Park, is currently the primary focus for economic development for the BBCEDF. Through September 30, 2016, BBCEDF sold 284 acres of the Texas Triangle Park and holds approximately 616 acres currently for sale.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

In April 2013, BBCEDF entered into an Economic Development Agreement (EDA) with Kuadrum Pipe and Tube, Inc. (Kuadrum), which was fulfilled by and with its affiliate corporation Axis Pipe and Tube Inc. (Axis). Under the terms of the EDA, Axis was to purchase from BBCEDF and the City approximately 220 and 23 acres, respectively, to build a manufacturing facility. In addition, BBCEDF provided \$7,150,000 in development credits to Axis, the County provided a tax abatement and the City provided a non-annexation agreement. Development credits under the EDA were to be made in the form of direct payments to Axis, reimbursing their costs, and payments to the County for the construction of an adjacent road.

Axis began commercial operations of its manufacturing facility in 2014 and immediately began expanding facilities. In 2015, Axis fulfilled its final land purchase obligation under the EDA by acquiring from BBCEDF and the City a total of approximately 260 and 23 acres respectively. At September 30, 2016, the BBCEDF had funded a total of \$7,150,000 in development credits fulfilling its obligation under the EDA.

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

Research Valley BioCorridor

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

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

Through September 30, 2016, 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. Through September 30, 2016, the City of Bryan has paid a total of \$2,168 to the City of College Station under the tax sharing agreement.

Bryan Texas Utilities

BTU purchase and construction commitments approximate \$322.4 million at September 30, 2016. This amount primarily includes provisions for future fuel and energy purchases.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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

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

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

On April 30, 2010, BTU entered into a 25 year power purchase agreement with Fotowatio Renewable Ventures (FRV). FRV owns and operates a photovoltaic solar power plant in Presidio County, Texas. Under the agreement, which extends from 2013 to 2037, BTU 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 \$322.4 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 (J.P. Morgan) in January 2012. J.P. Morgan transferred the physical power transactions associated with the agreement to Mercuria Energy America, Inc. on September 1, 2015.

In August 2015, during a routine inspection, BTU staff discovered a small surface crack in the Lake Bryan dam and immediately began remedial repair work. Water from Lake Bryan is used to cool BTU's Dansby 1 generating unit. Over time, the crack worsened and eventually spanned approximately 600 horizontal feet of the 17,500 feet long earthen structure. During fiscal years 2016 and 2015, the City System incurred approximately \$1.3 million and \$1.6 million, respectively, in expenses to reinforce and stabilize the dam, which are reported as maintenance expenses in the Statement of Revenues, Expenses, and Changes in Net Position. Initial stabilization work was completed in February 2016, and no subsequent degradation has been noted. BTU staff continues to regularly monitor the status of the dam. If the dam remains stable, no material future expenditures are anticipated. If the current structure degrades, or if the Texas Commission on Environmental Quality mandates remediation, additional strengthening of the dam may be required in future fiscal years and could exceed \$3,000,000.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

22. ACCOUNTS RECEIVABLE

As of September 30, 2016, 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	\$ 13,949	\$ 4,150,000	\$ 4,163,949
Street and drainage assessments	115,056	-	115,056
	<u>\$ 129,005</u>	<u>\$ 4,150,000</u>	<u>\$ 4,279,005</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, 2016:

	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Total
Bond Retirement Reserve	\$ 9,216,230	\$ 311,042	\$ -	\$ -	\$ -	\$ 9,527,272
Bond Debt Service	5,211,861	393,454	1,454,819	2,489,323	398	9,549,855
Rate Stabilization Reserve	1,691,508	-	-	-	-	1,691,508
Customer Deposits Payable	4,146,245	1,403,385	-	-	-	5,549,630
Over-Recovered Fuel Expense	4,352,049	-	-	-	-	4,352,049
Over-Recovered Regulatory Fee	22,052	-	-	-	-	22,052
Collateral Deposits	2,179,036	-	-	-	-	2,179,036
Capital Debt Proceeds	62,682,253	8,793,251	463,121	30,676	-	71,969,301
	<u>\$ 89,501,234</u>	<u>\$ 10,901,132</u>	<u>\$ 1,917,940</u>	<u>\$ 2,519,999</u>	<u>\$ 398</u>	<u>\$ 104,840,703</u>

24. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended September 30, 2016 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	\$ -	\$ 34,935	\$ (34,935)
Court Technology Fund			
Total expenditures	37,000	38,915	(1,915)
TIRZ 19- Nash Street Fund			
Total transfers	147,518	156,193	(8,675)

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

For the fiscal year ended 30, 2016, the Grant fund exceeded budget by \$34,935 mainly due to expenditures of grant funds for police and fire equipment made during the year. The department had grant revenue and fund balance available to cover the expenditures.

Total expenditures in the Court Technology fund exceed budget by \$1,915 due to a higher than budgeted utility costs. The department had fund balance available to cover the expenditures.

Total transfers in the Tax Increment Zone #19 exceeded budget by \$8,675 due to higher than budgeted debt service cost. The fund had fund balance available to cover the expenditures.

25. FUND DEFICITS

The Community Development Fund, a Special Revenue Fund, has a deficit unassigned fund balance as of September 31, 2016 in the amount of \$16,399. 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 2017.

26. TAX INCREMENT REINVESTMENT ZONES

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

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

As of September 30, 2016, 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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

ended September 30, 2016, the City estimates that it has funded \$21.3 million in public infrastructure improvements and associated costs within Zone Ten. Combination Tax and Surplus Utility System Revenue Certificates of Obligation, Series 2000A, in the aggregate principal amount of \$17,000,000 were issued by the City to provide funds to commence certain of the public infrastructure improvements. In 2005, the Series 2000A bonds were refunded through the City's issuance of \$13,696,712 of General Obligation refunding bonds. In 2015, the 2005 GO Ref bonds were refunded through the City's issuance of \$12,150,000 of General Obligation refunding bonds of which \$7,965,728 was assigned to Zone Ten. The outstanding debt balance as of September 30, 2016 is \$6,860,225 with debt service payments through 2025. The City contributes all of its incremental tax revenues to Zone Ten. Brazos County has agreed to allow 80% of its maintenance and operations rate to be diverted to Zone Ten through 2025. Incremental ad valorem property taxes provided 171% of the debt service payments in FY 2016.

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 2016, 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 bonds were refunded through the City's issuance of \$1,534,542 of General Obligation refunding bonds. In 2016, the 2007 CO Ref bonds were refunded through the City's issuance of \$7,755,000 of General Obligation refunding bonds of which \$108,803 was assigned to Zone Nineteen. The outstanding debt balance as of September 30, 2016 is \$1,291,042 with debt service payments through 2031. The City contributes all of its incremental tax revenues to Zone Nineteen. Brazos County agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Nineteen through 2013. Incremental ad valorem property taxes provided 108% of debt service payments in FY 2016.

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 2016, the City estimates that it has funded \$240,000 in public infrastructure improvements and associated costs within Zone Twenty-One.

Tax Increment Reinvestment Zone #22: In 2007, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Twenty-Two, City of Bryan, Texas" ("Zone Twenty-Two"). Zone Twenty-Two is a retail development on the east side of the City of Bryan in the vicinity of Bryan Towne Center. Through the fiscal year ended September 2016, the City estimates that it has funded \$5.3 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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

within Zone Twenty-Two. Subsequently, in 2008, the City issued Tax and Revenue Certificates of Obligation, Series 2008, in the aggregate principal amount of \$287,914 for TIRZ Twenty-Two projects. In September 2013, bond funds of \$1,481,500 were assigned to Zone Twenty-Two from Tax and Revenue Certificates of Obligation, Series 2010. In 2016, the 2007 CO Ref bonds were refunded through the City's issuance of \$7,755,000 of General Obligation refunding bonds of which \$2,404,981 was assigned to Zone Twenty-Two. The outstanding debt balance as of September 30, 2106 is \$3,884,741 with debt service payments through 2030. The City contributes all of its incremental tax revenues to Zone Twenty-Two. Brazos County has agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Twenty-Two through 2023. Incremental ad valorem property taxes provided 98% of debt service payments in FY 2016.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

Zone/ Fiscal Year	Base Value	Net Taxable Value	Captured Value	Tax Rate Per \$100 Valuation	Captured Tax Revenue
# 10					
2016	\$ 637,640	\$ 217,741,206	\$217,103,566	\$ 0.629990	\$ 1,367,731
2015	637,640	178,967,116	178,329,476	0.629990	1,123,458
2014	637,640	139,749,374	139,111,734	0.629990	876,390
2013	637,640	115,128,526	114,490,886	0.633308	725,080
2012	637,640	99,472,976	98,835,336	0.636400	628,988
2011	637,640	92,479,156	91,841,516	0.636400	584,479
2010	637,640	86,173,404	85,535,764	0.636400	544,350
2009	637,640	81,855,365	81,217,725	0.636400	516,870
2008	637,640	66,843,855	66,206,215	0.636400	421,336
2007	637,640	40,005,365	39,367,725	0.636400	250,536
# 22					
2016	2,464,400	49,872,963	47,408,563	0.629990	298,669
2015	2,464,400	33,898,290	31,433,890	0.629990	198,030
2014	2,464,400	27,947,440	25,483,040	0.629990	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	0.636400	143,716
2011	2,038,090	27,353,460	25,315,370	0.636400	161,107
2010	2,038,090	29,254,110	27,216,020	0.636400	173,203
2009	2,038,090	8,388,060	6,349,970	0.636400	40,411
2008	2,038,090	2,038,090	-	0.636400	-
# 19					
2016	2,213,289	28,643,248	26,429,959	0.629990	166,506
2015	2,213,289	23,048,143	20,834,854	0.629990	131,257
2014	2,213,289	20,519,511	18,306,222	0.629990	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	0.636400	101,237
2011	2,213,289	16,096,206	13,882,917	0.636400	88,351
2010	2,213,289	15,255,274	13,041,985	0.636400	82,999
2009	2,213,289	12,222,530	10,009,241	0.636400	63,699
2008	2,213,289	8,992,060	6,778,771	0.636400	43,140
2007	2,213,289	-	-	0.636400	-
# 21					
2016	41,070,995	57,870,274	16,799,279	0.629990	105,834
2015	41,070,995	56,999,200	15,928,205	0.629990	100,346
2014	41,070,995	54,701,063	13,630,068	0.629990	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	0.636400	75,214
2011	41,070,995	52,504,534	11,443,539	0.636400	72,827
2010	41,070,995	51,057,085	9,986,090	0.636400	63,551
2009	41,070,995	43,915,850	2,844,855	0.636400	18,105
2008	41,070,995	-	-	0.636400	-

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

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, 2016, the City had established abatement agreements with the following property owners:

Property Owner	Date of Abatement	FY 2016 Appraised Values	FY 2016 Taxable Values	FY 2016 Abated Values	FY 2016 Taxes Levied	FY 2016 Taxes Abated
Kent Moore	2008-2016	\$ 4,499,820	\$ 3,607,248	\$ 892,572	\$ 22,725	\$ 5,623
Woodbolt Distribution, LLC	2014-2023	11,203,750	11,203,750	-	\$ 70,583	-

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

28. FINANCIAL HEDGING

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

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

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

BTU evaluated all potential hedging derivative instruments for effectiveness as of September 30, 2016, and determined the derivatives to be effective in substantially offsetting the changes in cash flows of the hedgeable items. BTU's hedgeable items are expected HSC natural gas purchases to serve budgeted load. BTU projects total natural gas needs as part of a 5-year forecast. This forecast is the basis for the procurement amount of the hedgeable item. BTU's potential hedging derivatives are NYMEX and HSC indexed commodity swaps. These derivatives act as cash flow hedges.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

BTU utilized regression analysis to test effectiveness of its NYMEX hedges. Testing was based on the extent of correlation between historical NYMEX index and HSC natural gas prices for the prompt months of January 2003, to September 2016. The correlation coefficient of (0.8560) 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 0.9605 indicates that the changes in cash flows of the hedge substantially offset the changes in cash flows of the hedgeable item.

The City Electric System also utilizes HSC indexed gas commodity swaps to hedge its open exposure after a NYMEX-based swap contract month settles. The City Electric System entered into Platts Gas Daily daily swaps to hedge this exposure. These HSC indexed swaps are hedging the physical purchases of natural gas also based on the HSC index and are effective cash flow hedges under the consistent critical terms method as defined by GASB 53. The swap is for the purchase of virtually the same quantity of the hedgeable item, has zero fair value at inception, and the reference rate of the swap and the hedgeable item are the same (HSC index).

For the fiscal year ended September 30, 2016, the total fair value of outstanding hedging derivative instruments was a net liability of \$11,909,400. The fair value of those instruments maturing within one year is reported on the Statement of Net Position in current liabilities as derivative financial instruments and was \$5,234,418 at September 30, 2016. The fair value of those instruments with maturities exceeding one year is reported on the Statement of Net Position in noncurrent liabilities as derivative financial instruments and was \$6,674,982 at September 30, 2016.

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. During the fiscal year ended September 30, 2016, the fair value of the City Electric System's hedging derivative instruments - NYMEX-based commodity swaps - increased by \$5,891,626; which is reported in the Statement of Net Position as a decrease of deferred outflows of resources. The deferred outflows are reported until respective contract expirations occur in conjunction with hedged expected physical 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, 2016, the deferred outflow of resources related to hedging derivatives was \$11,909,400, and is reported on the Statement of Net Position.

The following information details the City Electric System's hedging derivative instruments as of September 30, 2016:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

Type	Terms	Volume Hedged (MMBtu)	Effective Dates	Maturity Dates	Reference Index	Fair Value
Commodity Swaps	BTU pays prices of \$2.925 - 6.42	7,026,000	Sep 2010- July 2016	Oct 2016 - Dec 2020	NYMEX	\$ (11,909,400)
		<u>7,026,000</u>				<u>\$ (11,909,400)</u>

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

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

Credit Risk - BTU's hedging derivative instruments generate exposure to a certain amount of risk that could give rise to financial loss. Since current hedges have a net liability position, BTU is not exposed to counterparty credit risk. However, it is BTU's policy to require full collateralization of the fair value of derivative instruments in asset positions should the counterparty's credit ratings fall below investment grade.

Basis Risk - BTU is exposed to basis risk because the expected gas purchases being hedged will settle based on a pricing point (HSC) different than the pricing point of the hedge transactions (NYMEX). For September 2016, prompt month prices were \$2.853/MMBtu and \$2.928/MMBtu, for NYMEX and HSC, respectively.

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

29. SUBSEQUENT EVENTS

On October 1, 2016, BTU implemented phase three 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. Base rates have increased 2.4% over the three year phase in period.

On October 1, 2016, the City Electric System implemented phase three of a three phase wholesale electric rate adjustment billable to the Rural Electric System. Simultaneously, the Rural Electric

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2016

System implemented an electric rate adjustment for its retail customers. Base rates have increased 9.9% over the three year phase in period.

On November 10, 2016 the City of Bryan received a multi-year funding cycle commitment under the Texas Water Development Board's ("TWDB") State Water Implementation Fund for Texas ("SWIFT"). As part of the TWDB funding, the City received a 25 year loan with a final maturity in 2041 in the amount of \$2,345,000 at an interest rate of 2.17%. In addition, the City issued Water and Wastewater revenue bonds in the amount of \$4,370,000 to be amortized over 20 years with a final maturity in 2036 at an interest rate of 2.64%.



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CITY OF BRYAN, TEXAS

Required Supplementary Information

Schedule of Contributions

Texas Municipal Retirement System

Last Ten Fiscal Years (will ultimately be displayed)

	2015	2016
Actuarially Determined Contribution	\$ 7,686,872	\$ 8,279,509
Contributions in relation to the actuarially determined contribution	7,686,872	8,279,509
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 48,991,679	\$ 54,614,239
Contributions as a percentage of employee covered payroll	15.69%	15.16%

Note to Schedule of Contributions

Only two years of data are presented in accordance with GASB Statement No. 68 as the data for the years other than 2015 and 2016 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the City's fiscal year end of September 30, 2016.

Valuation Date: Actuary determined contribution rates are calculated as of December 31 and became effective in January 13 months later.

Methods and Assumptions Used to Determine the Contribution Ratio

Actuarial Cost Method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization period	30 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 109% and projected on a fully generational basis with scale BB.

Other Information

Notes: There were no benefits changes this year.

CITY OF BRYAN, TEXAS

Required Supplementary Information

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

Texas Municipal Retirement System

Last Ten Calendar Years (will ultimately be displayed)

	2014	2015
Total Pension Liability		
Service Cost	\$ 7,088,933	\$ 7,796,505
Interest (on the Total Pension Liability)	18,281,849	19,160,943
Changes of benefit terms	-	-
Difference between expected and actual experience	(1,764,543)	(1,545,768)
Change of assumptions	-	3,577,731
Benefit payments, including refunds of employee contributions	(11,117,789)	(11,685,311)
Net Change in Total Pension Liability	12,488,450	17,304,100
Total Pension Liability - Beginning	263,183,703	275,672,153
Total Pension Liability - Ending (a)	\$ 275,672,153	\$ 292,976,253
Plan Fiduciary Net Position		
Contributions - Employer	\$ 7,667,195	\$ 7,727,068
Contributions - Employee	3,312,987	3,490,130
Net Investment Income	12,827,812	349,403
Benefit payments, including refunds of employee contributions	(11,117,789)	(11,685,311)
Administrative expense	(133,929)	(212,814)
Other	(11,011)	(10,511)
Net Change in Plan Fiduciary Net Position	12,545,265	(342,034)
Plan Fiduciary Net Position - Beginning	224,239,250	236,784,515
Plan Fiduciary Net Position - Ending (b)	\$ 236,784,515	\$ 236,442,481
Net Pension Liability - Ending (a) - (b)	\$ 38,887,638	\$ 56,533,772
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.89%	80.70%
Covered Employee Payroll	\$ 47,328,382	\$ 49,849,779
Net Pension Liability as a Percentage of Covered Payroll	82.17%	113.41%

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

GASB Statement 68 requires 10 years of data to be presented; however only two years of data are presented as the data for the years other than calendar years 2014 and 2015 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of December 31, the measurement date of the City's net pension liability.



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CITY OF BRYAN, TEXAS

Required Supplementary Information

General Fund

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

For the Fiscal Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 19,080,438	\$ 19,080,438	\$ 18,703,844	\$ (376,594)
Sales	17,831,802	17,831,802	19,025,856	1,194,054
Franchise	2,144,680	2,144,680	2,037,593	(107,087)
Bingo	265,200	265,200	261,943	(3,257)
Alcoholic beverage	122,400	122,400	153,522	31,122
Charges for services:				
Ambulance charges	1,734,000	1,734,000	2,212,500	478,500
Recreational charges	1,236,477	1,236,477	1,478,733	242,256
Health and public safety	1,067,156	1,067,156	925,060	(142,096)
Miscellaneous charges	162,220	162,220	415,152	252,932
Fines and court charges:				
Municipal court	1,837,938	1,837,938	1,670,824	(167,114)
Library	-	-	-	-
Licenses and permits	633,777	633,777	1,105,135	471,358
Grants:				
Texas Attorney General	10,424	10,424	-	(10,424)
Texas Department of Transportation	15,300	15,300	1,679	(13,621)
U.S. Department of Justice	-	-	13,708	13,708
Contributions to Library - College Station	1,046,458	1,046,458	1,046,355	(103)
Other	85,680	85,680	168,708	83,028
Investment earnings	132,600	132,600	215,196	82,596
Other	853,765	853,765	1,346,469	492,704
Total revenues	48,260,315	48,260,315	50,782,277	2,521,962
Expenditures:				
Current:				
General government and administration:				
Executive	2,420,109	2,449,089	2,271,470	177,619
City Secretary	1,035,897	1,039,820	880,112	159,708
Legal services	748,233	756,691	659,555	97,136
Payments to other agencies	7,527,268	7,080,674	6,171,529	909,145
Fiscal services	1,574,550	1,590,456	1,507,946	82,510
Information technology	2,939,867	2,973,947	2,902,162	71,785
Human resources	638,431	645,765	670,019	(24,254)
Fleet services	778,858	790,426	573,260	217,166
Facility services	1,852,555	2,005,035	1,943,710	61,325
Total general government and administration	19,515,768	19,331,903	17,579,763	1,752,140
Development services:				
Planning	1,528,398	1,549,838	1,761,700	(211,862)
Engineering	1,448,372	1,968,024	1,293,897	674,127
Building	353,047	356,254	336,032	20,222
Special Projects	65,527	322,736	82,485	240,251
Total development services	3,395,344	4,196,852	3,474,114	722,738
Public works services:				
Drainage and Streets	2,169,469	2,192,826	1,881,075	311,751
Traffic Operations	1,695,441	1,730,234	1,767,221	(36,987)
Total public works services	3,864,910	3,923,060	3,648,296	274,764

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public safety:				
Police services	17,494,907	17,530,407	17,569,806	(39,399)
Fire and emergency medical services	13,949,215	14,143,546	13,871,422	272,124
Animal Center	817,734	827,306	787,453	39,853
Municipal court	1,462,786	1,481,153	1,341,700	139,453
Total public safety	33,724,642	33,982,412	33,570,381	412,031
Cultural and recreational:				
Library services	2,401,993	2,439,229	2,373,975	65,254
Parks and recreation services	4,876,854	4,922,809	4,762,563	160,246
Total cultural and recreational	7,278,847	7,362,038	7,136,538	225,500
Administrative reimbursement	(3,066,657)	(3,066,657)	(3,066,657)	-
Capital outlay	4,402,339	5,050,619	3,301,741	1,748,878
Total expenditures	69,115,193	70,780,227	65,644,176	5,136,051
Excess (deficiency) of expenditures over (under) revenues	(20,854,878)	(22,519,912)	(14,861,899)	7,658,013
Other financing sources (uses):				
Sale of capital assets	2,550	2,550	23,693	21,143
Transfers in	13,973,354	13,973,354	13,608,849	(364,505)
Transfers out	(220,000)	(220,000)	(586,000)	(366,000)
Total other financing sources (uses)	13,755,904	13,755,904	13,046,542	(709,362)
Net change in fund balance	(7,098,974)	(8,764,008)	(1,815,357)	6,948,651
Fund Balance, October 1, 2015	35,368,405	35,368,405	35,368,405	-
Fund Balance, September 30, 2016	<u>\$ 28,269,431</u>	<u>\$ 26,604,397</u>	<u>\$ 33,553,048</u>	<u>\$ 6,948,651</u>



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Supplementary Information

- Non-Major Governmental Funds
 - Special Revenue Funds
 - Capital Project Funds
 - Permanent Funds
- Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual
 - Debt Service Fund
 - Grant Fund
 - Community Development Fund
 - Hotel/Motel Tax Fund
 - Oil and Gas Fund
 - Capital Reserve 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. The source of funds is grants awarded to the City. The use of these funds is restricted by the terms of each grant.

