



CITY OF BRYAN

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2017

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Fiscal Year Ended September 30, 2017

CITY OF BRYAN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2017

Prepared by

Fiscal Services Department
Joe Hegwood, Chief Financial Officer

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March 3, 2018

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, 2017. The purpose of this report is to provide the Council, management, staff, the public, and other interested parties with detailed information reflecting the City’s financial condition. The Texas Local Government Code (§103.001) as well as the Bryan City Charter (Sec. 5(j)(5)) require an annual audit of the City’s financial statements. The City has complied with these requirements and the auditor’s report is included.

The City’s independent auditor, Weaver and Tidwell, L.L.P., has issued an unmodified or “clean” opinion on the City of Bryan’s financial statements for the year ended September 30, 2017. An unmodified opinion represents the highest level of audit assurance issuable for financial statements. The independent auditor’s report is located at the front of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

The City of Bryan, incorporated in 1871, is located in east central Texas approximately 100 miles northwest of Houston and approximately 90 miles east of Austin in an area referred to as the Brazos Valley. Bryan serves as the county seat for Brazos County. The City and the City of College Station to the south, which share common borders, are home to the Texas A&M University System. The City encompasses approximately 45.56 square miles and has an estimated population of 83,260.

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

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

CITY OF BRYAN TEXAS

The City provides the full range of municipal services contemplated by statute or charter. These services include police, fire and emergency medical services, parks and recreational facilities and programs, library services, street maintenance and construction, public improvements, general administrative services, and electrical, water, sewer and solid waste systems. Internal services of the City, accounted for on a cost reimbursement basis, are general warehouse operations, risk management services, and employee health and disability insurance programs. The City 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 2017 were up 0.5% over the previous year driven by 5.8% and 4.4% increases in property taxes and sales taxes respectively. These increases were partially offset due to lower grants and other revenues. Business-type activities revenues were up 2.0% for an overall increase government-wide of 1.7% in FY 2017 over FY 2016 totals. Bryan and College Station are the economic center of the region comprised of Brazos County and the surrounding seven counties. Texas A&M University, with a student enrollment of more than 60,000, ranks among the nation's largest university campuses and dominates the financial landscape of the Bryan-College Station area. Additionally, Blinn College, a two year academic institution, has a campus in Bryan with a student enrollment of over 12,000. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: 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 the trend continues. As of December 2017, the unemployment rate for the Bryan-College Station area was 2.7%, compared to 4.0% 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, will initially include a cluster of seven new buildings and test beds to encourage the private sector to develop secure research facilities adjacent to the System's site. The focus will include robotics, driverless and connected vehicles, advanced manufacturing, large-scale testing, as well as smart power grids and water systems. The RELLIS campus is within the City of Bryan's extra territorial jurisdiction and is expected to have a significant impact on the area's economy. Construction on several buildings began during FY 2017 and will continue for the next several years. During FY 2017 and into FY 2018, the City began an annexation feasibility study of the area adjacent to and including the RELLIS campus.

Shortly after the RELLIS announcement, Blinn College, headquartered in contiguous Washington County, announced an agreement with Texas A&M for plans to construct facilities on the RELLIS campus. Blinn has committed approximately \$34 million for RELLIS campus development. The Blinn development includes a four-story facility with eight science labs, twenty classrooms, and faculty and staff offices. Construction is scheduled to be completed in time for the Fall 2018 semester, with approximately 2,500 students. The new campus establishes a new educational community combining a major university system and a community

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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 University System in the years to come. Blinn plans to maintain its existing facilities currently in Bryan.

During the last several years, the City of Bryan has experienced significant growth on its west side as a result of major investments in economic development partnerships and infrastructure improvements. The established Traditions development and growing BioCorridor development have seen growth centered on hospitality and wellness. The City's restated partnership agreements in 2009 with Traditions Acquisition Partnership lead to the completion of Traditions Club facilities, and now the establishment of the ATLAS Master Planned Development and Lake Walk Town Center, anchored by the Stella Hotel, a four-star boutique hotel and conference center which opened in March 2017. The construction of the Texas A&M Health Science Center in 2010 and the 2011 adoption of the Research Valley BioCorridor Inter-local Agreement between the cities of Bryan and College Station ultimately turned the international spotlight on Bryan, and enhanced the value of real estate holdings and property values in the City. The total value of taxable property within the Traditions Tax Increment Reinvestment Zone 10 (TIRZ 10) now exceeds \$240 million.

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

Today, the Traditions, BioCorridor, Lake Walk, and ATLAS developments are evolving rapidly with expanding club facilities, new phases of single family and high-density residential, hospitality, dining, shopping, wellness and corporate offices. A few of these developments include the CHI St. Joseph MatureWell Lifestyle Center, Parc at 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.

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

In December 2017, local citizen Wallace Phillips donated the 107-acre, \$4.9 million Phillips Event Center Golf Course to the City of Bryan. The City renamed the course the City Course at the Phillips Event Center and has closed the existing 117-acre Bryan Municipal Golf Course. The City is exploring options to convert the property into a regional park. The City Course at the Phillips Event Center and the regional park are expected to be catalysts for economic growth for the City of Bryan.

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LONG-TERM FINANCIAL PLANNING

The City annually prepares a five-year financial forecast to ensure current revenue and spending commitments are sustainable. The City began FY 2017 with 162 days of operating cash in the General Fund. 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. Many of these projects, including the Williamson Skate Park, improvements to the Bryan Aquatic Center Pool, and improvements to Travis Park (Nutrabolt Stadium) were completed during FY 2017. The resulting days cash on hand for FY 2017 was 112 days based on FY 2018 budgeted expenditures. The opportunity for the City to complete these projects was due in part to economic development efforts and land sales which generated one-time revenues in years past. Through careful planning, City Council is helping to ensure the sustained long-term financial health of the City.

In addition to the General Fund balance, during FY 2016 the City established special revenue funds associated with the proceeds from oil and gas revenues and proceeds from City land sales. The funds, which contained a combined fund balance of \$3.9 million on September 30, 2017, are reserved for one-time capital projects to be determined by the City Council.

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

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

During FY 2017, the City did not issue general obligation or certificate of obligation bonds. The City Electric system issued revenue bonds totaling \$57.2 million. Along with the offering premium, these bonds were used to refund \$62.1 million in bonds to reduce interest costs on outstanding debt. Also in FY 2017 the City issued \$26.6 million in revenue bonds for the Water and Sewer Systems. These bonds will be used to complete capital projects for these systems. \$48.0 million in additional outstanding debt was retired in FY 2017. Future debt issues and operational expenses related to improvements will be funded with growth in revenues generated by increases in property valuations and sales taxes as well as improved efficiencies within City operations. The electric, water, and wastewater systems will continue their capital improvement programs with the issuance of bonds supported by utility revenues as deemed necessary

RELEVANT FINANCIAL POLICIES

The City's fund balance/operating reserve policies continue to be an important factor in planning decisions. In FY 2016 the City Council formally adopted the City of Bryan Financial Management Policy Statements. These policy statements outline the specific reserve policies for all major funds based on fund risks. During FY 2017 the City Council updated these policies to address certain debt issues and operating cash levels in

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the self-insurance fund and the employee benefits fund. The policies state 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 that is reviewed annually by the City Council as prescribed by law. The City Council has appointed an Investment Committee charged with monitoring staff adherence to the investment policy and providing investment advice. Staff provides a quarterly report of investments for the Investment Committee to review. The City's investment practice is to buy securities and hold to maturity to avoid potential losses from a sale. During FY 2017, the City complied with all aspects of the investment policy.

AWARDS AND ACKNOWLEDGMENTS

In FY 2017, the Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for the FY 2016 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 FY 2017, the City was awarded the Distinguished Budget Presentation Award from the GFOA for the FY 2017 budget document. Additionally in FY 2017, 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 Fiscal Services Department staff and our independent auditor. We express sincere appreciation to all employees who contributed to its preparation. We also appreciate the leadership and support of the Mayor and City Council, without which this report would not be possible.

Respectfully submitted,



Kean Register
City Manager



Joe Hegwood
Chief Financial Officer



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Government Finance Officers Association

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for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

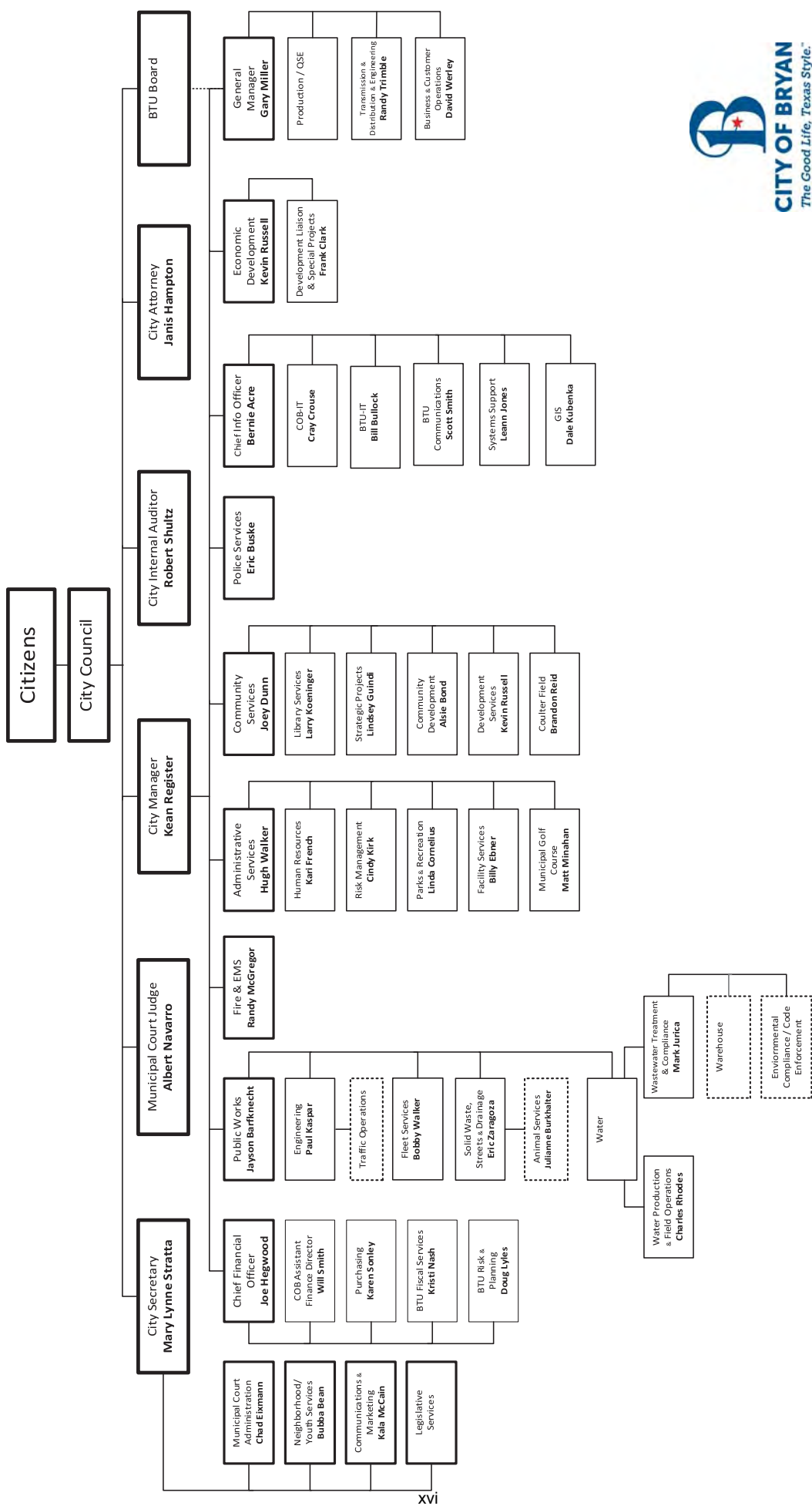
PRINCIPAL OFFICIALS

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
Robert Schultz	City Internal Auditor



City of Bryan Organization Chart



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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bryan, Texas (the City), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Bryan Business Council, Inc. (BBC), the discretely presented component unit of the City. We did not audit the financial statements of Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA), a joint venture of the City, representing \$15,718,343 of the assets and \$1,032,027 of the income of the business-type activities and aggregate remaining fund information of the City. The financial statements of BBC and BVSWMA were audited by other auditors whose reports thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for BBC and BVSWMA, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of BBC and BVSWMA were not audited in accordance with *Government Auditing Standards*.

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

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

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 reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bryan, Texas, as of September 30, 2017, 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, General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, Schedule of Contributions – Texas Municipal Retirement System, Schedule of Changes in the City's Net Pension Liability and Related Ratios – Texas Municipal Retirement System and Schedule of Funding Progress – Other Post Employment Benefits (OPEB) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
March 7, 2018



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City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2017

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, 2017. 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 \$534,321,229 (net position)
- unrestricted net position was \$85,046,618; these funds may be used to meet ongoing obligations to citizens and creditors
- total net position increased by \$11,275,245
- total debt, net of premiums and discounts, decreased by \$23,820,654 or 5.4%
 - There were no general obligation bonds issued during the year ended September 30, 2017.
 - \$57,225,000 in City Electric System revenue bonds were issued. These revenue bonds along with the offering premium refunded \$68,120,000 in City Electric revenue bonds in order to reduce interest costs on outstanding debt.
 - \$26,615,000 in revenue bonds were issued for the Water and Sewer systems. These revenue bonds, along with the offering premium refunded \$21,195,000 in Water and Sewer system bonds. The remaining debt was issued to fund capital improvements for the Water and Sewer systems.
 - \$26,805,022 in additional outstanding debt was retired. Total debt retired during FY 2017, including the refunded bonds was \$116,120,022.
 - \$22,095,000 of outstanding debt (principal) is due within one year as of September 30, 2017.

Fund Financial Statements

- governmental funds reported combined ending fund balances of \$57,446,437
 - a decrease of \$15,981,306 in fund balances is due primarily to investments in capital improvements during FY 2017.
 - approximately \$17,752,837 or 30.9% is available for spending at the City's discretion (unassigned fund balance)
- General Fund unassigned fund balance was \$17,752,837, or 24.3% of total general fund expenditures during FY 2017. This represents 88 days of cash. Combined with the amounts assigned for encumbrances, the General Fund fund balance available for operations is \$22,714,844 representing 113 days of cash at September 30, 2017.

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.

City of Bryan, Texas

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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, cultural and recreational (parks and recreation, library service, and other community service activities) and interest on long-term debt. The business-type activities of the City include electric generation, distribution and transmission, water supply and distribution, wastewater collection and treatment, solid waste collection, and a general purpose airport.

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

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

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

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

City of Bryan, Texas

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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 111).

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

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

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

City of Bryan, Texas

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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 119).

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

Fiduciary Funds. The City maintains two (2) fiduciary funds, the payroll fund and the other post-employment benefits trust fund ("OPEB Fund"). Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 40-42 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 43-109 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 111-117 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 122-156 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$534,321,229 as of September 30, 2017.

The largest portion of the City's net position, \$400,624,297 or 75.0%, 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, \$48,650,314 or 9.1%, represents resources that are subject to external restrictions on their usage. The remaining balance of unrestricted net position, \$85,046,618 or 15.9%, may be used to meet the

City of Bryan, Texas

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government's ongoing obligations to citizens and creditors. At the end of FY 2017, 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 74,925,502	\$ 88,610,273	\$ 214,271,799	\$ 252,899,081	\$ 289,197,301	\$ 341,509,354
Capital assets	161,967,387	153,239,281	591,015,736	557,708,608	752,983,123	710,947,889
Total assets	<u>236,892,889</u>	<u>241,849,554</u>	<u>805,287,535</u>	<u>810,607,689</u>	<u>1,042,180,424</u>	<u>1,052,457,243</u>
Deferred outflows	<u>14,097,717</u>	<u>16,695,451</u>	<u>23,931,344</u>	<u>20,852,999</u>	<u>38,029,061</u>	<u>37,548,450</u>
Non-current liabilities	116,990,803	123,468,704	344,972,175	362,955,884	461,962,978	486,424,588
Other liabilities	19,116,345	17,602,257	52,329,922	51,467,183	71,446,267	69,069,440
Total liabilities	<u>136,107,148</u>	<u>141,070,961</u>	<u>397,302,097</u>	<u>414,423,067</u>	<u>533,409,245</u>	<u>555,494,028</u>
Deferred inflows	<u>953,129</u>	<u>1,409,729</u>	<u>11,525,882</u>	<u>10,055,952</u>	<u>12,479,011</u>	<u>11,465,681</u>
Net position:						
Net investment in						
capital assets	88,289,291	81,026,014	312,335,006	293,636,350	400,624,297	374,662,364
Restricted	19,918,996	18,104,805	28,731,318	34,672,042	48,650,314	52,776,847
Unrestricted	<u>5,722,042</u>	<u>16,933,496</u>	<u>79,324,576</u>	<u>78,673,277</u>	<u>85,046,618</u>	<u>95,606,773</u>
Total net position	<u>\$ 113,930,329</u>	<u>\$ 116,064,315</u>	<u>\$ 420,390,900</u>	<u>\$ 406,981,669</u>	<u>\$ 534,321,229</u>	<u>\$ 523,045,984</u>

The \$11,275,245 increase to \$534,321,229 in total net position is due to increases in business-type activities. The net position of governmental activities decreased \$2,133,986 due to increased investments in capital assets, particularly streets and drainage projects. The net position of business type activities increased \$13,409,231 due primarily to the excess of operating revenues over expenses in the City Electric, Rural Electric, Water, Wastewater, and Solid Waste funds. Net investment in capital assets for both governmental and business type activities increased by \$25,961,933 at September 30, 2017.

Unrestricted net position for governmental activities decreased by \$11,211,454 to \$5,722,042 during FY 2017. This decrease is primarily due to investment in capital assets and the planned spend-down of General Fund operating cash for one-time parks and other projects. Several Community Service projects were completed during FY 2017 (mainly parks and pool improvements). Additionally, reimbursement resolutions adopted by City Council were in place for capital improvement projects (streets and drainage improvements). These funds were expensed by the General Fund and will be reimbursed by bond funds in FY 2018.

Unrestricted net position of business-type activities increased by \$651,299 to \$79,324,576.

City of Bryan, Texas

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City of Bryan's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 8,191,986	\$ 7,846,280	\$ 270,711,230	\$ 264,788,623	\$ 278,903,216	\$ 272,634,903
Operating grants and contributions	3,040,292	2,507,033	-	-	3,040,292	2,507,033
Capital grants and contributions	2,657,984	4,531,545	3,677,071	4,826,334	6,335,055	9,357,879
General revenues:						
Property taxes	31,409,788	29,674,521	-	-	31,409,788	29,674,521
Other taxes	23,657,404	22,661,830	-	-	23,657,404	22,661,830
Other	12,288,692	13,624,954	4,361,937	3,680,266	16,650,629	17,305,220
Total revenues	81,246,146	80,846,163	278,750,238	273,295,223	359,996,383	354,141,386
Expenses:						
General Government	17,481,720	18,119,110	-	-	17,481,720	18,119,110
Development Services	8,956,465	6,556,417	-	-	8,956,465	6,556,417
Public Works Services	20,061,531	16,585,766	-	-	20,061,531	16,585,766
Public Safety	39,753,105	35,934,773	-	-	39,753,105	35,934,773
Cultural and Recreational	9,827,528	9,106,566	-	-	9,827,528	9,106,566
Interest on long-term debt	2,732,128	2,989,038	-	-	2,732,128	2,989,038
City electric	-	-	176,616,366	175,336,256	176,616,366	175,336,256
Rural electric	-	-	41,664,199	40,163,724	41,664,199	40,163,724
Water	-	-	11,385,667	11,651,741	11,385,667	11,651,741
Wastewater	-	-	11,756,197	10,840,072	11,756,197	10,840,072
Solid Waste	-	-	7,547,878	7,331,223	7,547,878	7,331,223
Other	-	-	938,355	797,170	938,355	797,170
Total expenses	98,812,477	89,291,670	249,908,662	246,120,186	348,721,139	335,411,856
Increase (decrease) in net position before transfers	(17,566,331)	(8,445,507)	28,841,576	27,175,037	11,275,245	18,729,530
Net Transfers	15,432,345	14,535,856	(15,432,345)	(14,535,856)	-	-
Increase (decrease) in net position	(2,133,986)	6,090,349	13,409,231	12,639,181	11,275,245	18,729,530
Net position - October 1	116,064,315	109,973,966	406,981,669	394,342,488	523,045,984	504,316,454
Net position - September 30	\$ 113,930,329	\$ 116,064,315	\$ 420,390,900	\$ 406,981,669	\$ 534,321,229	\$ 523,045,984

Governmental Activities. Total governmental activities revenues increased in FY 2017 from FY 2016 by \$399,983 or 0.5% to \$81,246,146. Several factors contributed to this increase in FY 2017. Property tax revenues increased by \$1,735,267, or 5.8%. While charges for services, operating grants and other taxes increased by a total of \$1,874,539. Partially offsetting these increases were capital grants and contributions which decreased by \$1,873,561, or 41.3%. This decrease from FY 2016 to FY 2017 was due to larger than average contributed capital contributions from developers in FY 2016 compared to FY 2017. During FY 2017, other revenues (including transportation and drainage assessments, investment earnings, and miscellaneous items) decreased in total by \$1,336,262 or 9.8% due to lower revenues from land sales in FY 2017 compared to FY 2016.

The government-wide presentation of expenses attempts to consolidate all revenues and expenses on a basis similar to a private business. This presentation removes capital spending and principal payments on debt (see note 4 for capital assets of the governmental activities and note 5 for long term debt) and allocates expenses of internal service activities to all related parties. Governmental activities expenses increased in FY 2017 compared to FY 2016 by \$9,520,807 to \$98,812,477. The major changes in this category were:

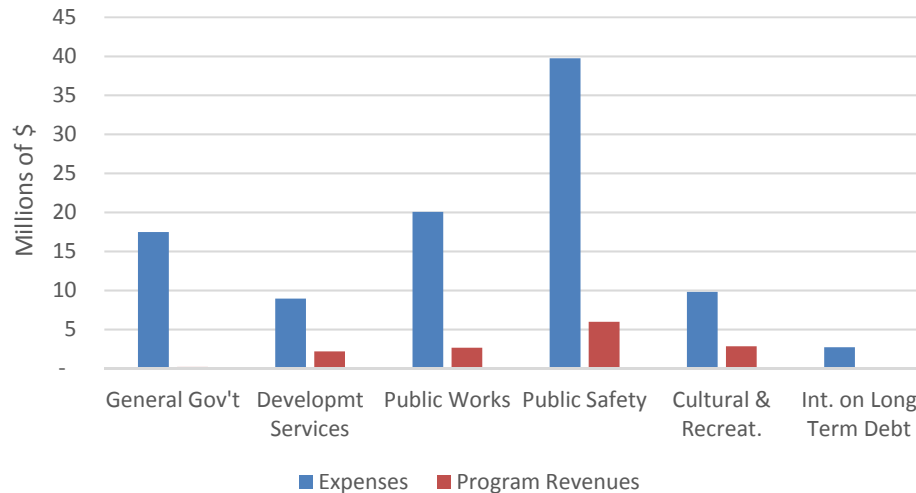
City of Bryan, Texas

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- Development Services expenses increased \$2,400,048 in FY 2017 compared to FY 2016. This increase is due to expenses related to design costs and contractual expenses for projects to be funded by future bond issues.
- Public Works Services expenses increased \$3,475,765 in FY 2017 compared to FY 2016. Completion of streets and drainage projects in the Transportation and Drainage funds accounted for the majority of this increase.
- Public safety expenses increased \$3,818,332 in FY 2017 when compared to FY 2016. This increase is primarily due to added firefighter and police positions and salary increases. Police and Fire supplies and maintenance also increased for training and uniforms.

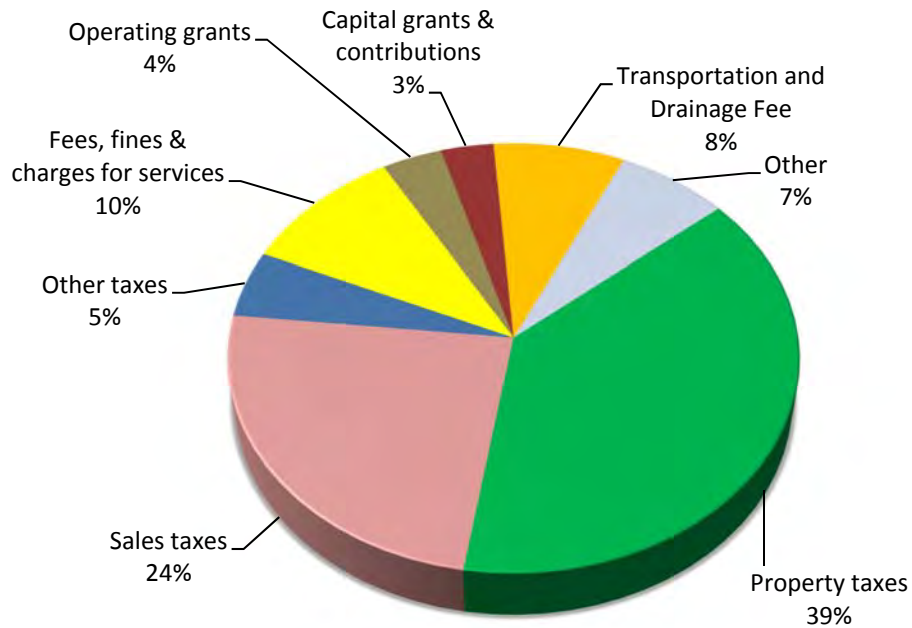
Expenses and Program Revenues - Governmental Activities



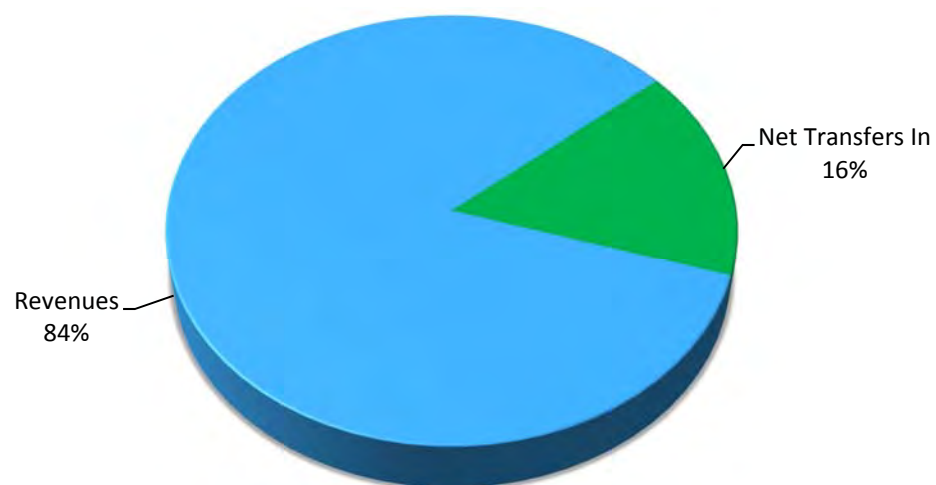
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Revenues by Source - Governmental Activities



All Governmental Resources



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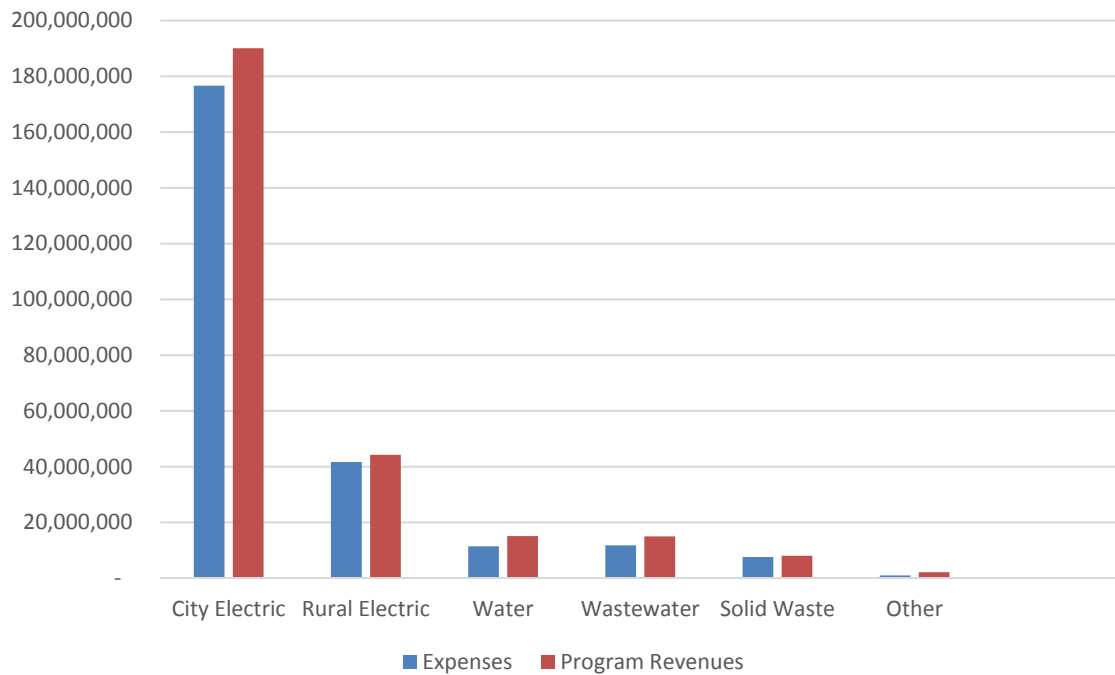
Business-type Activities. Business-type activities net position increased by \$13,409,231, or 3.3%, to \$420,390,900 in FY 2017. Charges for services for business-type activities increased \$5,922,607, or 2.2%, to \$270,711,230, while expenses increased \$3,788,476, or 1.5%, to \$249,908,662. Key elements of the variances are as follows:

- For the City and Rural Electric Systems, combined charges for services for FY 2017 and FY 2016 were \$234,288,951 and \$229,555,681 respectively, an increase of 2.1%. 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, 2017. Combined City and Rural Electric expenses for FY 2017 and FY 2016 were \$218,280,565 and \$215,499,980 respectively, an increase of 1.3%. Combined net position for the electric systems at September 30, 2017 was \$244,243,295 of which \$59,969,691 is available to meet ongoing obligations.
- Water system charges for services showed an increase in FY 2017 of \$771,878, or 6.1%, to \$13,428,055 due to higher than expected commercial water sales to Wickson Water in FY 2017. Water system operating expenses decreased by \$266,074, or 2.3% in FY 2017. This decrease from FY 2016 levels is primarily due to the completion of maintenance to existing infrastructure that was performed in FY 2016. As such, a slight reduction in FY 2017 expenses was realized. FY 2017 ending net position for the Water system was \$67,830,046, of which \$6,640,487 is available to meet ongoing obligations.
- FY 2017 ending net position for the Wastewater system was \$75,198,830, of which \$9,614,315 was available to meet ongoing obligations. Wastewater system charges for services increased by \$104,704 or 1.0%. Expenses for FY 2017 were \$11,756,197, an increase from FY 2016 of \$916,125 or 8.5%. This increase is primarily due to salary increases, increases in depreciation for new capital items put into service, and maintenance on existing infrastructure.

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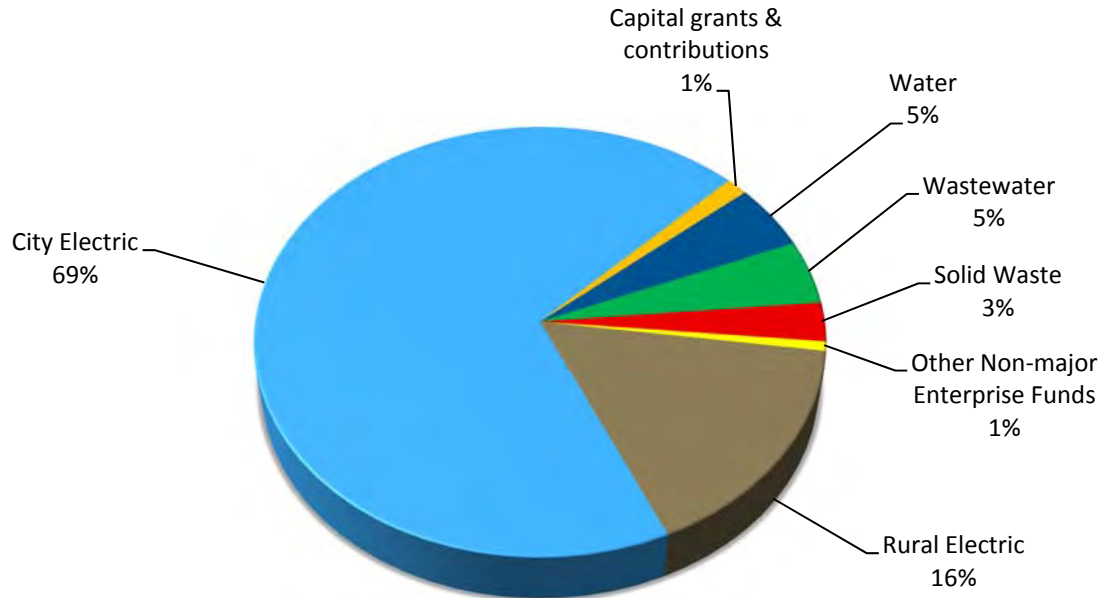
Expenses and Program Revenues - Business-type Activities



City of Bryan, Texas

Management's Discussion and Analysis
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Revenues by Source - Business-Type Activities



Financial Analysis of the City's Funds

As noted earlier, the City of Bryan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements can be found starting on page 122 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 \$5,588,566 during FY 2017 compared to a decrease of \$1,815,357 in FY 2016. Revenues of the fund increased \$3,666,313 and expenditures increased by \$7,575,974 during FY 2017. Expenditures were in excess of revenues by \$18,771,560. FY 2017 transfers in and out of the fund netted \$13,131,627. Increases in expenditures in FY 2017 are primarily one-time items including parks projects and maintenance and design and contractual expenditures for projects that will ultimately be funded by future bonds. 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 \$1,417,802 or 7.6% to \$20,121,646 due to an increase in property values.

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- Other General Fund revenues for FY 2017 increased \$1,047,585, or 77.8%, to \$2,394,054 due to un-budgeted revenues from the Texas Ambulance Supplemental Payment Program ("TASPP") and revenues from Verizon (now Frontier Communications) for under-paid franchise fees relating to sales activity from FY 2013 through FY 2015. TASPP is a program, administered by the State of Texas, that 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.
- Capital outlay expenditures increased significantly in FY 2017 by \$3,184,394 or, 96.4%, primarily due to parks projects. Other capital purchases are public safety vehicle purchases including ambulance re-mounts and police vehicles. Additional General Fund capital projects include fleet vehicles, information technology software and hardware, and public safety radio equipment.
- Public safety non capital expenditures increased in FY17 by \$3,238,074, or 9.6%. This was mainly due to salaries and benefits increasing by \$2,942,199. Increases in salary and benefits are due to merit pool increases as well as the additions of five (5) Police personnel and nine (9) Fire personnel.
- General governmental and administration expenditures decreased \$1,513,716, or 8.6%, due to the contribution to the Bryan Brazos County Economic Development Foundation for the purchase of land in Texas Triangle Park for economic development purposes in FY 2016. No land purchases of this type were made in FY 2017 and account for the difference year-over-year.

Debt Service Fund. The Debt Service Fund ended the fiscal year with a total fund balance of \$5,928,427 compared to \$5,840,959 at the end of FY 2016. This fund balance is restricted for the payment of debt. Tax revenues in the Debt Service Fund increased by \$254,081, or 3.2%, to \$8,091,188. Debt service payments from the fund totaled \$10,351,332. Additional debt service is supported by transfers from TIRZ 10, TIRZ 19, and TIRZ 22 of \$1,877,697.

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 decreased in FY 2017 compared to FY 2016 by \$10,480,208, or 30.8% to \$23,553,528. This is primarily due to the completion of projects related to the City's Capital Improvement Plan ("CIP") in the Capital Project Funds. Additionally, projects related to streets and drainage in the Transportation and Drainage Funds were completed and contributed to the decrease in fund balance.

Special Revenue Funds. The City's special revenue funds include the Grant Fund, Community Development fund, Hotel and Motel Tax fund, the Oil and Gas Fund, the Capital Reserve Fund, the Sidewalks fund, the Court Technology fund, Tax Increment Reinvestment Zones (TIRZ), and two special assessment funds (Street and Drainage Improvement Funds). The fund balances in the special revenue funds decreased by \$1,154,061, or 5.9%, in FY 2017. The majority of this decrease is due to the completion of projects in the Transportation and Drainage Funds.

- The Community Development Fund provides programs and services to low and moderate income persons. The most significant expense is \$1,445,836 spent on the various housing programs funded by state, local, and federal grants.

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- Hotel Tax Revenues for FY 2017 were \$1,453,321. Expenditures total \$1,586,498. These funds primarily go to fund outside agencies who promote the hotel and tourism industries in Bryan, TX. In FY 2017 City Council approved improvements of \$596,482 to Travis Park (NutraBolt Stadium) with the use of Hotel Tax Revenues, which was allowed by recent legislation.
- 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 2017 were \$263,231 made up primarily of property tax revenues and royalty payments. Ending fund balance for FY 2017 was \$603,929. There were no expenditures in this fund during FY 2017.
- 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 2017 total \$2,068,054 for land sales occurring in FY 2016 and FY 2017. There were no expenditures in FY 2017. Total ending fund balance for FY 2017 is \$3,295,538. Interest income was \$19,598 for FY 2017.
- The Street Improvement Fund expenditures total \$9,207,932 on street maintenance and capital projects. The ending fund balance for FY 2017 was \$8,111,108, which is a decrease over FY 2016 totals of \$11,773,499. Fund balance in this fund is committed for street improvement projects at the end of FY 2017.
- The Drainage Improvement Fund expenditures totaled \$926,894 in FY 2017 on drainage projects throughout the City. Ending fund balance was \$2,890,276, which is committed or encumbered for drainage projects at the end of FY 2017.

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 for FY 2017 were \$9,422,513. The fund balance in the Capital Project Funds is \$4,261,143, a decrease of \$9,066,289 from FY 2016. This decrease in fund balance is due to the ongoing completion of 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 2017 \$322,158 in spendable funds was used for expansion and upkeep of City of Bryan Cemeteries. The Permanent Funds fund balance decreased by \$259,858 to \$1,028,507 due to the above mentioned expansion and upkeep of the City of Bryan Cemeteries. Investment earnings of \$1,687 and contributions of \$60,613 helped offset expenditures. Non-spendable ending fund balances totaled \$994,989 for FY 2017. Spendable ending fund balances restricted for cemeteries was \$29,507 and spendable ending fund balances for libraries was \$4,011. These spendable fund balances are restricted to their stated purposes.

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

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2017

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 2017 was \$0.448172 per \$100 of valuation. The adopted tax rate for FY 2017 was \$0.629990 per \$100 of valuation. The remainder of the tax rate is used to fund the City's debt service and is called the interest and sinking fund rate ("I&S rate"). The I&S rate for FY 2017 was \$0.181818 per \$100 of valuation.

Total General Fund revenues for FY 2017 were \$54,448,590 and were \$2,542,990, or 4.9%, ahead of budget and \$3,666,313, or 7.2%, more than revenues in FY 2016. Tax revenues for the General Fund include property tax, sales tax, franchise tax, bingo tax, and alcoholic beverage tax. General Fund tax revenues were 77.7% of total General Fund revenues in FY 2017 and totaled \$42,325,729. Notable variances in General Fund tax revenues for FY 2017 are:

- FY 2017 General Fund property tax revenues were \$20,121,646 and \$232,806, or 1.1%, below budget. Property tax revenues for FY 2017 were \$1,417,802, or 7.6%, above FY 2016 totals.
- Sales taxes were \$85,834, or 0.4%, above budget in FY 2017. Compared to FY 2016 revenues, FY 2017 sales taxes were up by \$582,778, or 3.1%.
- Franchise tax revenue for FY 2017 was \$2,179,203 and \$93,903, or 4.5%, above budget for FY 2017. Franchise tax revenues were \$141,610, or 6.9%, above FY 2016 revenues.

Charges for services in the General Fund include ambulance charges, recreational charges, health and public safety fees, and other miscellaneous charges. Charges for services make up 10.1% of General Fund total revenues in FY 2017. Some notable items in this category are:

- Ambulance charges in FY 2017 were \$512,725, or 26.5%, over budget. FY 2017 saw an increase of \$238,225, or 10.8% over FY 2016 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 \$457,580, or 37.8%, over budget in FY 2017. Compared to FY 2016 revenues, FY 2017 saw an increase of \$190,247, or 12.9%. Parkland dedication funds account for this increase year over year. Residential development continued to grow during FY 2017 and resulted in an increase in this category. Continuing education and recreational classes also saw a significant increase in FY 2017.
- Miscellaneous charges for services was \$141,410, or 81.5%, over budget but was \$100,302, or 24.2%, below FY 2016 revenues. Animal Center donations account for the budget variance in this category. While Animal Center donations were over budget for FY 2017, these revenues were lower than FY 2016 amounts and account for the year-over-year variance 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:

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2017

- Fines and court charges were \$116,995 or 6.3%, below budget for the year in FY 2017 but were \$59,593, or 3.6%, above FY 2016 revenues. FY 2017 saw more citations issued than FY 2016 and this accounts for the increase year-over-year. However, citations are still below historical averages and account for the budget variance in this category.
- Licenses and permits were \$260,009, or 39.6%, over budget for FY 2017. Totals for this category in FY 2017 were \$916,481 and were \$188,654, or 17.1%, below FY 2016 revenues. While residential and commercial permits are lower than FY 2016 volumes, construction continues to remain higher than historical levels. Building permits have been reduced in recent years due to the builder incentive programs.
- Other revenues of \$2,394,054 were \$1,134,084, or 90.0% over budget during FY 2017 and were \$1,047,585, or 77.8%, over FY 2016 revenues. During FY 2017 the City collected unbudgeted revenues from Verizon (now Frontier Communications) for under-paid franchise fees from previous years. Additionally, the City collected revenues from the TASPP. These funds are unbudgeted every year as the continuation of this federally funded program is uncertain.

Total General Fund operating expenditures are broken down into major categories in the accompanying required supplementary section of the report beginning on page 116. 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.
- Cultural and Recreational – Includes the golf course, parks and recreation services, and the libraries.
- Other General Fund activities include capital expenditures, administrative reimbursements, and transfers in and out.

General Fund expenditures, including capital purchases, for the year totaled \$73,220,150 and were \$78,188, or 0.1%, over budget. Compared to FY 2016, expenditures were up by \$7,575,974, or 11.5%, during FY 2017. This is a result of carryover for parks improvement projects from FY 2016 and design and contractual expenses in Development Services for projects that will ultimately be funded using bond funds.

Total general government and administrative expenditures were \$16,066,047 and were \$782,949, or 4.6%, under budget for FY 2017. This makes up 21.9% of total FY 2017 General Fund expenditures. Some notable budget variances in this category are as follows:

- The Executive department was below budget by \$207,962, or 7.4%, due to savings in supplies, contractual services and maintenance, and contingent expenditures.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2017

- The City Secretary department was below budget by \$110,956, or 10.3%, due primarily to lower than expected contribution costs and lower than expected election costs.
- Payments to other agencies were over budget by \$154,460, or 4.0%, due to a joint agreement land purchase with the Bryan Brazos County Economic Development Foundation.
- The Fiscal Services department was below budget by \$103,726, or 6.6%, due primarily to savings in personnel costs and lower than expected training costs.
- Information Technology was below budget by 286,504 or 8.5% due to the timing of software purchases and maintenance.
- Fleet services was below budget by \$206,045, or 24.6%, due to staff vacancies and software purchases that were budgeted and not expensed.

Development services finished FY 2017 below budget by \$13,905, or 0.3%. Expenditure totals in this category were \$5,529,511 and made up 7.6% of total General Fund expenditures for FY 2017. Notable budget variances in this category include Engineering which was \$574,953, or 20.7%, over budget for FY 2017. This variance is primarily due to projects paid by the General Fund that will ultimately be funded using future bond proceeds. Special Projects is under budget by \$535,935, or 81.5%, offsetting the variance in Engineering. This variance is due to the timing of the Neighborhood Infill project that was budgeted for FY 2017 and has been delayed.

Public Works services total expenditures for FY 2017 were \$3,859,511 and made up 5.3% of total General Fund expenditures for the year. Overall Public Works was \$129,173, or 3.2%, under budget due primarily to contractual cost savings and maintenance projects that will be completed in future periods.

Public Safety expenditures for FY 2017 were \$36,808,455 and were \$652,263, or 1.8%, over budget. Public safety accounts for 50.3% of all General Fund expenditures in FY 2017. Some notable variances include:

- Police services are \$406,785, or 2.2%, over budget. This variance is primarily due to salaries and benefits over budget due to unexpected overtime for hurricane Harvey response and preparation. Additionally, supplies is over budget due to timing of purchases. Partially offsetting these variances is capital expenditures which are under budget due to timing of equipment and vehicle purchases.
- Fire and emergency medical services were over budget by \$410,196, or 2.7%, for FY 2017 due salaries and benefits for firefighters hired in FY 2017. These firefighters are partially funded by a federal grant ("SAFER Grant"). Some overtime and all equipment was funded through the General Fund and was not budgeted for FY 2017. This grant will partially fund these firefighters through FY 2018 and a portion of FY 2019. At that time the General Fund will fund these expenses.
- Municipal Court expenditures for FY 2017 were \$123,069, or 8.0%, under budget for the year due to savings in utility expenses, supplies, and travel, training, and miscellaneous.

Cultural and recreational services expenditures for FY17 total \$7,507,653 and were \$38,817, or 0.5%, under budget for the year. Library, parks and recreation, and the golf course make up 10.3% of total General Fund expenditures in FY 2017.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2017

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, 2017 was \$752,983,123 (net of accumulated depreciation), an increase of \$42,035,234 or 5.9%. 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 2017 included the following:

City of Bryan's Capital Assets*						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 11,685,224	\$ 11,599,609	\$ 16,405,276	\$ 16,401,235	\$ 28,090,500	\$ 28,000,844
Buildings	22,682,622	23,554,121	17,908,065	18,704,668	40,590,687	42,258,789
Equipment	8,125,744	7,845,645	5,771,052	4,772,032	13,896,796	12,617,677
Improvements	14,011,168	9,419,172	519,010,949	496,673,149	533,022,117	506,092,321
Infrastructure	88,445,143	92,871,738	-	-	88,445,143	92,871,738
Construction in Progress	17,017,486	7,948,996	31,702,740	20,960,131	48,720,226	28,909,127
Retirement in Progress	-	-	217,654	197,393	217,654	197,393
Total	<u>\$ 161,967,387</u>	<u>\$ 153,239,281</u>	<u>\$ 591,015,736</u>	<u>\$ 557,708,608</u>	<u>\$ 752,983,123</u>	<u>\$ 710,947,889</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 66-67 of this report.

Long-term Debt. At the end of FY 2017, the City of Bryan had total debt outstanding of \$417,125,171 net of premiums and discounts. Of this amount, \$134,607,307 (general obligation bonds and certificates of obligation net of premiums and discounts) comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured by specified revenue sources (revenue bonds)

Outstanding Debt at Year End Bonds and Notes Payable						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 40,918,353	\$ 46,382,490	\$ 12,576,647	\$ 14,007,511	\$ 53,495,000	\$ 60,390,001
Revenue bonds	-	-	255,715,000	276,590,000	255,715,000	276,590,000
Certificates of obligation	36,975,000	39,160,021	42,395,000	44,720,000	79,370,000	83,880,021
Premium (discount)	1,463,381	1,614,366	27,081,790	18,471,437	28,545,171	20,085,803
Total, net	<u>\$ 79,356,734</u>	<u>\$ 87,156,877</u>	<u>\$ 337,768,437</u>	<u>\$ 353,788,948</u>	<u>\$ 417,125,171</u>	<u>\$ 440,945,825</u>

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2017

During FY 2017, the City's total debt decreased by \$23,820,653 or 5.4%. The City retired or refunded \$117,622,328 of outstanding debt. The City issued new and refunding debt totaling \$93,801,675 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	<u>Fitch</u>
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+

During FY 2017, the City's Water Works and Sewer revenue bond rating was raised to AA from AA- by Standard and Poors.

Additional information on the City's long-term debt can be found in Note 5 to the financial statements on pages 68-72 of this report.

Economic Factors and Next Year's Budgets and Rates

Bryan continued its strong growth trajectory during FY17, realizing increases in property values and moderate increases in sales tax revenues which positively impacted the City's governmental funds. Bryan and neighboring College Station are the economic center of the region comprised of Brazos County and the surrounding seven counties. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: government, higher education and health care. Five of the top ten employers in the area fall into these classifications.

Ad valorem property taxes comprised approximately 37.0% of General Fund revenues in FY 2017. FY 2018 budgeted General Fund property tax revenues increased 9.9% from FY 2017 bolstered by continued growth in Bryan and the surrounding area. FY 2018 sales tax revenue is budgeted to increase by 3.5% when compared to FY 2017 actual sales tax revenue. This reflects the moderate approach the City has taken in projecting sales tax revenue based on historical trends. Thus far in FY 2018, actual sales tax receipts are slightly over budget. Actual sales tax receipts for the first three (3) months of FY 2018 are \$5,157,776, and are \$105,819, or 2.1%, over budget. While the City still expects some moderation in retail activities, any slowdown should be cushioned by the areas economic base previously described. As always, staff continues its efforts to hold the line on operating costs.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2017

Revenues for the entire electric system for FY 2018 are budgeted to be \$238,544,551, which is an increase of \$1,717,236, or less than 1.0%, in FY 2018 versus FY 2017 budget. This increase is made up of an increase in Rural Electric revenues due to higher projected kWh sales levels and a decrease in City Electric revenues due to lower off-system sales. FY 2018 budgeted electric expenditures are projected to be \$222,260,966, which is a decrease of \$24,917,638 or 10.1% from the FY 2107 budget. This decrease in expenditures is primarily due to decreases in debt service payments due to refinancing and lower cash-funded capital purchases.

The Water Fund has budgeted an increase in operating expenditures for FY 2018 compared to the FY 2017 budget of \$249,430, or 3.7%, to \$7,074,220. Total expenditures for the Water Fund, including debt service and capital expenditures, is budgeted to decrease by \$783,170, or 5.4%. This decrease is attributable to lower cash-funded capital purchases projected in FY 2018. Revenues budgeted for the Water Fund for FY 2018 are \$13,054,500, and are \$336,666, or 2.6%, higher than FY 2017 budgeted revenues.

The Wastewater Fund budget for FY 2018 shows operating revenues of \$12,997,200, which is \$256,800 or 2.0% higher than the FY 2017 budget. Budgeted operating expenditures for FY 2018 are \$7,150,215 which is \$104,953 or 1.5% above the FY 2017 budget. Total expenditures including capital projects and debt service are projected to increase during FY 2018 by \$192,432, or 1.2%.