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Project Funds

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.

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

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, 2016

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 10,631,804	\$ 7,812,791	\$ 770,500	\$ 19,215,095
Investments	8,943,665	6,572,261	648,158	16,164,084
Receivables:				
Accounts	794,302	-	-	794,302
Less allowance for uncollectible	(61,329)	-	-	(61,329)
Grants	203,275	16,739	-	220,014
Interest	22,754	-	1,651	24,405
Due from other funds	102,328	-	-	102,328
Prepaid and other assets	3,139	-	-	3,139
Total assets	<u>\$ 20,639,938</u>	<u>14,401,791</u>	<u>\$ 1,420,309</u>	<u>\$ 36,462,038</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 858,319	\$ 951,092	\$ 131,944	\$ 1,941,355
Accrued liabilities	10,304	-	-	10,304
Retainage payable	36,799	123,267	-	160,066
Due to other funds	222,569	-	-	222,569
Total liabilities	<u>1,127,991</u>	<u>1,074,359</u>	<u>131,944</u>	<u>2,334,294</u>
Deferred inflows:				
Deferred property taxes	-	-	-	-
Other deferred revenue	94,008	-	-	94,008
Total deferred inflows	<u>94,008</u>	<u>-</u>	<u>-</u>	<u>94,008</u>
Fund balances:				
Nonspendable	-	-	938,069	938,069
Restricted	3,258,709	13,327,432	350,296	16,936,437
Committed	16,175,629	-	-	16,175,629
Unassigned (deficit)	(16,399)	-	-	(16,399)
Total fund balances	<u>19,417,939</u>	<u>13,327,432</u>	<u>1,288,365</u>	<u>34,033,736</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,639,938</u>	<u>\$ 14,401,791</u>	<u>\$ 1,420,309</u>	<u>\$ 36,462,038</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2016

	Grant Fund	Community Development Fund	Hotel and Motel Tax Fund	Oil and Gas Fund	Capital Reserve Fund	Sidewalks Fund	Court Technology Fund
Assets							
Cash and cash equivalents	\$ 18,351	\$ -	\$ 1,125,593	\$ 194,432	\$ 655,263	\$ 52,328	\$ 133,231
Investments	15,437	-	946,869	163,560	551,219	44,020	112,076
Accounts receivable	-	27	96,446	-	-	-	-
Less allowance for uncollectibles	-	-	-	-	-	-	-
Grants receivable	-	203,275	-	-	-	-	-
Interest receivable	39	-	2,412	416	1,404	112	262
Prepaid and other assets	-	3,139	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 33,827</u>	<u>\$ 206,441</u>	<u>\$ 2,171,320</u>	<u>\$ 358,408</u>	<u>\$ 1,207,886</u>	<u>\$ 96,460</u>	<u>\$ 245,569</u>
Liabilities, Deferred Inflows and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ 23,179	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	10,304	-	-	-	-	-
Retainage payable	-	6,288	-	-	-	-	-
Due to other funds	-	183,069	-	17,710	-	-	-
Total liabilities	<u>-</u>	<u>222,840</u>	<u>-</u>	<u>17,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows:							
Deferred property tax	-	-	-	-	-	-	-
Other deferred revenue	-	-	-	-	-	94,008	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,008</u>	<u>-</u>
Fund Balances:							
Restricted:							
Grants	33,827	-	-	-	-	-	-
Hotel/Motel	-	-	2,171,320	-	-	-	-
Municipal Court	-	-	-	-	-	-	245,569
TIRZ Development	-	-	-	-	-	-	-
Committed:							
Streets	-	-	-	-	-	-	-
Drainage	-	-	-	-	-	-	-
Other Purposes	-	-	-	340,698	1,207,886	2,452	-
Unassigned (deficit)	-	(16,399)	-	-	-	-	-
Total fund balances	<u>33,827</u>	<u>(16,399)</u>	<u>2,171,320</u>	<u>340,698</u>	<u>1,207,886</u>	<u>2,452</u>	<u>245,569</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 33,827</u>	<u>\$ 206,441</u>	<u>\$ 2,171,320</u>	<u>\$ 358,408</u>	<u>\$ 1,207,886</u>	<u>\$ 96,460</u>	<u>\$ 245,569</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet (continued)

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2016

	Street Improvement Fund	Drainage Improvement Fund	Tax Increment Reinvestment Zone #10 Fund	Tax Increment Reinvestment Zone #19 Fund	Tax Increment Reinvestment Zone #21 Fund	Tax Increment Reinvestment Zone #22 Fund	Total
<u>Assets</u>							
Cash and cash equivalents	\$ 6,512,741	\$ 1,531,591	\$ 113,309	\$ 28,416	\$ 174,846	\$ 91,703	\$ 10,631,804
Investments	5,478,635	1,288,402	95,318	23,903	147,084	77,142	8,943,665
Accounts receivable	569,013	73,418	44,120	-	-	11,278	794,302
Less allowance for uncollectibles	(52,559)	(8,770)	-	-	-	-	(61,329)
Grants receivable	-	-	-	-	-	-	203,275
Interest receivable	13,954	3,281	243	61	374	196	22,754
Prepaid and other assets	-	-	-	-	-	-	3,139
Due from other funds	87,695	14,633	-	-	-	-	102,328
Total assets	<u>\$ 12,609,479</u>	<u>\$ 2,902,555</u>	<u>\$ 252,990</u>	<u>\$ 52,380</u>	<u>\$ 322,304</u>	<u>\$ 180,319</u>	<u>\$ 20,639,938</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 813,640	\$ 21,500	\$ -	\$ -	\$ -	\$ -	\$ 858,319
Accrued liabilities	-	-	-	-	-	-	10,304
Retainage payable	550	29,961	-	-	-	-	36,799
Due to other funds	21,790	-	-	-	-	-	222,569
Total liabilities	<u>835,980</u>	<u>51,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,127,991</u>
Deferred inflows:							
Deferred property tax	-	-	-	-	-	-	-
Other deferred revenue	-	-	-	-	-	-	94,008
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,008</u>
Fund Balances:							
Restricted:							
Grants	-	-	-	-	-	-	33,827
Hotel/Motel	-	-	-	-	-	-	2,171,320
Municipal Court	-	-	-	-	-	-	245,569
TIRZ Development	-	-	252,990	52,380	322,304	180,319	807,993
Committed:							
Streets	11,773,499	-	-	-	-	-	11,773,499
Drainage	-	2,851,094	-	-	-	-	2,851,094
Other Purposes	-	-	-	-	-	-	1,551,036
Unassigned (deficit)	-	-	-	-	-	-	(16,399)
Total fund balances	<u>11,773,499</u>	<u>2,851,094</u>	<u>252,990</u>	<u>52,380</u>	<u>322,304</u>	<u>180,319</u>	<u>19,417,939</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 12,609,479</u>	<u>\$ 2,902,555</u>	<u>\$ 252,990</u>	<u>\$ 52,380</u>	<u>\$ 322,304</u>	<u>\$ 180,319</u>	<u>\$ 20,639,938</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds - Capital Project Funds

As of September 30, 2016

	2010 Certificates of Obligation Fund	2014 Certificates of Obligation Fund	2016 Certificate of Obligation Fund	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 667,521	\$ 2,849,137	\$ 4,296,133	\$ 7,812,791
Investments	561,530	2,396,746	3,613,985	6,572,261
Interest receivable	1,430	6,104	9,205	16,739
Total assets	<u>\$ 1,230,481</u>	<u>\$ 5,251,987</u>	<u>\$ 7,919,323</u>	<u>\$ 14,401,791</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	\$ 950,492	\$ 600	\$ 951,092
Retainage payable	-	123,267	-	123,267
Total liabilities	<u>-</u>	<u>1,073,759</u>	<u>600</u>	<u>1,074,359</u>
Fund balances:				
Restricted to capital projects	<u>1,230,481</u>	<u>4,178,228</u>	<u>7,918,723</u>	<u>13,327,432</u>
Total fund balances	<u>1,230,481</u>	<u>4,178,228</u>	<u>7,918,723</u>	<u>13,327,432</u>
Total liabilities and fund balances	<u>\$ 1,230,481</u>	<u>\$ 5,251,987</u>	<u>\$ 7,919,323</u>	<u>\$ 14,401,791</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds - Permanent Funds

As of September 30, 2016

	Brandon Cemetery Fund	J.W. English Cemetery Fund	L.B. Hervey Cemetery Fund	Mills Trust Cemetery Fund	Cemetery Fund	M.C. Astin Cemetery Fund	F.L. Henderson Library Fund	Rountree Library Fund	Bade Trust Cemetery Fund	Totals
<u>Assets</u>										
Cash and cash equivalents	\$ 1,415	\$ 5,066	\$ 8,050	\$ 508	\$ 714,655	\$ 33,414	\$ 2,776	\$ 4,131	\$ 485	\$ 770,500
Investments	1,191	4,261	6,772	427	601,180	28,108	2,335	3,475	409	648,158
Interest receivable	3	11	17	1	1,531	72	6	9	1	1,651
Total assets	<u>\$ 2,609</u>	<u>\$ 9,338</u>	<u>\$ 14,839</u>	<u>\$ 936</u>	<u>\$ 1,317,366</u>	<u>\$ 61,594</u>	<u>\$ 5,117</u>	<u>\$ 7,615</u>	<u>\$ 895</u>	<u>\$ 1,420,309</u>
<u>Fund Balances</u>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 131,944	\$ -	\$ -	\$ -	\$ -	\$ 131,944
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,944</u>
Nonspendable - Permanent Funds Corpus	1,399	5,000	1,500	500	915,426	4,950	2,085	6,709	500	938,069
Restricted:										
Cemeteries	1,210	4,338	13,339	436	269,996	56,644	-	-	395	346,358
Libraries	-	-	-	-	-	-	3,032	906	-	3,938
Total fund balances	<u>2,609</u>	<u>9,338</u>	<u>14,839</u>	<u>936</u>	<u>1,185,422</u>	<u>61,594</u>	<u>5,117</u>	<u>7,615</u>	<u>895</u>	<u>1,288,365</u>
Total liabilities and fund balances	<u>\$ 2,609</u>	<u>\$ 9,338</u>	<u>\$ 14,839</u>	<u>\$ 936</u>	<u>\$ 1,317,366</u>	<u>\$ 61,594</u>	<u>\$ 5,117</u>	<u>\$ 7,615</u>	<u>\$ 895</u>	<u>\$ 1,420,309</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, 2016

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Revenues:				
Property taxes	\$ 3,152,933	\$ -	\$ -	\$ 3,152,933
Hotel occupancy taxes	1,182,916	-	-	1,182,916
Transportation and drainage assessments	6,589,263	-	-	6,589,263
Fines and court charges	38,876	-	-	38,876
Grants	1,254,934	21,649	-	1,276,583
Investment earnings	125,398	62,543	9,829	197,770
Other	311,863	464,499	42,345	818,707
Total revenues	<u>12,656,183</u>	<u>548,691</u>	<u>52,174</u>	<u>13,257,048</u>
Expenditures:				
Current:				
Development services	2,317,878	-	-	2,317,878
Public works services	6,299,544	103,180	-	6,402,724
Public safety	66,255	-	-	66,255
Cultural and recreational	820,900	-	-	820,900
Capital outlay	307,291	4,221,216	681,433	5,209,940
Debt issuance costs	-	68,351	-	68,351
Total expenditures	<u>9,811,868</u>	<u>4,392,747</u>	<u>681,433</u>	<u>14,886,048</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,844,315</u>	<u>(3,844,056)</u>	<u>(629,259)</u>	<u>(1,629,000)</u>
Other financing sources (uses):				
Long-term debt issued	-	9,275,000	-	9,275,000
Premium on long-term debt issued	-	430,700	-	430,700
Transfers in	1,276,307	-	-	1,276,307
Transfers out	(2,193,882)	-	-	(2,193,882)
Total other financing sources (uses)	<u>(917,575)</u>	<u>9,705,700</u>	<u>-</u>	<u>8,788,125</u>
Net change in fund balances	1,926,740	5,861,644	(629,259)	7,159,125
Fund balances, October 1, 2015	<u>17,491,199</u>	<u>7,465,788</u>	<u>1,917,624</u>	<u>26,874,611</u>
Fund balances, September 30, 2016	<u>\$ 19,417,939</u>	<u>\$ 13,327,432</u>	<u>\$ 1,288,365</u>	<u>\$ 34,033,736</u>

CITY OF BRYAN, TEXAS

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

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2016

	Grant Fund	Community Development Fund	Hotel and Motel Tax Fund	Oil and Gas Fund	Capital Reserve Fund	Sidewalks Fund	Court Technology Fund
Revenues:							
Property taxes	\$ -	\$ -	\$ -	\$ 174,195	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	1,182,916	-	-	-	-
Transportation and drainage assessments	-	-	-	-	-	-	-
Grants	68,227	1,186,707	-	-	-	-	-
Fines and court charges	-	-	-	-	-	-	38,876
Investment earnings	327	-	14,041	2,354	6,579	644	1,451
Other	-	147,714	-	164,149	-	-	-
Total revenues	<u>68,554</u>	<u>1,334,421</u>	<u>1,196,957</u>	<u>340,698</u>	<u>6,579</u>	<u>644</u>	<u>40,327</u>
Expenditures:							
Current:							
General government and administration	-	-	-	-	-	-	-
Development services	-	1,341,466	-	-	-	-	-
Public works services	-	-	-	-	-	-	-
Public safety	27,340	-	-	-	-	-	38,915
Cultural and recreational	11,215	-	809,685	-	-	-	-
Capital outlay	7,595	-	-	-	-	-	-
Debt service:							
Bond and principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>46,150</u>	<u>1,341,466</u>	<u>809,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,404</u>	<u>(7,045)</u>	<u>387,272</u>	<u>340,698</u>	<u>6,579</u>	<u>644</u>	<u>1,412</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	1,201,307	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,201,307</u>	<u>-</u>	<u>-</u>
Net change in fund balances	22,404	(7,045)	387,272	340,698	1,207,886	644	1,412
Fund balances, October 1, 2015	<u>11,423</u>	<u>(9,354)</u>	<u>1,784,048</u>	<u>-</u>	<u>-</u>	<u>1,808</u>	<u>244,157</u>
Fund balances, September 30, 2016	<u>\$ 33,827</u>	<u>\$ (16,399)</u>	<u>\$ 2,171,320</u>	<u>\$ 340,698</u>	<u>\$ 1,207,886</u>	<u>\$ 2,452</u>	<u>\$ 245,569</u>

CITY OF BRYAN, TEXAS

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

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2016

	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	\$ -	\$ -	\$ 2,255,584	\$ 158,119	\$ 103,270	\$ 461,765	\$ 3,152,933
Hotel occupancy taxes	-	-	-	-	-	-	1,182,916
Transportation and drainage assessments	5,646,998	942,265	-	-	-	-	6,589,263
Grants	-	-	-	-	-	-	1,254,934
Fines and court charges	-	-	-	-	-	-	38,876
Investment earnings	70,822	18,052	6,260	802	2,241	1,825	125,398
Other	-	-	-	-	-	-	311,863
Total revenues	<u>5,717,820</u>	<u>960,317</u>	<u>2,261,844</u>	<u>158,921</u>	<u>105,511</u>	<u>463,590</u>	<u>12,656,183</u>
Expenditures:							
Current:							
General government and administration	-	-	-	-	-	-	-
Development services	-	-	875,000	-	1,412	100,000	2,317,878
Public works services	6,053,837	245,707	-	-	-	-	6,299,544
Public safety	-	-	-	-	-	-	66,255
Cultural and recreational	-	-	-	-	-	-	820,900
Capital outlay	71,230	228,466	-	-	-	-	307,291
Debt service:							
Bond and principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>6,125,067</u>	<u>474,173</u>	<u>875,000</u>	<u>-</u>	<u>1,412</u>	<u>100,000</u>	<u>9,811,868</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(407,247)</u>	<u>486,144</u>	<u>1,386,844</u>	<u>158,921</u>	<u>104,099</u>	<u>363,590</u>	<u>2,844,315</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	75,000	1,276,307
Transfers out	(206,877)	-	(1,315,302)	(156,193)	(44,386)	(471,124)	(2,193,882)
Total other financing sources (uses)	<u>(206,877)</u>	<u>-</u>	<u>(1,315,302)</u>	<u>(156,193)</u>	<u>(44,386)</u>	<u>(396,124)</u>	<u>(917,575)</u>
Net change in fund balances	(614,124)	486,144	71,542	2,728	59,713	(32,534)	1,926,740
Fund balances, October 1, 2015	<u>12,387,623</u>	<u>2,364,950</u>	<u>181,448</u>	<u>49,652</u>	<u>262,591</u>	<u>212,853</u>	<u>17,491,199</u>
Fund balances, September 30, 2016	<u>\$ 11,773,499</u>	<u>\$ 2,851,094</u>	<u>\$ 252,990</u>	<u>\$ 52,380</u>	<u>\$ 322,304</u>	<u>\$ 180,319</u>	<u>\$ 19,417,939</u>

CITY OF BRYAN, TEXAS

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

Nonmajor Governmental Funds - Capital Project Funds

For the Fiscal Year Ended September 30, 2016

	2010 Certificates of Obligation Fund	2014 Certificates of Obligation Fund	2016 Certificates of Obligation Fund	Total
Revenues:				
Investment earnings	\$ 7,428	\$ 32,445	\$ 22,670	\$ 62,543
Grants	21,649	-	-	21,649
Other	464,499	-	-	464,499
Total revenues	<u>493,576</u>	<u>32,445</u>	<u>22,670</u>	<u>548,691</u>
Expenditures:				
Current:				
Public works services	3,981	25,320	73,879	103,180
Capital outlay	190,609	2,363,190	1,667,417	4,221,216
Debt issuance costs	-	-	68,351	68,351
Total expenditures	<u>194,590</u>	<u>2,388,510</u>	<u>1,809,647</u>	<u>4,392,747</u>
Excess (deficiency) of revenues over (under) expenditures	<u>298,986</u>	<u>(2,356,065)</u>	<u>(1,786,977)</u>	<u>(3,844,056)</u>
Other financing sources (uses):				
Long-term debt issued	-	-	9,275,000	9,275,000
Premium on long-term debt issued	-	-	430,700	430,700
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,705,700</u>	<u>9,705,700</u>
Net change in fund balances	298,986	(2,356,065)	7,918,723	5,861,644
Fund balances, October 1, 2015	<u>931,495</u>	<u>6,534,293</u>	<u>-</u>	<u>7,465,788</u>
Fund balances, September 30, 2016	<u>\$ 1,230,481</u>	<u>\$ 4,178,228</u>	<u>\$ 7,918,723</u>	<u>\$ 13,327,432</u>

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, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ 42,345	\$ -	\$ -	\$ -	\$ -	\$ 42,345
Investment earnings	16	59	94	6	9,178	390	33	47	6	9,829
Total revenues	16	59	94	6	51,523	390	33	47	6	52,174
Expenditures:										
General government and administration	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	681,433	-	-	-	-	681,433
Total expenditures	-	-	-	-	681,433	-	-	-	-	681,433
Net change in fund balances	16	59	94	6	(629,910)	390	33	47	6	(629,259)
Fund balances, October 1, 2015	2,593	9,279	14,745	930	1,815,332	61,204	5,084	7,568	889	1,917,624
Fund balances, September 30, 2016	<u>\$ 2,609</u>	<u>\$ 9,338</u>	<u>\$ 14,839</u>	<u>\$ 936</u>	<u>\$ 1,185,422</u>	<u>\$ 61,594</u>	<u>\$ 5,117</u>	<u>\$ 7,615</u>	<u>\$ 895</u>	<u>\$ 1,288,365</u>

CITY OF BRYAN, TEXAS

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 7,923,342	\$ 7,923,342	\$ 7,837,107	\$ (86,235)
Investment earnings	26,595	26,595	37,347	10,752
Other	648,036	648,036	420,680	(227,356)
Total revenues	<u>8,597,973</u>	<u>8,597,973</u>	<u>8,295,134</u>	<u>(302,839)</u>
Expenditures:				
Debt service:				
Bond and principal retirement	8,192,521	8,192,521	7,841,492	351,029
Interest and fiscal charges	3,200,995	3,200,995	2,834,697	366,298
Debt issuance costs	10,000	10,000	81,175	(71,175)
Total expenditures	<u>11,403,516</u>	<u>11,403,516</u>	<u>10,757,364</u>	<u>646,152</u>
Excess of expenditures over revenues	(2,805,543)	(2,805,543)	(2,462,230)	343,313
Other financing sources (uses):				
Transfers in	2,115,598	2,115,598	2,139,496	23,898
Refunding bonds issued	-	-	7,755,000	7,755,000
Premium on refunding bonds	-	-	372,165	372,165
Payment to refunded bond escrow agent	-	-	(8,043,773)	(8,043,773)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>2,115,598</u>	<u>2,115,598</u>	<u>2,222,888</u>	<u>107,290</u>
Net change in fund balance	(689,945)	(689,945)	(239,342)	450,603
Fund Balance, October 1, 2015	<u>6,080,301</u>	<u>6,080,301</u>	<u>6,080,301</u>	<u>-</u>
Fund Balance, September 30, 2016	<u>\$ 5,390,356</u>	<u>\$ 5,390,356</u>	<u>\$ 5,840,959</u>	<u>\$ 450,603</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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Grant - Federal	\$ -	\$ -	\$ 35,086	\$ 35,086
Grant - State	-	-	8,141	8,141
Grant - Other	-	-	25,000	25,000
Investment earnings	-	-	327	327
Total revenues	-	-	68,554	68,554
Expenditures:				
Current:				
Public safety	-	-	27,340	(27,340)
Cultural and recreational			11,215	
Capital Outlay	-	-	7,595	(7,595)
Total expenditures	-	-	46,150	(34,935)
Excess of expenditures over revenues	-	-	22,404	33,619
Net change in fund balance	-	-	22,404	33,619
Fund balance, October 1, 2015	11,423	11,423	11,423	-
Fund balance, September 30, 2016	\$ 11,423	\$ 11,423	\$ 33,827	\$ 22,404

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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Grants	\$ 1,878,309	\$ 1,878,309	\$ 1,186,707	\$ (691,602)
Other	79,000	79,000	147,714	68,714
Total revenues	<u>1,957,309</u>	<u>1,957,309</u>	<u>1,334,421</u>	<u>(622,888)</u>
Expenditures:				
Current:				
Development services	<u>1,957,309</u>	<u>2,148,669</u>	<u>1,341,466</u>	<u>807,203</u>
Total expenditures	<u>1,957,309</u>	<u>2,148,669</u>	<u>1,341,466</u>	<u>807,203</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(191,360)	(7,045)	184,315
Fund balance, October 1, 2015	<u>(9,354)</u>	<u>(9,354)</u>	<u>(9,354)</u>	<u>-</u>
Fund balance, September 30, 2016	<u>\$ (9,354)</u>	<u>\$ (200,714)</u>	<u>\$ (16,399)</u>	<u>\$ 184,315</u>

CITY OF BRYAN, TEXAS

Hotel and Motel Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Occupancy taxes	\$ 1,194,000	\$ 1,194,000	\$ 1,182,916	\$ (11,084)
Investment earnings	6,000	6,000	14,041	8,041
Total revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,196,957</u>	<u>(3,043)</u>
Expenditures:				
Current:				
Cultural and recreational	<u>1,617,964</u>	<u>1,617,964</u>	<u>809,685</u>	<u>808,279</u>
Total expenditures	<u>1,617,964</u>	<u>1,617,964</u>	<u>809,685</u>	<u>808,279</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(417,964)	(417,964)	387,272	805,236
Fund balance, October 1, 2015	<u>1,784,048</u>	<u>1,784,048</u>	<u>1,784,048</u>	<u>-</u>
Fund balance, September 30, 2016	<u>\$ 1,366,084</u>	<u>\$ 1,366,084</u>	<u>\$ 2,171,320</u>	<u>\$ 805,236</u>

CITY OF BRYAN, TEXAS

Oil & Gas Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Royalties	\$ -	\$ -	\$ 164,149	\$ (164,149)
Property Taxes - Mineral	-	-	174,195	(174,195)
Investment earnings	-	-	2,354	2,354
Total revenues	-	-	340,698	(335,990)
Net change in fund balance	-	-	340,698	340,698
Fund balances, October 1, 2015	-	-	-	-
Fund balances, September 30, 2016	\$ -	\$ -	\$ 340,698	\$ 340,698

CITY OF BRYAN, TEXAS

Capital Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Investment earnings	\$ -	\$ -	\$ 6,579	\$ 6,579
Total revenues	-	-	6,579	6,579
Other financing sources (uses)				
Transfers in	-	-	1,201,307	(1,201,307)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	1,201,307	(1,201,307)
Net change in fund balance	-	-	1,207,886	1,207,886
Fund balances, October 1, 2015	-	-	-	-
Fund balances, September 30, 2016	\$ -	\$ -	\$ 1,207,886	\$ 1,207,886

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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Investment earnings	\$ -	\$ -	\$ 644	\$ 644
Total revenues	-	-	644	644
Net change in fund balance	-	-	644	644
Fund balances, October 1, 2015	1,808	1,808	1,808	-
Fund balances, September 30, 2016	<u>\$ 1,808</u>	<u>\$ 1,808</u>	<u>\$ 2,452</u>	<u>\$ 644</u>

CITY OF BRYAN, TEXAS

Court Technology Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Technology fee	\$ 45,000	\$ 45,000	\$ 38,876	\$ (6,124)
Investment earnings - Interest income	1,100	1,100	1,451	351
Total revenues	<u>46,100</u>	<u>46,100</u>	<u>40,327</u>	<u>(5,773)</u>
Expenditures:				
Current:				
Public safety	<u>37,000</u>	<u>37,000</u>	<u>38,915</u>	<u>(1,915)</u>
Total expenditures	<u>37,000</u>	<u>37,000</u>	<u>38,915</u>	<u>(1,915)</u>
Net change in fund balance	9,100	9,100	1,412	(7,688)
Fund balance, October 1, 2015	<u>244,157</u>	<u>244,157</u>	<u>244,157</u>	-
Fund balance, September 30, 2016	<u>\$ 253,257</u>	<u>\$ 253,257</u>	<u>\$ 245,569</u>	<u>\$ (7,688)</u>

CITY OF BRYAN, TEXAS

Street Improvement Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Transportation assessments	\$ 5,480,000	\$ 5,480,000	\$ 5,646,998	\$ 166,998
Investment earnings	50,000	50,000	70,822	20,822
Total revenues	<u>5,530,000</u>	<u>5,530,000</u>	<u>5,717,820</u>	<u>187,820</u>
Expenditures:				
Current:				
Public works services	10,835,745	17,784,484	6,053,837	11,730,647
Capital outlay	-	147,500	71,230	76,270
Total expenditures	<u>10,835,745</u>	<u>17,931,984</u>	<u>6,125,067</u>	<u>11,806,917</u>
Excess (deficiency) of revenues over (under) expenditures	(5,305,745)	(12,401,984)	(407,247)	11,994,737
Other financing sources (uses)				
Transfers out	<u>(206,876)</u>	<u>(206,876)</u>	<u>(206,877)</u>	<u>(1)</u>
Total other financing sources (uses)	<u>(206,876)</u>	<u>(206,876)</u>	<u>(206,877)</u>	<u>(1)</u>
Net change in fund balance	(5,512,621)	(12,608,860)	(614,124)	11,994,736
Fund balance, October 1, 2015	<u>12,387,623</u>	<u>12,387,623</u>	<u>12,387,623</u>	<u>-</u>
Fund balance, September 30, 2016	<u>\$ 6,875,002</u>	<u>\$ (221,237)</u>	<u>\$ 11,773,499</u>	<u>\$ 11,994,736</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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Drainage assessments	\$ 900,000	\$ 900,000	\$ 942,265	\$ 42,265
Investment earnings	3,700	3,700	18,052	14,352
Total revenues	<u>903,700</u>	<u>903,700</u>	<u>960,317</u>	<u>56,617</u>
Expenditures:				
Current:				
Public works services	268,248	299,170	245,707	53,463
Capital outlay	<u>650,000</u>	<u>735,218</u>	<u>228,466</u>	<u>506,752</u>
Total expenditures	<u>918,248</u>	<u>1,034,388</u>	<u>474,173</u>	<u>53,463</u>
Excess (deficiencies) of revenues over (under) expenditures	(14,548)	(130,688)	486,144	616,832
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(14,548)	(130,688)	486,144	616,832
Fund balance, October 1, 2015	<u>2,364,950</u>	<u>2,364,950</u>	<u>2,364,950</u>	<u>-</u>
Fund balance, September 30, 2016	<u>\$ 2,350,402</u>	<u>\$ 2,234,262</u>	<u>\$ 2,851,094</u>	<u>\$ 616,832</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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 2,235,395	\$ 2,235,395	\$ 2,255,584	\$ 20,189
Investment earnings	1,078	1,078	6,260	5,182
Other	-	-	-	-
Total revenues	<u>2,236,473</u>	<u>2,236,473</u>	<u>2,261,844</u>	<u>25,371</u>
Expenditures:				
Current:				
General government and administration	-	-	-	-
Development services	925,000	925,000	875,000	50,000
Capital outlay	-	-	-	-
Total expenditures	<u>925,000</u>	<u>925,000</u>	<u>875,000</u>	<u>50,000</u>
Excess of revenues over expenditures	1,311,473	1,311,473	1,386,844	75,371
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(1,300,080)</u>	<u>(1,300,080)</u>	<u>(1,315,302)</u>	<u>(15,222)</u>
Total other financing sources (uses)	<u>(1,300,080)</u>	<u>(1,300,080)</u>	<u>(1,315,302)</u>	<u>(15,222)</u>
Net change in fund balance	11,393	11,393	71,542	60,149
Fund balance, October 1, 2015	<u>181,448</u>	<u>181,448</u>	<u>181,448</u>	<u>-</u>
Fund balance, September 30, 2016	<u>\$ 192,841</u>	<u>\$ 192,841</u>	<u>\$ 252,990</u>	<u>\$ 60,149</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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 157,700	\$ 157,700	\$ 158,119	\$ 419
Investment earnings	423	423	802	379
Other	-	-	-	-
Total revenues	<u>158,123</u>	<u>158,123</u>	<u>158,921</u>	<u>798</u>
Excess of revenues over expenditures	158,123	158,123	158,921	798
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>(147,518)</u>	<u>(147,518)</u>	<u>(156,193)</u>	<u>(8,675)</u>
Total other financing sources (uses)	<u>(147,518)</u>	<u>(147,518)</u>	<u>(156,193)</u>	<u>(8,675)</u>
Net change in fund balance	10,605	10,605	2,728	(7,877)
Fund balance, October 1, 2015	<u>49,652</u>	<u>49,652</u>	<u>49,652</u>	<u>-</u>
Fund balance, September 30, 2016	<u>\$ 60,257</u>	<u>\$ 60,257</u>	<u>\$ 52,380</u>	<u>\$ (7,877)</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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 104,673	\$ 104,673	\$ 103,270	\$ (1,403)
Investment earnings	565	565	2,241	1,676
Total revenues	<u>105,238</u>	<u>105,238</u>	<u>105,511</u>	<u>273</u>
Expenditures:				
Current:				
General government and administration	-	-	-	-
Development services	100,000	166,225	1,412	164,813
Capital outlay	-	-	-	-
Total expenditures	<u>100,000</u>	<u>166,225</u>	<u>1,412</u>	<u>164,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,238</u>	<u>(60,987)</u>	<u>104,099</u>	<u>(164,540)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(44,386)	(44,386)	(44,386)	-
Total other financing sources	<u>(44,386)</u>	<u>(44,386)</u>	<u>(44,386)</u>	<u>-</u>
Net change in fund balance	(39,148)	(105,373)	59,713	(164,540)
Fund balances, October 1, 2015	<u>262,591</u>	<u>262,591</u>	<u>262,591</u>	<u>-</u>
Fund balances, September 30, 2016	<u>\$ 223,443</u>	<u>\$ 157,218</u>	<u>\$ 322,304</u>	<u>\$ 165,086</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, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 469,377	\$ 469,377	\$ 461,765	\$ (7,612)
Investment earnings	1,100	1,100	1,825	725
Other	-	109,148	-	(109,148)
Total revenues	<u>470,477</u>	<u>579,625</u>	<u>463,590</u>	<u>(116,035)</u>
Expenditures:				
Current:				
Development services	100,000	100,000	100,000	-
Capital outlay	-	-	-	-
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess of revenues over expenditures	370,477	479,625	363,590	(116,035)
Other financing sources (uses):				
Transfers in	75,000	75,000	75,000	-
Bond proceeds	-	-	-	-
Transfers out	(471,124)	(471,124)	(471,124)	-
Total other financing sources (uses)	<u>(396,124)</u>	<u>(396,124)</u>	<u>(396,124)</u>	<u>-</u>
Net change in fund balance	(25,647)	83,501	(32,534)	(116,035)
Fund balances, October 1, 2015	<u>212,853</u>	<u>16,910</u>	<u>212,853</u>	<u>(195,943)</u>
Fund balances, September 30, 2016	<u>\$ 187,206</u>	<u>\$ 100,411</u>	<u>\$ 180,319</u>	<u>\$ 79,908</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, 2016

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 2,529,816	\$ 844,207	\$ 35,027	\$ 3,409,050
Investments	2,128,128	709,991	29,465	2,867,584
Accounts receivable	596,596	4,569	789,309	1,390,474
Less allowance for uncollectible	(59,598)	-	-	(59,598)
Interest receivable	5,420	1,809	75	7,304
Inventories	-	13,067	-	13,067
Due from other funds	137,938	-	-	137,938
Total current assets	<u>5,338,300</u>	<u>1,573,643</u>	<u>853,876</u>	<u>7,765,819</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	-	398	-	398
Investment in BVSWMMA	14,686,316	-	-	14,686,316
Capital assets:				
Land	-	654,670	8,625,211	9,279,881
Buildings	81,401	1,171,993	-	1,253,394
Equipment	9,133,183	14,008	-	9,147,191
Improvements other than buildings	349,562	3,462,451	-	3,812,013
Construction in progress	-	93,274	-	93,274
Less accumulated depreciation	(5,870,917)	(3,074,527)	-	(8,945,444)
Total capital assets (net of accumulated depreciation)	<u>3,693,229</u>	<u>2,321,869</u>	<u>8,625,211</u>	<u>14,640,309</u>
Total noncurrent assets	<u>18,379,545</u>	<u>2,322,267</u>	<u>8,625,211</u>	<u>29,327,023</u>
Total assets	<u>\$ 23,717,845</u>	<u>\$ 3,895,910</u>	<u>\$ 9,479,087</u>	<u>\$ 37,092,842</u>
<u>Deferred Outflows</u>				
Pensions	\$ 800,847	\$ 36,725	\$ -	\$ 837,572
Total deferred outflows	<u>\$ 800,847</u>	<u>\$ 36,725</u>	<u>\$ -</u>	<u>\$ 837,572</u>

CITY OF BRYAN, TEXAS

Combining Statement of Net Position

Nonmajor Enterprise Funds

As of September 30, 2016

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 123,574	\$ 96,603	\$ -	\$ 220,177
Accrued liabilities	101,466	3,240	-	104,706
Due to other funds	18,382	-	-	18,382
Accrued interest	-	76	-	76
Accrued vacation and sick pay	71,307	1,180	-	72,487
Current liabilities payable from restricted assets:				
Customer deposits	-	11,195	-	11,195
Bonds payable, net	-	55,280	-	55,280
Total current liabilities	<u>314,729</u>	<u>167,574</u>	<u>-</u>	<u>482,303</u>
Noncurrent liabilities:				
Bonds payable, net	-	1,181,278	-	1,181,278
Accrued vacation and sick pay	126,767	2,099	-	128,866
Other post employee benefit	146,388	6,809	-	153,197
Net pension obligation	1,931,117	70,882	-	2,001,999
Total noncurrent liabilities	<u>2,204,272</u>	<u>1,261,068</u>	<u>-</u>	<u>3,465,340</u>
Total liabilities	<u>2,519,001</u>	<u>1,428,642</u>	<u>-</u>	<u>3,947,643</u>
<u>Deferred Inflows</u>				
Pensions	77,141	3,510	-	80,651
Total deferred inflows	<u>77,141</u>	<u>3,510</u>	<u>-</u>	<u>80,651</u>
<u>Net Position</u>				
Net investment in capital assets	3,693,229	1,085,709	8,625,211	13,404,149
Restricted for BVSWMMA	14,686,316	-	-	14,686,316
Restricted for debt service	-	398	-	398
Unrestricted	3,543,005	1,414,376	853,876	5,811,257
Total net position	<u>\$ 21,922,550</u>	<u>\$ 2,500,483</u>	<u>\$ 9,479,087</u>	<u>\$ 33,902,120</u>

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2016

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Operating revenues:				
Sold waste	\$ 7,766,432	\$ -	\$ -	7,766,432
Other	-	507,974	1,295,065	1,803,039
Total operating revenues	<u>7,766,432</u>	<u>507,974</u>	<u>1,295,065</u>	<u>9,569,471</u>
Operating expenses:				
Personnel services	2,822,980	141,395	-	2,964,375
Maintenance	355,342	41,226	-	396,568
Other services and charges	1,790,539	63,763	44,662	1,898,964
Other expenses	426,136	237,058	-	663,194
General and administrative	1,038,212	53,194	-	1,091,406
Total operating expenses	<u>6,433,209</u>	<u>536,636</u>	<u>44,662</u>	<u>7,014,507</u>
Operating income (loss) before depreciation	<u>1,333,223</u>	<u>(28,662)</u>	<u>1,250,403</u>	<u>2,554,964</u>
Depreciation	<u>901,097</u>	<u>201,924</u>	<u>-</u>	<u>1,103,021</u>
Operating income (loss)	<u>432,126</u>	<u>(230,586)</u>	<u>1,250,403</u>	<u>1,451,943</u>
Nonoperating revenues (expenses):				
Investment earnings	31,467	5,177	1,845	38,489
Interest expense	-	(9,203)	-	(9,203)
Distributive share of BVSWMMA net income	1,097,508	-	-	1,097,508
Other - net	81,732	3,225	-	84,957
Total nonoperating revenues (expenses)	<u>1,210,707</u>	<u>(801)</u>	<u>1,845</u>	<u>1,211,751</u>
Income (loss) before contributions and transfers	<u>1,642,833</u>	<u>(231,387)</u>	<u>1,252,248</u>	<u>2,663,694</u>
Transfers in	91,655	110,000	-	201,655
Transfers out	(432,009)	-	(1,201,307)	(1,633,316)
Change in net position	<u>1,302,479</u>	<u>(121,387)</u>	<u>50,941</u>	<u>1,232,033</u>
Net position, October 1, 2015	<u>20,620,071</u>	<u>2,621,870</u>	<u>9,428,146</u>	<u>32,670,087</u>
Net position, September 30, 2016	<u>\$ 21,922,550</u>	<u>\$ 2,500,483</u>	<u>\$ 9,479,087</u>	<u>\$ 33,902,120</u>

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2016

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 7,815,234	\$ 528,558	\$ 505,757	\$ 8,849,549
Payments to suppliers	(2,564,953)	(258,866)	(44,662)	(2,868,481)
Payments to employees	(2,800,153)	(139,627)	-	(2,939,780)
Payments for interfund services used	(1,038,212)	(53,194)	-	(1,091,406)
Net cash provided (used) by operating activities	1,411,916	76,871	461,095	1,949,882
Cash flows from noncapital financing activities:				
Transfers in	91,655	110,000	-	201,655
Transfers out	(432,009)	-	(1,201,307)	(1,633,316)
Net cash provided (used) by noncapital financing activities	(340,354)	110,000	(1,201,307)	(1,431,661)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,432,385)	(146,058)	338,802	(1,239,641)
Proceeds from sale of assets	109,429	4,454	-	113,883
Debt proceeds	-	1,205,318	-	1,205,318
Principal paid on certificates of obligation	-	(2,513)	-	(2,513)
Interest paid on bonds, contractual obligations, and notes	-	(654)	-	(654)
Net cash provided (used) by capital and related financing activities	(1,322,956)	1,060,547	338,802	76,393
Cash flows from investing activities:				
Purchase of investment securities	(1,328,574)	(654,019)	(18,373)	(2,000,966)
Sale of investment securities	403,870	18,713	103,287	525,870
Interest on investments	28,466	3,515	2,000	33,981
Net cash provided (used) by investing activities	(896,238)	(631,791)	86,914	(1,441,115)
Net increase (decrease) in cash and cash equivalents	(1,147,632)	615,627	(314,496)	(846,501)
Cash and cash equivalents, October 1, 2015	3,677,448	228,978	349,523	4,255,949
Cash and cash equivalents, September 30, 2016	\$ 2,529,816	\$ 844,605	\$ 35,027	\$ 3,409,448

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows (continued)

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2016

	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)	\$ 432,126	\$ (230,586)	\$ 1,250,403	\$ 1,451,943
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	901,097	201,924	-	1,103,021
Change in assets and liabilities:				
Change in accounts receivable	(38,249)	16,870	(789,308)	(810,687)
Change in inventory	-	2,699	-	2,699
Change in due from other funds	87,051	-	-	87,051
Change in accounts payable	(12,073)	83,176	-	71,103
Change in accrued liabilities	(90,836)	(3,792)	-	(94,628)
Change in customer deposits	-	1,015	-	1,015
Change in due to other funds	18,382	-	-	18,382
Change in OPEB and NPL	99,477	5,157	-	104,634
Change in accrued vacation and sick pay	14,941	408	-	15,349
Net cash provided (used) by operating activities	<u>\$ 1,411,916</u>	<u>\$ 76,871</u>	<u>\$ 461,095</u>	<u>\$ 1,949,882</u>

Noncash investing, capital and financing activities

During this past year, the Enterprise Funds investment in BVSWMMA increased \$1,097,508 as a result of its operations.