The Solid Waste Fund budget for FY 2018 shows total revenues of \$8,186,034. This is a \$154,321, or 1.9%, increase from the FY 2017 budget. The FY 2018 budgeted operating expenditures are projected to be \$5,525,960, which is a decrease of \$146,673, or 2.6% from the FY 2017 budget. Total expenditures are budgeted for \$7,985,049 in FY 2017 which is a \$377,453, or 4.5%, decrease from FY 2017. This is primarily due to capital expenditure decreases resulting from the purchase of new Solid Waste trucks in FY 2017.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bryan Business Council, Inc.
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 14,836,971	\$ 41,743,317	\$ 56,580,288	\$ 1,649,691
Investments	42,595,653	48,324,629	90,920,282	-
Receivables:				
Accounts	8,955,394	26,725,160	35,680,554	-
Less allowance for uncollectible	(6,069,765)	(1,029,604)	(7,099,369)	-
Property taxes	1,329,491	-	1,329,491	-
Less allowance for uncollectible	(1,156,641)	-	(1,156,641)	-
Sales taxes	3,396,514	-	3,396,514	-
Grants	304,158	110,352	414,510	-
Interest	150,661	293,139	443,800	-
Notes	-	-	-	101,243
Internal balances	1,375,994	(1,375,994)	-	-
Inventories	230,119	5,172,425	5,402,544	-
Under-recovered regulatory fee	-	11,068	11,068	-
Prepaid energy costs	-	2,966,570	2,966,570	-
Prepaid and other assets	19,226	1,024,192	1,043,418	-
Restricted assets:				
Permanently restricted:				
Investments	994,989	-	994,989	-
Total current assets	66,962,764	123,965,254	190,928,018	1,750,934
Noncurrent assets:				
Receivables:				
Assessments	115,056	-	115,056	-
Notes	3,698,631	-	3,698,631	-
Restricted assets:				
Cash and cash equivalents	-	14,498,621	14,498,621	-
Investments	-	60,089,581	60,089,581	-
Investment in BVSWMMA	-	15,718,343	15,718,343	-
Investment in Economic Development Foundation	4,149,051	-	4,149,051	-
Capital assets:				
Land	11,685,224	16,405,276	28,090,500	1,474,150
Buildings	39,131,550	20,565,744	59,697,294	194,499
Improvements other than buildings	39,598,237	799,430,479	839,028,716	11,748
Machinery and equipment	34,869,692	17,465,846	52,335,538	1,230
Infrastructure	194,528,601	-	194,528,601	-
Construction in progress	17,017,486	31,702,740	48,720,226	-
Retirement in progress	-	217,654	217,654	-
Less accumulated depreciation	(174,863,403)	(294,772,003)	(469,635,406)	(117,699)
Total capital assets	161,967,387	591,015,736	752,983,123	1,563,928
Total noncurrent assets	169,930,125	681,322,281	851,252,406	1,563,928
Total assets	\$ 236,892,889	\$ 805,287,535	\$ 1,042,180,424	\$ 3,314,862
<u>Deferred outflows</u>				
Accumulated decrease in fair value of of hedging derivatives	-	6,239,244	6,239,244	-
Pensions	12,680,221	7,112,500	19,792,721	-
TMPA regulatory asset	-	9,459,686	9,459,686	-
Unamortized loss on refunded debt	1,417,496	1,119,914	2,537,410	-
Total deferred outflows	\$ 14,097,717	\$ 23,931,344	\$ 38,029,061	\$ -

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	\$ 3,927,577	\$ 12,870,131	\$ 16,797,708	\$ -
Accrued liabilities and retainage	2,422,662	909,202	3,331,864	-
Claims	2,030,541	-	2,030,541	-
Accrued vacation and sick pay	2,313,006	539,796	2,852,802	-
Unearned revenue	-	266,466	266,466	-
Derivative financial instruments	-	5,567,140	5,567,140	-
Accrued interest	317,675	3,915	321,590	-
Notes	-	-	-	49,918
Payable from restricted assets:				
Accrued liabilities	-	1,390,599	1,390,599	-
Accrued interest	-	2,890,284	2,890,284	-
Over recovered fuel	-	5,989,069	5,989,069	-
Over recovered regulatory fee	-	49,703	49,703	-
Bonds payable, net	7,952,516	16,090,784	24,043,300	-
Customer deposits	152,368	5,762,833	5,915,201	-
Total current liabilities	19,116,345	52,329,922	71,446,267	49,918
Noncurrent liabilities:				
Bonds payable, net	71,404,218	321,677,653	393,081,871	-
Claims	825,341	-	825,341	-
Derivative financial instruments	-	672,104	672,104	-
Net pension liability (NPL)	36,960,248	20,610,721	57,570,969	-
Other post employment benefits (OPEB)	1,853,265	745,707	2,598,972	-
Accrued vacation and sick pay	5,947,731	959,639	6,907,370	-
Other noncurrent liabilities	-	306,351	306,351	-
Total noncurrent liabilities	116,990,803	344,972,175	461,962,978	-
Total liabilities	136,107,148	397,302,097	533,409,245	49,918
<u>Deferred Inflows</u>				
Pensions	953,129	554,376	1,507,505	-
Deferred regulatory liability	-	10,971,506	10,971,506	-
Total deferred inflows	953,129	11,525,882	12,479,011	-
<u>Net Position</u>				
Net investment in capital assets	88,289,291	312,335,006	400,624,297	1,514,010
Restricted for:				
BVSWMA, Inc.	-	15,718,343	15,718,343	-
Economic Development Foundation	4,149,051	-	4,149,051	-
Debt retirement	-	5,618,799	5,618,799	-
Debt service	5,646,190	5,384,060	11,030,250	-
Perpetual care:				
Expendable	33,518	-	33,518	-
Nonexpendable	994,989	-	994,989	-
Rate stabilization	-	1,696,080	1,696,080	-
Collateral deposits	-	314,036	314,036	-
Noncurrent notes receivable	3,698,631	-	3,698,631	-
Tax abatements	1,120,000	-	1,120,000	-
Police activities	66,327	-	66,327	-
Court activities	349,414	-	349,414	-
Record preservation	84,367	-	84,367	-
TIRZ Development	1,037,861	-	1,037,861	-
Hotel/Motel	2,050,708	-	2,050,708	-
Other purposes	687,940	-	687,940	-
Unrestricted	5,722,042	79,324,576	85,046,618	1,750,934
Total net position	\$ 113,930,329	\$ 420,390,900	\$ 534,321,229	\$ 3,264,944

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, 2017

		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	\$ 17,481,720	\$ 208,607	\$ -	\$ -	\$ (17,273,113)	\$ -	\$ (17,273,113)	\$ -
Development services	8,956,465	859,574	1,330,766	-	(6,766,125)	-	(6,766,125)	-
Public works services	20,061,531	-	-	2,657,984	(17,403,547)	-	(17,403,547)	-
Public safety	39,753,105	5,400,679	577,331	-	(33,775,095)	-	(33,775,095)	-
Cultural and recreational	9,827,528	1,723,126	1,132,195	-	(6,972,207)	-	(6,972,207)	-
Interest on long-term debt	2,732,128	-	-	-	(2,732,128)	-	(2,732,128)	-
Total governmental activities	98,812,477	8,191,986	3,040,292	2,657,984	(84,922,215)	-	(84,922,215)	-
Business-type activities:								
City electric	176,616,366	190,064,226	-	-	-	13,447,860	13,447,860	-
Rural electric	41,664,199	44,224,725	-	-	-	2,560,526	2,560,526	-
Water	11,385,667	13,428,055	-	1,637,356	-	3,679,744	3,679,744	-
Wastewater	11,756,197	13,111,998	-	1,824,144	-	3,179,945	3,179,945	-
Solid waste	7,547,878	7,974,367	-	8,582	-	435,071	435,071	-
Other nonmajor enterprise funds	938,355	1,907,859	-	206,989	-	1,176,493	1,176,493	-
Total business-type activities	249,908,662	270,711,230	-	3,677,071	-	24,479,639	24,479,639	-
Total primary government	\$ 348,721,139	\$ 278,903,216	\$ 3,040,292	\$ 6,335,055	\$ (84,922,215)	\$ 24,479,639	\$ (60,442,576)	\$ -
Component unit:								
Bryan Business Council, Inc.	\$ 192,401	\$ -	\$ 169,836	\$ -	\$ -	\$ -	\$ -	\$ (22,565)
General revenues:								
Property taxes					\$ 31,409,788	\$ -	\$ 31,409,788	\$ -
Sales taxes					19,608,634	-	19,608,634	-
Franchise taxes					2,179,203	-	2,179,203	-
Alcoholic beverage taxes					154,279	-	154,279	-
Bingo taxes					261,967	-	261,967	-
Hotel occupancy taxes					1,453,321	-	1,453,321	-
Transportation and drainage assessments					6,639,924	-	6,639,924	-
Unrestricted investment earnings					454,389	1,056,355	1,510,744	-
Miscellaneous					5,194,379	3,305,582	8,499,961	-
Transfers (net)					15,432,345	(15,432,345)	-	-
Total general revenues and transfers					82,788,229	(11,070,408)	71,717,821	-
Change in net position					(2,133,986)	13,409,231	11,275,245	(22,565)
Net position, October 1, 2016					116,064,315	406,981,669	523,045,984	3,287,509
Net position, September 30, 2017					\$ 113,930,329	\$ 420,390,900	\$ 534,321,229	\$ 3,264,944

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, 2017

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 6,476,168	\$ 557,490	\$ 6,418,023	\$ 13,451,681
Investments	18,862,175	1,663,794	19,154,194	39,680,163
Receivables:				
Accounts	8,255,246	1,935	683,028	8,940,209
Less allowance for uncollectible	(5,995,302)	-	(74,463)	(6,069,765)
Property taxes	938,988	390,503	-	1,329,491
Less allowance for uncollectible	(816,046)	(340,595)	-	(1,156,641)
Sales taxes	3,396,514	-	-	3,396,514
Assessments	115,056	-	-	115,056
Grants	11,785	-	292,373	304,158
Interest	65,384	5,738	66,053	137,175
Notes	13,631	3,685,000	-	3,698,631
Due from other funds	178,147	-	140,883	319,030
Prepaid and other assets	12,753	-	6,473	19,226
Total assets	<u>\$ 31,514,499</u>	<u>\$ 5,963,865</u>	<u>\$ 26,686,564</u>	<u>\$ 64,164,928</u>
<u>Liabilities, Deferred Inflows, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 1,523,182	\$ -	\$ 1,941,885	\$ 3,465,067
Accrued liabilities	1,329,328	-	18,353	1,347,681
Retainage payable	177,234	-	882,374	1,059,608
Due to other funds	165,374	-	159,703	325,077
Customer deposits	152,368	-	-	152,368
Total liabilities	<u>3,347,486</u>	<u>-</u>	<u>3,002,315</u>	<u>6,349,801</u>
Deferred inflows:				
Deferred property taxes	87,475	35,438	-	122,913
Other deferred revenue	115,056	-	130,721	245,777
Total deferred inflows	<u>202,531</u>	<u>35,438</u>	<u>130,721</u>	<u>368,690</u>
Fund balances:				
Nonspendable	1,817	-	994,989	996,806
Restricted	2,036,743	5,928,427	7,654,534	15,619,704
Committed	3,211,078	-	14,904,005	18,115,083
Assigned	4,962,007	-	-	4,962,007
Unassigned	17,752,837	-	-	17,752,837
Total fund balances	<u>27,964,482</u>	<u>5,928,427</u>	<u>23,553,528</u>	<u>57,446,437</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 31,514,499</u>	<u>\$ 5,963,865</u>	<u>\$ 26,686,564</u>	<u>\$ 64,164,928</u>

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

CITY OF BRYAN, TEXAS

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

As of September 30, 2017

Total fund balances - governmental funds \$ 57,446,437

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 \$100,856). 161,967,387

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 368,690

The City's equity in the Economic Development Foundation is included in the Statement of Net Position but is not included at the fund level. 4,149,051

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 \$(1,382,153) and net capital assets in the amount of \$100,856). 1,693,844

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. (317,675)

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	\$ 40,918,354	
Certificates of obligation payable	36,975,000	
Deferred amount on refunding and premium charges on debt	45,885	
Net Pension Liability	36,960,249	
Deferred amounts on pensions (net)	(11,727,092)	
Accrued vacation and sick leave (Net of internal service fund liability in the amount of \$55,727)	8,205,009	(111,377,405)

Net position of governmental activities \$ 113,930,329

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, 2017

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 20,121,646	\$ 8,091,188	\$ 3,172,361	\$ 31,385,195
Sales taxes	19,608,634	-	-	19,608,634
Franchise taxes	2,179,203	-	-	2,179,203
Alcoholic beverage taxes	154,279	-	-	154,279
Bingo taxes	261,967	-	-	261,967
Hotel occupancy taxes	-	-	1,453,321	1,453,321
Transportation and drainage assessments	-	-	6,639,924	6,639,924
Charges for services	5,504,971	-	-	5,504,971
Fines and court charges	1,730,417	-	40,117	1,770,534
Licenses and permits	916,481	-	-	916,481
Grants	1,377,629	-	1,662,663	3,040,292
Investment earnings	199,309	51,866	173,794	424,969
Other	2,394,054	418,049	663,095	3,475,198
Total revenues	<u>54,448,590</u>	<u>8,561,103</u>	<u>13,805,275</u>	<u>76,814,968</u>
Expenditures:				
Current:				
General government and administration	16,066,047	-	-	16,066,047
Development services	5,529,511	-	2,601,134	8,130,645
Public works services	3,859,511	-	9,480,462	13,339,973
Public safety	36,808,455	-	366,186	37,174,641
Cultural and recreational	7,507,653	-	990,016	8,497,669
Administrative reimbursement	(3,037,162)	-	-	(3,037,162)
Capital outlay	6,486,135	-	11,043,042	17,529,177
Debt service:				
Bond and principal retirement	-	7,649,158	-	7,649,158
Interest and fiscal charges	-	2,702,174	-	2,702,174
Total expenditures	<u>73,220,150</u>	<u>10,351,332</u>	<u>24,480,840</u>	<u>108,052,322</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(18,771,560)</u>	<u>(1,790,229)</u>	<u>(10,675,565)</u>	<u>(31,237,354)</u>
Other financing sources (uses):				
Sales of capital assets	51,367	-	-	51,367
Transfers in	13,647,984	1,877,697	7,514,371	23,040,052
Transfers out	(516,357)	-	(7,319,014)	(7,835,371)
Long-term debt issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Premium on refunding bonds	-	-	-	-
Premium on long-term debt issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>13,182,994</u>	<u>1,877,697</u>	<u>195,357</u>	<u>15,256,048</u>
Net change in fund balances	(5,588,566)	87,468	(10,480,208)	(15,981,306)
Fund balances, October 1, 2016	<u>33,553,048</u>	<u>5,840,959</u>	<u>34,033,736</u>	<u>73,427,743</u>
Fund balances, September 30, 2017	<u>\$ 27,964,482</u>	<u>\$ 5,928,427</u>	<u>\$ 23,553,528</u>	<u>\$ 57,446,437</u>

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

CITY OF BRYAN, TEXASReconciliation 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, 2017

Net change in fund balances - total governmental funds \$ (15,981,306)

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. 17,529,177

The City's investment in the Economic Development Foundation is reported at the government-wide level but not at the fund level. 637,375

The net effect of various transactions involving capital assets (i.e., sales and contributions) is to increase net position. 2,462,715

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. (11,250,437)

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:

Debt principal repayments 7,649,158

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. (3,264,009)

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. (29,954)

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. 122,912

Some revenues reported in the governmental funds were earned in prior periods; and therefore, are not reported in the government-wide statement of activities. (61,219)

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 (\$259,896)). 51,602

Change in net position of governmental activities. \$ (2,133,986)

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

CITY OF BRYAN, TEXAS
Statement of Net Position
Proprietary Funds
As of September 30, 2017

	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	\$ 29,291,729	\$ 6,588,707	\$ 1,758,791	\$ 2,662,014	\$ 1,442,076	\$ 41,743,317	\$ 1,385,290
Investments	30,829,568	-	5,248,069	7,943,826	4,303,166	48,324,629	3,910,479
Accounts receivable	18,019,232	4,809,712	1,706,153	1,505,874	684,189	26,725,160	15,185
Less allowance for uncollectible	(636,633)	(120,428)	(82,390)	(114,567)	(75,586)	(1,029,604)	-
Grants receivable	-	-	-	-	110,352	110,352	-
Interest receivable	212,869	-	32,900	29,511	17,859	293,139	13,486
Inventories	4,740,848	-	415,296	-	16,281	5,172,425	230,119
Due from other funds	3,277,289	-	395,378	248,184	158,820	4,079,671	12
Under-recovered regulatory fee	11,068	-	-	-	-	11,068	-
Under-recovered fuel cost	-	-	-	-	-	-	-
Prepaid energy costs	2,966,570	-	-	-	-	2,966,570	-
Prepaid and other assets	1,024,192	-	-	-	-	1,024,192	-
Total current assets	<u>89,736,732</u>	<u>11,277,991</u>	<u>9,474,197</u>	<u>12,274,842</u>	<u>6,657,157</u>	<u>129,420,919</u>	<u>5,554,571</u>
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	314,036	8,126,883	4,202,773	1,561,640	293,289	14,498,621	-
Investments	53,310,365	998,338	4,291,957	613,607	875,314	60,089,581	-
Investment in BVSWMA	-	-	-	-	15,718,343	15,718,343	-
Capital assets:							
Land	6,021,381	115,524	590,812	397,678	9,279,881	16,405,276	-
Buildings	-	-	233,798	19,067,049	1,264,897	20,565,744	23,420
Equipment	-	-	3,227,509	4,783,716	9,454,621	17,465,846	114,453
Improvements other than buildings	456,629,314	107,429,029	121,211,627	110,250,866	3,909,643	799,430,479	188,658
Construction in progress	22,677,348	783,463	2,783,765	5,229,318	228,846	31,702,740	-
Retirement in progress	217,654	-	-	-	-	217,654	-
Less accumulated depreciation	(160,364,355)	(32,736,563)	(43,530,002)	(48,316,173)	(9,824,910)	(294,772,003)	(225,675)
Total capital assets (net of accumulated depreciation)	<u>325,181,342</u>	<u>75,591,453</u>	<u>84,517,509</u>	<u>91,412,454</u>	<u>14,312,978</u>	<u>591,015,736</u>	<u>100,856</u>
Total noncurrent assets	<u>378,805,743</u>	<u>84,716,674</u>	<u>93,012,239</u>	<u>93,587,701</u>	<u>31,199,924</u>	<u>681,322,281</u>	<u>100,856</u>
Total assets	<u>\$ 468,542,475</u>	<u>\$ 95,994,665</u>	<u>\$ 102,486,436</u>	<u>\$ 105,862,543</u>	<u>\$ 37,857,081</u>	<u>\$ 810,743,200</u>	<u>\$ 5,655,427</u>
<u>Deferred outflows</u>							
Accumulated decrease in fair value of hedging derivatives	6,239,244	-	-	-	-	6,239,244	-
TMPA regulatory asset	9,459,686	-	-	-	-	9,459,686	-
Pensions	5,122,532	-	589,000	696,781	704,187	7,112,500	-
Unamortized loss on refunded debt	-	-	733,071	386,843	-	1,119,914	-
Total deferred outflows	<u>\$ 20,821,462</u>	<u>\$ -</u>	<u>\$ 1,322,071</u>	<u>\$ 1,083,624</u>	<u>\$ 704,187</u>	<u>\$ 23,931,344</u>	<u>\$ -</u>

CITY OF BRYAN, TEXAS
Statement of Net Position
Proprietary Funds
As of September 30, 2017

	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	\$ 11,518,620	\$ 481,254	\$ 128,164	\$ 424,291	\$ 317,802	\$ 12,870,131	\$ 462,510
Accrued liabilities	556,089	133,187	44,895	57,147	117,884	909,202	15,373
Claims payable	-	-	-	-	-	-	2,030,541
Due to other funds	934,837	3,138,675	-	-	-	4,073,512	124
Unearned revenue	-	-	-	266,466	-	266,466	-
Derivative financial instruments	5,567,140	-	-	-	-	5,567,140	-
Accrued interest	-	-	-	-	3,915	3,915	-
Accrued vacation and sick pay	290,660	-	81,748	88,397	78,991	539,796	15,604
Current liabilities payable from restricted assets:							
Accrued liabilities	-	-	1,222,670	167,929	-	1,390,599	-
Accrued interest	2,258,597	184,113	259,282	188,292	-	2,890,284	-
Over-recovered fuel cost	4,132,634	1,856,435	-	-	-	5,989,069	-
Over-recovered regulatory fee	-	49,703	-	-	-	49,703	-
Bonds payable, net	9,060,327	1,102,094	3,186,350	2,691,682	50,331	16,090,784	-
Customer deposits	4,306,857	1,445,256	-	-	10,720	5,762,833	-
Total current liabilities	38,625,761	8,390,717	4,923,109	3,884,204	579,643	56,403,434	2,524,152
Noncurrent liabilities:							
Bonds payable, net	244,055,518	21,871,014	29,110,119	25,510,055	1,130,947	321,677,653	-
Claims payable	-	-	-	-	-	-	825,341
Derivative financial instruments	672,104	-	-	-	-	672,104	-
Net pension liability	14,846,900	-	1,674,270	2,050,789	2,038,762	20,610,721	-
Other post employment benefits (OPEB)	462,094	-	78,238	90,463	114,912	745,707	1,853,265
Accrued liabilities	306,351	-	-	-	-	306,351	-
Accrued vacation and sick pay	516,729	-	145,330	157,150	140,430	959,639	40,123
Total noncurrent liabilities	260,859,696	21,871,014	31,007,957	27,808,457	3,425,051	344,972,175	2,718,729
Total liabilities	299,485,457	30,261,731	35,931,066	31,692,661	4,004,694	401,375,609	5,242,881
<u>Deferred Inflows</u>							
Pensions	396,613	-	47,395	54,676	55,692	554,376	-
Deferred regulatory liability	2,074,126	8,897,380	-	-	-	10,971,506	-
Total deferred inflows	\$ 2,470,739	\$ 8,897,380	\$ 47,395	\$ 54,676	\$ 55,692	\$ 11,525,882	\$ -
<u>Net Position</u>							
Net investment in capital assets	125,683,387	48,738,241	60,025,383	63,597,560	14,290,435	312,335,006	100,856
Restricted for:							
BVSWMA	-	-	-	-	15,718,343	15,718,343	-
Debt reserve	5,618,799	-	-	-	-	5,618,799	-
Debt service	1,650,625	572,436	1,164,176	1,986,955	9,868	5,384,060	-
Rate stabilization	1,696,080	-	-	-	-	1,696,080	-
Collateral deposits	314,036	-	-	-	-	314,036	-
Unrestricted	52,444,814	7,524,877	6,640,487	9,614,315	4,482,236	80,706,729	311,690
Total net position	\$ 187,407,741	\$ 56,835,554	\$ 67,830,046	\$ 75,198,830	\$ 34,500,882	\$ 421,773,053	\$ 412,546
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(1,382,153)	
Net position of business-type activities						\$ 420,390,900	

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, 2017

	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	\$ 188,485,735	\$ 44,224,725	\$ -	\$ -	\$ -	\$ 232,710,460	\$ -
Water system	-	-	13,428,055	-	-	13,428,055	-
Wastewater system	-	-	-	13,111,998	-	13,111,998	-
Solid waste	-	-	-	-	7,974,367	7,974,367	-
Other	1,578,491	-	-	-	1,907,859	3,486,350	12,617,756
Total operating revenues	<u>190,064,226</u>	<u>44,224,725</u>	<u>13,428,055</u>	<u>13,111,998</u>	<u>9,882,226</u>	<u>270,711,230</u>	<u>12,617,756</u>
Operating expenses:							
Personnel services	12,134,272	534,865	2,353,484	2,981,601	3,109,093	21,113,315	687,044
Electric operations	122,918,106	36,417,788	-	-	-	159,335,894	-
Maintenance	3,180,363	900,524	882,904	1,375,177	447,124	6,786,092	2,239
Claims	-	-	-	-	-	-	10,417,117
Other services and charges	806,946	-	2,430,518	1,262,717	1,855,461	6,355,642	2,909,513
Other expenses	2,160,978	-	373,240	367,739	793,186	3,695,143	33,787
General and administrative	2,284,119	202,965	912,907	1,011,514	1,141,403	5,552,908	-
Total operating expenses	<u>143,484,784</u>	<u>38,056,142</u>	<u>6,953,053</u>	<u>6,998,748</u>	<u>7,346,267</u>	<u>202,838,994</u>	<u>14,049,700</u>
Operating income (loss) before depreciation and amortization	46,579,442	6,168,583	6,475,002	6,113,250	2,535,959	67,872,236	(1,431,944)
Depreciation and amortization	22,726,595	2,874,591	3,245,894	3,979,637	1,079,775	33,906,492	13,343
Operating income (loss)	<u>23,852,847</u>	<u>3,293,992</u>	<u>3,229,108</u>	<u>2,133,613</u>	<u>1,456,184</u>	<u>33,965,744</u>	<u>(1,445,287)</u>
Nonoperating revenues (expenses):							
Investment earnings	784,398	70,839	90,304	69,112	41,702	1,056,355	29,420
Interest expense	(10,241,143)	(733,466)	(1,159,045)	(739,207)	(30,419)	(12,903,280)	-
Grants	-	-	-	8,582	206,989	215,571	-
Distributive share of BVSWMA net income	-	-	-	-	1,032,027	1,032,027	-
Other - net	1,762,263	-	176,915	160,121	174,256	2,273,555	979,910
Total nonoperating revenues (expenses)	<u>(7,694,482)</u>	<u>(662,627)</u>	<u>(891,826)</u>	<u>(501,392)</u>	<u>1,424,555</u>	<u>(8,325,772)</u>	<u>1,009,330</u>
Income (loss) before contributions and transfers	16,158,365	2,631,365	2,337,282	1,632,221	2,880,739	25,639,972	(435,957)
Capital contributions	-	-	1,637,356	1,824,144	-	3,461,500	-
Transfers in	-	-	40,054	140,429	214,764	395,247	302,664
Transfers out	(11,918,376)	-	(729,474)	(683,001)	(2,496,741)	(15,827,592)	(75,000)
Change in net position	<u>4,239,989</u>	<u>2,631,365</u>	<u>3,285,218</u>	<u>2,913,793</u>	<u>598,762</u>	<u>13,669,127</u>	<u>(208,293)</u>
Net position, October 1, 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>
Net position, September 30, 2017	<u>\$ 187,407,741</u>	<u>\$ 56,835,554</u>	<u>67,830,046</u>	<u>\$ 75,198,830</u>	<u>\$ 34,500,882</u>		<u>\$ 412,546</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(259,896)	
Change in net position of business-type activities.						<u>\$ 13,409,231</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, 2017