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

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

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

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

CITY OF BRYAN, TEXAS

Internal Service Funds

Combining Statement of Net Position

As of September 30, 2016

<u>Assets</u>	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Current assets:				
Cash and cash equivalents	\$ 720	\$ 1,225,755	\$ 1,703,690	\$ 2,930,165
Investments	605	968,035	1,433,174	2,401,814
Accounts receivable	-	-	16,652	16,652
Interest receivable	2	2,465	3,650	6,117
Inventories	218,838	-	-	218,838
Due from other funds	12	-	-	12
Total current assets	<u>220,177</u>	<u>2,196,255</u>	<u>3,157,166</u>	<u>5,573,598</u>
Noncurrent assets:				
Capital assets:				
Buildings	-	23,420	-	23,420
Equipment	27,390	87,063	-	114,453
Improvements other than buildings	159,086	29,572	-	188,658
Less accumulated depreciation	<u>(89,338)</u>	<u>(122,994)</u>	<u>-</u>	<u>(212,332)</u>
Total capital assets (net of accumulated depreciation)	<u>97,138</u>	<u>17,061</u>	<u>-</u>	<u>114,199</u>
Total assets	<u>\$ 317,315</u>	<u>\$ 2,213,316</u>	<u>\$ 3,157,166</u>	<u>\$ 5,687,797</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 66	\$ 20,788	\$ 261,772	\$ 282,626
Claims payable	-	667,531	1,063,007	1,730,538
Due to other funds	-	-	-	-
Accrued liabilities	4,094	10,526	-	14,620
Accrued vacation and sick pay	<u>5,122</u>	<u>26,099</u>	<u>-</u>	<u>31,221</u>
Total current liabilities	<u>9,282</u>	<u>724,944</u>	<u>1,324,779</u>	<u>2,059,005</u>
Noncurrent liabilities:				
Claims payable	-	730,479	-	730,479
Accrued liabilities	-	-	2,253,688	2,253,688
Accrued vacation and sick pay	<u>9,105</u>	<u>14,681</u>	<u>-</u>	<u>23,786</u>
Total noncurrent liabilities	<u>9,105</u>	<u>745,160</u>	<u>2,253,688</u>	<u>3,007,953</u>
Total liabilities	<u>18,387</u>	<u>1,470,104</u>	<u>3,578,467</u>	<u>5,066,958</u>
<u>Net Position</u>				
Net investment in capital assets	97,138	17,061	-	114,199
Unrestricted	<u>201,790</u>	<u>726,151</u>	<u>(421,301)</u>	<u>506,640</u>
Total net position	<u>\$ 298,928</u>	<u>\$ 743,212</u>	<u>\$ (421,301)</u>	<u>\$ 620,839</u>

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, 2016

	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Operating revenues:				
Intragovernmental	\$ 63,436	\$ 2,471,960	\$ 6,529,171	\$ 9,064,567
Other	261	41,702	2,779,488	2,821,451
Total operating revenues	<u>63,697</u>	<u>2,513,662</u>	<u>9,308,659</u>	<u>11,886,018</u>
Operating expenses:				
Personnel services	208,698	476,819	-	685,517
Maintenance	1,398	462	-	1,860
Claims	-	792,236	7,985,400	8,777,636
Other services and charges	77,162	838,547	2,132,055	3,047,764
Other expenses	10,451	20,811	-	31,262
Total operating expenses	<u>297,709</u>	<u>2,128,875</u>	<u>10,117,455</u>	<u>12,544,039</u>
Operating gain(loss) before depreciation	(234,012)	384,787	(808,796)	(658,021)
Depreciation	10,693	2,650	-	13,343
Operating gain(loss)	<u>(244,705)</u>	<u>382,137</u>	<u>(808,796)</u>	<u>(671,364)</u>
Nonoperating revenues:				
Investment earnings	57	12,793	20,154	33,004
Other	-	277,037	270,758	547,795
Total nonoperating revenues	<u>57</u>	<u>289,830</u>	<u>290,912</u>	<u>580,799</u>
Gain (loss) before transfers	(244,648)	671,967	(517,884)	(90,565)
Transfers in	291,086	-	100,000	391,086
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Change in net position	46,438	571,967	(417,884)	200,521
Net position, October 1, 2015	<u>252,490</u>	<u>171,245</u>	<u>(3,417)</u>	<u>420,318</u>
Net position, September 30, 2016	<u>\$ 298,928</u>	<u>\$ 743,212</u>	<u>\$ (421,301)</u>	<u>\$ 620,839</u>

CITY OF BRYAN, TEXAS

Internal Service Funds

Combining Statement of Net Position

As of September 30, 2016

<u>Assets</u>	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Current assets:				
Cash and cash equivalents	\$ 720	\$ 1,225,755	\$ 1,703,690	\$ 2,930,165
Investments	605	968,035	1,433,174	2,401,814
Accounts receivable	-	-	16,652	16,652
Interest receivable	2	2,465	3,650	6,117
Inventories	218,838	-	-	218,838
Due from other funds	12	-	-	12
Total current assets	<u>220,177</u>	<u>2,196,255</u>	<u>3,157,166</u>	<u>5,573,598</u>
Noncurrent assets:				
Capital assets:				
Buildings	-	23,420	-	23,420
Equipment	27,390	87,063	-	114,453
Improvements other than buildings	159,086	29,572	-	188,658
Less accumulated depreciation	<u>(89,338)</u>	<u>(122,994)</u>	<u>-</u>	<u>(212,332)</u>
Total capital assets (net of accumulated depreciation)	<u>97,138</u>	<u>17,061</u>	<u>-</u>	<u>114,199</u>
Total assets	<u>\$ 317,315</u>	<u>\$ 2,213,316</u>	<u>\$ 3,157,166</u>	<u>\$ 5,687,797</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 66	\$ 20,788	\$ 261,772	\$ 282,626
Claims payable	-	667,531	1,063,007	1,730,538
Due to other funds	-	-	-	-
Accrued liabilities	4,094	10,526	-	14,620
Accrued vacation and sick pay	<u>5,122</u>	<u>26,099</u>	<u>-</u>	<u>31,221</u>
Total current liabilities	<u>9,282</u>	<u>724,944</u>	<u>1,324,779</u>	<u>2,059,005</u>
Noncurrent liabilities:				
Claims payable	-	730,479	-	730,479
Accrued liabilities	-	-	2,253,688	2,253,688
Accrued vacation and sick pay	<u>9,105</u>	<u>14,681</u>	<u>-</u>	<u>23,786</u>
Total noncurrent liabilities	<u>9,105</u>	<u>745,160</u>	<u>2,253,688</u>	<u>3,007,953</u>
Total liabilities	<u>18,387</u>	<u>1,470,104</u>	<u>3,578,467</u>	<u>5,066,958</u>
<u>Net Position</u>				
Net investment in capital assets	97,138	17,061	-	114,199
Unrestricted	<u>201,790</u>	<u>726,151</u>	<u>(421,301)</u>	<u>506,640</u>
Total net position	<u>\$ 298,928</u>	<u>\$ 743,212</u>	<u>\$ (421,301)</u>	<u>\$ 620,839</u>

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, 2016

	Balance October 1, 2015	Additions	Deductions	Balance September 30, 2016
<u>Assets</u>				
Cash and cash equivalents	\$ 1,004,157	\$ 74,587,136	\$ 74,070,465	\$ 1,520,828
Accounts Receivable	196,744	1,147,616	1,283,920	60,440
Total assets	<u>\$ 1,200,901</u>	<u>\$ 75,734,752</u>	<u>\$ 75,354,385</u>	<u>\$ 1,581,268</u>
<u>Liabilities</u>				
Benefits and employment taxes payable	<u>\$ 1,200,901</u>	<u>\$ 33,470,452</u>	<u>\$ 33,850,819</u>	<u>\$ 1,581,268</u>

CAPITAL ASSETS

USED IN THE OPERATION

OF GOVERNMENTAL FUNDS

CITY OF BRYAN, TEXAS

Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Governmental funds capital assets:		
Land	\$ 11,599,609	\$ 11,591,736
Buildings	38,981,965	38,760,125
Improvements other than buildings	33,481,497	32,009,793
Equipment	33,276,255	31,799,727
Infrastructure	191,870,617	186,160,966
Construction in Progress	<u>7,948,996</u>	<u>4,091,755</u>
	<u>\$ 317,158,939</u>	<u>\$ 304,414,102</u>
Investments in governmental funds capital assets by source:		
General Fund	\$ 90,132,812	\$ 82,937,777
Special Revenue Funds	8,126,350	8,126,350
Private Contributions	45,592,221	41,060,677
General Obligation bonds	42,229,658	42,229,659
Grants	6,611,770	6,611,770
Certificates of Obligation	<u>124,466,128</u>	<u>123,447,869</u>
	<u>\$ 317,158,939</u>	<u>\$ 304,414,102</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, 2016

Function and Activity	Governmental Funds Capital Assets October 1, 2015	Reclassifications	Additions	Deductions	Governmental Funds Capital Assets September 30, 2016
General Government:					
Executive	\$ 12,530,879	\$ -	\$ -	\$ -	\$ 12,530,879
City Secretary	264,858	-	153,625	-	418,483
Legal services	41,126	-	-	-	41,126
Fiscal services	313,504	-	-	-	313,504
Computer services	8,757,072	-	276,121	-	9,033,193
Purchasing services	1,784,164	-	-	-	1,784,164
Human resources	44,862	-	-	-	44,862
Facility services	3,431,321	-	96,474	-	3,527,795
Fleet services	70,619	-	-	-	70,619
Total general government	27,238,405	-	526,220	-	27,764,625
Development services:					
Administration	607,652	-	-	-	607,652
Planning	70,070	-	-	-	70,070
Engineering	186,806	-	-	-	186,806
Inspections	105,157	-	-	-	105,157
Community Development	5,360,216	-	-	-	5,360,216
TIF infrastructure	10,583,177	-	-	-	10,583,177
Total development services	16,913,078	-	-	-	16,913,078
Public works:					
Environmental services	28,567	-	-	-	28,567
Transportation services	184,773,914	-	5,887,924	24,703	190,637,135
Total public works	184,802,481	-	5,887,924	24,703	190,665,702
Public safety:					
Police services	25,624,433	-	391,401	149,192	25,866,642
Fire and emergency medical services	15,693,673	-	1,030,379	192,845	16,531,207
Municipal court	2,243,808	-	11,487	-	2,255,295
Animal Center	9,500	-	24,600	-	34,100
Total public safety	43,571,414	-	1,457,867	342,037	44,687,244
Cultural and recreational:					
Administration	142,423	-	-	-	142,423
Library services	4,598,419	-	144,638	-	4,743,057
Parks and recreation services	23,056,127	-	1,237,687	-	24,293,814
Total cultural and recreational	27,796,969	-	1,382,325	-	29,179,294
Construction in Progress - Unclassified	4,091,755	-	5,305,152	1,447,911	7,948,996
Total governmental funds capital assets	\$ 304,414,102	\$ -	\$ 14,559,488	\$ 1,814,651	\$ 317,158,939

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

CITY OF BRYAN, TEXAS

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

As of September 30, 2016

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government:							
Executive	\$ 2,138,903	\$ 10,105,599	\$ -	\$ 286,377	\$ -	\$ -	\$ 12,530,879
City Secretary	125,000	153,625	94,261	45,597	-	-	418,483
Legal services	-	-	41,126	-	-	-	41,126
Fiscal services	-	38,384	-	275,120	-	-	313,504
Computer services	-	60,768	33,278	8,939,147	-	-	9,033,193
Purchasing services	-	37,037	1,679,679	67,448	-	-	1,784,164
Human resources	-	-	9,991	34,871	-	-	44,862
Facility services	-	2,708,943	118,187	700,665	-	-	3,527,795
Fleet services	-	1,671	32,396	36,552	-	-	70,619
Total general government	<u>2,263,903</u>	<u>13,106,027</u>	<u>2,008,918</u>	<u>10,385,777</u>	<u>-</u>	<u>-</u>	<u>27,764,625</u>
Development services:							
Administration	35,156	1,260	-	571,236	-	-	607,652
Planning	-	29,062	-	41,008	-	-	70,070
Engineering	12,428	7,343	-	167,035	-	-	186,806
Inspections	-	-	-	105,157	-	-	105,157
Community Development	118,531	131,652	5,083,368	26,665	-	-	5,360,216
TIRZ infrastructure	81,902	-	58,450	-	10,442,825	-	10,583,177
Total development services	<u>248,017</u>	<u>169,317</u>	<u>5,141,818</u>	<u>911,101</u>	<u>10,442,825</u>	<u>-</u>	<u>16,913,078</u>
Public works:							
Environmental services	-	11,995	16,572	-	-	-	28,567
Transportation services	5,246,032	8,840	957,554	3,024,321	181,400,388	4,973,156	195,610,291
Total public works	<u>5,246,032</u>	<u>20,835</u>	<u>974,126</u>	<u>3,024,321</u>	<u>181,400,388</u>	<u>4,973,156</u>	<u>195,638,858</u>
Public safety:							
Animal Center	-	34,100	-	-	-	-	34,100
Police services	1,043,333	18,187,481	22,982	6,612,846	-	-	25,866,642
Fire and emergency medical services	-	6,345,530	12,780	10,172,897	-	1,391,046	17,922,253
Municipal court	1,819,216	-	106,676	329,403	-	-	2,255,295
Total public safety	<u>2,862,549</u>	<u>24,567,111</u>	<u>142,438</u>	<u>17,115,146</u>	<u>-</u>	<u>1,391,046</u>	<u>46,078,290</u>
Cultural and recreational:							
Administration	-	-	107,923	34,500	-	-	142,423
Library services	-	554,941	4,006,939	181,177	-	69,860	4,812,917
Parks and recreation services	979,108	563,734	21,099,335	1,624,233	27,404	1,514,934	25,808,748
Total cultural and recreational	<u>979,108</u>	<u>1,118,675</u>	<u>25,214,197</u>	<u>1,839,910</u>	<u>27,404</u>	<u>1,584,794</u>	<u>30,764,088</u>
Total governmental funds capital assets	<u>\$ 11,599,609</u>	<u>\$ 38,981,965</u>	<u>\$ 33,481,497</u>	<u>\$ 33,276,255</u>	<u>\$ 191,870,617</u>	<u>\$ 7,948,996</u>	<u>\$ 317,158,939</u>

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

STATISTICAL SECTION

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

Contents

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

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

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

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

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

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

Table 1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 58,468,218	\$ 70,901,798	\$ 72,148,854	\$ 63,909,781	\$ 73,325,895	\$ 73,821,014	\$ 74,520,118	\$ 67,019,218	\$ 68,002,663	\$ 67,698,582
Restricted	27,981,851	23,344,871	23,432,166	30,938,682	24,782,392	24,404,041	18,624,433	23,068,934	22,972,793	31,432,237
Unrestricted	21,616,812	13,567,078	6,457,676	7,301,794	10,124,807	8,130,941	19,434,534	27,501,716	18,998,510	16,933,496
Total governmental activities net position	<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>	<u>\$ 109,973,966</u>	<u>\$ 116,064,315</u>
Business-type activities										
Net investment in capital assets	\$ 211,649,393	\$ 219,334,434	\$ 232,484,352	\$ 241,866,068	\$ 252,740,085	\$ 248,552,828	\$ 263,550,484	\$ 269,168,669	\$ 281,007,278	\$ 293,636,350
Restricted	51,830,123	43,850,639	39,595,645	36,217,006	29,510,223	34,775,027	36,745,716	34,139,444	39,419,987	34,672,042
Unrestricted	60,752,417	74,031,100	79,737,961	75,781,601	78,497,386	85,730,247	74,740,740	82,220,018	73,915,223	78,673,277
Total Business-type activities net position	<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>	<u>\$ 394,342,488</u>	<u>\$ 406,981,669</u>
Primary government										
Net investment in capital assets	\$ 270,117,611	\$ 290,236,232	\$ 304,633,206	\$ 305,775,849	\$ 326,065,980	\$ 322,373,842	\$ 338,070,602	\$ 336,187,887	\$ 349,009,941	\$ 361,334,932
Restricted	79,811,974	67,195,510	63,027,811	67,155,688	54,292,615	59,179,068	55,370,149	57,208,378	62,392,780	66,104,279
Unrestricted	82,369,229	87,598,178	86,195,637	83,083,395	88,622,193	93,861,188	94,175,274	109,721,734	92,913,733	95,606,773
Total primary government net position	<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>	<u>\$ 504,316,454</u>	<u>\$ 523,045,984</u>

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

Table 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General government and administration	\$ 9,236,358	\$ 9,816,634	\$ 14,552,308	\$ 11,861,977	\$ 11,694,539	\$ 12,567,217	\$ 12,725,727	\$ 11,862,127	\$ 9,775,235	\$ 18,119,110
Development services	4,340,747	4,704,351	4,488,613	5,514,292	5,451,223	4,946,473	5,324,990	5,265,275	5,403,697	6,556,417
Public works services	10,511,166	10,336,466	18,315,196	14,603,264	14,091,910	15,169,531	12,764,623	14,180,817	16,894,814	16,585,766
Public Safety	22,022,243	25,001,597	24,055,956	28,098,561	21,693,251	24,346,634	32,133,857	33,069,954	33,648,379	35,934,773
Cultural and Recreational	8,015,013	7,915,398	8,829,886	8,585,698	7,666,774	8,242,037	8,175,136	8,332,012	8,374,038	9,106,566
Interest on long-term debt	4,061,936	4,206,919	4,742,776	4,392,590	4,982,815	4,560,746	4,264,522	3,548,309	3,299,163	2,989,038
Total governmental activities expenses	58,187,463	61,981,365	74,984,735	73,056,382	65,580,512	69,832,638	75,388,855	76,258,494	77,395,326	89,291,670
Business-type activities:										
Electric	135,258,317	151,358,522	140,629,222	132,804,674	142,323,465	133,361,843	157,381,300	170,664,649	171,705,349	175,336,256
Rural Electric	23,150,766	27,632,138	29,712,906	27,993,444	29,664,911	28,603,608	29,583,733	33,312,663	36,214,517	40,163,724
Water	8,222,608	9,801,729	9,290,685	10,380,604	10,868,241	11,202,934	9,974,403	9,761,250	9,841,218	11,651,741
Wastewater	8,956,833	13,429,973	11,002,685	9,880,856	10,658,709	10,966,690	9,848,759	10,272,703	9,935,489	10,840,072
Other	15,886,390	7,629,919	3,848,988	9,813,006	15,215,556	12,195,441	7,949,095	7,851,301	7,860,010	8,128,393
Total business-type activities expenses	191,474,914	209,852,281	194,484,486	190,872,584	208,730,882	196,330,516	214,737,290	231,862,566	235,556,583	246,120,186
Total primary government expenses	\$ 249,662,377	\$ 271,833,646	\$ 269,469,221	\$ 263,928,966	\$ 274,311,394	\$ 266,163,154	\$ 290,126,145	\$ 308,121,060	\$ 312,951,909	\$ 335,411,856
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services										
General government and administration	\$ 143,397	\$ 143,601	\$ 137,148	\$ 166,198	\$ 147,025	\$ 126,499	\$ 269,503	\$ 286,868	\$ 337,174	\$ 454,949
Development services	722,130	614,615	587,732	572,570	492,175	592,784	565,539	668,583	625,106	1,045,668
Public safety	3,534,273	4,394,972	4,824,117	4,639,041	4,385,470	4,028,727	4,717,287	4,568,322	4,684,494	4,866,930
Cultural and recreational	1,270,134	1,464,608	1,912,083	1,634,222	1,355,274	1,581,416	2,051,721	1,304,457	1,279,525	1,478,733
Operating grants and contributions	2,386,129	2,819,267	2,382,961	2,640,566	2,607,994	2,732,746	2,840,902	2,490,517	2,769,647	2,507,033
Capital grants and contributions	3,430,598	2,650,099	3,528,100	4,476,022	2,657,466	3,232,203	1,891,869	1,661,849	2,049,078	4,531,545
Total governmental activities program revenues	11,486,661	12,087,162	13,372,141	14,128,619	11,645,404	12,294,375	12,336,821	10,980,596	11,745,024	14,884,858
Business-type activities:										
Electric	141,061,065	153,872,437	147,926,009	134,670,691	151,634,735	145,990,914	157,857,718	183,923,241	184,252,089	187,624,655
Rural Electric	24,991,627	28,975,229	30,996,152	30,133,488	31,851,185	31,495,841	32,257,374	35,728,300	39,287,075	41,931,026
Water	9,385,539	10,944,038	12,216,438	11,529,217	14,281,996	12,879,376	12,723,839	11,678,692	12,390,019	12,656,177
Wastewater	11,357,398	11,586,181	12,017,013	12,369,599	13,112,105	13,072,233	12,429,017	12,496,697	12,883,147	13,007,294
Other Enterprise Funds	10,030,558	10,155,749	10,181,590	10,736,815	10,840,430	11,066,735	11,813,933	8,226,316	12,608,721	9,569,471
Operating grants and contributions	-	-	658,470	25,033	2,615,369	540,202	101,495	-	-	-
Capital grants and contributions	2,348,044	2,643,388	1,594,030	1,932,153	979,666	1,173,074	1,757,250	1,784,937	2,755,942	4,826,334
Total business-type activities program revenue	199,174,231	218,177,022	215,589,702	201,396,996	225,315,486	216,218,375	228,940,626	253,838,183	264,176,993	269,614,957
Total primary government program revenues	\$ 210,660,892	\$ 230,264,184	\$ 228,961,843	\$ 215,525,615	\$ 236,960,890	\$ 228,512,750	\$ 241,277,447	\$ 264,818,779	\$ 275,922,017	\$ 284,499,815
Net (expense)/revenue										
Governmental activities	\$ (46,700,802)	\$ (49,894,203)	\$ (61,612,594)	\$ (58,927,763)	\$ (53,935,108)	\$ (57,538,263)	\$ (63,052,034)	\$ (65,277,898)	\$ (65,650,302)	\$ (74,406,812)
Business-type activities	7,699,317	8,324,741	21,105,216	10,524,412	16,584,604	19,887,859	14,203,333	21,975,617	28,620,410	23,494,771
Total primary government net expense	\$ (39,001,485)	\$ (41,569,462)	\$ (40,507,378)	\$ (48,403,351)	\$ (37,350,504)	\$ (37,650,404)	\$ (48,848,701)	\$ (43,302,281)	\$ (37,029,892)	\$ (50,912,041)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 18,859,376	\$ 20,494,898	\$ 21,950,012	\$ 22,967,025	\$ 23,043,249	\$ 24,075,833	\$ 24,723,667	\$ 25,765,716	\$ 28,039,989	\$ 29,674,521
Sales taxes	13,491,560	14,532,775	14,140,838	14,608,410	14,301,017	14,814,931	15,984,919	17,882,449	17,788,430	19,025,856
Franchise taxes	1,920,990	2,012,872	2,000,294	2,071,337	2,062,766	1,963,381	2,108,521	2,380,787	2,191,346	2,037,593
Alcoholic beverage taxes	62,031	64,994	72,777	79,573	93,042	75,460	85,789	130,791	149,776	153,522
Bingo taxes	178,377	183,580	195,970	204,009	210,255	217,615	234,105	260,733	267,434	261,943
Hotel occupancy taxes	248,935	290,187	321,859	411,190	454,217	504,078	720,717	1,179,774	1,286,072	1,182,916
Transportation and drainage fees	4,008,249	4,133,458	4,343,987	6,129,574	6,179,135	6,324,068	6,302,953	6,398,465	6,553,176	6,589,263
Unrestricted investment earnings	4,278,208	2,379,105	1,084,060	578,261	251,107	278,636	206,083	290,514	523,146	483,317
Miscellaneous	2,731,866	3,039,288	1,886,157	2,298,503	2,538,373	1,433,639	6,154,005	3,541,748	3,512,707	6,552,374
Transfers(net)	(713,707)	2,509,912	9,841,589	9,691,442	10,884,784	5,973,524	12,754,364	12,138,907	14,789,653	14,535,856
Total governmental activities:	<u>45,065,885</u>	<u>49,641,069</u>	<u>55,837,543</u>	<u>59,039,324</u>	<u>60,017,945</u>	<u>55,661,165</u>	<u>69,275,123</u>	<u>69,969,883</u>	<u>75,101,729</u>	<u>80,497,161</u>
Business-type activities:										
Unrestricted investment earnings	7,299,354	6,761,997	3,062,620	992,215	719,221	(84,846)	969,402	611,791	1,032,154	856,704
Miscellaneous	673,809	407,414	275,538	221,532	463,978	1,375,263	2,689,384	2,484,255	3,240,871	2,823,562
Special items - Gain on sale of capital assets					-	(6,894,344)	871,080	2,493,174	505,000	-
Transfers(net)	713,707	(2,509,912)	(9,841,589)	(9,691,442)	(10,884,784)	(5,973,524)	(12,754,364)	(12,138,907)	(14,789,653)	(14,535,856)
Total business-type activities	<u>8,686,870</u>	<u>4,659,499</u>	<u>(6,503,431)</u>	<u>(8,477,695)</u>	<u>(9,701,585)</u>	<u>(11,577,451)</u>	<u>(8,224,498)</u>	<u>(6,549,687)</u>	<u>(10,011,628)</u>	<u>(10,855,590)</u>
Total primary government	<u>\$ 53,752,755</u>	<u>\$ 54,300,568</u>	<u>\$ 49,334,112</u>	<u>\$ 50,561,629</u>	<u>\$ 50,316,360</u>	<u>\$ 44,083,714</u>	<u>\$ 61,050,625</u>	<u>\$ 63,420,196</u>	<u>\$ 65,090,101</u>	<u>\$ 69,641,571</u>
Change in Net Position										
Governmental activities	\$ (1,634,917)	\$ (253,134)	\$ (5,775,051)	\$ 111,561	\$ 6,082,837	\$ (1,877,098)	\$ 6,223,089	\$ 4,691,986	\$ 9,451,427	\$ 6,090,349
Business-type activities	16,386,187	12,984,240	14,601,785	2,046,717	6,883,019	8,310,408	5,978,835	15,425,933	18,608,782	12,639,181
Total primary government	<u>\$ 14,751,270</u>	<u>\$ 12,731,106</u>	<u>\$ 8,826,734</u>	<u>\$ 2,158,278</u>	<u>\$ 12,965,856</u>	<u>\$ 6,433,310</u>	<u>\$ 12,201,924</u>	<u>\$ 20,117,919</u>	<u>\$ 28,060,209</u>	<u>\$ 18,729,530</u>

City of Bryan, Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

Table 3

	2007	2008	2009	2010 ⁽⁴⁾	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 1,649,953	\$ 1,480,517	\$ 1,669,624	\$ 2,753,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,769,294	10,862,228	8,961,908	9,087,877	-	-	-	-	-	-
Nonspendable	-	-	-	-	21,206	241,366	75,907	59,572	109,393	106,321
Restricted	-	-	-	-	542,028	657,786	636,118	719,860	720,583	841,565
Committed	-	-	-	-	823,479	2,328,965	2,268,582	2,366,766	2,384,963	2,778,145
Assigned	-	-	-	-	460,921	193,524	974,951	503,799	1,531,754	7,731,534
Unassigned	-	-	-	-	11,362,664	12,721,175	18,505,338	24,529,175	30,621,712	22,095,483
Total general fund	<u>\$ 17,419,247</u>	<u>\$ 12,342,745</u>	<u>\$ 10,631,532</u>	<u>\$ 11,841,717</u>	<u>\$ 13,210,298</u>	<u>\$ 16,142,816</u>	<u>\$ 22,460,896</u>	<u>\$ 28,179,172</u>	<u>\$ 35,368,405</u>	<u>\$ 33,553,048</u>
All other governmental funds										
Reserved	\$ 25,931,013	\$ 21,458,433	\$ 22,061,912	\$ 27,804,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	11,345,972	7,122,854	7,048,799	6,560,002	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	907,750	963,342	995,329	1,011,046	-	-	-	-	-	-
Unreserved (deficit), reported in:										
Special revenue funds	(2,546,969) ⁽¹⁾	(957,906) ⁽²⁾	-	-	-	-	-	-	-	-
Capital projects funds	-	(676,984) ⁽³⁾	-	(870,667)	-	-	-	-	-	-
Nonspendable:										
Permanent funds and other	-	-	-	-	746,351	777,742	819,709	852,374	895,724	938,069
Restricted:										
Capital Project Funds	-	-	-	-	7,832,036	3,597,077	2,512,231	8,286,216	7,465,788	13,327,432
Debt Service Fund	-	-	-	-	6,219,331	5,945,264	5,876,433	6,128,399	6,080,301	5,840,959
Permanent Funds:										
Cemeteries	-	-	-	-	1,019,007	1,028,230	1,035,463	1,044,069	1,018,042	346,358
Libraries	-	-	-	-	3,599	3,664	3,711	3,768	3,858	3,938
Special Revenue Funds:										
Grants	-	-	-	-	4,348	10,863	24,180	14,500	11,423	33,827
Hotel/Motel	-	-	-	-	538,869	610,183	653,604	1,122,712	1,784,048	2,171,320
Municipal Court	-	-	-	-	261,573	287,722	296,395	259,748	244,157	245,569
TIRZ Development	-	-	-	-	3,364,672	3,036,268	552,909	439,715	706,544	807,993
Other Purposes	-	-	-	-	473	-	5,728	1,240	1,808	-
Committed:										
Streets	-	-	-	-	7,696,726	10,097,187	12,515,747	13,648,319	12,387,623	11,773,499
Drainage	-	-	-	-	1,032,851	702,807	1,164,532	1,893,491	2,364,950	2,851,094
Other Purposes	-	-	-	-	-	700	-	-	-	1,551,036
Unassigned:										
Special Revenue Funds	-	-	-	-	(9,964)	(104)	-	(21,552)	(9,354)	(16,399)
Total all other governmental funds	<u>\$ 35,637,766</u>	<u>\$ 27,909,739</u>	<u>\$ 30,106,040</u>	<u>\$ 34,505,290</u>	<u>\$ 28,709,872</u>	<u>\$ 26,097,603</u>	<u>\$ 25,460,642</u>	<u>\$ 33,672,999</u>	<u>\$ 32,954,912</u>	<u>\$ 39,874,695</u>
Total governmental funds	\$ 53,057,013	\$ 40,252,484	\$ 40,737,572	\$ 46,347,007	\$ 41,920,170	\$ 42,240,419	\$ 47,921,538	\$ 61,852,171	\$ 68,323,317	\$ 73,427,743

⁽¹⁾ The fiscal year 2007 deficit in the Special Revenue funds was offset by the 2007 bond issue

⁽²⁾ The fiscal year 2008 deficit in the Special Revenue funds was offset by the 2007 and 2008 bond issues

⁽³⁾ The fiscal year 2008 deficit in the Capital Project funds was offset by the issuance of debt in fiscal year 2009

⁽⁴⁾ Classification of fund balance changed in 2011 due to GASB 54 requirements

City of Bryan, Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

Table 4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property taxes	\$ 18,825,482	\$ 20,514,034	\$ 21,838,216	\$ 22,926,564	\$ 23,152,233	\$ 24,151,882	\$ 24,780,426	\$ 25,561,961	\$ 28,274,580	\$ 29,693,884
Sales taxes	13,491,560	14,532,775	14,140,838	14,608,410	14,301,017	14,814,931	15,984,919	17,882,449	17,788,430	19,025,856
Franchise taxes	1,920,990	2,012,872	2,000,294	2,071,337	2,062,766	1,963,381	2,108,521	2,380,787	2,191,346	2,037,593
Alcoholic beverage taxes	62,031	64,994	72,777	79,573	93,042	75,460	85,789	130,791	149,776	153,522
Bingo taxes	178,377	183,580	195,970	204,009	210,255	217,615	234,105	260,733	267,434	261,943
Hotel occupancy taxes	248,935	290,187	321,859	411,190	454,217	504,078	720,717	1,179,774	1,286,072	1,182,916
Transportation and drainage fees	4,008,249	4,133,458	4,343,987	6,129,574	6,179,135	6,324,068	6,302,953	6,398,465	6,553,176	6,589,263
Charges for services	3,036,971	4,046,022	5,087,265	4,528,548	3,946,937	3,846,149	5,199,125	4,394,267	4,538,814	5,031,445
Fines and court charges	1,910,833	1,957,159	1,786,083	1,910,913	1,940,832	1,890,493	1,839,386	1,765,380	1,762,379	1,709,700
Licenses and permits	722,130	614,615	587,732	572,570	492,175	592,784	565,539	668,583	625,106	1,105,135
Grants	2,921,129	2,819,267	2,847,291	3,155,205	4,026,214	2,979,350	2,851,631	2,490,518	2,769,647	2,507,033
Investment earnings	3,629,330	1,919,790	849,630	469,682	195,201	240,139	180,942	264,450	486,542	450,313
Oil and gas royalties	39,273	160,241	67,688	50,701	-	-	-	-	-	-
Other	2,638,978	2,858,270	1,798,072	2,214,159	2,475,134	1,423,481	3,500,662	4,055,739	2,117,264	2,585,856
Total revenues	53,634,268	56,107,264	55,937,702	59,332,435	59,529,158	59,023,811	64,354,714	67,433,897	68,810,566	72,334,459
Expenditures:										
Current:										
General government and administration	9,931,464	11,657,798	12,935,217	12,904,403	12,510,372	12,000,933	13,193,580	13,284,344	13,667,518	17,579,763
Development services	4,002,812	4,393,388	4,371,598	5,281,777	4,619,644	4,168,041	4,537,856	4,548,936	4,624,579	5,791,992
Public works services	6,284,553	6,422,048	9,217,923	9,872,213	7,598,470	7,577,027	6,271,155	7,701,249	10,468,227	10,051,020
Public safety	20,865,941	24,770,425	26,805,639	27,027,735	28,006,326	27,017,326	29,048,683	30,160,267	30,954,028	33,636,636
Cultural and recreational	6,784,658	6,758,416	7,033,174	6,928,973	6,016,407	6,441,801	6,898,826	7,080,030	7,205,362	7,957,438
Administrative reimbursement	(2,474,868)	(3,156,157)	(3,765,735)	(3,990,430)	(3,610,977)	(3,515,703)	(3,425,498)	(3,396,294)	(3,476,440)	(3,066,657)
Capital outlay	25,904,919	25,149,920	8,808,509	11,074,235	9,780,078	4,548,182	2,792,337	3,984,249	4,768,236	8,511,681
Arbitrage rebate	-	16,890	-	-	-	-	-	-	-	-
Debt Service:										
Bond and principal retirement	3,791,368	3,675,634	4,435,057	4,602,656	5,717,656	6,702,344	7,932,739	6,714,987	7,141,927	7,841,492
Interest and fiscal charges	3,874,186	3,991,540	4,401,185	4,392,941	4,903,129	4,445,497	4,197,126	3,352,210	3,367,234	2,834,697
Debt issuance cost	100,749	79,500	54,170	70,134	(25,000)	-	421,506	66,571	71,009	149,526
Advance refunding costs	-	-	-	95,768	-	-	-	-	-	-
Total expenditures	79,065,782	83,759,402	74,296,737	78,260,405	75,516,105	69,385,448	71,868,310	73,496,550	78,791,680	91,287,588
Excess of expenditures over revenues	(25,431,514)	(27,652,138)	(18,359,035)	(18,927,970)	(15,986,947)	(10,361,637)	(7,513,596)	(6,062,653)	(9,981,114)	(18,953,129)
Other financing sources (uses):										
Proceeds of long-term debt issued	12,000,000	11,090,000	8,730,000	13,790,000	-	-	-	7,760,021	-	9,275,000
Discount on long-term debt issued	(177,780)	-	-	-	-	-	-	-	-	-
Premium on long-term debt issued	-	-	79,084	77,859	-	-	-	12,517	-	430,700
Proceeds of refunding bonds issued	-	-	-	10,635,000	-	-	21,391,646	6,954,249	11,745,000	7,755,000
Payment to refunded bond escrow agent	-	-	-	(10,838,398)	-	-	(21,381,600)	(6,942,650)	(12,231,268)	(8,043,773)
Discount on refunding bonds	-	-	-	-	-	-	-	-	-	-
Premium on refunding bonds	-	-	-	250,488	-	-	417,193	57,981	557,141	372,165
Sales of capital assets	31,638	106,724	193,450	143,309	213,342	47,265	13,115	12,258	1,591,734	23,693
Transfers in	9,466,882	16,414,653	13,590,024	19,432,819	16,706,761	16,968,347	23,478,903	14,799,448	18,127,404	17,024,652
Transfers out	(10,180,589)	(12,763,768)	(3,748,435)	(8,953,672)	(5,359,993)	(6,333,726)	(10,724,542)	(2,660,541)	(3,337,751)	(2,779,882)
Total other financing sources	11,140,151	14,847,609	18,844,123	24,537,405	11,560,110	10,681,886	13,194,715	19,993,283	16,452,260	24,057,555
Net change in fund balances	\$ (14,291,363)	\$ (12,804,529)	\$ 485,088	\$ 5,609,435	\$ (4,426,837)	\$ 320,249	\$ 5,681,119	\$ 13,930,630	\$ 6,471,146	\$ 5,104,426
Debt service as a percentage of noncapital expenditures	14.42%	13.08%	13.49%	13.39%	16.16%	17.19%	17.56%	14.48%	14.20%	12.90%

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
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
2015	28,274,580	17,788,430	2,191,346	149,776	267,434	1,286,072	6,553,176	56,510,814
2016	29,674,521	19,025,856	2,037,593	153,522	261,943	1,182,916	6,589,263	58,925,614
Change 2007-2016	57.35%	41.02%	6.07%	147.49%	46.85%	375.19%	60.83%	65.79%

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
2015	2,939,644,870	994,920,813	620,568,334	221,012,900	4,334,121,117	0.629990	4,334,121,117
2016	3,114,809,537	1,024,444,205	671,458,469	207,760,861	4,602,951,350	0.629990	4,602,951,350

Source: Brazos County Appraisal District

City of Bryan, Texas

Property Tax Rates and Ratios Per \$100 Value

Direct and Overlapping Governments

Last Ten Fiscal Years

Table 7

Fiscal Year	Overlapping Rates											
	City of Bryan ⁽¹⁾			Brazos County ⁽²⁾			Bryan Independent School District ⁽³⁾			Subtotal Direct Rates	Subtotal Overlapping Rates	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total BISD Millage			
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
2015	0.4427	0.1873	0.629990	0.4226	0.0624	0.4850	1.0400	0.2500	1.2900	0.629990	1.7750	2.4050
2016	0.4433	0.1867	0.629990	0.4247	0.0603	0.4850	1.0400	0.3100	1.3500	0.629990	1.8350	2.4650

⁽¹⁾ City of Bryan Budget Office

⁽²⁾ Brazos County

⁽³⁾ Bryan ISD

City of Bryan, Texas
Principal Property Taxpayers
As of December 31, 2016

Table 8

Taxpayer	2016			2007		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Sanderson Farms Inc	\$ 47,525,861	1	1.10%			
Bryan Student Housing LLC	38,112,800	2	0.88%			
Jamespoint Management Co	34,048,513	3	0.79%			
Wal-Mart Real Estate	32,796,350	4	0.76%			
SW Meadows Point LP	24,956,455	5	0.58%			
KC Presidio Apartments LLC	24,043,779	6	0.55%			
Legacy Texas Apartments LLC	23,188,311	7	0.54%			
Park Hudson Place Apartments LLC	22,185,012	8	0.51%			
21 Gramercy Park LP	20,417,750	9	0.47%			
Texas A&M Univ System - Ground Lease	19,230,960	10	0.44%			
Verizon Communications, Inc.				25,309,160	1	0.79%
Campus Lodge of Bryan LTD				24,635,940	2	0.77%
Dowell Schlumberger, Inc.				24,511,930	3	0.76%
Wal-Mart Stores East, Inc				21,999,690	4	0.67%
Southwest Signature Park LP				20,575,600	5	0.64%
BJ Services Co USA				17,731,480	6	0.55%
ACC (Aggie Station) LLP				16,925,900	7	0.53%
Tejas Center, Ltd.				16,590,190	8	0.52%
Adam Development Properties LP				15,875,030	9	0.50%
Presidio Bryan Apts., L.P.				15,676,790	10	0.49%
Totals	<u>\$ 286,505,791</u>		<u>6.61%</u>	<u>\$ 199,831,710</u>		<u>6.22%</u>

Source: Brazos County Appraisal District

City of Bryan, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
As of December 31, 2016

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			
2007	\$	18,633,318	\$	18,340,249	98.43%	\$	249,341	\$	18,589,590	99.77%
2008		20,432,087		20,021,117	97.99%		360,414		20,381,531	99.75%
2009		21,759,324		21,271,466	97.76%		441,593		21,713,059	99.79%
2010		22,802,844		22,314,031	97.86%		423,573		22,737,604	99.71%
2011		22,810,074		22,410,029	98.25%		323,154		22,733,183	99.66%
2012		23,800,130		23,386,311	98.26%		326,956		23,713,267	99.64%
2013		24,418,567		24,091,210	98.66%		174,900		24,266,110	99.38%
2014		25,299,027		24,931,688	98.55%		178,610		25,110,298	99.25%
2015		26,961,308		26,578,195	98.58%		182,842		26,761,036	99.26%
2016		28,568,696		28,011,317	98.05%		-		28,011,317	98.05%

City of Bryan, Texas**Top Ten Electric Customers**

For Fiscal Year Ended September 30, 2016

Table 10

Customer	Type of Industry	Electric Usage kWh	Rank	Percentage of Top Ten Electric Users
Sanderson Farms Inc	Corporation	43,476,288	1	19.25%
Bryan ISD	Education	30,712,141	2	13.60%
St Joseph Hospital	Medical	30,710,889	3	13.60%
City of Bryan	Local Government	24,634,463	4	10.91%
B Way Corporation	Corporation	22,504,315	5	9.96%
Texas A&M University	Education	21,935,299	6	9.71%
Axis Pipe And Tube	Manufacturing	15,238,682	7	6.75%
Wimberly Bldg Redevelopment	Corporation	13,770,911	8	6.10%
City Of College Station	Local Government	12,869,131	9	5.70%
Wal-Mart Stores Inc	Corporation	10,017,841	10	4.44%
Total		<u>225,869,960</u>		<u>100.00%</u>