	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	\$ 189,680,408	\$ 44,084,724	\$ 13,187,495	\$ 13,218,159	\$ 10,579,928	\$ 270,750,714	\$ 4,283,344
Receipts for interfund services provided	-	-	-	-	-	-	9,628,137
Payments to suppliers	(128,325,535)	(35,593,351)	(3,162,690)	(2,889,214)	(3,015,410)	(172,986,200)	(14,487,720)
Payments to employees	(11,147,894)	(544,061)	(2,266,406)	(2,846,925)	(2,972,061)	(19,777,347)	(685,571)
Other receipts	-	-	-	-	-	-	973,462
Payments for interfund services used	-	-	(912,907)	(1,011,514)	(1,141,403)	(3,065,824)	-
Net cash provided (used) by operating activities	50,206,979	7,947,312	6,845,492	6,470,506	3,451,054	74,921,343	(288,348)
Cash flows from noncapital financing activities:							
Transfers in	1,762,263	-	40,054	140,429	214,764	2,157,510	302,664
Transfers out	(11,918,376)	-	(729,474)	(683,001)	(2,496,741)	(15,827,592)	(75,000)
Net cash provided (used) by noncapital financing activities	(10,156,113)	-	(689,420)	(542,572)	(2,281,977)	(13,670,082)	227,664
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(41,503,236)	(7,665,410)	(2,243,854)	(2,379,086)	(673,414)	(54,465,000)	-
Grant proceeds	-	-	-	8,582	96,637	105,219	-
Proceeds from sale of assets	-	-	176,866	130,098	95,226	402,190	-
Certificates of obligation proceeds	-	-	-	-	-	-	-
Revenue bond proceeds	-	-	6,801,354	-	-	6,801,354	-
Amortization of debt expense	-	-	-	-	-	-	-
Bond issuance costs	(784,767)	-	-	-	-	(784,767)	-
Principal paid on outstanding bonds	(12,500,000)	(1,060,000)	(2,946,433)	(2,596,857)	(52,575)	(19,155,865)	-
Principal paid on notes	-	-	-	-	-	-	-
Payment to escrow agent	(2,812,663)	-	-	-	-	(2,812,663)	-
Amortization of bond expense	-	-	-	-	-	-	-
Interest paid on bonds, contractual obligations, and notes	(10,797,710)	(757,068)	(1,159,045)	(739,207)	(29,285)	(13,482,315)	-
Net cash provided (used) by capital and related financing activities	(68,398,376)	(9,482,478)	628,888	(5,576,470)	(563,411)	(83,391,847)	-
Cash flows from investing activities:							
Purchase of investment securities	(135,904,090)	-	(7,986,285)	(6,455,313)	(4,243,909)	(154,589,597)	(2,992,912)
Sale of investment securities	90,000,000	1,000,000	2,142,633	2,790,690	1,933,013	97,866,336	1,484,247
Interest on investments	810,282	73,792	66,818	52,063	31,147	1,034,102	24,474
Net cash provided (used) by investing activities	(45,093,808)	1,073,792	(5,776,834)	(3,612,560)	(2,279,749)	(55,689,159)	(1,484,191)
Net increase (decrease) in cash and cash equivalents	(73,441,318)	(461,374)	1,008,126	(3,261,096)	(1,674,083)	(77,829,745)	(1,544,875)
Cash and cash equivalents, October 1, 2016	103,047,083	15,176,964	4,953,438	7,484,750	3,409,448	134,071,683	2,930,165
Cash and cash equivalents, September 30, 2017	\$ 29,605,765	\$ 14,715,590	\$ 5,961,564	\$ 4,223,654	\$ 1,735,365	\$ 56,241,938	\$ 1,385,290

CITY OF BRYAN, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2017

	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)	\$ 23,852,847	\$ 3,293,992	\$ 3,229,108	\$ 2,133,613	\$ 1,456,184	\$ 33,965,744	\$ (1,445,287)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization	22,726,595	2,874,591	3,245,894	3,979,637	1,079,775	33,906,492	13,343
Bad debts	175,262	30,356	-	-	-	205,618	-
Other revenue	-	-	-	-	-	-	979,910
Payments for miscellaneous expenses	-	-	-	-	-	-	-
Change in assets and liabilities:							
Change in accounts receivable	(544,429)	(231,575)	(139,175)	(48,362)	722,273	(241,268)	1,467
Change in inventory	298,084	-	13,038	-	(3,214)	307,908	-
Change in due from other funds	1,491,641	-	(101,385)	(29,477)	(20,882)	1,339,897	(11,281)
Change in over (under) recovered fuel	(219,416)	1,951,575	-	-	-	1,732,159	-
Change in over (under) recovered regulatory fee	(33,120)	106,654	-	-	-	73,534	-
Change in other assets	128,454	-	-	-	-	128,454	-
Deferred outflows/inflows of resources - pensions	996,404	-	-	-	-	996,404	-
Change in grants receivable	-	-	-	-	-	-	-
Change in accounts payable	883,854	(534,231)	481,039	165,531	97,625	1,093,818	179,884
Change in accrued liabilities	(272,067)	(9,196)	43,133	(31,121)	13,178	(256,073)	(402,093)
Change in other liabilities	-	-	-	184,000	-	184,000	-
Change in customer deposits	160,612	41,871	-	-	(475)	202,008	-
Change in due to other funds	300,216	423,275	(16,301)	(15,498)	(18,382)	673,310	124
Change in claims payable	-	-	-	-	-	-	394,865
Change in unearned revenue	-	-	-	-	-	-	-
Change in accrued vacation and sick pay	-	-	10,705	22,322	18,068	51,095	720
Change in post employment benefits and NPL	262,042	-	79,436	109,861	106,904	558,243	-
Net cash provided (used) by operating activities	<u>\$ 50,206,979</u>	<u>\$ 7,947,312</u>	<u>\$ 6,845,492</u>	<u>\$ 6,470,506</u>	<u>\$ 3,451,054</u>	<u>\$ 74,921,343</u>	<u>\$ (288,348)</u>
Reconciliation of total cash and cash equivalents:							
Current assets - cash and cash equivalents	\$ 29,291,729	\$ 6,588,707	\$ 1,758,791	\$ 2,662,014	\$ 1,442,076	\$ 41,743,317	\$ 1,385,290
Restricted assets - cash and cash equivalents	314,036	8,126,883	4,202,773	1,561,640	293,289	14,498,621	-
Total cash and cash equivalents	<u>\$ 29,605,765</u>	<u>\$ 14,715,590</u>	<u>\$ 5,961,564</u>	<u>\$ 4,223,654</u>	<u>\$ 1,735,365</u>	<u>\$ 56,241,938</u>	<u>\$ 1,385,290</u>

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

The City issued general obligation refunding bonds for the City Electric debt issued in 2007, 2008 and 2009. Of the \$68,278,254 received, \$65,465,591 was deposited into a trust for the defeasance of outstanding bond issues. The remaining was deposited into an escrow account for the City Electric's bond reserve funds.

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

CITY OF BRYAN, TEXAS
Statement of Assets and Liabilities
Payroll Fund
As of September 30, 2017

Assets

Cash and cash equivalents	\$	1,687,383
Accounts receivable		<u>76,524</u>
Total assets	\$	<u><u>1,763,907</u></u>

Liabilities

Accounts payable	\$	<u>1,763,907</u>
Total liabilities	\$	<u><u>1,763,907</u></u>

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

CITY OF BRYAN, TEXAS

Statement of Fiduciary Net Position

OPEB Trust

As of September 30, 2017

Assets

Cash and cash equivalents	\$ 503,740
Total assets	<u>\$ 503,740</u>

Liabilities

Accounts payable	\$ -
Total liabilities	<u>\$ -</u>
Net position held in trust for pension benefits	<u>\$ 503,740</u>

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

CITY OF BRYAN, TEXAS

Statement of Changes in Fiduciary Net Position

OPEB Trust

For the Fiscal Year Ended September 30, 2017

Additions

Contributions

Employer contributions

\$ 500,000

Investment Income

Interest

3,984

Total additions

\$ 503,984

Deductions

Expenses

Administration

244

Total deductions

244

Net Increase

\$ 503,740

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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

Blended component units

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

The condensed combined statements of net position for the City Electric System and QSE as of September 30, 2017 are as follows:

	September 30, 2017		
	BTU City	QSE	Combined
Current assets	\$ 85,968,923	\$ 3,629,196	\$ 89,598,119
Internal balance	\$ 1,916,604	\$ (1,916,604)	-
Capital assets, net	324,685,949	495,393	325,181,342
Restricted assets	53,624,401	-	53,624,401
Other	-	-	-
Total assets	466,195,877	2,207,985	468,403,862
Deferred outflows	20,821,462	-	20,821,462
Current liabilities	19,158,109	87,353	19,245,462
Current liabilities payable from restricted assets	18,198,088	-	18,198,088
Noncurrent liabilities	261,903,294	-	261,903,294
Total liabilities	299,259,491	87,353	299,346,844
Deferred inflows	2,470,739	-	2,470,739
Net Position:			
Net investment in capital assets	125,187,994	495,393	125,683,387
Restricted	9,279,540	-	9,279,540
Unrestricted	50,819,575	1,625,239	52,444,814
Total net position	\$ 185,287,109	\$ 2,120,632	\$ 187,407,741

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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, 2017, are as follows:

	Fiscal Year Ended September 30, 2017		
	BTU City	QSE	Combined
Operating revenues	\$ 188,722,036	\$ 1,342,190	\$ 190,064,226
Operating expenses	164,869,189	1,342,190	166,211,379
Operating income	23,852,847	-	23,852,847
Investment income	784,398	-	784,398
Investment expense	(10,241,143)	-	(10,241,143)
Income before operating transfers	14,396,102	-	14,396,102
Transfers, net	(10,156,113)	-	(10,156,113)
Change in net position	4,239,989	-	4,239,989
Net position, beginning of period	181,047,120	2,120,632	183,167,752
Net position, end of period	\$ 185,287,109	\$ 2,120,632	\$ 187,407,741

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, 2017 and the changes in net position from October 1, 2016 to June 30, 2017 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, 2017

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

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

The City reports the following major governmental funds:

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

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

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

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

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

The City reports the following major enterprise funds:

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

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

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

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

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

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the City considers property taxes available if they are collected within thirty (30) days of the end of the current fiscal period. A one hundred twenty (120) day availability period is used for recognition of all other governmental fund revenues. Expenditures are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

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

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

Budgetary Control

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

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

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

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

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

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

Cash and Investments

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

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

Inventories

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

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

The Texas Municipal Power Agency's ("TMPA") rates for the purchase of electricity billed to the City Electric System are designed to cover TMPA's annual system costs including debt service costs. During the fiscal year ended September 30, 2010, the City Electric System, along with other TMPA member cities, issued debt in their own names to refund a portion of TMPA debt and to finance certain capital improvements of TMPA. Such amounts have been accounted for as a prepayment of future energy costs on the Statements of Net Position and were being amortized through 2019, the life of the associated debt. On September 26, 2017, the Texas Municipal Power Agency (TMPA) brought the Gibbons Creek unit off-line and placed it into seasonal operation where it is planned to run the unit only during the 2018 summer operating season (June through September) and no definite plans to run beyond that summer. See Note 13 – Texas Municipal Power Agency for a further discussion of TMPA activities. As a result of TMPA's planned end of generation operations, a portion of BTU's Prepaid Energy Costs associated with TMPA become impaired and GASB Statement No. 42, *Accounting for Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* is applied. Based on continued service units associated with 2017 summer operations, a Prepaid Energy Cost of \$2,616,570 remains at September 30, 2017 associated with TMPA and an amount of \$9,459,685 was determined to be impaired. The remaining Prepaid Energy Costs associated with TMPA are being amortized through 2018. Because BTU retail rates as authorized by the City of Bryan currently do and are projected to continue to include the recovery of the impaired portion of TMPA's Prepaid Energy Costs, BTU has applied the "General Standards of Accounting for the Effects of Regulation" section of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and has recorded the impaired value as a Regulatory Asset at September 30, 2017. The Regulatory Asset is being amortized through 2019, the life of the associated debt. Also included in Prepaid Energy Costs are prepaid generation capacity costs. As discussed in Note 21 – Commitments and Contingencies, 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 Statements of Revenues, Expenses and Changes in Net Position in depreciation and amortization and totaled \$8,300,717 for the fiscal year ended September 30, 2017.

Other Prepaid Items

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

Minimum Fund Balance Policy

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

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 policies were amended on January 9, 2017 to better accommodate the amounts needed for the minimum fund balances. These statements are available on the City's website at www.bryantx.gov/fiscal-services/.

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, 2017

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. There were no governmental debt issuances for the fiscal year ended September 30, 2017. 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 \$1,028,860 for the fiscal year ended September 30, 2017.

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, 2017, the City Electric System reported a current liability – over recovered fuel cost of \$4,132,634. At September 30, 2017, the Rural Electric System reported a current liability – over-recovered fuel cost of \$1,856,435.

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, 2017, the City Electric System reported a current asset – under-recovered regulatory fee of \$11,068. At September 30, 2017 the Rural Electric System reported a current liability – over-recovered regulatory fee of \$49,703.

Deferred Regulatory Liability

To better align certain benefits received with BTU's retail rate design, the City and Rural Electric Systems utilize regulatory accounting treatment for the funds it collects from customers and

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

developers as contributions of aid in construction (AIC) under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB & AICPA Pronouncements*. The City and Rural Electric Systems recognize AIC received as a deferred regulatory liability in the deferred inflows section of the Statement of Net Position. The deferred regulatory liability is amortized to accumulated depreciation over the life of the asset constructed. During the fiscal year ended September 30, 2017, the City Electric System collected \$602,914 of AIC. During the fiscal year ended September 30, 2017, the Rural Electric System collected \$1,457,451 of AIC. The amortization of the deferred regulatory liability was \$342,859 for the fiscal year ended September 30, 2017.

Compensated Absences

The City's policy in effect during Fiscal Year 2017 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, 2017

New Accounting Pronouncements and Changes in Accounting Principles

For the fiscal year ended September 30, 2017, the City adopted:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefits other than Pension Plans (OPEB)*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The scope of this statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans. This statement is effective for financial statements for fiscal years beginning after June 15, 2016. However, based on the Plan Year of the City's OPEB Trust (January 1 through December 31), this statement will be effective for the City for the FY 2018 financial statements.

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 forego 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 has adopted this guidance for FY 2017.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

The following guidance issued by GASB is effective for years following FY 2017 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 inter-period equity, and creating additional transparency.

This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. 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, this statement will be effective for the City for FY 2018.

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 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.

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

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

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

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

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

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

2. DEPOSITS AND INVESTMENTS

Deposits

State statutes require that all deposits in financial institutions be fully collateralized with depository insurance or by U.S. Government obligations or its agencies and instrumentalities; or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. At year-end, the City's demand deposits at Branch Banking and Trust (BB&T), the City's depository bank, were entirely covered by federal depository insurance or by collateral held by the Federal Reserve Bank in the City's name. At September 30, 2017, the amount of the City's demand deposits were \$11,904,323, BTU's demand deposits were \$44,007,319 and the combined bank balance was \$55,911,642.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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 23, 2016, for the fiscal year ending September 30, 2017, 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;
- 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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

The City's cash and cash equivalents and investments at September 30, 2017 as are follows:

	Carrying <u>Value</u>	Percentage <u>of Total</u>	Wgt. Avg. <u>Maturity</u>	Credit <u>Risk</u>
U. S. Agencies and Instrumentalities	\$ 132,840,650	59.55%	382	AAA
Collateral Deposits	314,036	0.14%		
Investments in Government Pools	34,017,433	15.25%	32	AAAm
Cash	55,911,642	25.06%	1 day	
Total Investments and deposits	<u>\$ 223,083,761</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.

The City has recurring fair value measurements as presented in the table below. The investment balances at September 30, 2017 are as follows:

	Value at FYE	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments measured at amortized cost				
Investments in Government Pools	\$ 2,261,327	\$ -	\$ -	\$ -
Investments measured at net asset value (NAV)				
Investments in Government Pools	31,756,106	-	-	-
Investment measured at fair value				
U.S. Agencies	132,840,650	-	132,840,650	-
	<u>\$ 166,858,083</u>	<u>\$ -</u>	<u>\$ 132,840,650</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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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, 2017, 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	\$ 132,840,650	\$ 85,942,490	\$ 46,898,160	\$ -
Investments in government pools	34,017,433	34,017,433	-	-
Total	<u>\$ 166,858,083</u>	<u>\$ 119,959,923</u>	<u>\$ 46,898,160</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, chapter 791 of the Texas Government Code and the Public Funds Investment Act, chapter 2256 of the Texas Government Code. TexSTAR policies require that local government deposits be used to purchase investments authorized by the Texas Public Funds Investment Act. The State Comptroller of Public Accounts exercises responsibility over TexSTAR. TexSTAR is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management. J.P. Morgan Investment Management, Inc. provides investment advisory services.

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

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

Custodial Risk – City deposits in excess of the \$250,000 amount covered by the Federal Depository Insurance Corporation ("FDIC") must be secured by authorized securities with a market value equal

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

to or greater than 105% of the total deposits. At September 30, 2017, 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, 2017, 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.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

year ended September 30, 2017. 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, 2017

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

	Balance October 1	Additions / Completions	Retirements / Adjustments	Balance September 30
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 11,599,609	\$ 85,615	\$ -	\$ 11,685,224
Construction in Progress	7,948,996	10,822,341	(1,753,851)	17,017,486
Total capital assets not being depreciated	19,548,605	10,907,956	(1,753,851)	28,702,710
Capital assets, being depreciated				
Buildings	39,005,385	126,165	-	39,131,550
Equipment	33,510,695	2,197,985	(838,988)	34,869,692
Improvements	33,550,168	6,048,069	-	39,598,237
Infrastructure	191,870,617	2,657,984	-	194,528,601
Total capital assets being depreciated	297,936,865	11,030,203	(838,988)	308,128,080
Less accumulated depreciation for:				
Buildings	(15,451,264)	(998,838)	1,174	(16,448,928)
Equipment	(25,665,050)	(1,693,488)	614,590	(26,743,948)
Improvements	(24,130,996)	(1,470,026)	13,953	(25,587,069)
Infrastructure	(98,998,879)	(7,101,432)	16,853	(106,083,458)
Total accumulated depreciation	(164,246,189)	(11,263,784)	646,570	(174,863,403)
Total capital assets being depreciated, net	133,690,676	(233,581)	(192,418)	133,264,677
Governmental activities capital assets, net	\$ 153,239,281	\$ 10,674,375	\$ (1,946,269)	\$ 161,967,387
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 16,401,235	\$ 4,041	\$ -	\$ 16,405,276
Construction In Progress	20,960,131	50,124,273	(39,381,664)	31,702,740
Retirement in Progress	197,393	2,759,408	(2,739,147)	217,654
Total capital assets not being depreciated	37,558,759	52,887,722	(42,120,811)	48,325,670
Capital assets, being depreciated				
Buildings	20,531,233	34,511	-	20,565,744
Equipment	15,484,621	2,613,114	(631,889)	17,465,846
Improvements	760,105,356	43,415,166	(4,090,043)	799,430,479
Total capital assets being depreciated	796,121,210	46,062,791	(4,721,932)	837,462,069
Less accumulated depreciation for:				
Buildings	(1,826,565)	(831,114)	-	(2,657,679)
Equipment	(10,712,589)	(1,465,673)	483,468	(11,694,794)
Improvements	(263,432,207)	(23,651,848)	6,664,525	(280,419,530)
Total accumulated depreciation	(275,971,361)	(25,948,635)	7,147,993	(294,772,003)
Total capital assets being depreciated, net	520,149,849	20,114,156	2,426,061	542,690,066
Business-type activities capital assets, net	\$ 557,708,608	\$ 73,001,878	\$ (39,694,750)	\$ 591,015,736

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

Governmental activities:	
General government and administration	\$ 769,171
Development services	753,564
Public works services	6,718,297
Public safety	1,781,440
Cultural and recreational	1,241,312
Total depreciation expense - Governmental activities	<u>\$ 11,263,784</u>
Business-type activities:	
City Electric	\$ 14,490,695
Rural Electric	3,152,634
Water	3,245,894
Wastewater	3,979,637
Other Enterprise Funds	1,079,775
Total depreciation expense - Business-type activities	<u>\$ 25,948,635</u>

The City has active construction projects as of September 30, 2017. Total accumulated commitments for ongoing capital projects are composed of the following:

	<u>Committed</u>
Street improvements	\$ 12,655,593
Drainage improvements	142,881
Construction of new fire station	2,048,619
Water system improvements	3,867,544
Wastewater system improvements	1,645,618
Total	<u>\$ 20,360,255</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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, 2017:

	Beginning Balance	Issued	Matured/ Refunded	Ending Balance	Due within one year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 46,382,490	\$ -	\$ 5,464,137	\$ 40,918,353	\$ 5,566,531
Certificates of Obligation	39,160,021	-	2,185,021	36,975,000	2,235,000
Total governmental activities	85,542,511	-	7,649,158	77,893,353	7,801,531
Total Premium (Discount)	1,614,366	-	150,985	1,463,381	150,985
Total Governmental Activities, net	87,156,877	-	7,800,143	79,356,734	7,952,516
<u>Business-type Activities:</u>					
Water, Sewer & Airport Systems:					
General Obligation Bonds	7,002,511	-	700,864	6,301,647	713,469
Certificates of Obligation	6,750,000	-	1,075,000	5,675,000	1,030,000
Revenue Bonds	46,185,000	26,615,000	25,015,000	47,785,000	4,020,000
Electric System :					
General Obligation Bonds	7,005,000	-	730,000	6,275,000	750,000
Certificates of Obligation	37,970,000	-	1,250,000	36,720,000	1,275,000
Revenue Bonds	230,405,000	57,225,000	79,700,000	207,930,000	6,505,000
Total business type activities	335,317,511	83,840,000	108,470,864	310,686,647	14,293,469
Total Premium (Discount)	18,471,437	9,961,675	1,351,322	27,081,790	1,797,315
Total Business-type Activities, net	353,788,948	93,801,675	109,822,186	337,768,437	16,090,784
Total long-term debt	420,860,022	83,840,000	116,120,022	388,580,000	22,095,000
Total long-term debt, net	\$ 440,945,825	\$ 93,801,675	\$ 117,622,329	\$ 417,125,171	\$ 24,043,300

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

Long-term debt at September 30, 2017 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	\$ 4,385,000	\$ -	\$ 4,385,000
Refunding, Series 2013	2.00 - 3.50	2026	08/15/23	15,090,440	4,439,560	19,530,000
Refunding, Series 2014	2.00 - 3.25	2031	08/15/24	5,652,913	1,862,087	7,515,000
Refunding, Series 2015	2.00 - 4.00	2025	None	8,765,000	6,275,000	15,040,000
Refunding, Series 2016	1.50 - 3.00	2026	None	7,025,000	-	7,025,000
Total General Obligation Bonds				40,918,353	12,576,647	53,495,000
<u>Certificates of Obligation:</u>						
Combination Tax & Revenue, Series 2008	4.00 - 5.00	2028	08/15/18	6,965,000	-	6,965,000
Combination Tax & Revenue, Series 2009	3.00 - 5.00	2029	08/15/19	5,625,000	-	5,625,000
Combination Tax & Revenue, Series 2010	2.00 - 4.38	2030	08/15/20	9,425,000	-	9,425,000
Combination Tax & Revenue Refunding, Series 2011	3.00 - 4.00	2022	None	-	4,565,000	4,565,000
Combination Tax & Revenue, Series 2013	3.00 - 4.25	2033	08/15/23	-	4,725,000	4,725,000
Combination Tax & Revenue, Series 2014	2.00 - 5.00	2039	08/15/24	6,120,000	31,995,000	38,115,000
Combination Tax & Revenue, Series 2016	2.00 - 5.00	2036	08/15/26	8,840,000	1,110,000	9,950,000
Total Certificates of Obligation				36,975,000	42,395,000	79,370,000
<u>Revenue Bonds:</u>						
Water and Sewer System Revenue, Series 2009A	2.50 - 4.63	2029	07/01/19	-	3,885,000	3,885,000
Sewer System Revenue, Series 2009B	1.35 - 2.60	2019	None	-	285,000	285,000
Water Revenue, Series 2010A	2.00 - 4.25	2030	07/01/20	-	3,715,000	3,715,000
Sewer System Revenue, Series 2011	0.00 - 2.70	2030	None	-	13,580,000	13,580,000
Electric System Revenue City, Series 2010	5.00 - 5.00	2019	07/01/17	-	21,355,000	21,355,000
Electric System Revenue Rural, Series 2011	3.00 - 5.00	2021	None	-	1,320,000	1,320,000
Electric System Revenue City, Series 2012	3.13 - 5.00	2037	07/01/22	-	41,555,000	41,555,000
Electric System Revenue City, Series 2016	3.00 - 5.00	2041	07/01/26	-	71,045,000	71,045,000
Electric System Revenue Rural, Series 2016	2.00 - 5.00	2041	07/01/26	-	15,430,000	15,430,000
Water System Revenue, Series 2016A	2.25 - 5.00	2036	07/01/26	-	4,170,000	4,170,000
Water System Revenue, Series 2016B	0.61 - 2.16	2041	None	-	2,250,000	2,250,000
Water and Sewer System Revenue, Series 2017	3.00 - 4.00	2032	07/01/27	-	19,900,000	19,900,000
Electric System Revenue Rural, Series 2017	3.00 - 5.00	2034	07/01/27	-	57,225,000	57,225,000
Total Revenue Bonds				\$ -	\$ 255,715,000	\$ 255,715,000
Total long-term debt				\$ 77,893,353	\$ 310,686,647	\$ 388,580,000
Total Premium (Discount)				\$ 1,463,381	\$ 27,081,790	\$ 28,545,171
Total long-term debt, net				\$ 79,356,734	\$ 337,768,437	\$ 417,125,171

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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	
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	4,082,201	580,331	1,497,799	214,979	6,375,310
2023-2027	14,149,996	1,120,894	4,935,004	378,481	20,584,375
2028-2032	1,147,131	92,075	377,869	30,330	1,647,405
Total	<u>\$ 40,918,353</u>	<u>\$ 5,594,761</u>	<u>\$ 12,576,647</u>	<u>\$ 1,859,944</u>	<u>\$ 60,949,705</u>

Certificates of Obligation

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
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	2,475,000	1,052,115	2,345,000	1,177,613	7,049,728
2023-2027	13,800,000	3,713,121	8,010,000	4,922,145	30,445,266
2028-2032	8,410,000	1,117,572	9,455,000	3,489,204	22,471,776
2033-2037	2,880,000	187,199	9,475,000	1,786,687	14,328,886
2038-2039	-	-	3,985,000	228,570	4,213,570
Total	<u>\$ 36,975,000</u>	<u>\$ 11,111,716</u>	<u>\$ 42,395,000</u>	<u>\$ 16,997,734</u>	<u>\$ 107,479,450</u>

Revenue Bonds

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2018	\$ -	\$ -	\$ 10,525,000	\$ 10,646,682	\$ 21,171,682
2019	-	-	33,090,000	10,326,587	43,416,587
2020	-	-	12,215,000	8,819,946	21,034,946
2021	-	-	12,740,000	8,316,786	21,056,786
2022	-	-	12,945,000	7,785,615	20,730,615
2023-2027	-	-	54,910,000	31,650,537	86,560,537
2028-2032	-	-	61,815,000	18,232,447	80,047,447
2033-2037	-	-	38,490,000	7,436,251	45,926,251
2038-2041	-	-	18,985,000	1,646,107	20,631,107
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,715,000</u>	<u>\$ 104,860,958</u>	<u>\$ 360,575,958</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

Total Long Term Debt

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2018	\$ 7,801,531	\$ 2,541,404	\$ 14,293,469	\$ 12,445,860	\$ 37,082,264
2019	7,631,005	2,323,948	36,768,995	12,032,196	58,756,144
2020	7,844,991	2,115,365	15,875,009	10,436,856	36,272,221
2021	7,671,498	1,862,453	16,523,502	9,824,758	35,882,211
2022	6,557,201	1,632,446	16,787,799	9,178,207	34,155,653
2023-2027	27,949,996	4,834,015	67,855,004	36,951,163	137,590,178
2028-2032	9,557,131	1,209,647	71,647,869	21,751,981	104,166,628
2033-2037	2,880,000	187,199	47,965,000	9,222,938	60,255,137
2038-2041	-	-	22,970,000	1,874,677	24,844,677
Total	<u>\$ 77,893,353</u>	<u>\$ 16,706,477</u>	<u>\$ 310,686,647</u>	<u>\$ 123,718,636</u>	<u>\$ 529,005,113</u>

On October 11, 2016, the City issued \$4,370,000 in water revenue bonds, Series 2016A. These bonds mature serially from July 1, 2017 through July 1, 2036 with coupon rates ranging from 2.0% to 5.0%. After the payment of issuance costs, the proceeds from the sale of the 2016A revenue bonds will be used to pay contractual obligations of the City incurred for (1) constructing, improving, repairing, renovating, enlarging, extending and equip the Waterworks and Sewer System, and (2) paying related professional services, including legal, fiscal, and engineering and design fees.