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

Table 11

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Electric										
Type of Customer										
Residential	327,396,000	352,307,000	347,764,000	368,227,000	385,921,000	365,255,000	356,559,000	370,812,000	384,732,000	375,152,000
Commercial and Industrial	418,474,000	449,843,000	443,745,000	459,371,000	482,341,000	486,908,000	506,994,000	522,896,000	573,631,000	576,849,000
Public Authorities ⁽¹⁾	27,442,000	31,234,000	36,080,000	35,679,000	36,412,000	35,429,000	4,462,000	-	-	-
Rural	292,087,000	322,095,000	332,879,000	355,849,000	376,858,000	379,278,000	375,671,000	419,250,000	435,206,000	439,341,000
Other Utilities	597,722,000	412,769,000	424,131,000	271,289,000	442,068,000	546,265,000	608,077,000	779,781,000	641,284,000	702,458,000
Interdepartmental ⁽²⁾	23,718,000	27,557,000	31,246,000	31,591,000	34,833,000	32,634,000	34,753,000	32,218,000	6,205,000	-
	<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>	<u>2,041,058,000</u>	<u>2,093,800,000</u>
Rural Electric										
Type of Customer										
Residential	196,074,000	208,258,000	211,585,000	242,057,000	249,574,000	236,568,000	244,371,000	272,149,000	280,441,000	265,036,000
Commercial and Industrial	79,691,000	91,880,000	95,303,000	95,123,000	108,507,000	103,231,000	108,457,000	113,691,000	124,966,000	129,677,000
	<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>	<u>405,407,000</u>	<u>394,713,000</u>

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

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

	2007			2008			2009			2010			2011		
	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	\$ -	\$ 0.0752	\$ 8.15	\$ -	\$ 0.0902	\$ 8.15	\$ -	\$ 0.0782	\$ 8.15	\$ -	\$ 0.0782	\$ 8.15	\$ -	\$ 0.0782
Residential Summer (May-Oct)	8.15	-	0.0852	8.15	-	0.1002	8.15	-	0.0882	8.15	-	0.0882	8.15	-	0.0882
Small Commercial	9.83	-	0.0792	9.83	-	0.0942	9.83	-	0.0822	9.83	-	0.0822	9.83	-	0.0822
General Service Commercial	20.00	6.35	0.0590	20.00	6.35	0.0730	20.00	6.35	0.0620	20.00	6.35	0.0620	20.00	6.35	0.0620
Large Industrial	-	11.70	0.0453	-	11.70	0.0603	-	11.70	0.0483	-	11.70	0.0483	-	11.70	0.0483
Bryan Public Schools	30.00	-	0.0855	30.00	-	0.1005	30.00	-	0.0885	30.00	-	0.0885	30.00	-	0.0885
Interdepartmental	30.00	-	0.0871	30.00	-	0.1021	30.00	-	0.0901	30.00	-	0.0901	30.00	-	0.0901
Rural Electric Division	-	6.30	0.0530	-	6.30	0.0690	-	6.30	0.0560	-	6.30	0.0560	-	6.30	0.0560
Rural Electric System															
Residential Winter (Nov-Apr)	8.15	-	0.0761	8.15	-	0.0891	8.15	-	0.0766	8.15	-	0.0766	8.15	-	0.0766
Residential Summer (May-Oct)	8.15	-	0.0861	8.15	-	0.1091	8.15	-	0.0866	8.15	-	0.0866	8.15	-	0.0866
Small Commercial	9.83	-	0.0822	9.83	-	0.0952	9.83	-	0.0827	9.83	-	0.0827	9.83	-	0.0827
General Service Commercial	20.00	7.21	0.0610	20.00	7.21	0.0740	20.00	7.21	0.0615	20.00	7.21	0.0615	20.00	7.21	0.0615
Public/Private Schools	30.00	-	0.0920	30.00	-	0.1050	30.00	-	0.0925	30.00	-	0.0925	30.00	-	0.0925
	2012			2013			2014			2015			2016		
	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)	\$ 8.88	\$ -	\$ 0.0786	\$ 10.28	\$ -	\$ 0.0800	\$ 10.28	\$ -	\$ 0.0861	\$ 11.00	\$ -	\$ 0.0790	\$ 11.00	\$ -	\$ 0.0837
Residential Summer (May-Oct)	8.88	-	0.0895	10.28	-	0.0926	10.28	-	0.0987	11.00	-	0.0917	11.00	-	0.0964
Small Commercial	11.16	-	0.0848	13.82	-	0.0909	13.82	-	0.0955	15.50	-	0.0930	15.50	-	0.0952
General Service Commercial	22.12	7.03	0.0612	26.34	8.37	0.0606	26.34	9.90	0.0606	29.75	9.36	0.0215	33.25	11.47	0.0476
Large Industrial	200.00	11.88	0.0454	400.00	12.30	0.0407	400.00	13.79	0.0407	400.00	15.96	0.0376	400.00	16.65	0.0401
Transmission Service										1,725.00	16.11	0.0298	1,725.00	16.80	0.0323
Bryan Public Schools ⁽¹⁾	33.18	-	0.0905	39.52	-	0.0955									
Interdepartmental ⁽²⁾	30.00	-	0.0871	30.00	-	0.0821									
Rural Electric Division	-	6.59	0.0710	-	7.16	0.5010	-	8.44	0.0501	8,100.00	9.16	0.0530	17,200.00	14.22	0.0395
Rural Electric System															
Residential Winter (Nov-Apr)	8.85	-	0.0766	9.61	-	0.0749	9.61	-	0.0788	11.00	-	0.0813	11.50	-	0.0906
Residential Summer (May-Oct)	8.85	-	0.0903	9.61	-	0.0872	9.61	-	0.0911	11.00	-	0.0944	11.50	-	0.1048
Small Commercial	11.37	-	0.0862	13.16	-	0.0887	13.16	-	0.0909	14.00	-	0.0905	15.00	-	0.0959
General Service Commercial	19.62	7.21	0.0581	19.25	6.93	0.0527	19.25	7.61	0.0527	21.00	8.43	0.0531	21.00	10.42	0.0520
Public/Private Schools ⁽¹⁾	31.47	-	0.0920	33.01	-	0.0896									

⁽¹⁾ Public schools rates were eliminated in 2013 and were subsequently billed under Commercial and Industrial

⁽²⁾ Interdepartmental rates were eliminated in 2014 and were subsequently billed based on respective load profiles

City of Bryan, Texas**Top Ten Water Customers**

For Fiscal Year Ended September 30, 2016

Table 13

Customer	Type of Industry	Water Usage Gallons	Rank	Percentage of Total Water Usage
Wellborn Special Utility District	Utility District	163,604,000	1	4.31%
BISD	Public School	91,995,900	2	2.42%
St. Joseph Hospital	Health Care Facility	78,348,200	3	2.06%
City of Bryan	Local Government	64,748,800	4	1.71%
Brazos County	County Government	43,100,500	5	1.14%
TDCJ - Hamilton Unit	Correctional Facility	32,372,700	6	0.85%
Federal Prison Camp	Correctional Facility	30,971,000	7	0.82%
Wickson Special Utility District	Utility District	30,735,000	8	0.81%
Toyo Ink	Manufacturing	28,963,500	9	0.76%
Oakwood/Country Village	MHP	24,882,600	10	0.66%
Total		<u>589,722,200</u>		<u>15.54%</u>
Total gallons of water sold		3,794,859,500		

City of Bryan, Texas

Top Ten Sewer Customers

For Fiscal Year Ended September 30, 2016

Table 14

Customer	Type of Industry	Sewer Usage Gallons	Rank	Percentage of Total Gallons of Sewer Treated
St. Joseph Hospital	Health Care Facility	68,207,500	1	2.57%
BISD	Public School	39,686,500	2	1.49%
Brazos County	County Government	33,294,500	3	1.25%
TDCJ - Hamilton Unit	Correctional Facility	32,372,700	4	1.22%
Federal Prison Camp	Correctional Facility	30,744,700	5	1.16%
Toyo Ink	Manufacturing	28,606,700	6	1.08%
Housing Authority of Bryan	Housing	25,307,500	7	0.95%
Oakwood/Country Village	MHP	24,882,600	8	0.94%
New Alenco Window LTD	Manufacturing	19,177,500	9	0.72%
City of Bryan	Local Government	15,170,000	10	0.57%
Total		<u>317,450,200</u>		<u>11.94%</u>
Total gallons of wastewater treated		2,658,270,000		

City of Bryan, Texas**Water and Sewer Rates**

As of September 30, 2016

Table 15

Monthly Water Rates		
Customer Class	Monthly Customer Charge	Volume Charge per 1000 gallons
Residential	\$ 8.31	\$ 2.76
Residential 30,001 - 50,000 gals	8.31	3.00
Residential > 50,000 gals	8.31	3.50
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	5.54

Monthly Sewer Rates		
Customer Class	Monthly Customer Charge	Volume Charge per 1000 gallons
Non Commercial	\$ 7.88	\$ 4.03
Commercial/Industrial	7.88	3.80

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

Table 16

Fiscal Year	Governmental Activities				Business-Type Activities					Total Primary Government	Per(a) Capita
	General	Certificates	Notes	Govt Only	Utility	General	Certificates	Notes			
	Obligation Bonds	of Obligation		Per ^(a) Capita	Revenue Bonds	Obligation Bonds	of Obligation				
2007	\$ 20,084,754	\$ 65,963,750	\$ 2,945,000	\$ 1,258	\$ 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	1,339	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	1,392	166,995,001	-	37,188	1,898,778	269,633,780	2,877	
2010	29,005,000	79,175,156	2,140,000	1,448	248,310,000	-	34,844	1,893,792	360,558,792	3,391	
2011	27,680,000	74,982,500	1,940,000	1,367	245,570,000	-	10,817,500	1,893,792	362,883,792	3,450	
2012	25,525,000	70,655,156	1,720,000	1,266	279,300,000	-	9,744,844	1,893,792	388,838,792	3,134	
2013	44,696,646	45,970,000	-	1,161	258,805,000	6,293,354	14,240,000	-	370,005,000	2,926	
2014	43,290,021	48,590,908	-	1,167	242,020,000	8,359,092	47,779,979	-	390,040,000	2,871	
2015	43,553,982	40,780,021	-	1,042	218,485,001	15,421,019	45,775,000	-	364,015,023	2,580	
2016	47,454,065	39,702,812	-	1,061	294,814,702	14,200,379	44,773,867	-	440,945,825	2,848	

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.

City of Bryan, Texas

Legal Debt Margin Information

As of September 30, 2016

Table 17

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

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

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

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

The tax rate at September 30, 2016 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	General Obligation Debt ^(a)	Less Interest and Sinking Funds ^(b)	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita ^(c)
2007	\$ 86,125,001	\$ 2,541,465	\$ 83,583,536	2.85%	\$ 1,181
2008	93,815,000	2,693,515	91,121,485	2.84%	1,265
2009	98,420,001	2,811,808	95,608,193	2.78%	1,321
2010	108,215,000	10,571,374	97,643,626	2.70%	1,281
2011	113,480,000	18,287,134	95,192,866	2.63%	1,244
2012	105,925,000	13,049,011	92,875,989	2.45%	1,201
2013	111,200,000	15,116,569	96,083,431	2.47%	1,231
2014	148,020,000	14,669,333	133,350,667	3.29%	1,694
2015	145,530,022	14,887,435	130,642,587	3.01%	1,615
2016	146,131,123	14,898,831	131,232,292	2.85%	1,598

^(a) Includes Certificates of Obligation and General Obligation bond issues for Governmental Activities and Business-type Activities. FY 2016 debt is presented net of any premiums and discounts.

^(b) Includes the Debt Service Fund balance and Enterprise Fund cash restricted for debt service.

^(c) See Table 24 for population data.

City of Bryan, Texas

Direct and Overlapping Governmental Activities Debt
 For Fiscal Year Ended September 30, 2016

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	\$ 199,625,000	70.09%	\$ 139,922,127
Brazos County	85,542,490	31.24%	26,723,340
Subtotal, overlapping debt			166,645,467
 City of Bryan net bonded debt	 131,232,292 ⁽¹⁾	 100.00%	 131,232,292
			<u><u>\$ 297,877,759</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Bryan. This process recognizes, that when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

⁽¹⁾ See Table 18 for City of Bryan Net Bonded Debt information.

City of Bryan, Texas

Pledged Revenue Coverage⁽¹⁾

Last Ten Fiscal Years

Table 20

City Electric Fund						
Fiscal Year	Gross Operating Revenue	Less: Operating Expenses	Interest Earnings	Net Revenue ⁽²⁾ Available for Debt Service	Average Annual Debt Service Requirement	Coverage ⁽³⁾
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
2015	186,223,521	142,664,264	770,945	44,330,202	10,600,006	4.18
2016	187,624,655	144,700,287	652,368	43,576,736	12,713,952	3.43

⁽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 non-cash pension expenses, plus certain interest income.

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

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

Table 21

Rural Electric Fund						
Fiscal Year	Gross Operating and Other Revenue	Less: Operating Expenses	Interest Earnings	Net Revenue ⁽¹⁾ as Defined in Bond Ordinance	Average Annual Debt Service Requirement	Coverage ⁽²⁾
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	417,824	7.41
2009	30,996,152	27,889,698	56,851	3,163,305	402,349	7.86
2010	30,133,488	26,083,010	43,002	4,093,480	567,339	7.22
2011	31,851,185	27,624,793	53,347	4,279,739	424,578	10.08
2012	31,495,841	26,348,351	82,333	5,229,823	565,365	9.25
2013	32,257,374	27,231,209	47,422	5,073,587	555,382	9.14
2014	35,728,300	30,502,755	73,213	5,298,758	544,220	9.74
2015	39,287,075	33,264,827	75,800	6,098,048	1,204,659	5.06
2016	41,931,026	36,548,815	41,114	5,423,325	1,015,578	5.34

⁽¹⁾ Net Revenue as defined in the bond Ordinance includes operating income before depreciation and non-cash pension expenses, 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

Water and Wastewater Funds						
Fiscal Year	Gross Operating and Other Revenue	Less: Operating Expenses	Interest Earnings	Net Revenue as Defined in Bond Ordinance ⁽¹⁾	Average Annual Debt Service Requirement	Coverage ⁽²⁾
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	91,845	13,519,111	4,105,963	3.29
2014	24,175,389	12,278,086	103,389	12,000,692	3,808,332	3.15
2015	25,273,166	12,812,872	145,864	12,606,158	3,721,780	3.39
2016	25,663,471	13,549,228	124,733	12,238,976	3,629,985	3.37

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

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

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

Table 23

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Category:										
Communications and information	\$ 699,322	\$ 804,022	\$ 975,054	\$ 1,073,901	\$ 999,938	\$ 1,122,368	\$ 1,146,495	\$ 1,301,546	\$ 1,248,058	\$ 1,524,893
Home furnishings and appliances	458,752	392,899	411,290	414,247	405,991	414,871	383,795	284,910	296,203	328,616
Eating and drinking establishments	1,074,893	1,202,131	1,273,763	1,348,927	1,397,466	1,473,779	1,453,187	1,782,607	1,963,511	2,023,825
Department and retail stores	1,172,948	394,574	1,411,043	646,320	683,216	762,097	757,696	2,318,066	1,252,378	1,875,662
Oil and gas operations	483,382	739,345	465,054	457,378	244,732	96,821	130,639	243,942	228,011	114,837
Construction and building	1,030,817	1,013,741	380,446	641,427	496,984	183,079	202,861	(338,386)	114,626	343,702
Auto dealers and supplies	526,366	541,842	518,952	506,107	526,788	604,063	657,617	804,230	734,761	652,612
Printing/Publishers	62,523	55,930	60,045	62,385	74,499	78,050	81,592	96,547	94,316	216,618
Contractors	79,646	117,969	102,428	233,051	166,857	96,107	170,312	258,052	239,346	363,622
Manufacturing	780,537	627,914	479,757	659,853	404,338	477,069	389,218	913,475	554,296	805,400
Wholesalers	830,156	1,029,940	913,467	808,256	1,035,272	1,040,901	942,114	1,349,014	1,260,378	1,674,185
Food Stores	501,861	530,319	578,078	574,453	576,909	656,980	590,592	633,784	659,635	734,517
Other stores	1,861,118	2,825,398	3,095,127	3,300,348	3,000,558	3,108,023	3,156,217	3,624,535	3,828,445	3,842,518
Apparel	74,201	110,101	137,787	157,434	173,774	189,569	197,411	228,548	236,879	232,003
All other outlets	4,034	5,767	8,561	7,147	6,522	9,220	9,949	17,579	3,315	9,787
Financial services	41,613	42,252	42,012	87,646	115,873	129,935	120,050	158,925	92,429	163,384
Rentals and leasing	648,912	687,486	501,611	379,943	519,721	528,027	449,878	600,118	587,148	594,701
Professional services	521,846	446,664	475,821	492,995	542,964	563,031	527,801	565,631	528,114	751,653
Hotels/Motels	1,904	3,733	23,338	5,351	(261)	10,001	21,824	33,193	12,539	10,890
Other products and equipment	60,721	79,815	5,962	17,491	48,381	43,322	71,858	73,971	58,129	13,823
Other	1,848,034	2,111,392	1,107,023	1,950,649	1,935,112	1,945,432	2,498,185	1,669,556	3,387,022	1,595,668
Total	\$ 13,024,627	\$ 14,079,741	\$ 13,216,292	\$ 13,216,288	\$ 13,709,871	\$ 13,962,066	\$ 14,232,808	\$ 17,198,428	\$ 17,823,356	\$ 18,353,806

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 ⁽⁴⁾
2007	70,744	14,700	\$ 5,568,000,000	27,436	4.10%
2008	72,015	14,700	5,836,000,000	28,176	4.20%
2009	72,357	15,000	5,905,000,000	27,818	6.50%
2010	76,201	15,800	6,634,028,000	28,839	6.20%
2011	76,541	15,800	7,010,284,000	29,753	5.50%
2012	77,321	15,609	7,505,075,000	30,664	5.70%
2013	78,061	15,621	7,777,737,000	31,788	4.90%
2014	78,709	15,982	8,269,533,000	32,241	4.10%
2015	80,913	16,000	8,919,122,000	35,797	3.50%
2016	82,118	16,138	Not Available	Not Available	3.70%

⁽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.

⁽⁴⁾ Bureau of Labor Statistics http://www.bls.gov/eag/eag.tx_collegestation_msa.htm. Includes College Station and Bryan

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

Table 25

2016	2007
Blinn College	Brazos County
Bryan Independent School District	Bryan Independent School District
College Station Independent School District	City of Bryan
HEB Grocery	City of College Station
Reynolds & Reynolds	College Station Independent School District
Sanderson Farms	Reynolds & Reynolds
St. Joseph Regional Hospital	Sanderson Farms
Texas A&M Health Science Center	St. Joseph Regional Hospital
Texas A&M University System	Texas A&M University System
Wal-Mart	Wal-Mart

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

Source: The Research Valley Partnership <http://researchvalley.org/data-center/business-industry/>

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

City of Bryan, Texas

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

Table 26

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government and Administration										
Executive Services	6	7	6	6	5	5	6	6	6	5
Communications & Marketing	3	3	5	5	5	3	4	4	4	4
Neighborhood and Youth Services	1	1	1	1	1	1	-	-	1	1
Special Projects	1	1	3	0.25	0.25	0.25	-	-	1	-
Economic Development	-	-	-	-	-	-	-	2	2	4
Internal Audit	1	1	1	1	1	1	1	1	1	1
City Secretary	7	7	7	7	7	6	6	6	6	6
Legal Services	5	6	6	6	6	5	4	5	4	5
Support Services										
Fiscal Services	12	12	13	12	12	12	12	10	11	11
Purchasing Services	5	5	5	2	2	2	2	2	3	3
Information Technology	14	15	15	15	15	15	16	17	19	19
Human Resources	5	5	5.5	5	5	6	5	5	5	5
Facility Services	24	24	23	23	23	16	16	16	17	17
Fleet Services	11	11	11	11	12	9	9	5	8	9
Warehouse	4	4	4	4	4	4	4	4	4	3
Risk Management	6	6	5	6	6	6	6	6	6	6
Development Services										
Planning and Development	9	8	8	8	8	8	10	8	8	7
Building Services	13	16	16	16	17	14	9	11	11	11
Code Enforcement	-	-	-	-	-	-	-	-	3	4
Community Development	8	8	6.5	5.75	5.75	5.75	6	6	6	6
Public Works Services										
Administration	1	1	3	5	-	-	-	-	-	-
Engineering Services	17	18	17	16	19	13	12	12	13	14
Transportation & Drainage	30	31	31	29	29	18	16	15	16	17
Traffic Services	-	-	9	9	10	10	9	8	9	9
Public Safety										
Police Officers	119	123	124	124	124	138	136	140	139	146
Civilians	38	37	47	47	47	39	35	31	30	33
Firefighters/Emergency Medical Technicians	101	108	108	108	108	107	108	118	112	128
Civilians	2	4	5	5	5	4	6	4	4	4
Emergency Management Coordinator	-	1	1	1	1	1	1	1	1	1
Bryan Animal Center	-	-	-	-	-	-	8	10	10	10
Municipal Court	14	14	16	16	16	15	16	15	17	17
Cultural and Recreation/Community Services										
Library Services	19	19	20	19	19	24	21	21	21	21
College Station Library	16	16	15	16	16	19	18	17	16	16
Parks and Recreation	14	13	14	19	18	28	22	21	23	22
Water	36	35	35.8	35.55	36.55	34.50	32	33	37	37
Wastewater	44	43	44.2	44.45	44.45	31.50	40	31	29	36
Solid Waste	55	51	46	46	47	44	37	41	43	38
Call Center	-	-	5	5	5	5	5	5	5	5
Airport	-	-	-	-	2	1	1	1	2	2
Electric Department-City and Rural	195	203	181	187	189	165	171	177	185	186
Total	836	857	862.5	866	871	816	810	815	838	869

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

Table 27

Function:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical arrest	4,178	5,205	5,030	5,744	5,063	4,826	5,525	5,497	5,644	5,560
Traffic citations	13,097	15,512	15,325	12,752	12,400	11,663	11,118	9,812	9,170	8,509
Fire										
Number of Fire and EMS calls	8,402	8,370	9,002	8,873	9,125	9,420	9,261	10,272	11,062	11,193
Transportation										
Potholes repaired	6,500	3,200	n/a	3,133	3,225	225	208	321	380	353
HMAC (Hot Mix Asphaltic Concrete) placed (tons)	n/a	n/a	2,853	2,476	1,258	1,978	1,455	1,434	1,100	1,065
In-house concrete poured (cubic yards)	n/a	n/a	1,080	162	584	485	723	434	250	462
Culture and recreation										
New library patron registration	8,611	8,323	9,014	9,573	8,419	7,259	7,384	7,018	6,281	5,748
Library circulation of materials	804,617	840,601	785,243	857,090	849,241	784,421	797,577	726,617	837,658	866,635
Number of cooperative programs with Bryan ISD and College Station Parks and Recreation department	12	12	12	12	10	13	16	18	19	20
Pavilion rentals	849	956	876	888	743	913	993	1,215	1,441	1,801
Athletic field usage (hours)										
Travis Park (1 field)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bryan Regional Athletic Complex (4 softball fields)	1,620	1,710	1,740	1,825	1,910	1,920	2,432	2,510	2,390	2,180
Bryan Regional Athletic Complex (9 soccer fields)	1,040	1,050	1,105	1,284	1,192	1,105	1,070	1,094	1,020	1,135
Neighborhood/Youth Services										
Neighborhood Associations registered	32	37	38	40	41	41	41	41	41	42
Municipal Court										
Number of cases filed	17,199	16,190	15,490	14,728	18,147	17,832	16,821	13,304	11,878	11,383
Community Development										
Number of citizens provided homebuyers assistance	37	21	28	26	17	17	18	6	9	9
Number of households provided rehabilitation	-	4	3	3	5	1	3	3	2	2
Number of households provided minor rehabilitation	30	41	33	29	41	41	43	54	69	60
Housing Development (new construction)	0	0	0	0	0	0	0	0	0	1
Water										
Number of new connections	286	319	245	183	180	151	173	167	188	115
Maximum daily capacity (gallons)	36,000,000	36,000,000	36,000,000	37,700,000	37,700,000	37,708,000	37,708,000	37,708,000	37,700,000	37,700,000
Daily average usage (gallons)	8,123,886	9,794,146	10,422,973	9,403,642	11,981,855	10,572,675	10,414,774	9,605,065	9,896,634	10,368,469
Total usage (gallons)	2,965,218,600	3,584,657,700	3,804,385,300	3,432,329,400	4,373,377,200	3,869,598,900	3,801,392,400	3,505,848,800	3,612,271,400	3,794,859,500
Wastewater										
Combined capacity (gallons per day)	12,750,000	12,750,000	12,750,000	12,750,000	12,750,000	12,750,000	14,000,000	14,000,000	14,000,000	14,000,000
Daily average usage (gallons)	7,798,565	6,969,882	6,392,433	7,127,600	6,525,488	6,995,218	6,499,737	6,997,132	7,352,896	7,282,932
Total usage (gallons)	2,846,476,400	2,542,547,000	2,333,238,000	2,601,574,000	2,381,803,000	2,560,249,000	2,372,404,000	2,553,953,000	2,691,160,000	2,658,270,000
Solid Waste										
Refuse collected (tons)	45,275	54,881	52,443	56,800	56,120	55,819	55,520	55,345	57,664	60,760

Sources: Various City Departments

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

Table 28

Function:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sworn personnel	121	124	124	137	136	137	136	140	143	146
Fire and emergency medical services:										
Number of stations	4	4	5	5	5	5	5	5	5	5
Number of personnel	102	110	110	110	110	110	110	117	123	128
Highways and streets:										
Lane miles of paved streets	660	660	738	738	738	738	752	752	752	755.28
Culture and recreation:										
Number of parks	45	35	42	42	42	42	52	53	52	52
Park acreage	587	587	611	611	611	611	678	683	690	690
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Golf course acreage	128	104	104	104	104	104	104	104	127	127
Hike and bike trails - number of miles	18	22	23	23	23	23	23	23	35	37
Number of cemeteries	3	3	3	3	3	3	3	3	3	3
Cemetery acreage	97	70	70	70	70	70	70	70	92	92
Number of libraries	3	3	3	3	3	3	3	3	3	3
Library volumes	255,366	242,171	245,810	128,798	147,090	237,557	233,237	223,266	211,240	238,969
Water system:										
Miles of line	410	442	453	453	459	472	469	474	482	490
Number of connections	21,388	21,782	21,587	21,770	21,804	21,913	22,147	22,418	22,870	22,985
Number of wells	10	12	12	12	12	12	12	12	12	12
Wastewater system:										
Miles of line	378	378	380	380	382	387	393	396	389	393
Number of connections	20,461	20,839	21,113	21,378	21,460	21,539	21,761	22,021	22,350	22,538
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Electric system:										
Generating capacity (kW)	287,000	234,644	296,000	336,000	337,000	337,000	337,000	226,000	221,000	226,000
Reserve oil capacity (gallons)	4,670,000	4,670,000	4,670,000	4,170,000	3,120,000	3,120,000	3,120,000	0	0	0
Number of substations	9	9	9	10	11	11	11	11	11	11
Number of connections	31,201	31,656	32,152	32,421	32,583	33,150	33,920	34,609	35,174	35,716
Rural Electric system:										
Number of utility connections	13,923	14,513	15,116	15,593	16,033	16,881	17,556	18,328	19,068	20,155
Number of substations	11	12	12	12	13	13	15	15	16	17

Sources: Various City Departments

**CONTINUING FINANCIAL DISCLOSURE TABLES
(UNAUDITED)**

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

TYPE OF DEBT

TABLE SERIES

General Obligation Bonds
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, 2016

Table GO-1

2015/2016 Market Valuation Established by Brazos County Appraisal District (Excluding totally exempt property)		\$ 4,810,712,211
Less Exemptions/Reductions at 100% Market Value		
Over 65 or Disabled Exemptions	\$ 57,267,700	
Homestead Cap Adjustment	12,266,550	
Disabled Veterans Exemptions	18,415,587	
Agricultural Land Use Reductions	67,044,183	
House Bill 366	339,831	
Pollution Control	4,601,791	
Prorated Exempt Property	126,857	
Freeport Exemptions	46,209,963	
Member of Armed Services Surviving Spouse	595,827	
Tax Abatement Reductions	<u>892,572</u>	<u>207,760,861</u>
2015/2016 Net Taxable Valuation		4,602,951,350
General Obligation & Certificates of Obligation Debt Payable from Ad Valorem Taxes (as of 9/30/16)		144,270,021
Less : Self Supporting Debt		<u>76,965,065</u>
Net General Obligation Debt Payable from Ad Valorem Taxes		67,304,956
General Obligation Interest and Sinking Fund as of 9/30/2016		5,840,959
Ratio Net General Obligation Tax Debt to Taxable Assessed Valuation		1.46%

2015 Estimated Population - 82,118

Per Capita Taxable Assessed Valuation - \$56,059

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$779

City of Bryan, Texas

Taxable Assessed Valuations by Category

As of September 30, 2016

Table GO-2

Category	2016		2015		2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,344,844,398	48.74%	\$ 2,220,311,560	48.74%	\$ 2,112,073,229	49.108%	\$ 2,035,277,991	49.09%	\$ 2,008,513,999	50.23%
Real, Residential, Multi-Family	554,862,988	11.53%	507,521,525	11.14%	445,683,327	10.363%	421,407,065	10.17%	405,749,972	10.15%
Real, Vacant Lots/Tracts	97,609,815	2.03%	94,255,510	2.07%	94,517,351	2.198%	85,878,322	2.07%	81,232,842	2.03%
Real, Acreage (Land Only)	117,228,502	2.44%	117,328,147	2.58%	125,050,665	2.908%	113,860,982	2.75%	105,851,362	2.65%
Real, Farm and Ranch Improvements	263,834	0.01%	228,128	0.01%	173,578	0.004%	7,372,974	0.18%	7,165,254	0.18%
Real, Commercial and Industrial	939,142,306	19.52%	908,888,266	19.95%	870,572,606	20.242%	841,981,424	20.31%	800,398,222	20.02%
Real, Oil, Gas and Other Mineral Reserves	38,767,043	0.81%	42,414,920	0.93%	11,065,359	0.257%	9,930,584	0.24%	11,742,793	0.29%
Real and Tangible Personal, Utilities	46,534,856	0.97%	43,617,627	0.96%	42,483,220	0.988%	43,116,790	1.04%	48,568,740	1.21%
Tangible Personal, Business	605,550,910	12.59%	561,182,080	12.32%	543,115,138	12.628%	531,395,980	12.82%	475,954,991	11.90%
Tangible Personal, Other	19,218,340	0.40%	16,299,690	0.36%	15,298,224	0.356%	15,359,270	0.37%	15,509,640	0.39%
Real, Inventory and Special Inventory	46,689,219	0.97%	43,086,564	0.95%	40,862,999	0.950%	40,028,782	0.97%	37,674,810	0.94%
Total Appraised Value before Exemptions	4,810,712,211	100.00%	4,555,134,017	100.00%	4,300,895,696	100.00%	4,145,610,164	100.00%	3,998,362,625	100.00%
Less: Total Exemptions/Reductions	207,760,861		221,012,900		245,030,266		250,267,982		214,929,766	
Taxable Assessed Value	<u>\$ 4,602,951,350</u>		<u>\$ 4,334,121,117</u>		<u>\$ 4,055,865,430</u>		<u>\$ 3,895,342,182</u>		<u>\$ 3,783,432,859</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, 2016

Table GO-3

<u>Fiscal Year</u> <u>Ended 9-30</u>	<u>Estimated</u> <u>Population</u>	<u>Taxable Assessed</u> <u>Valuation ⁽¹⁾</u>	<u>Taxable Assessed</u> <u>Valuation Per</u> <u>Capita</u>	<u>G.O. Tax Debt</u> <u>Outstanding at</u> <u>End of Year ⁽²⁾</u>	<u>Ratio of G.O. Tax</u> <u>Debt to Taxable</u> <u>Assessed Valuation</u>	<u>G.O. Tax</u> <u>Debt Per</u> <u>Capita</u>
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
2015	80,913	4,334,121,117	53,565	145,530,000	3.36%	1,799
2016	82,118	4,602,951,350	56,053	144,270,021	3.13%	1,757

⁽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, 2016

GO-4

<u>Fiscal Year Ended 9/30</u>	<u>Tax Rate</u>	<u>General Fund</u>	<u>Interest and Sinking Fund</u>	<u>Tax Levy</u>	<u>% Current Collections</u>	<u>% Total Collections</u>
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%
2015	0.629990	0.442658	0.187332	26,961,308	98.58%	100.14%
2016	0.629990	0.443253	0.186737	28,568,696	98.03%	98.54%

City of Bryan, Texas

Ten Largest Taxpayers

As of December 31, 2016

Table GO-5

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2015/2016 Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Sanderson Farms Inc	Food Processing	\$ 47,525,861	1.10%
Bryan Student Housing LLC	Student Housing	38,112,800	0.88%
Jamespoint Management Co	Apartments	34,048,513	0.79%
Wal-Mart Real Estate	Retail Stores	32,796,350	0.76%
SW Meadows Point LP	Apartments	24,956,455	0.58%
KC Presidio Apartments LLC	Apartments	24,043,779	0.55%
Legacy Texas Apartments LLC	Apartments	23,188,311	0.54%
Park Hudson Place Apartments LLC	Apartments	22,185,012	0.51%
21 Gramercy Park LP	Apartments	20,417,750	0.47%
Texas A&M Univ System - Ground Lease	Multi-Use Development	19,230,960	0.44%
		<u>\$ 286,505,791</u>	<u>6.61%</u>

City of Bryan, Texas

Debt Information - General Obligation - Debt Service Requirements*

As of September 30, 2016

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
2017	\$ 11,405,000	\$ 4,593,979	\$ 15,998,979	\$ 5,674,971	\$ 2,499,553	\$ 8,174,523	\$ 5,730,029	\$ 2,094,427	\$ 7,824,456
2018	11,570,000	4,340,582	15,910,582	5,501,236	2,347,064	7,848,300	6,068,764	1,993,517	8,062,282
2019	11,310,000	4,029,557	15,339,557	5,363,255	2,203,833	7,567,088	5,946,745	1,825,724	7,772,469
2020	11,505,000	3,732,275	15,237,275	5,386,620	2,070,765	7,457,385	6,118,380	1,661,510	7,779,890
2021	11,455,000	3,370,425	14,825,425	5,275,632	1,900,494	7,176,126	6,179,368	1,469,931	7,649,299
2022	10,400,000	3,025,038	13,425,038	5,362,427	1,745,761	7,108,189	5,037,573	1,279,276	6,316,849
2023	9,810,000	2,667,863	12,477,863	4,602,979	1,555,113	6,158,092	5,207,021	1,112,750	6,319,771
2024	10,115,000	2,358,313	12,473,313	4,749,691	1,411,499	6,161,190	5,365,309	946,814	6,312,123
2025	9,285,000	1,983,054	11,268,054	4,641,887	1,223,334	5,865,221	4,643,113	759,720	5,402,833
2026	6,725,000	1,685,460	8,410,460	2,980,458	1,088,093	4,068,551	3,744,542	597,368	4,341,910
2027	4,960,000	1,439,952	6,399,952	2,496,941	986,923	3,483,864	2,463,059	453,028	2,916,087
2028	5,135,000	1,262,735	6,397,735	2,575,659	900,986	3,476,645	2,559,341	361,749	2,921,090
2029	4,505,000	1,075,192	5,580,192	2,646,700	810,269	3,456,969	1,858,300	264,923	2,123,223
2030	3,660,000	914,929	4,574,929	2,138,509	715,029	2,853,538	1,521,491	199,900	1,721,391
2031	3,195,000	792,206	3,987,206	2,088,100	641,972	2,730,072	1,106,900	150,234	1,257,134
2032	2,895,000	684,119	3,579,119	2,020,000	569,209	2,589,209	875,000	114,910	989,910
2033	3,010,000	582,844	3,592,844	2,105,000	496,209	2,601,209	905,000	86,635	991,635
2034	2,700,021	477,306	3,177,327	1,765,000	419,921	2,184,921	935,021	57,385	992,406
2035	2,340,000	385,664	2,725,664	1,830,000	357,064	2,187,064	510,000	28,600	538,600
2036	2,420,000	305,955	2,725,955	1,890,000	291,376	2,181,376	530,000	14,579	544,579
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	2,030,000	77,140	2,107,140	2,030,000	77,140	2,107,140	-	-	-
	<u>\$ 144,270,021</u>	<u>\$ 40,158,134</u>	<u>\$ 184,428,155</u>	<u>\$ 76,965,065</u>	<u>\$ 24,685,154</u>	<u>\$ 101,650,219</u>	<u>\$ 67,304,956</u>	<u>\$ 15,472,980</u>	<u>\$ 82,777,936</u>

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

City of Bryan, Texas

Interest and Sinking Fund Budget Projection

As of September 30, 2016

Table GO-7

Estimated Debt Service Requirements, Fiscal Year Ending 9-30-17		\$ 10,321,801 ⁽¹⁾
Interest and Sinking Fund, 09-30-16	5,840,959	
2017 Interest and Sinking Fund Tax Levy Collection	8,140,603	
Budget Transfers	1,882,998	
Estimated Investment and Other Income	<u>35,000</u>	<u>15,899,560</u>
Estimated Balance, 9-30-17		\$ 5,577,759

⁽¹⁾ Fiscal Year 2016 Budget Projection

City of Bryan, TexasComputation of Self-Supporting Debt ⁽¹⁾

As of September 30, 2016

GO-8

Net System Revenue, FYE 9-30-16	\$ 64,224,311
Less: System Revenue Bond Requirements, FYE 09-30-16	<u>26,858,679</u>
Balance Available for Other Purposes	<u>\$ 37,365,632</u>
Self Supporting System GO and CO Bond Requirements, For Fiscal Year Ending 09-30-17	\$ 8,174,523

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, BVSWMMA, and Brazos County.

City of Bryan, Texas

Authorized by Unissued General Obligation Bonds

As of September 30, 2016

Table GO-9

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
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, 2016

GO-10

The City has no Other Obligations outstanding as of September 30, 2016.

City of Bryan, Texas

General Fund Revenues and Expenditure History (modified accrual basis)

As of September 30, 2016

Table GO-11

	Fiscal Year Ended September 30				
	2016	2015	2014	2013	2012
Revenues					
Taxes	\$ 40,182,758	\$ 38,487,073	\$ 37,518,869	\$ 34,851,153	\$ 32,559,161
Licenses and Permits	1,105,135	625,106	668,583	565,539	592,784
Grants	1,230,450	1,284,034	1,289,569	1,028,040	1,343,300
Charges for Services	5,031,445	4,538,814	4,394,267	5,199,125	3,846,149
Investment Earnings	215,196	247,920	124,557	87,187	90,991
Fines and Forfeitures	1,670,824	1,723,017	1,724,754	1,794,775	1,844,317
Miscellaneous	1,346,469	1,204,026	2,131,782	2,045,021	332,317
Total Revenues	<u>50,782,277</u>	<u>48,109,990</u>	<u>47,852,381</u>	<u>45,570,840</u>	<u>40,609,019</u>
Expenditures					
General Government	\$ 17,579,763	\$ 13,667,518	\$ 13,261,191	\$ 13,191,380	\$ 12,202,961
Reimbursed Administrative Expenses	(3,066,657)	(3,476,440)	(3,396,294)	(3,425,498)	(3,515,703)
Public Safety	33,570,381	30,850,086	30,045,586	28,586,540	26,654,066
Development Services	3,474,114	3,058,936	3,217,623	3,008,648	2,808,838
Public Works	3,648,296	3,422,137	3,324,025	3,315,274	3,548,490
Cultural and Recreational	7,136,538	6,560,486	6,365,433	6,341,182	6,005,805
Interest and Fiscal Charges	-	-	-	1,832,647	126,420
Capital Outlay	3,301,741	2,918,679	1,277,904	790,647	375,282
Total Expenditures	<u>\$ 65,644,176</u>	<u>\$ 57,001,402</u>	<u>\$ 54,095,468</u>	<u>\$ 53,640,820</u>	<u>\$ 48,206,159</u>
Excess (Deficit) Revenues					
Over (Under) Expenditures	\$ (14,861,899)	\$ (8,891,412)	\$ (6,243,089)	\$ (8,069,757)	\$ (7,597,140)
Operating Transfers In	13,608,849	15,303,568	12,388,262	17,485,413	11,101,783
Operating Transfers Out	(586,000)	(814,657)	(439,155)	(3,110,691)	(619,390)
Sale of Capital Assets	23,693	1,591,734	12,258	13,115	47,265
Total Other	<u>13,046,542</u>	<u>16,080,645</u>	<u>11,961,365</u>	<u>14,387,837</u>	<u>10,529,658</u>
Net Increase (Decrease)	(1,815,357)	7,189,233	5,718,276	6,318,080	2,932,518
Beginning Fund Balance	35,368,405	28,179,172	22,460,896	16,142,816	13,210,298
Ending Fund Balance	<u>\$ 33,553,048</u>	<u>\$ 35,368,405</u>	<u>\$ 28,179,172</u>	<u>\$ 22,460,896</u>	<u>\$ 16,142,816</u>