Also on October 11, 2016, the City issued \$2,345,000 in Waterworks and Sewer System revenue bonds, Series 2016B. These bonds mature serially from July 1, 2017 through July 1, 2041 with coupon rates ranging from 0.061% to 2.61%. After the payment of issuance costs, the proceeds from the sale of the 2016B revenue bonds will be used to pay contractual obligations of the City incurred for (1) constructing, improving, repairing, renovating, enlarging, extending and equipping the Waterworks and Sewer System, and (2) paying related professional services, including legal, fiscal, and engineering and design fees.

On May 16, 2017, the City also issued Waterworks and Sewer System Revenue Refunding Bonds totaling \$19,900,000. These bonds mature serially from July 1, 2018 through July 1, 2032 with coupon rates ranging from 3.0% to 4.0%. The proceeds from the sale of the Bonds will be used to refund a portion of the City's outstanding Waterworks and Sewer System Revenue Bonds (Series 2007) in order to provide debt service savings for the City, to purchase a surety bond to fund the 2017 Reserve Fund, and to pay issuance costs on the bonds. Proceeds from the sale of the bonds were used to refund a total of \$21,195,000 of revenue bonds. This represents a deferred loss of \$734,950, a reduction in debt service payments over the next 10 years of \$2,920,548, and an economic gain of \$2,848,466 by an average interest rate of 2.422%.

On June 8, 2017, the City Electric Fund issued revenue refunding bonds totaling \$57,225,000. These bonds mature serially from July 1, 2018 through July 1, 2034 with coupon rates ranging from 3.0% to 5.0%. The proceeds from the sale of the 2017 Revenue Bonds were restricted to refunding portions of the City Electric System's outstanding bonds for debt service savings. This represents a reduction in debt service payments over the next 15 years of \$19,528,197, and an economic gain of \$15,642,070 by an average interest rate of 2.756%.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

Under the terms of the bond covenants, the City Electric and Rural Electric Funds are required to maintain minimum reserve fund requirements equal to approximately one year of debt service requirements. The reserve fund requirements may be satisfied by cash, letter of credit or an insurance policy. The reserve fund requirements for the Series 2010, 2011 (Rural) and 2012 Bonds are satisfied with restricted funds. The reserve fund requirements for the City Electric Fund Series 2016 and 2017 bonds are satisfied with insurance policies, as are the Rural Electric Fund's Series 2016 bonds. There are no reserve requirements for the 2013 (Rural) and 2014 Certificates of Obligation or the 2015 General Obligation Refunding Bonds.

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

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

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As provided for by the bond ordinances, this amount would be as a liability in the Proprietary funds for the benefit of the federal government and will be paid as required by applicable regulations. The City did not have an arbitrage liability as of September 30, 2017.

6. PRIOR-YEAR DEFEASANCE OF DEBT

As of September 30, 2017, the City had no outstanding general obligation bonds, certificates of obligation, and revenue bonds which were considered defeased.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

7. BONDS AVAILABLE FOR SALE

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

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

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

8. NATURE AND PURPOSE OF CLASSIFICATION OF FUND EQUITY

The fund balance classifications for Governmental Funds are:

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

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

The City's classification of fund balances is as follows at September 30, 2017:

	General Fund	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Nonspendable:						
Permanent Funds Corpus	\$ -	\$ -	\$ -	\$ -	\$ 994,989	\$ 994,989
Other Purposes	1,817	-	-	-	-	1,817
Restricted for:						
Debt Service	-	5,928,427	-	-	-	5,928,427
Grants	485,122	-	83,204	-	-	568,326
Hotel/Motel	-	-	2,050,708	-	-	2,050,708
Municipal Court	161,314	-	188,100	-	-	349,414
TIRZ Development	-	-	1,037,861	-	-	1,037,861
Capital Projects	-	-	-	4,261,143	-	4,261,143
Cemeteries	-	-	-	-	29,507	29,507
Libraries	-	-	-	-	4,011	4,011
Police	66,327	-	-	-	-	66,327
Record Preservation	84,366	-	-	-	-	84,366
Other Purposes	119,614	-	-	-	-	119,614
Tax Abatements	1,120,000	-	-	-	-	1,120,000
Committed to:						
Parks	1,622,758	-	-	-	-	1,622,758
Libraries	175,821	-	-	-	-	175,821
Streets	-	-	8,111,108	-	-	8,111,108
Drainage	-	-	2,890,276	-	-	2,890,276
Severance Reserve	1,412,499	-	-	-	-	1,412,499
Other Purposes	-	-	3,902,621	-	-	3,902,621
Assigned to:						
Parks	546,688	-	-	-	-	546,688
Streets and Drainage	3,250,579	-	-	-	-	3,250,579
Other Purposes	1,164,740	-	-	-	-	1,164,740
Unassigned	17,752,837	-	-	-	-	17,752,837
Total fund balances	\$27,964,482	\$5,928,427	\$18,263,878	\$4,261,143	\$1,028,507	\$57,446,437

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

Net position has been restricted at September 30, 2017 as follows:

Restricted for:	Business-Type Activities				Total
	Electric	Water	Waste Water	Other Enterprise	
Rate Stabilization	\$ 1,696,080	\$ -	\$ -	\$ -	\$ 1,696,080
Debt Retirement	5,618,799	-	-	-	5,618,799
Debt Service	2,223,061	1,164,176	1,986,955	9,868	5,384,060
Collateral Deposits	314,036	-	-	-	314,036
BVSWMA	-	-	-	15,718,343	15,718,343
Total	<u>\$ 9,851,976</u>	<u>\$ 1,164,176</u>	<u>\$ 1,986,955</u>	<u>\$ 15,728,211</u>	<u>\$ 28,731,318</u>

9. RETIREMENT PLAN

Plan Description

The City of Bryan participates as one of 872 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 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

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2017

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

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

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	563
Inactive employees entitled to but not yet receiving benefits	424
Active employees	<u>873</u>
Total	1,860

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 15.04% and 15.29% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$8,521,169, and were equal to the required contributions.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2017

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

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

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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2015	\$ 292,976,253	\$ 236,442,481	\$ 56,533,772
Changes for the year:			
Service Cost	8,498,467	-	8,498,467
Interest	19,655,455	-	19,655,455
Change of benefit terms	-	-	-
Difference between expected and actual experience	450,762	-	450,762
Changes of assumptions	-	-	-
Contributions - employer	-	8,035,947	(8,035,947)
Contributions - employee	-	3,741,223	(3,741,223)
Net investment income	-	15,980,505	(15,980,505)
Benefit payments, including refunds of employee contributions	(12,067,133)	(12,067,133)	-
Administrative expense	-	(180,465)	180,465
Other changes	-	(9,723)	9,723
Net changes	16,537,551	15,500,354	1,037,197
Balance at 12/31/2016	<u>\$ 309,513,804</u>	<u>\$ 251,942,835</u>	<u>\$ 57,570,969</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	\$103,518,865	\$57,570,969	\$20,138,843

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.tmr.com.

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

For the year ended September 30, 2017, the City recognized pension expense of \$12,631,001.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

At September 30, 2017, 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	\$ 350,145	\$ (1,490,995)
Changes in actuarial assumptions	1,991,155	-
Difference between projected and actual investment earnings	10,882,882	(16,510)
Contributions subsequent to the measurement date	6,568,539	-
Total	<u>\$ 19,792,721</u>	<u>(1,507,505)</u>

\$6,568,539 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, 2018. 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
2017	\$ 3,987,981
2018	4,113,159
2019	3,571,369
2020	44,168
2021	-
Thereafter	-
Total	<u>\$ 11,716,677</u>

Other long term liabilities

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

	Year Ended September 30, 2017		
	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 7,611,388	\$ 1,474,232	\$ 9,085,620
Plus additions	3,536,645	805,830	4,342,475
Less payments	(2,887,296)	(673,876)	(3,561,172)
Ending balance	<u>\$ 8,260,737</u>	<u>\$ 1,606,186</u>	<u>\$ 9,866,923</u>
Amount due in one year	\$ 2,313,006	\$ 578,225	\$ 2,891,231
Amount due in over one year	\$ 5,947,731	\$ 1,027,961	\$ 6,975,692

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For the Fiscal Year Ended September 30, 2017

10. EMPLOYEE HEALTH BENEFITS

The City established the Employee Benefits Trust Fund effective October 1, 1986, covering health benefits for eligible employees. At that time the Council approved a formal trust agreement establishing the Fund. Employee premium costs are shared by the City and the employee, while dependent coverage is paid by the employee. The City's contract with its third party administrator and reinsurer sets an individual stop loss deductible in the amount of \$150,000 and a maximum aggregate stop loss deductible of \$10,946,178 for the twelve month period which began January 1, 2017 and ends December 31, 2017. 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 \$278,601 for calendar year 2015, \$238,255 for calendar year 2016, and \$370,525 for calendar year 2017 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 2017</u>	<u>FY 2016</u>
Beginning balance unpaid claims	\$ 1,063,007	\$ 995,718
Incurred claims	9,747,452	8,052,689
Claim payments	<u>(9,546,412)</u>	<u>(7,985,400)</u>
Ending balance unpaid claims	<u>\$ 1,264,047</u>	<u>\$ 1,063,007</u>
Amounts due in one year	\$ 1,264,047	\$ 1,063,007

11. OTHER POST-EMPLOYMENT BENEFITS

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

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

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

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For the Fiscal Year Ended September 30, 2017

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

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

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

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

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

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

The City's health care plan includes medical, dental, and prescription coverage. Retiree health plan coverage is the same as coverage provided to active City employees in accordance with the terms and conditions of the current City of Bryan Health Plan. The City also offers a fully insured optional vision plan that retirees and their dependents may purchase. The City 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, 2017, retirees paid \$589,716 in premiums and \$1,565,659 in claims were paid for post-retirement health care and administrative charges. As of September 30, 2017, the City has 34 retirees, 40 retirees and spouses, 7 retirees and families and 3 retirees and child(ren) participating in the health plan, out of the 436 employees eligible to participate upon retirement. Expenses are recognized as retirees submit claims.

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For the Fiscal Year Ended September 30, 2017

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

Expenses are recognized as claims when submitted. COBRA participants are reimbursed at the same levels as active employees. Participants paid premiums of \$32,079 and incurred claims and administrative expenses of \$22,122 during the year ended September 30, 2017. As of September 30, 2017, the City has 3 COBRA participants.

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

Prior to January 1, 2010, all retirees electing health plan coverage received a health premium subsidy averaging 40%. Beginning January 1, 2010, the City implemented new eligibility requirements for subsidized retiree premiums. The new eligibility requirements require retirees to meet the 'Rule of 80' (sum of age plus years of service at retirement must equal 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.

Summary of Significant Accounting Policies – OPEB

Financial statements for the Trust are prepared using the accrual basis of accounting and can be found in this report on page 41-42. Plan member contributions are recognized when due, and the City's contributions are recognized when due. Benefits and any refunds are recognized when due and payable according to the terms of the plan. Assets held by the Trust are valued at fair value.

Funding Policy and Annual OPEB Cost

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

The 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

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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:

	FY 2017	FY 2016	FY 2015
Annual required contribution (ARC)	\$ 782,899	\$ 920,004	\$ 900,753
Interest on OPEB obligation	131,545	120,575	126,299
Adjustment to ARC	(128,147)	(117,460)	(117,015)
Annual OPEB cost	786,297	923,119	910,042
Contributions made	(1,475,943)	(648,865)	(702,316)
Increase (decrease) in net OPEB obligation	(689,646)	274,254	207,726
Net OPEB obligation, beginning of year	3,288,618	3,014,364	2,806,638
Net OPEB obligation/(asset), end of year	<u>\$ 2,598,972</u>	<u>\$ 3,288,618</u>	<u>\$ 3,014,364</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, 2017, and the preceding two fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
2015	\$ 910,042	\$ 702,316	77.2%	\$ 3,014,364
2016	923,119	648,865	70.3%	3,288,618
2017	786,297	1,475,943	187.7%	2,598,972

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 2017	FY 2016	FY 2015
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	8,847,176	11,248,356	10,704,428
Unfunded AAL	(8,847,176)	(11,248,356)	(10,704,428)
Funded Ratio	0%	0%	0%
Covered Payroll	55,894,466	54,614,239	48,991,679
UAAL as a % of Covered Payroll	16%	21%	22%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$8,847,176 at December 31, 2015.

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2017

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	- 6.50%, net of expenses
Actuarial cost method	- Projected Unit Credit Cost Method
Amortization method	- Level as a percentage of employee payroll
Amortization period	- 30-year, open amortization
Payroll growth	- 3.00% per annum
Healthcare cost trend rate	- Initial rate of 7.50% declining to an ultimate rate of 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 113-114 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 ("Member Cities") pursuant to Acts 1995 64th Leg. Ch. 143, sec 1 (the "Act"). Under the provisions of the Act, TMPA is a separate municipal corporation. TMPA is exempt from federal income tax under section 115 of the Internal Revenue Code.

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

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 Power Sales

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Contract ("PSC") (ii) 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.

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 ("Amendment No. 1"). The primary purposes of the amendment were to authorize the sale of Gibbons Creek and the sale of the Southern 345 kV Transmission System, and to authorize the issuance of refunding bonds in connection with such sales. Since the sale contemplated by Amendment No. 1 did not occur, Amendment No. 1, by its own terms, ceased to have any force or effect. Effective September 22, 2017, the JOA was amended a second time ("Amendment No. 2"). The purposes of Amendment No. 2 were to: continue TMPA's authority to issue Mine Reclamation Bonds as had been contemplated in Amendment No. 1; revise the dates on which the separate budgets of the JOA become effective; authorize the Agency to sell certain

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

mining and transmission assets, provided the sales do not exceed in value certain financial thresholds, and provided the sales comply with bond covenants; and allow for an extension to the term of the PSC, applicable only to the Cities notifying TMPA of the extension, in order to complete a period of seasonal operation in 2018, or such other period of time as desired by the notifying Cities.

Effective October 17, 2017, Gibbons Creek entered into a seasonal operations mode, operating during the summer months only (June-September). This change was authorized by ERCOT through an NSO Initial and Final Determination, dated August 2017. Due to the significant decline in the service utility of the generation assets, such assets were deemed impaired as of September 30, 2017 and the Agency recognized a \$214,810 impairment loss in its Statement of Revenues, Expenses and Changes in Net Position.

In January 2016 and again in June 2017, the Agency issued requests for proposals ("RFPs") regarding the proposed sale of the Agency generation and transmission assets. Certain proposals received in connection with the 2016 RFP were pursued in 2016 and into 2017, but negotiations were ultimately discontinued. The Agency received additional proposals in the summer and fall of 2017, and at present, the Agency is reviewing proposals it received in September 2017 (collectively, the "Sale Proposal"). The Sale Proposal involves two cooperating entities, neither of which is a governmental entity. One proposer is interested in ownership of Gibbons Creek (the "Generation Proposer") and the other (the "Transmission Proposer") has expressed interest in acquiring a portion of the Agency's Transmission Facilities. The Sale Proposal is currently under evaluation by the Agency and negotiations with the Proposers have not yet commenced. Agency management anticipates, that if any negotiations are pursued with respect to the Sale Proposal (i) none of the Agency's generation assets would be transferred to the Generation Proposer prior to September 1, 2018 and (ii) none of the Agency's transmission assets would be transferred to the Transmission Proposer prior to the first date, September 1, 2020, when all Transmission Debt is subject to optional or mandatory redemption or could otherwise be prepaid.

At September 30, 2017, BTU's portion of outstanding TMPA bonds and commercial paper was approximately \$43.7 million and \$21.7 million, respectively.

During the year ended September 30, 2017, the City Electric System paid TMPA \$49,428,176 for power purchases and related activity under the contract. As of September 30, 2017, the City Electric System had payables to TMPA amounting to \$929,666.

The TMPA's Comprehensive Annual Financial Report for the year ended September 30, 2017 reported the following:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

	FY 2017
Total Assets	\$ 406,692,000
Total Deferred Outflows of Resources	403,000
Total Liabilities	362,208,000
Total Deferred Inflows of Resources	-
Total Net Position	<u>\$ 44,887,000</u>
Change in Net Position	
for year ended September 30, 2017	\$ 12,493,000

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

14. BRAZOS VALLEY SOLID WASTE MANAGEMENT AGENCY

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

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

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

In 2010, the City issued \$5,145,000 in Certificates of Obligation, Series 2010 to finance the construction of the Twin Oaks Landfill site. BVSWMMA has agreed to pay the City an amount equal to the future debt service requirements of these certificates of obligation. At September 30, 2017 the City reported a receivable in the amount of \$3,685,000 of which \$250,000 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.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

BVSWMA's audited annual financial statements for the year ended September 30, 2017 reported the following:

	<u>FY 2017</u>
Total Assets	\$ 44,694,942
Total Liabilities	13,047,459
Total Deferred Inflow of Resources	<u>210,797</u>
Total Net Position	<u>\$ 31,436,686</u>
Change in net position for the year ended September 30, 2017	\$ 2,064,054
Bryan's undivided 50% share of changes in net position for the year ended September 30, 2017	\$ 1,032,027

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

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

15. INTERFUND BALANCES

Interfund receivable and payable balances at September 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Special Revenue	General	\$ 27,158
General	City Electric	18,718
	Nonmajor governmental	159,305
	Internal service funds	124
Nonmajor governmental	City Electric	113,725
City Electric	Rural Electric	3,138,675
	General	138,216
	Nonmajor governmental	398
Water	City Electric	395,378
Wastewater	City Electric	248,184
Nonmajor enterprise funds	City Electric	158,820
Internal service funds	City Electric	<u>12</u>
Total		<u><u>\$4,398,713</u></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, 2017

16. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2017 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	\$ -	\$ 50,000	\$ 11,918,376	\$ 654,709	\$ 638,494	\$ 386,405	\$ 13,647,984
Debt Service	-	1,877,697	-	-	-	-	1,877,697
Nonmajor governmental funds	55,000	-	-	-	-	2,068,054	2,123,054
Water Fund	28,038	-	-	-	-	12,016	40,054
Wastewater Fund	110,163	-	-	-	-	30,266	140,429
Nonmajor enterprise funds	179,728	-	-	31,509	3,527	-	214,764
Internal service funds	143,428	-	-	43,256	40,980	-	227,664
Total transfers out	<u>\$ 516,357</u>	<u>\$ 1,927,697</u>	<u>\$ 11,918,376</u>	<u>\$ 729,474</u>	<u>\$ 683,001</u>	<u>\$ 2,496,741</u>	<u>\$ 18,271,646</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, 2017

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	\$ 737,199
Water Fund	433,420
Wastewater Fund	549,668
Nonmajor Enterprise Fund (Solid Waste Fund)	540,528
Internal Service Fund (Insurance Fund)	181,150
Street Improvement	166,443
Drainage Fund	114,551
Employee Benefits Fund	142,057
Warehouse Fund	62,261
Bryan Commerce & Development	41,313
Coulter Airfield Fund	68,572
	<u>\$ 3,037,162</u>

18. DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

The balance of deferred inflows of resources and unearned revenues at September 30, 2017 consists of the following:

	<u>Deferred Inflows of Resources</u>	<u>Unearned</u>	<u>Totals</u>
Delinquent property taxes receivable (General Fund)	\$ 87,475	\$ -	\$ 87,475
Delinquent property taxes receivable (Debt Service Fund)	35,438	-	35,438
Street and drainage assessments receivable (General Fund)	115,056	-	115,056
Wastewater unearned revenue	-	266,466	266,466
Nonmajor governmental funds	130,721	-	130,721
Total	<u>\$ 368,690</u>	<u>\$ 266,466</u>	<u>\$ 635,156</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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 \$1,591,835 for claims that have been incurred but not reported as of September 30, 2017. Because actual claims liabilities depend on such complex factors as changes in legal doctrines and damage awards, the process used in computing liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

The schedule below represents the changes in estimated claims liabilities:

	<u>2017</u>	<u>2016</u>
Unpaid claims at beginning of fiscal year	\$ 1,398,010	\$ 1,755,468
Change in unpaid claims	368,540	(143,174)
Claim payments	<u>(174,715)</u>	<u>(214,284)</u>
Total unpaid claims at end of fiscal year	<u>\$ 1,591,835</u>	<u>\$ 1,398,010</u>
Amounts due in one year	\$ 766,494	\$ 667,531

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, 2017

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 of \$1,840,432. Traditions Acquisition Partnership, L.P. executed a release that released the guarantors from their respective obligations for the loan from M&I Bank to Bryan/Traditions, L.P. In consideration for Traditions Acquisition Partnership, L.P.'s contribution, the Amendment specified the deeding of 34 existing lots, within the Traditions Development, from Bryan/Traditions, L.P. to Traditions Acquisition Partnership.

Other special provisions of the Amendment provided that:

- BCDI 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.

Prior to FY 2017, Traditions Acquisition Partnership had received proceeds for all 20 of the committed 20 lots from which the partnership is entitled to receive the first \$150,000 of net sales proceeds, thereby fulfilling that obligation under the Amendment. Also on September 28, 2016, Traditions

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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.

On July 24, 2012, the City of Bryan entered into an economic development agreement with Crossfulton Investments, Ltd related to a retail center development located on West Villa Maria. The agreement provides sales tax revenue sharing of up to \$5,000,000 to reimburse a portion of the cost of design, development and construction of the retail center. The reimbursements are based on sales tax collections. As of September 30, 2017, required information on sales tax is unobtainable therefore the payment to Crossfulton is estimated at \$1.1 million. These amounts have been committed in the General Fund fund balance during FY 2017. Additionally, the City agreed to reimburse up to \$250,000 for construction costs of the traffic signal at Villa Maria and Jaguar which was paid in FY 2016.

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.

The Traditions Development currently includes a Jack Nicklaus designed golf course and an 800 acre high end housing development. At September 30, 2017, BCDI holds approximately 180 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, 2017, the City of Bryan has invested \$37.2 million towards land, infrastructure and operating costs in the Traditions development. Funding sources include TIRZ #10 tax revenues, Traditions land sales, water and wastewater funds, the general fund and special projects funds.

City of Bryan and Brazos County Economic Development Foundation Inc.

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

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2017

September 30, 2017, BBCEDF sold 284 acres of the Texas Triangle Park and holds approximately 735 acres currently for sale.

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, 2017, 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, 2017, 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, 2017, the City of Bryan has paid a total of \$16,699 to the City of College Station under the tax sharing agreement.

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2017

Bryan Texas Utilities

BTU purchase and construction commitments were \$398.3 million at September 30, 2017. This amount primarily includes provisions for future fuel and energy purchases.

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

In 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.

In 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.

In 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.

In 2010, BTU entered into a 25 year power purchase agreement with Fotowatio Renewable Ventures (FRV), now known as Macquarie Renewable Energy Holdings, LLC. Macquarie 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.

In 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 \$398.3 million of purchase and construction commitments.

In 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

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horizontal feet of the 17,500 feet long earthen structure. During fiscal years 2016 and 2017, the City Electric System incurred approximately \$1.3 million and \$7,000, 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. No subsequent degradation has been noted, therefore BTU expects to spend a final \$600,000 in fiscal year 2018 to complete remaining finish grading and other final repairs to the dam crest and upstream slope in the crest repair area. BTU staff will continue to regularly monitor the status of the dam.

There are currently pending two litigation matters in which the City Electric System is involved. In the event of an unfavorable outcome in either lawsuit, the City Electric System would be covered by insurance and the financial statements of the City Electric System would not be materially affected.

Crossfulton Investments, Ltd.

In 2012, the City of Bryan entered into an economic development agreement with Crossfulton Investments, Ltd. related to a retail center development located in west Bryan. The agreement provides sales tax revenue sharing of up to \$5,000,000 through 2029 to reimburse a portion of the cost of design, development and construction of the retail center. The reimbursements are based on sales tax collections from the retail businesses at the location. As of September 30, 2017, the developer has not provided the required information on sales tax to the City therefore no payment to Crossfulton has been made. The City estimates the liability to be \$1.1 million as of September 30, 2017. These amounts have been committed in the General Fund fund balance during FY 2017. Additionally, the City agreed to reimburse up to \$250,000 for construction costs of the traffic signal at Villa Maria and Jaguar which was paid in FY 2016.

Encumbrances

The General Fund committed and assigned fund balance includes the impact of encumbrances. Encumbrances are commitments related to contracts for goods or services. At year end the amount of encumbrances expected to be honored in the next year in the General Fund were \$4,962,007.

22. ACCOUNTS RECEIVABLE

As of September 30, 2017, 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	\$ 13,631	\$ 3,685,000	\$ 3,698,631
Street and drainage assessments	115,056	-	115,056
	<u>\$ 128,687</u>	<u>\$ 3,685,000</u>	<u>\$ 3,813,687</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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, 2017:

	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Airport Fund	Total
Bond Retirement Reserve	\$ 5,618,799	\$ 362,200	\$ -	\$ -	\$ -	\$ 5,980,999
Bond Debt Service	3,909,221	394,349	1,423,458	2,175,247	9,868	7,912,143
Rate Stabilization Reserve	1,696,080	-	-	-	-	1,696,080
Customer Deposits Payable	4,306,857	1,445,256	-	-	-	5,752,113
Over-Recovered Fuel Expense	4,132,634	1,856,435	-	-	-	5,989,069
Over-Recovered Regulatory Fee	-	49,703	-	-	-	49,703
Collateral Deposits	314,036	-	-	-	-	314,036
Capital Debt Proceeds	33,646,774	5,017,278	7,071,272	-	1,158,735	46,894,059
	<u>\$ 53,624,401</u>	<u>\$ 9,125,221</u>	<u>\$ 8,494,730</u>	<u>\$ 2,175,247</u>	<u>\$ 1,168,603</u>	<u>\$ 74,588,202</u>

24. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended September 30, 2017 budgetary expenditures in excess of appropriations are reported as indicated below:

Governmental Funds	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - (Negative)
General Fund			
Public Safety	\$ 36,156,192	\$ 36,808,455	\$ (652,263)
Grant Fund			
Total expenditures	-	315,073	(315,073)
Hotel and Motel Fund			
Cultural and recreational	1,677,964	990,016	687,948
Capital Outlay	-	596,482	(596,482)
Total expenditures	1,677,964	1,586,498	91,466

For the fiscal year ended September 30, 2017, the Public Safety department in the General fund exceeded budget by \$652,263 mainly due to unexpected overtime in the police department and salaries and benefits for firefighters hired in FY2017. These firefighters are partially funded by a federal grant.

For the fiscal year ended September 30, 2017, the Grant fund exceeded budget by \$315,073 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.

For the fiscal year ended September 30, 2017, the Hotel and Motel Tax fund exceeded budget in the capital outlay expenditure by \$596,482. The fund did not exceed budget in total expenditures.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

25. FUND DEFICITS

No fund deficits at September 30, 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, 2017, the City had four active Tax Increment Financing Zones:

Tax Increment Reinvestment Zone #10: In 2000, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Ten, City of Bryan, Texas" ("Zone Ten"). Zone Ten encompasses a portion of the west side of the City in the area known as Traditions. The development includes a Jack Nicklaus designed golf course and an 800-acre high end housing development. Through the fiscal year ended September 30, 2017, the City estimates that it has funded \$22.2 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, 2017 is \$5,944,624 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 204% of the debt service payments in FY 2017.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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 2017, 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, 2017 is \$1,180,395 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 133% of debt service payments in FY 2017.

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 2017, the City estimates that it has funded \$330,000 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 2017, the City estimates that it has funded \$5.5 million in public infrastructure improvements and associated costs within Zone Twenty-Two. Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$3,721,414 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Twenty-Two. Subsequently, in 2008, the City issued Tax and Revenue Certificates of Obligation, Series 2008, in the aggregate principal amount of \$287,914 for TIRZ Twenty-Two projects. In September 2013, bond funds of \$1,481,500 were assigned to Zone Twenty-Two from Tax and Revenue Certificates of Obligation, Series 2010. In 2016, the 2007 CO Ref bonds were refunded through the City's issuance of \$7,755,000 of General Obligation refunding bonds of which \$2,404,981 was assigned to Zone Twenty-Two. The outstanding debt balance as of September 30, 2017 is \$3,575,439 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 2017.

The following schedule is a five 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, 2017

Zone/ Fiscal Year	Net Taxable Value	Base Value	Captured Value	TIRZ Tax Levy
# 10				
2017	\$ 240,320,359	\$ 637,640	\$239,682,719	\$ 1,461,676
2016	217,741,206	637,640	217,103,566	1,360,038
2015	178,967,116	637,640	178,329,476	1,233,993
2014	139,749,374	637,640	139,111,734	952,249
2013	115,128,526	637,640	114,490,886	727,892
# 19				
2017	33,997,545	2,213,289	31,784,256	203,778
2016	28,643,248	2,213,289	26,429,959	171,643
2015	23,048,143	2,213,289	20,834,854	154,180
2014	20,519,511	2,213,289	18,306,222	135,322
2013	19,743,440	2,213,289	17,530,151	122,683
# 21				
2017	59,789,233	41,070,995	18,718,238	374,960
2016	57,870,274	41,070,995	16,799,279	363,237
2015	56,999,200	41,070,995	15,928,205	361,173
2014	54,701,063	41,070,995	13,630,068	345,556
2013	53,611,658	41,070,995	12,540,663	340,644
# 22				
2017	40,702,500	2,464,400	38,238,100	256,422
2016	49,872,963	2,464,400	47,408,563	314,195
2015	33,898,290	2,464,400	31,433,890	214,920
2014	27,947,440	2,464,400	25,483,040	176,066
2013	24,662,080	2,464,400	22,197,680	156,949

27. TAX ABATEMENTS

As of September 30, 2017, the City of Bryan provides tax abatement economic development incentives through four programs:

Chapter 311 Texas Tax Code

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

Chapter 312 Texas Tax Code

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

Chapter 351 Texas Tax Code

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

Chapter 380 Local Government Code

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

At September 30, 2017, the City had established the following abatement agreements:

Property Owner	Date of Abatement	FY 2017 Appraised Values	FY 2017 Taxable Values	FY 2017 Abated Values	FY 2017 Taxes Levied	FY 2017 Taxes Abated
Chapter 311						
TIRZ 10	2001-2025	\$ 240,320,359	\$ 240,320,359	\$ 239,682,719	\$ 1,461,676	\$ 1,458,199
TIRZ 19	2006-2028	33,997,545	33,997,545	31,784,256	203,778	190,193
TIRZ 21	2007-2026	59,789,233	59,789,233	18,718,238	374,960	116,077
TIRZ 22 NORTH	2008-2027	15,571,450	15,571,450	15,145,140	98,099	131,042
TIRZ 22 TARGET	2008-2027	25,131,050	25,131,050	23,092,960	158,323	145,483
Total Chapter 311		<u>\$ 374,809,637</u>	<u>\$ 374,809,637</u>	<u>\$ 328,423,313</u>	<u>\$ 2,296,835</u>	<u>\$ 2,040,995</u>
Chapter 312						
Kent Moore	2009-2017	\$ 4,446,220	\$ 4,446,220	\$ 440,926	\$ 28,011	\$ 2,778
Woodbolt Distribution, LLC	2015-2024	10,657,160	10,657,160	8,728,340	67,139	54,988
Lubrizol	2018-2027	1,028,480	1,028,480	-	6,479	-
Total Chapter 312		<u>\$ 16,131,860</u>	<u>\$ 16,131,860</u>	<u>\$ 9,169,266</u>	<u>\$ 101,629</u>	<u>\$ 57,765</u>
Chapter 351						
Atlas Hotel	2015-2025	N/A	N/A	\$ -	\$ 112,738	\$ -
Total Chapter 351		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,738</u>	<u>\$ -</u>
Chapter 380						
Property Tax						
Five Ags	2014-2018	\$ 7,210,020	\$ 7,210,020	\$ 2,318,285	\$ 45,422	\$ 14,605
Adam Development	2019-2030	5,882,980	5,882,980	-	37,062	-
BCS Modern Living, LLC - Jordan Center	2019-2025	691,530	691,530	-	4,357	-
BRV Partners, L.P. (Bowie School Renovation)	10 years	100,880	100,880	-	636	-
Caljo, Inc. (Callaway Jones)	2018-2022	1,164,120	1,164,120	-	7,334	-
Cozumel Investors, Ltd. (The Ranch at Turkey Creek)	2018-2025	32,250	32,250	-	203	-
Clay Street Townhomes (Rock Pad, LLC)	2019-2025	316,840	316,840	-	1,996	-
Oney Hervey Properties, LLC (Midtown Properties)	2012-2018	4,085,287	4,085,287	1,348,267	25,737	8,494
Viasat, Inc.	2015-2024	1,587,920	1,587,920	-	10,004	-
Total Property Tax		<u>\$ 21,071,827</u>	<u>\$ 21,071,827</u>	<u>\$ 3,666,552</u>	<u>\$ 132,750</u>	<u>\$ 23,099</u>
Sales Tax						
CrossFulton	2012-2027	N/A	N/A	N/A	N/A	-
Five Ags	2016-2018	N/A	N/A	N/A	N/A	7,859
Total Sales Tax		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,859</u>
Total Chapter 380		<u>\$ 21,071,827</u>	<u>\$ 21,071,827</u>	<u>\$ 3,666,552</u>	<u>\$ 132,750</u>	<u>\$ 30,958</u>
Total Abated Taxes						<u><u>\$ 2,129,719</u></u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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

28. FINANCIAL HEDGING

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

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

In accordance with the requirements of GASB 53, the City Electric System reports all fuel hedges on the Statement 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, 2017, 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.

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 2017. The correlation coefficient of (0.8589) 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 0.9612 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. 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, 2017, the total fair value of outstanding hedging derivative instruments was a net liability of \$6,239,244. The fair value of those instruments maturing within one year are reported on the Statement of Net Position in current liabilities as derivative financial

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

instruments and were \$5,567,140 at September 30, 2017. The fair value of those instruments with maturities exceeding one year are reported on the Statement of Net Position in noncurrent liabilities as derivative financial instruments and were \$672,104 at September 30, 2017.

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, 2017, the fair value of the City Electric System's hedging derivative instruments - NYMEX-based commodity swaps - increased by \$5,670,157; 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, 2017, the deferred outflows of resources related to hedging derivatives were \$6,239,244 and are reported on the Statement of Net Position.

The following information details the City Electric System's hedging derivative instruments as of September 30, 2017:

Type	Terms	Volume Hedged (MMBtu)	Effective Dates	Maturity Dates	Reference Index	Fair Value
Commodity Swaps	BTU pays prices of \$2.83 - 6.42	5,047,500	Sep 2010 - July 2017	Oct 2017 - Dec 2020	NYMEX	\$(6,239,244)

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

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

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

Basis Risk - BTU is exposed to basis risk because the expected gas purchases being hedged will settle based on a pricing point (HSC) different than the pricing point of the hedge transactions (NYMEX). For September 2017, prompt month prices were \$2.961/MMBtu and \$2.935/MMBtu, for NYMEX and HSC, respectively.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2017

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.



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CITY OF BRYAN, TEXAS
Required Supplementary Information
Schedule of Contributions
Texas Municipal Retirement Sytem
Last Ten Fiscal Years (will ultimately be displayed)

	2015	2016	2017
Actuarially Determined Contribution	\$ 7,686,872	\$ 8,279,509	\$ 8,521,169
Contributions in relation to the acctuarially determined contribution	7,686,872	8,279,509	8,521,169
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 48,991,679	\$ 54,614,239	\$ 55,894,466
Contributions as a percentage of covered payroll	15.69%	15.16%	15.25%

Note to Schedule of Contributions

Only three years of data are presented in accordance with GASB Standard No. 68 as the data for the years other than 2015, 2016, and 2017 is not available. Additionally, GASB Standard No. 68 requires that the information on this schedule correspond with the period covered as of the City's fiscal year end of September 30, not the measurement date of the Actuary's report.

Methods and Assumptions Used to Determine the Contribution Ratio

Acutarial Cost Method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization period	29 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information

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

CITY OF BRYAN, TEXAS

Required Supplementary Information

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

Texas Municipal Retirement System

Last Ten Calendar Years (will ultimately be displayed)

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

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

Only three years of data is presented in accordance with GASB Standard No. 68 as the data for the years other than calendar years 2014, 2015, and 2016 is not available. Additionally, GASB Standard No. 68 requires that the information on this schedule correspond with the period covered as of December 31, the measurement date of the City's net pension liability.

CITY OF BRYAN, TEXAS
Required Supplementary Information
Schedule of Contributions
Other Post Employment Benefits (OPEB)
Last Three Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual required contribution (ARC)	\$ 900,753	\$ 920,004	\$ 782,899
Contributions in relation to the ARC	<u>702,316</u>	<u>648,865</u>	<u>1,475,943</u>
Contribution deficiency (excess)	\$ 198,437	\$ 271,139	\$ (693,044)
Contributions as a percentage of the ARC	77.97%	70.53%	188.52%

CITY OF BRYAN, TEXAS
 Required Supplementary Information
 Schedule of Funding Progress
 Other Post Employment Benefits (OPEB)
 Last three valuations

Actuarial valuation date December 31	2011	2013	2015
Actuarially value of assets (a)	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL) (b)	11,860,133	10,704,428	8,847,176
Unfunded AAL (UAAL) (b-a)	\$ 11,860,133	\$ 10,704,428	\$ 8,847,176
Funded ratio (a/b)	0.0%	0.0%	0.0%
Covered payroll (c)	\$ 44,486,837	\$ 45,272,820	\$ 48,991,679
UAAL as a percentage of covered payroll ((b-a)/c))	26.66%	23.64%	18.06%

Note to Schedule of Funding Progress

In accordance with GASB 45, the information provided is based on the last three valuations for the years presented. Covered employee payroll is as of the fiscal year ended (September 30) for the year presented.



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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, 2017

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 20,354,452	\$ 20,354,452	\$ 20,121,646	\$ (232,806)
Sales	19,522,800	19,522,800	19,608,634	85,834
Franchise	2,085,300	2,085,300	2,179,203	93,903
Bingo	265,200	265,200	261,967	(3,233)
Alcoholic beverage	137,700	137,700	154,279	16,579
Charges for services:				
Ambulance charges	1,938,000	1,938,000	2,450,725	512,725
Recreational charges	1,211,400	1,211,400	1,668,980	457,580
Health and public safety	1,054,193	1,054,193	1,070,416	16,223
Miscellaneous charges	173,440	173,440	314,850	141,410
Fines and court charges:				
Municipal court	1,847,412	1,847,412	1,730,417	(116,995)
Library	-	-	-	-
Licenses and permits	656,472	656,472	916,481	260,009
Grants:				
Texas Attorney General	10,424	10,424	-	(10,424)
Texas Department of Transportation	15,300	15,300	-	(15,300)
U.S. Department of Justice	-	-	20,949	20,949
Contributions to Library - College Station	1,107,643	1,107,643	1,132,195	24,552
FEMA	-	-	58,450	58,450
Other	87,394	87,394	166,035	78,641
Investment earnings	178,500	178,500	199,309	20,809
Other	1,259,970	1,259,970	2,394,054	1,134,084
Total revenues	51,905,600	51,905,600	54,448,590	2,542,990
Expenditures:				
Current:				
General government and administration:				
Executive	2,805,459	2,805,459	2,597,497	207,962
City Secretary	1,074,686	1,074,686	963,730	110,956
Legal services	784,459	784,459	701,678	82,781
Payments to other agencies	3,495,125	3,844,380	3,998,840	(154,460)
Fiscal services	1,573,955	1,573,955	1,470,229	103,726
Information technology	3,087,653	3,352,653	3,066,149	286,504
Human resources	669,047	669,047	645,159	23,888
Fleet services	838,423	838,423	632,378	206,045
Facility services	1,905,934	1,905,934	1,990,387	(84,453)
Total general government and administration	16,234,741	16,848,996	16,066,047	782,949
Development services:				
Planning	1,752,976	1,752,976	1,678,509	74,467
Engineering	1,764,200	2,774,200	3,349,153	(574,953)
Building	358,971	358,971	380,515	(21,544)
Special Projects	657,269	657,269	121,334	535,935
Total development services	4,533,416	5,543,416	5,529,511	13,905
Public works services:				
Drainage and Streets	1,982,476	2,150,597	2,097,228	53,369
Traffic Operations	1,838,087	1,838,087	1,762,283	75,804
Total public works services	3,820,563	3,988,684	3,859,511	129,173

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public safety:				
Police services	18,438,895	18,489,887	18,896,672	(406,785)
Fire and emergency medical services	15,000,809	15,173,341	15,583,537	(410,196)
Animal Center	946,509	946,509	904,860	41,649
Municipal court	1,546,455	1,546,455	1,423,386	123,069
Total public safety	35,932,668	36,156,192	36,808,455	(652,263)
Cultural and recreational:				
Library services	2,530,313	2,530,313	2,572,081	(41,768)
Parks and recreation services	5,016,157	5,016,157	4,935,572	80,585
Total cultural and recreational	7,546,470	7,546,470	7,507,653	38,817
Administrative reimbursement	(3,037,162)	(3,037,162)	(3,037,162)	-
Capital outlay	3,494,949	6,095,366	6,486,135	(390,769)
Total expenditures	68,525,645	73,141,962	73,220,150	(78,188)
Excess (deficiency) of expenditures over (under) revenues	(16,620,045)	(21,236,362)	(18,771,560)	2,464,802
Other financing sources (uses):				
Sale of capital assets	5,100	5,100	51,367	46,267
Transfers in	14,145,315	14,145,315	13,647,984	(497,331)
Transfers out	(601,357)	(601,357)	(516,357)	85,000
Total other financing sources (uses)	13,549,058	13,549,058	13,182,994	(366,064)
Net change in fund balance	(3,070,987)	(7,687,304)	(5,588,566)	2,098,738
Fund Balance, October 1, 2016	33,553,048	33,553,048	33,553,048	-
Fund Balance, September 30, 2017	<u>\$ 30,482,061</u>	<u>\$ 25,865,744</u>	<u>\$ 27,964,482</u>	<u>\$ 2,098,738</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
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 - Sidewalks Fund
 - Court Technology Fund
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 - 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

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, 2017

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 4,797,227	\$ 1,351,289	\$ 269,507	\$ 6,418,023
Investments	14,317,027	4,032,839	804,328	19,154,194
Receivables:				
Accounts	683,028	-	-	683,028
Less allowance for uncollectible	(74,463)	-	-	(74,463)
Grants	292,373	-	-	292,373
Interest	49,372	13,907	2,774	66,053
Due from other funds	140,883	-	-	140,883
Prepaid and other assets	6,473	-	-	6,473
Total assets	<u>\$ 20,211,920</u>	<u>\$ 5,398,035</u>	<u>\$ 1,076,609</u>	<u>\$ 26,686,564</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 1,189,349	\$ 748,988	\$ 3,548	\$ 1,941,885
Accrued liabilities	18,353	-	-	18,353
Retainage payable	449,916	387,904	44,554	882,374
Due to other funds	159,703	-	-	159,703
Total liabilities	<u>1,817,321</u>	<u>1,136,892</u>	<u>48,102</u>	<u>3,002,315</u>
Deferred inflows:				
Deferred property taxes	-	-	-	-
Other deferred revenue	130,721	-	-	130,721
Total deferred inflows	<u>130,721</u>	<u>-</u>	<u>-</u>	<u>130,721</u>
Fund balances:				
Nonspendable	-	-	994,989	994,989
Restricted	3,359,873	4,261,143	33,518	7,654,534
Committed	14,904,005	-	-	14,904,005
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>18,263,878</u>	<u>4,261,143</u>	<u>1,028,507</u>	<u>23,553,528</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,211,920</u>	<u>\$ 5,398,035</u>	<u>\$ 1,076,609</u>	<u>\$ 26,686,564</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2017

	Grant Fund	Community Development Fund	Hotel and Motel Tax Fund	Oil and Gas Fund	Capital Reserve Fund	Sidewalks Fund	Court Technology Fund
<u>Assets</u>							
Cash and cash equivalents	\$ -	\$ -	\$ 490,175	\$ 149,252	\$ 824,971	\$ 33,513	\$ 47,125
Investments	-	-	1,462,898	445,433	2,462,076	100,017	140,642
Accounts receivable	-	27	160,075	8,106	-	-	-
Less allowance for uncollectible	-	-	-	-	-	-	-
Grants receivable	42,841	249,532	-	-	-	-	-
Interest receivable	-	-	5,045	1,536	8,491	345	485
Prepaid and other assets	-	6,473	-	-	-	-	-
Due from other funds	27,158	-	-	-	-	-	-
Total assets	<u>\$ 69,999</u>	<u>\$ 256,032</u>	<u>\$ 2,118,193</u>	<u>\$ 604,327</u>	<u>\$ 3,295,538</u>	<u>\$ 133,875</u>	<u>\$ 188,252</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 55	\$ 65,114	\$ 67,485	\$ -	\$ -	\$ -	\$ 152
Accrued liabilities	9,905	8,448	-	-	-	-	-
Retainage payable	-	-	-	-	-	-	-
Due to other funds	9,455	149,850	-	398	-	-	-
Total liabilities	<u>19,415</u>	<u>223,412</u>	<u>67,485</u>	<u>398</u>	<u>-</u>	<u>-</u>	<u>152</u>
Deferred inflows:							
Deferred property tax	-	-	-	-	-	-	-
Other deferred revenue	-	-	-	-	-	130,721	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,721</u>	<u>-</u>
Fund Balances:							
Restricted:							
Grants	50,584	32,620	-	-	-	-	-
Hotel/Motel	-	-	2,050,708	-	-	-	-
Municipal Court	-	-	-	-	-	-	188,100
TIRZ Development	-	-	-	-	-	-	-
Committed:							
Streets	-	-	-	-	-	-	-
Drainage	-	-	-	-	-	-	-
Other Purposes	-	-	-	603,929	3,295,538	3,154	-
Total fund balances	<u>50,584</u>	<u>32,620</u>	<u>2,050,708</u>	<u>603,929</u>	<u>3,295,538</u>	<u>3,154</u>	<u>188,100</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 69,999</u>	<u>\$ 256,032</u>	<u>\$ 2,118,193</u>	<u>\$ 604,327</u>	<u>\$ 3,295,538</u>	<u>\$ 133,875</u>	<u>\$ 188,252</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet (continued)

Nonmajor Governmental Funds - Special Revenue Funds

As of September 30, 2017

	Street Improvement Fund	Drainage Improvement Fund	Tax Increment Reinvestment Zone #10 Fund	Tax Increment Reinvestment Zone #19 Fund	Tax Increment Reinvestment Zone #21 Fund	Tax Increment Reinvestment Zone #22 Fund	Total
Assets							
Cash and cash equivalents	\$ 2,253,042	\$ 726,812	\$ 122,991	\$ 12,764	\$ 101,566	\$ 35,016	\$ 4,797,227
Investments	6,724,064	2,169,127	367,060	38,091	303,116	104,503	14,317,027
Accounts receivable	440,997	73,585	238	-	-	-	683,028
Less allowance for uncollectible	(63,815)	(10,648)	-	-	-	-	(74,463)
Grants receivable	-	-	-	-	-	-	292,373
Interest receivable	23,188	7,480	1,266	131	1,045	360	49,372
Prepaid and other assets	-	-	-	-	-	-	6,473
Due from other funds	97,462	16,263	-	-	-	-	140,883
Total assets	<u>\$ 9,474,938</u>	<u>\$ 2,982,619</u>	<u>\$ 491,555</u>	<u>\$ 50,986</u>	<u>\$ 405,727</u>	<u>\$ 139,879</u>	<u>\$ 20,211,920</u>
Liabilities, Deferred Inflows and Fund Balances							
Liabilities:							
Accounts payable	\$ 942,296	\$ 63,961	\$ -	\$ -	\$ 50,286	\$ -	\$ 1,189,349
Accrued liabilities	-	-	-	-	-	-	18,353
Retainage payable	421,534	28,382	-	-	-	-	449,916
Due to other funds	-	-	-	-	-	-	159,703
Total liabilities	<u>1,363,830</u>	<u>92,343</u>	<u>-</u>	<u>-</u>	<u>50,286</u>	<u>-</u>	<u>1,817,321</u>
Deferred inflows:							
Deferred property tax	-	-	-	-	-	-	-
Other deferred revenue	-	-	-	-	-	-	130,721
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,721</u>
Fund Balances:							
Restricted:							
Grants	-	-	-	-	-	-	83,204
Hotel/Motel	-	-	-	-	-	-	2,050,708
Municipal Court	-	-	-	-	-	-	188,100
TIRZ Development	-	-	491,555	50,986	355,441	139,879	1,037,861
Committed:							
Streets	8,111,108	-	-	-	-	-	8,111,108
Drainage	-	2,890,276	-	-	-	-	2,890,276
Other Purposes	-	-	-	-	-	-	3,902,621
Total fund balances	<u>8,111,108</u>	<u>2,890,276</u>	<u>491,555</u>	<u>50,986</u>	<u>355,441</u>	<u>139,879</u>	<u>18,263,878</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,474,938</u>	<u>\$ 2,982,619</u>	<u>\$ 491,555</u>	<u>\$ 50,986</u>	<u>\$ 405,727</u>	<u>\$ 139,879</u>	<u>\$ 20,211,920</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds - Capital Project Funds

As of September 30, 2017

	2010 Certificates of Obligation Fund	2014 Certificates of Obligation Fund	2016 Certificate of Obligation Fund	Total
<u>Assets</u>				
Cash and cash equivalents	\$ -	\$ -	\$ 1,351,289	\$ 1,351,289
Investments	-	-	4,032,839	4,032,839
Interest receivable	-	-	13,907	13,907
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,398,035</u>	<u>\$ 5,398,035</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	-	-	748,988	748,988
Retainage payable	-	-	387,904	387,904
Total liabilities	<u>-</u>	<u>-</u>	<u>1,136,892</u>	<u>1,136,892</u>
Fund balances:				
Restricted to capital projects	-	-	4,261,143	4,261,143
Total fund balances	<u>-</u>	<u>-</u>	<u>4,261,143</u>	<u>4,261,143</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,398,035</u>	<u>\$ 5,398,035</u>

CITY OF BRYAN, TEXAS

Combining Balance Sheet

Nonmajor Governmental Funds - Permanent Funds

As of September 30, 2017

	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	\$ 657	\$ 2,351	\$ 3,736	\$ 236	\$ 243,591	\$ 15,506	\$ 1,288	\$ 1,917	\$ 225	\$ 269,507
Investments	1,960	7,016	11,150	703	726,981	46,279	3,845	5,722	672	804,328
Interest receivable	7	24	38	2	2,507	160	13	20	3	2,774
Total assets	<u>\$ 2,624</u>	<u>\$ 9,391</u>	<u>\$ 14,924</u>	<u>\$ 941</u>	<u>\$ 973,079</u>	<u>\$ 61,945</u>	<u>\$ 5,146</u>	<u>\$ 7,659</u>	<u>\$ 900</u>	<u>\$ 1,076,609</u>
<u>Fund Balances</u>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,548	\$ -	\$ -	\$ -	\$ -	\$ 3,548
Retainage Payable	-	-	-	-	44,554	-	-	-	-	44,554
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,102</u>
Nonspendable - Permanent Funds Corpus	1,399	5,000	1,500	500	972,346	4,950	2,085	6,709	500	994,989
Restricted:										
Cemeteries	1,225	4,391	13,424	441	(47,369)	56,995	-	-	400	29,507
Libraries	-	-	-	-	-	-	3,061	950	-	4,011
Total fund balances	<u>2,624</u>	<u>9,391</u>	<u>14,924</u>	<u>941</u>	<u>924,977</u>	<u>61,945</u>	<u>5,146</u>	<u>7,659</u>	<u>900</u>	<u>1,028,507</u>
Total liabilities and fund balances	<u>\$ 2,624</u>	<u>\$ 9,391</u>	<u>\$ 14,924</u>	<u>\$ 941</u>	<u>\$ 973,079</u>	<u>\$ 61,945</u>	<u>\$ 5,146</u>	<u>\$ 7,659</u>	<u>\$ 900</u>	<u>\$ 1,076,609</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, 2017