City of Bryan, Texas

Changes in Net Position

As of September 30, 2016

Table GO-11A

	Governmental Activities				
	2016	2015	2014	2013	2012
<u>Revenues</u>					
Program Revenues					
Charges for Services	\$ 7,846,280	\$ 6,926,299	\$ 6,828,230	\$ 7,604,050	\$ 6,329,426
Operating Grant and Contributions	2,507,033	2,769,647	2,490,517	2,840,902	2,732,746
Capital Grants and Contributions	4,531,545	2,049,078	1,661,849	1,891,869	3,232,203
General Revenues					
Property Taxes	29,674,521	28,039,989	25,765,716	24,723,667	24,075,833
Other Taxes	22,661,830	21,683,058	21,834,534	19,134,052	17,575,465
Other	13,624,954	10,589,029	10,230,727	12,663,041	8,036,343
Total Revenues	80,846,163	72,057,100	68,811,573	68,857,581	61,982,016
<u>Expenditures</u>					
General Government and Administration	18,119,110	9,775,235	11,862,123	12,725,727	12,567,217
Development Services	6,556,417	5,403,697	5,265,275	5,324,990	4,946,473
Public Works Services	16,585,766	16,894,814	14,180,817	12,764,623	15,169,531
Public Safety	35,934,773	33,648,379	33,069,954	32,133,857	24,346,634
Culture and Recreation	9,106,566	8,374,038	8,332,012	8,175,136	8,242,037
Interest on Long Term Debt	2,989,038	3,299,163	3,548,311	4,264,522	4,560,746
Total Expenditures	89,291,670	77,395,326	76,258,492	75,388,855	69,832,638
Decrease in Net Position Before Transfers	(8,445,507)	(5,338,226)	(7,446,919)	(6,531,274)	(7,850,622)
Transfers	14,535,856	14,789,653	12,138,907	12,754,364	5,973,524
Change in Net Position After Transfers	6,090,349	9,451,427	4,691,988	6,223,090	(1,877,098)
Net Position - October 1	109,973,966	100,522,539	112,897,882	106,355,996	108,233,094
Net Position- Sept 30*	<u>\$ 116,064,315</u>	<u>\$ 109,973,966</u>	<u>\$ 117,589,870</u>	<u>\$ 112,579,086</u>	<u>\$ 106,355,996</u>

* Net Position for FY2013 and FY2014 restated, reference Note 1

City of Bryan, Texas**Municipal Sales Tax History**

As of September 30, 2016

Table GO-12

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

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

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

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

<u>Fiscal Year Ended 9/30</u>	<u>Tax Collected</u>	<u>% of Ad Valorem Tax Levy</u>	<u>Equivalent of Ad Valorem Tax Rate</u>	<u>Per Capita</u>
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	217.77
2015	17,788,431	65.98%	0.4156	216.62
2016	19,025,856	66.60%	0.4195	339.43

City of Bryan, TexasCurrent Investments and Cash Deposits ⁽¹⁾

As of September 30, 2016

Table GO-13

As of September 30, 2016 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	\$ 51,098,054	50.41%
Coupon Agencies	45,247,967	44.64%
Government Pools	5,019,340	4.95%
Total Investable Funds	<u>\$ 101,365,361</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
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
2015	9,896,634	21,972,000	3,612,271,400
2016	10,368,469	22,614,000	3,794,859,500

City of Bryan, Texas

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

As of September 30, 2016

Table RW-2

Customer	Type of Industry	Water Usage	% of Total Water Usage
Wellborn Special Utility District	Utility District	163,604,000	27.74%
BISD	Public School	91,995,900	15.60%
St. Joseph Hospital	Health Care Facility	78,348,200	13.29%
City of Bryan	Local Government	64,748,800	10.98%
Brazos County	County Government	43,100,500	7.31%
TDCJ - Hamilton Unit	Correctional Facility	32,372,700	5.49%
Federal Prison Camp	Correctional Facility	30,971,000	5.25%
Wickson Special Utility District	Utility District	30,735,000	5.21%
Toyo Ink	Manufacturing	28,963,500	4.91%
Oakwood/Country Village	MHP	24,882,600	4.22%
		<u>589,722,200</u>	<u>100.00%</u>

City of Bryan, Texas**Monthly Water Rates**

Effective September 30, 2016

Table RW-3

<u>Water Class</u>	<u>Customer Charge Per Month</u>	<u>Volume Charge Per 1,000 Gallons</u>
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	5.54 (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
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
2015	7,352,896	224,263,333	2,691,160,000	12,065,649
2016	7,263,033	221,522,500	2,658,270,000	12,159,833

City of Bryan, Texas
Monthly Sewer Rates
Effective September 30, 2016

Table RW-5

<u>Wastewater Class</u>	<u>Customer Charge Per Month</u>	<u>Volume Charge Per 1,000 Gallons</u>
Non Commercial	\$7.88	\$4.03
Commercial/Industrial	7.88	3.80

City of Bryan, Texas

Debt Information - Waterworks and Sewer System Debt Service Requirements*

As of September 30, 2016

Table RW-6

Fiscal Year Ended	Principal	Interest	Total	% of Principal Retired
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	
2020	4,240,000	1,260,854	5,500,854	
2021	4,420,000	1,111,791	5,531,791	43.16%
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	
2025	2,525,000	633,273	3,158,273	
2026	2,590,000	545,135	3,135,135	31.40%
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	
2030	2,185,000	151,079	2,336,079	
2031	740,000	66,063	806,063	23.77%
2032	770,000	33,688	803,688	1.67%
	<u>\$ 46,185,000</u>	<u>\$ 11,894,768</u>	<u>\$ 58,079,768</u>	100.00%

*Includes Only Revenue Bonds

City of Bryan, Texas**Waterworks and Sewer System Condensed Statement of Operations**

As of September 30, 2016

Table RW-8

	Fiscal Year Ended September 30				
	2016	2015	2014	2013	2012
Revenues					
Waterworks	\$ 12,656,177	\$ 12,390,019	\$ 11,678,692	\$ 12,723,839	\$ 12,879,376
Sewer System	13,007,294	12,883,147	12,496,697	12,429,017	13,072,233
Interest Income	124,733	145,864	103,389	91,845	170,563
Total Revenues	<u>25,788,204</u>	<u>25,419,030</u>	<u>24,278,778</u>	<u>25,244,701</u>	<u>26,122,172</u>
Expenses ⁽¹⁾ :					
Waterworks	7,349,390	6,261,237	5,718,140	5,798,421	6,585,168
Sewer System	6,199,838	6,551,635	6,559,946	5,927,169	6,079,396
Total Expenses	<u>13,549,228</u>	<u>12,812,872</u>	<u>12,278,086</u>	<u>11,725,590</u>	<u>12,664,564</u>
Net Available for Debt Service	<u>\$ 12,238,976</u>	<u>\$ 12,606,158</u>	<u>\$ 12,000,692</u>	<u>\$ 13,519,111</u>	<u>\$ 13,457,608</u>
Water Connections	22,985	22,870	22,418	22,171	21,913
Sewer Connections	22,538	22,350	22,021	21,770	21,539

⁽¹⁾Excludes depreciation and amortization. 2016 and 2015 include an adjustment to reflect actual pension contributions.

City of Bryan, Texas

Waterworks and Sewer System Coverage and Fund Balances

As of September 30, 2016

Table RW-9

Average Annual Principal and Interest Requirement, 2017-2032	\$ 3,629,985
Coverage of Average Requirements by 9-30-2016 Net Income	3.37 Times
Maximum Principal and Interest Requirements, 2022	\$ 5,545,666
Coverage of Maximum Requirements by 9-30-16 Net Income	2.21 Times
Waterworks and Sewer System Revenue Bonds (September 30, 2016)	\$ 46,185,000
Interest and Sinking Fund (September 30, 2016)	\$ 3,452,557
Reserve Fund (September 30, 2016) ⁽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 Guarantee 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, TexasCurrent Investments and Cash Deposits ⁽¹⁾

As of September 30, 2016

Table RW-10

As of September 30, 2016 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	\$ 51,098,054	50%
Coupon Agencies	45,247,967	45%
Government Pools	5,019,340	5%
Total Investable Funds	<u>\$ 101,365,361</u>	<u>100%</u>

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

City of Bryan, Texas

Electric Rates

As of September 30, 2016

Table REC-1

City Class	Customer Charge Per Month	Base		Regulatory		Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	\$ 11.00	\$ -	\$ 0.0378		0.0133	\$ 0.0326
Residential Summer (May - Oct.)	11.00	-	0.0505		0.0133	0.0326
Small Commercial	15.50	-	0.0483		0.0143	0.0326
Small Commercial Demand	33.25	7.81	0.0150	3.6600		0.0326
Small Commercial Demand Time of Use	137.00	-	0.0314-0.0918		0.2036	0.0326
Commercial General Service Time of Use	26.91	6.84	0.0142		0.1686	
Large Industrial	400.00	12.50	0.0075	4.1520		0.0326
Primary Service Large	400.00	12.25	0.0074	4.0680		0.0316
Transmission Service	1,725.00	12.68	0.0010	4.1160		0.0313
Security Lighting Service	9.10 Per Lamp					0.0326
Street Lighting Service	4.75-10.85 Per Lamp					0.0326
Rural Electric Division	17,200.00	10.28	0.0100	3.9360		0.0295

Rural Class	Customer Charge Per Month	Base		Regulatory		Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	\$ 11.50	\$ -	0.0437		0.0116	0.0353
Residential Summer (May - Oct.)	11.50	-	0.0579		0.0116	0.0353
College Station Residential (Nov - Apr)	11.00	-	0.0418		0.0118	0.0353
College Station Residential (May - Oct)	11.00	-	0.0551		0.0118	0.0353
Small Commercial	15.00	-	0.0497		0.0109	0.0353
Small Commercial Demand	21.00	7.50	0.0167	2.9160		0.0353
Secondary Service Demand Time of Use	137.00	-	0.0321 - 0.0939		0.2172	
General Service Commercial Time of Use	26.62	8.05	0.0152		0.2172	
Large Industrial	400.00	12.81	0.0077	4.1520		0.0353
Secondary Service Irrigation	-		0.0810		0.028	0.0353
Security Lighting Service	9.85 Per Lamp					0.0353
Street Lighting Service	6.61 - 15.36 Per Lamp					0.0353

(1) Fuel Charges are subject to change.

City of Bryan, Texas

Energy Sales by Types of Customers - BTU City

As of September 30, 2016

Table REC-2

Type of Customer	2016		2015		2014	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	375,151,548	17.92%	384,731,700	18.85%	370,811,660	17.45%
Commercial & Industrial ⁽¹⁾	570,735,586	27.26%	573,629,865	28.10%	555,113,684	26.12%
Rural Electric Division	439,340,542	20.98%	435,205,882	21.32%	419,249,453	19.73%
Other Utilities	702,458,006	33.55%	641,284,124	31.42%	779,781,000	36.70%
Street Lights	6,113,444	0.29%	6,205,516	0.30%		
Total	<u>2,093,799,127</u>	<u>100.00%</u>	<u>2,041,057,087</u>	<u>100.00%</u>	<u>2,124,955,797</u>	<u>100.00%</u>

Type of Customer	2013		2012		2011	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	356,559,000	18.90%	365,255,000	19.79%	385,921,000	21.95%
Commercial & Industrial	546,209,000	28.95%	554,971,000	30.07%	553,586,000	31.48%
Rural Electric Division	375,671,000	19.91%	379,278,000	20.55%	376,858,000	21.43%
Other Utilities	608,077,000	32.23%	546,265,000	29.60%	442,068,000	25.14%
Street Lights						
Total	<u>1,886,516,000</u>	<u>100.00%</u>	<u>1,845,769,000</u>	<u>100.00%</u>	<u>1,758,433,000</u>	<u>100.00%</u>

⁽¹⁾ In 2015, previously reported Public Authorities and Interdepartmental were assigned Commerical & Industrial rates and street lights were broken out as a separate reporting category.

City of Bryan, Texas

Electric System Revenue Debt Service Requirements - City Electric

As of September 30, 2016

Table REC-3

Fiscal Year Ended	Principal	Interest	Total	% of Principal Retired
2017	\$ 10,745,000	\$ 9,520,243	\$ 20,265,243	
2018	6,120,000	9,334,206	15,454,206	
2019	28,525,000	9,076,181	37,601,181	
2020	7,410,000	7,689,031	15,099,031	
2021	7,770,000	7,329,219	15,099,219	28.46%
2022	8,165,000	6,950,256	15,115,256	
2023	7,555,000	6,565,956	14,120,956	
2024	7,900,000	6,218,219	14,118,219	
2025	8,270,000	5,851,006	14,121,006	
2026	8,680,000	5,443,881	14,123,881	19.06%
2027	9,105,000	5,014,613	14,119,613	
2028	9,555,000	4,562,275	14,117,275	
2029	10,035,000	4,087,575	14,122,575	
2030	10,540,000	3,586,756	14,126,756	
2031	11,065,000	3,057,381	14,122,381	23.63%
2032	10,865,000	2,543,894	13,408,894	
2033	9,095,000	2,046,569	11,141,569	
2034	7,205,000	1,608,750	8,813,750	
2035	5,835,000	1,279,325	7,114,325	
2036	6,070,000	1,042,875	7,112,875	18.36%
2037	6,305,000	796,900	7,101,900	
2038	3,795,000	559,800	4,354,800	
2039	3,930,000	427,050	4,357,050	
2040	4,070,000	289,600	4,359,600	
2041	4,210,000	147,250	4,357,250	10.48%
	<u>\$ 212,820,000</u>	<u>\$ 105,028,812</u>	<u>\$ 317,848,812</u>	100%

City of Bryan, Texas

Authorized but Unissued Revenue Bonds

As of September 30, 2016

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, 2016

Table REC-5

	Fiscal Year Ended September 30				
	2016	2015	2014	2013	2012
Revenues					
City Electric System and Other Revenue ⁽¹⁾	\$ 187,624,655	\$ 186,223,521	\$ 185,255,098	\$ 160,991,056	\$ 155,453,210
Investment Income	652,368	770,945	414,342	407,920	369,937
Total Revenues	188,277,023	186,994,466	185,669,440	161,398,976	155,823,147
City Electric System Expenses ⁽¹⁾⁽²⁾	144,700,287	142,664,264	141,613,409	128,862,043	112,143,156
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 43,576,736</u>	<u>\$ 44,330,202</u>	<u>\$ 44,056,031</u>	<u>\$ 32,536,933</u>	<u>\$ 43,679,991</u>
BTU - City Electric Customers	35,716	35,174	34,609	33,920	33,160

⁽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⁾ Excludes depreciation and amortization. 2016 and 2015 include an adjustment to reflect actual pension contributions.

City of Bryan, Texas

City Electric Coverage and Fund Balances

As of September 30, 2016

Table REC-6

Average Annual Principal and Interest Requirement, 2017-2041	\$ 12,713,952
Coverage of Average Requirements by 9-30-2016 Net available for debt service	3.43 Times
 Maximum Principal and Interest Requirements, 2019	 \$ 37,601,181
Coverage of Maximum Requirements by 9-30-2015 Net available for debt service ⁽¹⁾	1.16 Times
 Electric System Revenue Bonds, 9-30-2016	 \$ 212,820,000
 Interest and Sinking Fund (September 30, 2016)	 \$ 5,211,861
 Reserve Fund (September 30, 2016)	 \$ 9,216,230

⁽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 \$33,360,906 in 2019.

City of Bryan, Texas

Current Investments and Cash Deposits - City Electric

As of September 30, 2016

Table REC-7

As of September 30, 2016 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	\$ 100,868,047	71.33%
Investment in Gov't Pool	3,018,172	2.13%
Collateral deposits with counterparties	2,179,036	1.54%
Investment in agency securities	35,337,076	24.99%
Totals	<u>\$ 141,402,331</u>	<u>100%</u>

City of Bryan, Texas

Electric Rates

As of September 30, 2016

Table RER-1

City Class	Customer Charge Per Month	Base		Regulatory		Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	\$ 11.00	\$ -	\$ 0.0378		0.0133	\$ 0.0326
Residential Summer (May - Oct.)	11.00	-	0.0505		0.0133	0.0326
Small Commercial	15.50	-	0.0483		0.0143	0.0326
Small Commercial Demand	33.25	7.81	0.0150	3.6600		0.0326
Small Commercial Demand Time of Use	137.00	-	0.0314-0.0918		0.2036	0.0326
Commercial General Service Time of Use	26.91	6.84	0.0142		0.1686	
Large Industrial	400.00	12.50	0.0075	4.1520		0.0326
Primary Service Large	400.00	12.25	0.0074	4.0680		0.0316
Transmission Service	1,725.00	12.68	0.0010	4.1160		0.0313
Security Lighting Service	9.10 Per Lamp					0.0326
Street Lighting Service	4.75-10.85 Per Lamp					0.0326
Rural Electric Division	17,200.00	10.28	0.0100	3.9360		0.0295
Rural Class	Customer Charge Per Month	Base		Regulatory		Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	11.50	\$ -	0.0437		0.0116	0.0353
Residential Summer (May - Oct.)	11.50	-	0.0579		0.0116	0.0353
College Station Residential (Nov - Apr)	11.00	-	0.0418		0.0118	0.0353
College Station Residential (May - Oct)	11.00	-	0.0551		0.0118	0.0353
Small Commercial	15.00	-	0.0497		0.0109	0.0353
Small Commercial Demand	21.00	7.50	0.0167	2.9160		0.0353
Secondary Service Demand Time of Use	137.00	-	0.0321 - 0.0939		0.2172	
General Service Commercial Time of Use	26.62	8.05	0.0152		0.2172	
Large Industrial	400.00	12.8125	0.0077	4.152		0.0353
Secondary Service Irrigation	-		0.081		0.028	0.0353
Security Lighting Service	9.85 Per Lamp					0.0353
Street Lighting Service	6.61 - 15.36 Per Lamp					0.0353

(1) Fuel Charges are subject to change.

City of Bryan, Texas

Energy Sales by Types of Customers - Rural

As of September 30, 2016

Table RER-2

Type of Customer	2016		2015		2014	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	265,035,937	67.15%	278,512,502	68.70%	272,148,841	70.53%
Commercial	129,676,978	32.85%	126,894,455	31.30%	113,690,684	29.47%
Total	<u>394,712,915</u>	<u>100.00%</u>	<u>405,406,957</u>	<u>100.00%</u>	<u>385,839,525</u>	<u>100.00%</u>

Type of Customer	2012		2011		2010	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	244,371,000	69.26%	236,568,000	69.62%	249,574,000	69.70%
Commercial	108,457,000	30.74%	103,231,000	30.38%	108,507,000	30.30%
Total	<u>352,828,000</u>	<u>100.00%</u>	<u>339,799,000</u>	<u>100.00%</u>	<u>358,081,000</u>	<u>100.00%</u>

City of Bryan, Texas

Rural Electric System Revenue Debt Service Requirements

As of September 30, 2016

Table RER-3

Fiscal Year Ending	Principal	Interest	Total	% of Principal Retired
2017	\$ 835,000	\$ 567,289	\$ 1,402,289	
2018	800,000	606,700	1,406,700	
2019	815,000	587,550	1,402,550	
2020	845,000	568,000	1,413,000	
2021	865,000	544,400	1,409,400	23.66%
2022	530,000	520,200	1,050,200	
2023	555,000	493,700	1,048,700	
2024	585,000	465,950	1,050,950	
2025	610,000	436,700	1,046,700	
2026	640,000	406,200	1,046,200	16.61%
2027	675,000	374,200	1,049,200	
2028	705,000	340,450	1,045,450	
2029	740,000	305,200	1,045,200	
2030	770,000	275,600	1,045,600	
2031	800,000	244,800	1,044,800	20.98%
2032	835,000	212,800	1,047,800	
2033	865,000	179,400	1,044,400	
2034	895,000	153,450	1,048,450	
2035	550,000	126,600	676,600	
2036	565,000	110,100	675,100	21.10%
2037	585,000	93,150	678,150	
2038	600,000	75,600	675,600	
2039	620,000	57,600	677,600	
2040	640,000	39,000	679,000	
2041	660,000	19,800	679,800	17.66%
	<u>\$ 17,585,000</u>	<u>\$ 7,804,440</u>	<u>\$ 25,389,440</u>	100.00%

City of Bryan, Texas

Condensed Statement of Rural Electric System Operations

As of September 30, 2016

Table RER-4

	Fiscal Year Ended September 30				
	2016	2015	2014	2013	2012
Revenues					
Rural Electric System	\$ 41,931,026	\$ 39,287,075	\$ 35,728,300	\$ 32,257,374	\$ 31,495,841
Investment Income	41,114	75,800	73,213	47,422	82,333
Total Revenues	41,972,140	39,362,875	35,801,513	32,304,796	31,578,174
Rural Electric System Expenses ⁽¹⁾	36,548,815	33,264,827	30,502,755	27,231,209	26,348,351
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 5,423,325</u>	<u>\$ 6,098,048</u>	<u>\$ 5,298,758</u>	<u>\$ 5,073,587</u>	<u>\$ 5,229,823</u>
Rural Electric Customers	20,155	19,068	18,328	17,556	16,881

⁽¹⁾ Excludes Depreciation.

City of Bryan, Texas

Rural Electric Coverage and Fund Balances

As of September 30, 2016

Table RER-5

Average Annual Principal and Interest Requirement, 2017-2041	\$ 1,015,578
Coverage of Average Requirements by 9-30-2016 Net Available for debt service	5.34 Times
Maximum Principal and Interest Requirements, 2020	\$ 1,413,000
Coverage of Maximum Requirements by 9-30-2016 Net Available for debt service	3.84 Times
Rural Electric System Revenue Bonds, 9-30-2016	\$ 17,585,000
Interest and Sinking Fund (September 30, 2016)	\$ 393,454
Reserve Fund (September 30, 2016)	\$ 311,042

City of Bryan, Texas**Current Investments and Cash Deposits - Rural Electric****As of September 30, 2016****Table RER-6**

As of September 30, 2016 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	\$ 15,176,965	88%
Agency Securities	<u>2,001,290</u>	<u>12%</u>
Totals	<u><u>\$ 17,178,255</u></u>	<u><u>100%</u></u>



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