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Revenues:				
Property taxes	\$ 3,172,361	-	-	\$ 3,172,361
Hotel occupancy taxes	1,453,321	-	-	1,453,321
Transportation and drainage assessments	6,639,924	-	-	6,639,924
Fines and court charges	40,117	-	-	40,117
Grants	1,662,663	-	-	1,662,663
Investment earnings	132,143	39,964	1,687	173,794
Other	286,222	316,260	60,613	663,095
Total revenues	<u>13,386,751</u>	<u>356,224</u>	<u>62,300</u>	<u>13,805,275</u>
Expenditures:				
Current:				
General government and administration	-	-	-	-
Development services	2,601,134	-	-	2,601,134
Public works services	9,480,462	-	-	9,480,462
Public safety	366,186	-	-	366,186
Cultural and recreational	990,016	-	-	990,016
Capital outlay	1,298,371	9,422,513	322,158	11,043,042
Debt issuance costs	-	-	-	-
Total expenditures	<u>14,736,169</u>	<u>9,422,513</u>	<u>322,158</u>	<u>24,480,840</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,349,418)</u>	<u>(9,066,289)</u>	<u>(259,858)</u>	<u>(10,675,565)</u>
Other financing sources (uses):				
Long-term debt issued	-	-	-	-
Premium on long-term debt issued	-	-	-	-
Transfers in	2,123,054	5,391,317	-	7,514,371
Transfers out	<u>(1,927,697)</u>	<u>(5,391,317)</u>	<u>-</u>	<u>(7,319,014)</u>
Total other financing sources (uses)	<u>195,357</u>	<u>-</u>	<u>-</u>	<u>195,357</u>
Net change in fund balances	(1,154,061)	(9,066,289)	(259,858)	(10,480,208)
Fund balances, October 1, 2016	<u>19,417,939</u>	<u>13,327,432</u>	<u>1,288,365</u>	<u>34,033,736</u>
Fund balances, September 30, 2017	<u>\$ 18,263,878</u>	<u>\$ 4,261,143</u>	<u>\$ 1,028,507</u>	<u>\$ 23,553,528</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, 2017

	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	\$ -	\$ -	\$ -	\$ 137,792	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	1,453,321	-	-	-	-
Transportation and drainage assessments	-	-	-	-	-	-	-
Grants	331,897	1,330,766	-	-	-	-	-
Fines and court charges	-	-	-	-	-	-	40,117
Investment earnings	(67)	-	12,565	3,306	19,598	702	1,052
Other	-	164,089	-	122,133	-	-	-
Total revenues	<u>331,830</u>	<u>1,494,855</u>	<u>1,465,886</u>	<u>263,231</u>	<u>19,598</u>	<u>702</u>	<u>41,169</u>
Expenditures:							
Current:							
General government and administration	-	-	-	-	-	-	-
Development services	-	1,445,836	-	-	-	-	-
Public works services	-	-	-	-	-	-	-
Public safety	315,073	-	-	-	-	-	51,113
Cultural and recreational	-	-	990,016	-	-	-	-
Capital outlay	-	-	596,482	-	-	-	47,525
Debt service:							
Bond and principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>315,073</u>	<u>1,445,836</u>	<u>1,586,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,757</u>	<u>49,019</u>	<u>(120,612)</u>	<u>263,231</u>	<u>19,598</u>	<u>702</u>	<u>(57,469)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	2,068,054	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,068,054</u>	<u>-</u>	<u>-</u>
Net change in fund balances	16,757	49,019	(120,612)	263,231	2,087,652	702	(57,469)
Fund balances, October 1, 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>
Fund balances, September 30, 2017	<u>\$ 50,584</u>	<u>\$ 32,620</u>	<u>\$ 2,050,708</u>	<u>\$ 603,929</u>	<u>\$ 3,295,538</u>	<u>\$ 3,154</u>	<u>\$ 188,100</u>

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, 2017

	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	\$ -	\$ -	\$ 2,262,033	\$ 190,193	\$ 116,077	\$ 466,266	\$ 3,172,361
Hotel occupancy taxes	-	-	-	-	-	-	1,453,321
Transportation and drainage assessments	5,690,415	949,509	-	-	-	-	6,639,924
Grants	-	-	-	-	-	-	1,662,663
Fines and court charges	-	-	-	-	-	-	40,117
Investment earnings	61,985	16,567	10,817	1,157	2,358	2,103	132,143
Other	-	-	-	-	-	-	286,222
Total revenues	<u>5,752,400</u>	<u>966,076</u>	<u>2,272,850</u>	<u>191,350</u>	<u>118,435</u>	<u>468,369</u>	<u>13,386,751</u>
Expenditures:							
Current:							
General government and administration	-	-	-	-	-	-	-
Development services	-	-	925,000	-	85,298	145,000	2,601,134
Public works services	9,202,287	278,175	-	-	-	-	9,480,462
Public safety	-	-	-	-	-	-	366,186
Cultural and recreational	-	-	-	-	-	-	990,016
Capital outlay	5,645	648,719	-	-	-	-	1,298,371
Debt service:							
Bond and principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>9,207,932</u>	<u>926,894</u>	<u>925,000</u>	<u>-</u>	<u>85,298</u>	<u>145,000</u>	<u>14,736,169</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,455,532)</u>	<u>39,182</u>	<u>1,347,850</u>	<u>191,350</u>	<u>33,137</u>	<u>323,369</u>	<u>(1,349,418)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	55,000	2,123,054
Transfers out	(206,859)	-	(1,109,285)	(192,744)	-	(418,809)	(1,927,697)
Total other financing sources (uses)	<u>(206,859)</u>	<u>-</u>	<u>(1,109,285)</u>	<u>(192,744)</u>	<u>-</u>	<u>(363,809)</u>	<u>195,357</u>
Net change in fund balances	(3,662,391)	39,182	238,565	(1,394)	33,137	(40,440)	(1,154,061)
Fund balances, October 1, 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>
Fund balances, September 30, 2017	<u>\$ 8,111,108</u>	<u>\$ 2,890,276</u>	<u>\$ 491,555</u>	<u>\$ 50,986</u>	<u>\$ 355,441</u>	<u>\$ 139,879</u>	<u>\$ 18,263,878</u>

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, 2017

	2010 Certificates of Obligation Fund	2014 Certificates of Obligation Fund	2016 Certificates of Obligation Fund	Total
Revenues:				
Investment earnings	\$ (3,301)	\$ (14,091)	\$ 57,356	\$ 39,964
Other	-	-	316,260	316,260
Total revenues	<u>(3,301)</u>	<u>(14,091)</u>	<u>373,616</u>	<u>356,224</u>
Expenditures:				
Current:				
Public works services	-	-	-	-
Capital outlay	-	-	9,422,513	9,422,513
Total expenditures	<u>-</u>	<u>-</u>	<u>9,422,513</u>	<u>9,422,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,301)</u>	<u>(14,091)</u>	<u>(9,048,897)</u>	<u>(9,066,289)</u>
Other financing sources (uses):				
Transfers In	-	-	5,391,317	5,391,317
Transfers Out	(1,227,180)	(4,164,137)	-	(5,391,317)
Total other financing sources (uses)	<u>(1,227,180)</u>	<u>(4,164,137)</u>	<u>5,391,317</u>	<u>-</u>
Net change in fund balances	(1,230,481)	(4,178,228)	(3,657,580)	(9,066,289)
Fund balances, October 1, 2016	<u>1,230,481</u>	<u>4,178,228</u>	<u>7,918,723</u>	<u>13,327,432</u>
Fund balances, September 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,261,143</u>	<u>\$ 4,261,143</u>

CITY OF BRYAN, TEXAS

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

Nonmajor Governmental Funds - Permanent Funds

For the Fiscal Year Ended September 30, 2017

	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	\$ -	\$ -	\$ -	\$ -	\$ 60,613	\$ -	\$ -	\$ -	\$ -	\$ 60,613
Investment earnings	15	53	85	5	1,100	351	29	44	5	1,687
Total revenues	15	53	85	5	61,713	351	29	44	5	62,300
Expenditures:										
General government and administration	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	322,158	-	-	-	-	322,158
Total expenditures	-	-	-	-	322,158	-	-	-	-	322,158
Net change in fund balances	15	53	85	5	(260,445)	351	29	44	5	(259,858)
Fund balances, October 1, 2016	2,609	9,338	14,839	936	1,185,422	61,594	5,117	7,615	895	1,288,365
Fund balances, September 30, 2017	<u>\$ 2,624</u>	<u>\$ 9,391</u>	<u>\$ 14,924</u>	<u>\$ 941</u>	<u>\$ 924,977</u>	<u>\$ 61,945</u>	<u>\$ 5,146</u>	<u>\$ 7,659</u>	<u>\$ 900</u>	<u>\$ 1,028,507</u>

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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 8,140,603	\$ 8,140,603	\$ 8,091,188	\$ (49,415)
Investment earnings	35,000	35,000	51,866	16,866
Other	647,006	647,006	418,049	(228,957)
Total revenues	<u>8,822,609</u>	<u>8,822,609</u>	<u>8,561,103</u>	<u>(261,506)</u>
Expenditures:				
Debt service:				
Bond and principal retirement	10,311,801	10,341,801	7,649,158	2,692,643
Interest and fiscal charges	10,000	10,000	2,702,174	(2,692,174)
Total expenditures	<u>10,321,801</u>	<u>10,351,801</u>	<u>10,351,332</u>	<u>469</u>
Excess of expenditures over revenues	(1,499,192)	(1,529,192)	(1,790,229)	(261,037)
Other financing sources (uses):				
Transfers in	1,882,998	1,882,998	1,877,697	(5,301)
Total other financing sources (uses)	<u>1,882,998</u>	<u>1,882,998</u>	<u>1,877,697</u>	<u>(5,301)</u>
Net change in fund balance	383,806	353,806	87,468	(296,338)
Fund Balance, October 1, 2016	<u>5,840,959</u>	<u>5,840,959</u>	<u>5,840,959</u>	<u>-</u>
Fund Balance, September 30, 2017	<u>\$ 6,224,765</u>	<u>\$ 6,194,765</u>	<u>\$ 5,928,427</u>	<u>\$ (296,338)</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Grant - Federal	\$ -	\$ -	\$ 324,149	\$ 324,149
Grant - State	-	-	5,270	5,270
Grant - Other	-	-	2,478	2,478
Investment earnings	-	-	(67)	(67)
Total revenues	-	-	331,830	331,830
Expenditures:				
Current:				
Public safety	-	-	315,073	(315,073)
Cultural and recreational	-	-	-	-
Capital Outlay	-	-	-	-
Total expenditures	-	-	315,073	(315,073)
Excess of revenues over expenditures	-	-	16,757	16,757
Net change in fund balance	-	-	16,757	16,757
Fund balance, October 1, 2016	33,827	33,827	33,827	-
Fund balance, September 30, 2017	\$ 33,827	\$ 33,827	\$ 50,584	\$ 16,757

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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Grants	\$ 2,041,908	\$ 2,041,908	\$ 1,330,766	\$ (711,142)
Other	79,000	79,000	164,089	85,089
Total revenues	<u>2,120,908</u>	<u>2,120,908</u>	<u>1,494,855</u>	<u>(626,053)</u>
Expenditures:				
Current:				
Development services	<u>2,115,133</u>	<u>2,115,133</u>	<u>1,445,836</u>	<u>669,297</u>
Total expenditures	<u>2,115,133</u>	<u>2,115,133</u>	<u>1,445,836</u>	<u>669,297</u>
Other financing sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	5,775	5,775	49,019	43,244
Fund balance, October 1, 2016	<u>(16,399)</u>	<u>(16,399)</u>	<u>(16,399)</u>	<u>-</u>
Fund balance, September 30, 2017	<u>\$ (10,624)</u>	<u>\$ (10,624)</u>	<u>\$ 32,620</u>	<u>\$ 43,244</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Occupancy taxes	\$ 1,191,000	\$ 1,191,000	\$ 1,453,321	\$ 262,321
Investment earnings	9,000	9,000	12,565	3,565
Total revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,465,886</u>	<u>265,886</u>
Expenditures:				
Current:				
Cultural and recreational	1,677,964	1,677,964	990,016	687,948
Capital outlay	-	-	596,482	(596,482)
Total expenditures	<u>1,677,964</u>	<u>1,677,964</u>	<u>1,586,498</u>	<u>91,466</u>
Other financing uses:				
Transfers out	-	-	-	-
Net change in fund balance	(477,964)	(477,964)	(120,612)	357,352
Fund balance, October 1, 2016	<u>2,171,320</u>	<u>2,171,320</u>	<u>2,171,320</u>	-
Fund balance, September 30, 2017	<u>\$ 1,693,356</u>	<u>\$ 1,693,356</u>	<u>\$ 2,050,708</u>	<u>\$ 357,352</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Royalties	\$ 162,500	\$ 162,500	\$ 122,133	\$ (40,367)
Property Taxes - Mineral	137,792	137,792	137,792	-
Investment earnings	-	-	3,306	3,306
Total revenues	<u>300,292</u>	<u>300,292</u>	<u>263,231</u>	<u>(37,061)</u>
Net change in fund balance	300,292	300,292	263,231	(37,061)
Fund balances, October 1, 2016	<u>340,698</u>	<u>340,698</u>	<u>340,698</u>	<u>-</u>
Fund balances, September 30, 2017	<u>\$ 640,990</u>	<u>\$ 640,990</u>	<u>\$ 603,929</u>	<u>\$ (37,061)</u>

CITY OF BRYAN, TEXAS

Capital Reserve Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Investment earnings	\$ -	\$ -	\$ 19,598	\$ 19,598
Total revenues	-	-	19,598	19,598
Other financing sources (uses)				
Transfers in	-	2,030,000	2,068,054	(38,054)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	2,030,000	2,068,054	(38,054)
Net change in fund balance	-	2,030,000	2,087,652	57,652
Fund balances, October 1, 2016	1,207,886	1,207,886	1,207,886	-
Fund balances, September 30, 2017	<u>\$ 1,207,886</u>	<u>\$ 3,237,886</u>	<u>\$ 3,295,538</u>	<u>\$ 57,652</u>

CITY OF BRYAN, TEXAS

Sidewalks Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Investment earnings	\$ -	\$ -	\$ 702	\$ 702
Total revenues	-	-	702	702
Net change in fund balance	-	-	702	702
Fund balances, October 1, 2016	2,452	2,452	2,452	-
Fund balances, September 30, 2017	<u>\$ 2,452</u>	<u>\$ 2,452</u>	<u>\$ 3,154</u>	<u>\$ 702</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Technology fee	\$ 45,000	\$ 45,000	\$ 40,117	\$ (4,883)
Investment earnings - Interest income	1,200	1,200	1,052	(148)
Total revenues	<u>46,200</u>	<u>46,200</u>	<u>41,169</u>	<u>(5,031)</u>
Expenditures:				
Current:				
Public safety	<u>39,000</u>	<u>99,000</u>	<u>98,638</u>	<u>362</u>
Total expenditures	<u>39,000</u>	<u>99,000</u>	<u>98,638</u>	<u>362</u>
Net change in fund balance	7,200	(52,800)	(57,469)	(4,669)
Fund balance, October 1, 2016	<u>245,569</u>	<u>245,569</u>	<u>245,569</u>	-
Fund balance, September 30, 2017	<u>\$ 252,769</u>	<u>\$ 192,769</u>	<u>\$ 188,100</u>	<u>\$ (4,669)</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Transportation assessments	\$ 5,662,500	\$ 5,662,500	\$ 5,690,415	\$ 27,915
Investment earnings	80,000	80,000	61,985	(18,015)
Total revenues	<u>5,742,500</u>	<u>5,742,500</u>	<u>5,752,400</u>	<u>9,900</u>
Expenditures:				
Current:				
Public works services	10,465,393	10,465,393	9,202,287	1,263,106
Capital outlay	66,958	66,958	5,645	61,313
Total expenditures	<u>10,532,351</u>	<u>10,532,351</u>	<u>9,207,932</u>	<u>1,324,419</u>
Excess (deficiency) of revenues over (under) expenditures	(4,789,851)	(4,789,851)	(3,455,532)	1,334,319
Other financing sources (uses)				
Transfers out	<u>(206,859)</u>	<u>(206,859)</u>	<u>(206,859)</u>	-
Total other financing sources (uses)	<u>(206,859)</u>	<u>(206,859)</u>	<u>(206,859)</u>	-
Net change in fund balance	(4,996,710)	(4,996,710)	(3,662,391)	1,334,319
Fund balance, October 1, 2016	<u>11,773,499</u>	<u>11,773,499</u>	<u>11,773,499</u>	-
Fund balance, September 30, 2017	<u>\$ 6,776,789</u>	<u>\$ 6,776,789</u>	<u>\$ 8,111,108</u>	<u>\$ 1,334,319</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Drainage assessments	\$ 913,000	\$ 913,000	\$ 949,509	\$ 36,509
Investment earnings	-	-	16,567	16,567
Total revenues	<u>913,000</u>	<u>913,000</u>	<u>966,076</u>	<u>53,076</u>
Expenditures:				
Current:				
Public works services	361,947	361,947	278,175	83,772
Capital outlay	<u>1,250,000</u>	<u>1,250,000</u>	<u>648,719</u>	<u>601,281</u>
Total expenditures	<u>1,611,947</u>	<u>1,611,947</u>	<u>926,894</u>	<u>685,053</u>
Excess (deficiencies) of revenues over (under) expenditures	(698,947)	(698,947)	39,182	738,129
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(698,947)	(698,947)	39,182	738,129
Fund balance, October 1, 2016	<u>2,851,094</u>	<u>2,851,094</u>	<u>2,851,094</u>	<u>-</u>
Fund balance, September 30, 2017	<u>\$ 2,152,147</u>	<u>\$ 2,152,147</u>	<u>\$ 2,890,276</u>	<u>\$ 738,129</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 2,260,451	\$ 2,260,451	\$ 2,262,033	\$ 1,582
Investment earnings	3,115	3,115	10,817	7,702
Other	-	-	-	-
Total revenues	<u>2,263,566</u>	<u>2,263,566</u>	<u>2,272,850</u>	<u>9,284</u>
Expenditures:				
Current:				
General government and administration	-	-	-	-
Development services	925,000	925,000	925,000	-
Capital outlay	-	-	-	-
Total expenditures	<u>925,000</u>	<u>925,000</u>	<u>925,000</u>	<u>-</u>
Excess of revenues over expenditures	1,338,566	1,338,566	1,347,850	9,284
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(1,109,285)</u>	<u>(1,109,285)</u>	<u>(1,109,285)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,109,285)</u>	<u>(1,109,285)</u>	<u>(1,109,285)</u>	<u>-</u>
Net change in fund balance	229,281	229,281	238,565	9,284
Fund balance, October 1, 2016	<u>249,208</u>	<u>252,990</u>	<u>252,990</u>	<u>-</u>
Fund balance, September 30, 2017	<u>\$ 478,489</u>	<u>\$ 482,271</u>	<u>\$ 491,555</u>	<u>\$ 9,284</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 189,834	\$ 189,834	\$ 190,193	\$ 359
Investment earnings	1,977	1,977	1,157	(820)
Other	-	-	-	-
Total revenues	<u>191,811</u>	<u>191,811</u>	<u>191,350</u>	<u>(461)</u>
Excess of revenues over expenditures	191,811	191,811	191,350	(461)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	<u>(193,022)</u>	<u>(193,022)</u>	<u>(192,744)</u>	<u>278</u>
Total other financing sources (uses)	<u>(193,022)</u>	<u>(193,022)</u>	<u>(192,744)</u>	<u>278</u>
Net change in fund balance	(1,211)	(1,211)	(1,394)	(183)
Fund balance, October 1, 2016	<u>52,380</u>	<u>52,380</u>	<u>52,380</u>	<u>-</u>
Fund balance, September 30, 2017	<u><u>\$ 51,169</u></u>	<u><u>\$ 51,169</u></u>	<u><u>\$ 50,986</u></u>	<u><u>\$ (183)</u></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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 116,216	\$ 116,216	\$ 116,077	\$ (139)
Investment earnings	1,425	1,425	2,358	933
Total revenues	<u>117,641</u>	<u>117,641</u>	<u>118,435</u>	<u>794</u>
Expenditures:				
Current:				
General government and administration	-	-	-	-
Development services	100,000	100,000	85,298	14,702
Capital outlay	-	-	-	-
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>85,298</u>	<u>14,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,641</u>	<u>17,641</u>	<u>33,137</u>	<u>(13,908)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	17,641	17,641	33,137	(13,908)
Fund balance, October 1, 2016	<u>322,304</u>	<u>322,304</u>	<u>322,304</u>	<u>-</u>
Fund balance, September 30, 2017	<u>\$ 339,945</u>	<u>\$ 339,945</u>	<u>\$ 355,441</u>	<u>\$ 15,496</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 403,296	\$ 403,295	\$ 466,266	\$ 62,971
Investment earnings	2,810	2,810	2,103	(707)
Other	-	-	-	-
Total revenues	<u>406,106</u>	<u>406,105</u>	<u>468,369</u>	<u>62,264</u>
Expenditures:				
Current:				
Development services	175,000	175,000	145,000	30,000
Capital outlay	-	-	-	-
Total expenditures	<u>175,000</u>	<u>175,000</u>	<u>145,000</u>	<u>30,000</u>
Excess of revenues over expenditures	231,106	231,105	323,369	92,264
Other financing sources (uses):				
Transfers in	85,000	85,000	55,000	30,000
Bond proceeds	-	-	-	-
Transfers out	(423,832)	(423,832)	(418,809)	5,023
Total other financing sources (uses)	<u>(338,832)</u>	<u>(338,832)</u>	<u>(363,809)</u>	<u>35,023</u>
Net change in fund balance	(107,726)	(107,727)	(40,440)	67,287
Fund balance, October 1, 2016	<u>180,319</u>	<u>180,319</u>	<u>180,319</u>	<u>-</u>
Fund balance, September 30, 2017	<u>\$ 72,593</u>	<u>\$ 72,592</u>	<u>\$ 139,879</u>	<u>\$ 67,287</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, 2017

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 1,420,872	\$ 13,599	\$ 7,605	\$ 1,442,076
Investments	4,240,505	39,963	22,698	4,303,166
Accounts receivable	607,751	76,438	-	684,189
Less allowance for uncollectible	(75,586)	-	-	(75,586)
Grants receivable	110,352	-	-	110,352
Interest receivable	14,624	3,156	79	17,859
Inventories	-	16,281	-	16,281
Due from other funds	158,820	-	-	158,820
Total current assets	<u>6,477,338</u>	<u>149,437</u>	<u>30,382</u>	<u>6,657,157</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	-	293,289	-	293,289
Investments	-	875,314	-	875,314
Investment in BVSWMMA	15,718,343	-	-	15,718,343
Capital assets:				
Land	-	654,670	8,625,211	9,279,881
Buildings	92,904	1,171,993	-	1,264,897
Equipment	9,405,493	49,128	-	9,454,621
Improvements other than buildings	349,562	3,560,081	-	3,909,643
Construction in progress	7,600	221,246	-	228,846
Less accumulated depreciation	<u>(6,541,688)</u>	<u>(3,283,222)</u>	<u>-</u>	<u>(9,824,910)</u>
Total capital assets (net of accumulated depreciation)	<u>3,313,871</u>	<u>2,373,896</u>	<u>8,625,211</u>	<u>14,312,978</u>
Total noncurrent assets	<u>19,032,214</u>	<u>3,542,499</u>	<u>8,625,211</u>	<u>31,199,924</u>
Total assets	<u>\$ 25,509,552</u>	<u>\$ 3,691,936</u>	<u>\$ 8,655,593</u>	<u>\$ 37,857,081</u>
<u>Deferred Outflows</u>				
Pensions	673,528	30,659	-	704,187
Total deferred outflows	<u>\$ 673,528</u>	<u>\$ 30,659</u>	<u>\$ -</u>	<u>\$ 704,187</u>

CITY OF BRYAN, TEXAS

Combining Statement of Net Position

Nonmajor Enterprise Funds

As of September 30, 2017

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 314,354	\$ 3,448	\$ -	\$ 317,802
Accrued liabilities	113,989	3,895	-	117,884
Accrued interest	-	3,915	-	3,915
Accrued vacation and sick pay	78,818	173	-	78,991
Current liabilities payable from restricted assets:				
Customer deposits	-	10,720	-	10,720
Bonds payable, net	-	50,331	-	50,331
Total current liabilities	<u>507,161</u>	<u>72,482</u>	<u>-</u>	<u>579,643</u>
Noncurrent liabilities:				
Bonds payable, net	-	1,130,947	-	1,130,947
Accrued vacation and sick pay	140,122	308	-	140,430
Other post employee benefits (OPEB)	110,022	4,890	-	114,912
Net pension liability	1,966,360	72,402	-	2,038,762
Total noncurrent liabilities	<u>2,216,504</u>	<u>1,208,547</u>	<u>-</u>	<u>3,425,051</u>
Total liabilities	<u>2,723,665</u>	<u>1,281,029</u>	<u>-</u>	<u>4,004,694</u>
<u>Deferred Inflows</u>				
Pensions	53,214	2,478	-	55,692
Total deferred inflows	<u>53,214</u>	<u>2,478</u>	<u>-</u>	<u>55,692</u>
<u>Net Position</u>				
Net investment in capital assets	3,313,871	2,351,353	8,625,211	14,290,435
Restricted for BVSWMA	15,718,343	-	-	15,718,343
Restricted for debt service	-	9,868	-	9,868
Unrestricted	4,373,987	77,867	30,382	4,482,236
Total net position	<u>\$ 23,406,201</u>	<u>\$ 2,439,088</u>	<u>\$ 8,655,593</u>	<u>\$ 34,500,882</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, 2017

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Operating revenues:				
Solid waste	\$ 7,974,367	\$ -	\$ -	\$ 7,974,367
Other	-	610,329	1,297,530	1,907,859
Total operating revenues	<u>7,974,367</u>	<u>610,329</u>	<u>1,297,530</u>	<u>9,882,226</u>
Operating expenses:				
Personnel services	2,952,239	156,854	-	3,109,093
Maintenance	421,531	25,593	-	447,124
Other services and charges	1,708,964	91,854	54,643	1,855,461
Other expenses	490,661	302,525	-	793,186
General and administrative	1,072,831	68,572	-	1,141,403
Total operating expenses	<u>6,646,226</u>	<u>645,398</u>	<u>54,643</u>	<u>7,346,267</u>
Operating income (loss) before depreciation	<u>1,328,141</u>	<u>(35,069)</u>	<u>1,242,887</u>	<u>2,535,959</u>
Depreciation	<u>871,080</u>	<u>208,695</u>	<u>-</u>	<u>1,079,775</u>
Operating income (loss)	<u>457,061</u>	<u>(243,764)</u>	<u>1,242,887</u>	<u>1,456,184</u>
Nonoperating revenues (expenses):				
Investment earnings	33,878	6,151	1,673	41,702
Interest expense	-	(30,419)	-	(30,419)
Grants	110,352	96,637	-	206,989
Distributive share of BVSWMMA net income	1,032,027	-	-	1,032,027
Other - net	174,256	-	-	174,256
Total nonoperating revenues (expenses)	<u>1,350,513</u>	<u>72,369</u>	<u>1,673</u>	<u>1,424,555</u>
Income (loss) before contributions and transfers	<u>1,807,574</u>	<u>(171,395)</u>	<u>1,244,560</u>	<u>2,880,739</u>
Transfers in	104,764	110,000	-	214,764
Transfers out	<u>(428,687)</u>	<u>-</u>	<u>(2,068,054)</u>	<u>(2,496,741)</u>
Change in net position	<u>1,483,651</u>	<u>(61,395)</u>	<u>(823,494)</u>	<u>598,762</u>
Net position, October 1, 2016	<u>21,922,550</u>	<u>2,500,483</u>	<u>9,479,087</u>	<u>33,902,120</u>
Net position, September 30, 2017	<u>\$ 23,406,201</u>	<u>\$ 2,439,088</u>	<u>\$ 8,655,593</u>	<u>\$ 34,500,882</u>

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2017

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 7,958,318	\$ 534,771	\$ 2,086,839	\$ 10,579,928
Payments to suppliers	(2,447,652)	(513,115)	(54,643)	(3,015,410)
Payments to employees	(2,817,687)	(154,374)	-	(2,972,061)
Payments for interfund services used	(1,072,831)	(68,572)	-	(1,141,403)
Net cash provided (used) by operating activities	1,620,148	(201,290)	2,032,196	3,451,054
Cash flows from noncapital financing activities:				
Transfers in	104,764	110,000	-	214,764
Transfers out	(428,687)	-	(2,068,054)	(2,496,741)
Net cash provided (used) by noncapital financing activities	(323,923)	110,000	(2,068,054)	(2,281,977)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(412,692)	(260,722)	-	(673,414)
Proceeds from sale of assets	95,226	-	-	95,226
Grants	-	96,637	-	96,637
Principal paid on general obligation bonds	-	(2,575)	-	(2,575)
Principal paid on certificates of obligation	-	(50,000)	-	(50,000)
Interest paid on bonds, contractual obligations, and notes	-	(29,285)	-	(29,285)
Net cash provided (used) by capital and related financing activities	(317,466)	(245,945)	-	(563,411)
Cash flows from investing activities:				
Purchase of investment securities	(3,322,712)	(904,950)	(16,247)	(4,243,909)
Sale of investment securities	1,210,335	699,664	23,014	1,933,013
Interest on investments	24,674	4,804	1,669	31,147
Net cash provided (used) by investing activities	(2,087,703)	(200,482)	8,436	(2,279,749)
Net increase (decrease) in cash and cash equivalents	(1,108,944)	(537,717)	(27,422)	(1,674,083)
Cash and cash equivalents, October 1, 2016	2,529,816	844,605	35,027	3,409,448
Cash and cash equivalents, September 30, 2017	\$ 1,420,872	\$ 306,888	\$ 7,605	\$ 1,735,365

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows (continued)

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2017

	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)	\$ 457,061	\$ (243,764)	\$ 1,242,887	\$ 1,456,184
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	871,080	208,695	-	1,079,775
Change in assets and liabilities:				
Change in accounts receivable	4,833	(71,869)	789,309	722,273
Change in inventory	-	(3,214)	-	(3,214)
Change in due from other funds	(20,882)	-	-	(20,882)
Change in accounts payable	190,780	(93,155)	-	97,625
Change in accrued liabilities	12,523	655	-	13,178
Change in customer deposits	-	(475)	-	(475)
Change in due to other funds	(18,382)	-	-	(18,382)
Change in OPEB and NPL	102,269	4,635	-	106,904
Change in accrued vacation and sick pay	20,866	(2,798)	-	18,068
Net cash provided (used) by operating activities	<u>\$ 1,620,148</u>	<u>\$ (201,290)</u>	<u>\$ 2,032,196</u>	<u>\$ 3,451,054</u>

Noncash investing, capital and financing activities

During this past year, the Enterprise Funds investment in BVSWMMA increased \$1,032,027 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, 2017

<u>Assets</u>	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Current assets:				
Cash and cash equivalents	\$ -	\$ 795,222	\$ 590,068	\$ 1,385,290
Investments	-	2,149,458	1,761,021	3,910,479
Accounts receivable	-	349	14,836	15,185
Interest receivable	-	7,413	6,073	13,486
Inventories	230,119	-	-	230,119
Due from other funds	12	-	-	12
Total current assets	<u>230,131</u>	<u>2,952,442</u>	<u>2,371,998</u>	<u>5,554,571</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>(100,031)</u>	<u>(125,644)</u>	<u>-</u>	<u>(225,675)</u>
Total capital assets (net of accumulated depreciation)	<u>86,445</u>	<u>14,411</u>	<u>-</u>	<u>100,856</u>
Total assets	<u>\$ 316,576</u>	<u>\$ 2,966,853</u>	<u>\$ 2,371,998</u>	<u>\$ 5,655,427</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 406	\$ 7,149	\$ 454,955	\$ 462,510
Claims payable	-	766,494	1,264,047	2,030,541
Due to other funds	124	-	-	124
Accrued liabilities	4,311	11,062	-	15,373
Accrued vacation and sick pay	<u>4,547</u>	<u>11,056</u>	<u>-</u>	<u>15,604</u>
Total current liabilities	<u>9,388</u>	<u>795,761</u>	<u>1,719,002</u>	<u>2,524,152</u>
Noncurrent liabilities:				
Claims payable	-	825,341	-	825,341
Other post employment benefits	-	-	1,853,265	1,853,265
Accrued vacation and sick pay	<u>11,694</u>	<u>28,430</u>	<u>-</u>	<u>40,123</u>
Total noncurrent liabilities	<u>11,694</u>	<u>853,771</u>	<u>1,853,265</u>	<u>2,718,729</u>
Total liabilities	<u>21,082</u>	<u>1,649,532</u>	<u>3,572,267</u>	<u>5,242,881</u>
<u>Net Position</u>				
Net investment in capital assets	86,445	14,411	-	100,856
Unrestricted	<u>209,049</u>	<u>1,302,910</u>	<u>(1,200,269)</u>	<u>311,690</u>
Total net position	<u>\$ 295,494</u>	<u>\$ 1,317,321</u>	<u>\$ (1,200,269)</u>	<u>\$ 412,546</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, 2017

	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Operating revenues:				
Intragovernmental	\$ 70,252	\$ 2,670,531	\$ 6,953,930	\$ 9,694,713
Other	372	65,209	2,857,462	2,923,043
Total operating revenues	<u>70,624</u>	<u>2,735,740</u>	<u>9,811,392</u>	<u>12,617,756</u>
Operating expenses:				
Personnel services	198,045	488,999	-	687,044
Maintenance	1,058	1,181	-	2,239
Claims	-	870,705	9,546,412	10,417,117
Other services and charges	79,350	876,344	1,953,819	2,909,513
Other expenses	12,785	21,002	-	33,787
Total operating expenses	<u>291,238</u>	<u>2,258,231</u>	<u>11,500,231</u>	<u>14,049,700</u>
before depreciation	<u>291,238</u>	<u>2,258,231</u>	<u>11,500,231</u>	<u>14,049,700</u>
Operating gain(loss) before depreciation	(220,614)	477,509	(1,688,839)	(1,431,944)
Depreciation	10,693	2,650	-	13,343
Operating gain(loss)	<u>(231,307)</u>	<u>474,859</u>	<u>(1,688,839)</u>	<u>(1,445,287)</u>
Nonoperating revenues:				
Investment earnings	209	14,567	14,644	29,420
Other	-	159,683	820,227	979,910
Total nonoperating revenues	<u>209</u>	<u>174,250</u>	<u>834,871</u>	<u>1,009,330</u>
Gain (loss) before transfers	(231,098)	649,109	(853,968)	(435,957)
Transfers in	227,664	-	75,000	302,664
Transfers out	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
Change in net position	(3,434)	574,109	(778,968)	(208,293)
Net position, October 1, 2016	<u>298,928</u>	<u>743,212</u>	<u>(421,301)</u>	<u>620,839</u>
Net position, September 30, 2017	<u>\$ 295,494</u>	<u>\$ 1,317,321</u>	<u>\$ (1,200,269)</u>	<u>\$ 412,546</u>

CITY OF BRYAN, TEXAS

Internal Service Funds

Combining Statement of Cash Flows

For the Fiscal Year Ended September 30, 2017

	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,358,857	\$ 65,209	\$ 2,859,278	\$ 4,283,344
Receipts for interfund services provided	-	2,674,207	6,953,930	9,628,137
Payments to suppliers	(1,392,243)	(1,589,046)	(11,506,431)	(14,487,720)
Payments to employees	(195,814)	(489,757)	-	(685,571)
Other receipts	-	155,658	817,804	973,462
Net cash provided (used) by operating activities	<u>(229,200)</u>	<u>816,271</u>	<u>(875,419)</u>	<u>(288,348)</u>
Cash flows from noncapital financing activities:				
Transfers in	227,664	-	75,000	302,664
Transfers out	-	(75,000)	-	(75,000)
Net cash provided (used) by noncapital activities	<u>227,664</u>	<u>(75,000)</u>	<u>75,000</u>	<u>227,664</u>
Cash flows from investing activities:				
Purchase of investment securities	-	(1,732,361)	(1,260,551)	(2,992,912)
Sale of investment securities	605	550,938	932,704	1,484,247
Interest on investments	211	9,619	14,644	24,474
Net cash provided (used) by investing activities	<u>816</u>	<u>(1,171,804)</u>	<u>(313,203)</u>	<u>(1,484,191)</u>
Net increase (decrease) in cash and cash equivalents	(720)	(430,533)	(1,113,622)	(1,544,875)
Cash and cash equivalents, October 1, 2016	<u>720</u>	<u>1,225,755</u>	<u>1,703,690</u>	<u>2,930,165</u>
Cash and cash equivalents, September 30, 2017	<u>\$ -</u>	<u>\$ 795,222</u>	<u>\$ 590,068</u>	<u>\$ 1,385,290</u>
Reconciliation of operating income (loss) to net cash provided (used) operating activities:				
Operating Income (loss)	\$ (231,307)	\$ 474,859	\$ (1,688,839)	\$ (1,445,287)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	10,693	2,650	-	13,343
Other revenue	-	159,683	820,227	979,910
Change in assets and liabilities:				
Change in accounts receivable	-	(349)	1,816	1,467
Change in inventory	(11,281)	-	-	(11,281)
Change in accounts payable	340	(13,639)	193,183	179,884
Change in accrued liabilities	217	536	(402,846)	(402,093)
Change in due to other funds	124	-	-	124
Change in claims payable	-	193,825	201,040	394,865
Change in vacation and sick pay	2,014	(1,294)	-	720
Net cash provided (used) by operating activities	<u>\$ (229,200)</u>	<u>\$ 816,271</u>	<u>\$ (875,419)</u>	<u>\$ (288,348)</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, 2017

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<u>Assets</u>				
Cash and cash equivalents	\$ 1,520,828	\$ 75,131,630	\$ 74,965,075	\$ 1,687,383
Accounts Receivable	60,440	772,546	756,462	76,524
Total assets	<u>\$ 1,581,268</u>	<u>\$ 75,904,176</u>	<u>\$ 75,721,537</u>	<u>\$ 1,763,907</u>
<u>Liabilities</u>				
Benefits and employment taxes payable	<u>\$ 1,581,268</u>	<u>\$ 39,141,986</u>	<u>\$ 38,959,347</u>	<u>\$ 1,763,907</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, 2017 and 2016

	2017	2016
Governmental funds capital assets:		
Land	\$ 11,685,224	\$ 11,599,609
Buildings	39,108,130	38,981,965
Improvements other than buildings	39,409,579	33,481,497
Equipment	34,755,239	33,276,255
Infrastructure	194,528,601	191,870,617
Construction in Progress	17,017,486	7,948,996
	<u>\$ 336,504,259</u>	<u>\$ 317,158,939</u>
Investments in governmental funds capital assets by source:		
General Fund	\$ 106,820,148	\$ 90,132,812
Special Revenue Funds	8,126,350	8,126,350
Private Contributions	48,250,205	45,592,221
General Obligation bonds	42,229,658	42,229,658
Grants	6,611,770	6,611,770
Certificates of Obligation	124,466,128	124,466,128
	<u>\$ 336,504,259</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.

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, 2017

Function and Activity	Governmental Funds Capital Assets September 30, 2016	Reclassifications	Additions	Deductions	Governmental Funds Capital Assets September 30, 2017
General Government:					
Executive	\$ 12,530,879	\$ -	\$ -	\$ 15,425	\$ 12,515,454
City Secretary	418,483	-	-	-	418,483
Legal services	41,126	-	-	-	41,126
Fiscal services	313,504	-	-	-	313,504
Computer services	9,033,193	-	436,360	315,000	9,154,553
Purchasing services	1,784,164	-	-	-	1,784,164
Human resources	44,862	-	-	-	44,862
Facility services	3,527,795	-	57,861	13,183	3,572,473
Fleet services	70,619	-	-	-	70,619
Total general government	<u>27,764,625</u>	<u>-</u>	<u>494,221</u>	<u>343,608</u>	<u>27,915,238</u>
Development services:					
Administration	607,652	-	154,768	-	762,420
Planning	70,070	-	-	-	70,070
Engineering	186,806	-	134,670	15,344	306,132
Inspections	105,157	-	-	-	105,157
Community Development	5,360,216	-	-	17,435	5,342,781
TIF infrastructure	10,583,177	-	-	-	10,583,177
Total development services	<u>16,913,078</u>	<u>-</u>	<u>289,438</u>	<u>32,779</u>	<u>17,169,737</u>
Public works:					
Environmental services	28,567	-	-	-	28,567
Transportation services	190,637,135	-	3,259,456	100,433	193,796,158
Total public works	<u>190,665,702</u>	<u>-</u>	<u>3,259,456</u>	<u>100,433</u>	<u>193,824,725</u>
Public safety:					
Police services	25,866,642	-	543,517	351,911	26,058,248
Fire and emergency medical services	16,531,207	-	595,148	-	17,126,355
Municipal court	2,255,295	-	48,372	-	2,303,667
Animal Center	34,100	-	-	-	34,100
Total public safety	<u>44,687,244</u>	<u>-</u>	<u>1,187,037</u>	<u>351,911</u>	<u>45,522,370</u>
Cultural and recreational:					
Administration	142,423	-	-	-	142,423
Library services	4,743,057	-	235,029	-	4,978,086
Parks and recreation services	24,293,814	-	5,648,625	8,245	29,934,194
Total cultural and recreational	<u>29,179,294</u>	<u>-</u>	<u>5,883,654</u>	<u>8,245</u>	<u>35,054,703</u>
Construction in Progress - Unclassified	<u>7,948,996</u>	<u>-</u>	<u>10,822,341</u>	<u>1,753,851</u>	<u>17,017,486</u>
Total governmental funds capital assets	<u>\$ 317,158,939</u>	<u>\$ -</u>	<u>\$ 21,936,147</u>	<u>\$ 2,590,827</u>	<u>\$ 336,504,259</u>

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

CITY OF BRYAN, TEXAS

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

As of September 30, 2017

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government:							
Executive	\$ 2,138,902	\$ 10,105,599	\$ -	\$ 270,953	\$ -	\$ -	\$ 12,515,454
City Secretary	125,000	153,625	94,261	45,597	-	-	418,483
Legal services	-	-	41,126	-	-	-	41,126
Fiscal services	-	38,385	-	275,119	-	-	313,504
Computer services	-	60,768	33,279	9,060,506	-	-	9,154,553
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	745,343	-	7,600	3,580,073
Fleet services	-	1,671	32,396	36,552	-	-	70,619
Total general government	<u>2,263,902</u>	<u>13,106,028</u>	<u>2,008,919</u>	<u>10,536,389</u>	<u>-</u>	<u>7,600</u>	<u>27,922,838</u>
Development services:							
Administration	35,156	1,260	-	726,004	-	2,495	764,915
Planning	-	29,062	-	41,008	-	-	70,070
Engineering	18,904	7,343	-	279,885	-	2,495	308,627
Inspections	-	-	-	105,157	-	-	105,157
Community Development	118,531	131,652	5,083,368	9,230	-	-	5,342,781
TIRZ infrastructure	81,902	-	58,450	-	10,442,825	-	10,583,177
Total development services	<u>254,493</u>	<u>169,317</u>	<u>5,141,818</u>	<u>1,161,284</u>	<u>10,442,825</u>	<u>4,990</u>	<u>17,174,727</u>
Public works:							
Environmental services	-	11,995	16,572	-	-	-	28,567
Transportation services	5,325,171	20,344	1,415,979	2,976,292	184,058,372	11,201,888	204,998,046
Total public works	<u>5,325,171</u>	<u>32,339</u>	<u>1,432,551</u>	<u>2,976,292</u>	<u>184,058,372</u>	<u>11,201,888</u>	<u>205,026,613</u>
Public safety:							
Animal Center	-	34,100	-	-	-	-	34,100
Police services	1,043,334	18,187,481	22,982	6,804,451	-	-	26,058,248
Fire and emergency medical services	-	6,345,529	12,780	10,768,046	-	5,639,733	22,766,088
Municipal court	1,819,216	-	106,675	377,776	-	47,525	2,351,192
Total public safety	<u>2,862,550</u>	<u>24,567,110</u>	<u>142,437</u>	<u>17,950,273</u>	<u>-</u>	<u>5,687,258</u>	<u>51,209,628</u>
Cultural and recreational:							
Administration	-	-	107,924	34,499	-	-	142,423
Library services	-	669,602	4,007,318	301,166	-	-	4,978,086
Parks and recreation services	979,108	563,734	26,568,612	1,795,336	27,404	115,750	30,049,944
Total cultural and recreational	<u>979,108</u>	<u>1,233,336</u>	<u>30,683,854</u>	<u>2,131,001</u>	<u>27,404</u>	<u>115,750</u>	<u>35,170,453</u>
Total governmental funds capital assets	<u>\$ 11,685,224</u>	<u>\$ 39,108,130</u>	<u>\$ 39,409,579</u>	<u>\$ 34,755,239</u>	<u>\$ 194,528,601</u>	<u>\$ 17,017,486</u>	<u>\$ 336,504,259</u>

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 70,901,798	\$ 72,148,854	\$ 63,909,781	\$ 73,325,895	\$ 73,821,014	\$ 74,520,118	\$ 67,019,218	\$ 68,002,663	\$ 81,026,014	\$ 88,289,291
Restricted	23,344,871	23,432,166	30,938,682	24,782,392	24,404,041	18,624,433	23,068,934	22,972,793	18,104,805	19,918,996
Unrestricted	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	5,722,042
Total governmental activities net position	<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>	<u>\$ 113,930,329</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 312,335,006
Restricted	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	28,731,318
Unrestricted	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	79,324,576
Total Business-type activities net position	<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>	<u>\$ 420,390,900</u>
Primary government										
Net investment in capital assets	\$ 290,236,232	\$ 304,633,206	\$ 305,775,849	\$ 326,065,980	\$ 322,373,842	\$ 338,070,602	\$ 336,187,887	\$ 349,009,941	\$ 374,662,364	\$ 400,624,297
Restricted	67,195,510	63,027,811	67,155,688	54,292,615	59,179,068	55,370,149	57,208,378	62,392,780	52,776,847	48,650,314
Unrestricted	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	85,046,618
Total primary government net position	<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>	<u>\$ 534,321,229</u>

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

Table 2

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General government and administration	\$ 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	\$ 17,481,720
Development services	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	8,956,465
Public works services	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	20,061,531
Public Safety	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	39,753,105
Cultural and Recreational	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	9,827,528
Interest on long-term debt	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	2,732,128
Total governmental activities expenses	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	98,812,477
Business-type activities:										
Electric	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	176,616,366
Rural Electric	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	41,664,199
Water	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	11,385,667
Wastewater	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	11,756,197
Other	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	8,486,233
Total business-type activities expenses	209,852,281	194,484,486	190,872,584	208,730,882	196,330,516	214,737,290	231,862,566	235,556,568	246,120,186	249,908,662
Total primary government expenses	\$ 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	\$ 348,721,139
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services										
General government and administration	\$ 143,601	\$ 137,148	\$ 166,198	\$ 147,025	\$ 126,499	\$ 269,503	\$ 286,868	\$ 337,174	\$ 454,949	\$ 208,607
Development services	614,615	587,732	572,570	492,175	592,784	565,539	668,583	625,106	1,045,668	859,574
Public safety	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	5,400,679
Cultural and recreational	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	1,723,126
Operating grants and contributions	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	3,040,292
Capital grants and contributions	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	2,657,984
Total governmental activities program revenues	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	13,890,262
Business-type activities:										
Electric	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	190,064,226
Rural Electric	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	44,224,725
Water	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	13,428,055
Wastewater	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	13,111,988
Other Enterprise Funds	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	9,882,226
Operating grants and contributions	-	658,470	25,033	2,615,369	540,202	101,495	-	-	-	-
Capital grants and contributions	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	3,677,071
Total business-type activities program revenue	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	274,388,291
Total primary government program revenues	\$ 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	\$ 288,278,553
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (84,922,215)
Business-type activities	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	24,479,639
Total primary government net expense	\$ (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)	\$ (60,442,576)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 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	\$ 31,409,788
Sales taxes	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	19,608,634
Franchise taxes	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	2,179,203
Alcoholic beverage taxes	64,994	72,777	79,573	93,042	75,460	85,789	130,791	149,776	153,522	154,279
Bingo taxes	183,580	195,970	204,009	210,255	217,615	234,105	260,733	267,434	261,943	261,967
Hotel occupancy taxes	290,187	321,859	411,190	454,217	504,078	720,717	1,179,774	1,286,072	1,182,916	1,453,321
Transportation and drainage fees	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	6,639,924
Unrestricted investment earnings	2,379,105	1,084,060	578,261	251,107	278,636	206,083	290,514	523,146	483,317	454,389
Miscellaneous	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	5,194,379
Transfers(net)	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	15,432,345
Total governmental activities:	49,641,069	55,837,543	59,039,324	60,017,945	55,661,165	69,275,123	69,969,883	75,101,729	80,497,161	82,788,229
Business-type activities:										
Unrestricted investment earnings	6,761,997	3,062,620	992,215	719,221	(84,846)	969,402	611,791	1,032,154	856,704	1,056,355
Miscellaneous	407,414	275,538	221,532	463,978	1,375,263	2,689,384	2,484,255	3,240,871	2,823,562	3,305,581
Special items - Gain on sale of capital assets	-	-	-	-	(6,894,344)	871,080	2,493,174	505,000	-	-
Transfers(net)	(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)	(15,432,345)
Total business-type activities	4,659,499	(6,503,431)	(8,477,695)	(9,701,585)	(11,577,451)	(8,224,498)	(6,549,687)	(10,011,628)	(10,855,590)	(11,070,409)
Total primary government	\$ 54,300,568	\$ 49,334,112	\$ 50,561,629	\$ 50,316,360	\$ 44,083,714	\$ 61,050,625	\$ 63,420,196	\$ 65,090,101	\$ 69,641,571	\$ 71,717,820
Change in Net Position										
Governmental activities	\$ (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	\$ (2,133,986)
Business-type activities	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	13,409,230
Total primary government	\$ 12,731,106	\$ 8,826,734	\$ 2,158,278	\$ 12,965,856	\$ 6,433,310	\$ 12,201,924	\$ 20,117,919	\$ 28,060,209	\$ 18,729,530	\$ 11,275,244

City of Bryan, Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified accrual basis of accounting)

Table 3

	2008	2009	2010 ⁽³⁾	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	\$ 1,480,517	\$ 1,669,624	\$ 2,753,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	10,862,228	8,961,908	9,087,877	-	-	-	-	-	-	-
Nonspendable	-	-	-	21,206	241,366	75,907	59,572	109,393	106,321	1,817
Restricted	-	-	-	542,028	657,786	636,118	719,860	720,583	841,565	2,036,743
Committed	-	-	-	823,479	2,328,965	2,268,582	2,366,766	2,384,963	2,778,145	3,211,078
Assigned	-	-	-	460,921	193,524	974,951	503,799	1,531,754	7,731,534	4,962,007
Unassigned	-	-	-	11,362,664	12,721,175	18,505,338	24,529,175	30,621,712	22,095,483	17,752,837
Total general fund	<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>	<u>\$ 27,964,482</u>
All other governmental funds										
Reserved	\$ 21,458,433	\$ 22,061,912	\$ 27,804,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,122,854	7,048,799	6,560,002	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	963,342	995,329	1,011,046	-	-	-	-	-	-	-
Unreserved (deficit), reported in:										
Special revenue funds	(957,906) ⁽¹⁾	-	-	-	-	-	-	-	-	-
Capital projects funds	(676,984) ⁽²⁾	-	(870,667)	-	-	-	-	-	-	-
Nonspendable:										
Permanent funds and other	-	-	-	746,351	777,742	819,709	852,374	895,724	938,069	994,989
Restricted:										
Capital Project Funds	-	-	-	7,832,036	3,597,077	2,512,231	8,286,216	7,465,788	13,327,432	4,261,143
Debt Service Fund	-	-	-	6,219,331	5,945,264	5,876,433	6,128,399	6,080,301	5,840,959	5,928,427
Permanent Funds:										
Cemeteries	-	-	-	1,019,007	1,028,230	1,035,463	1,044,069	1,018,042	346,358	29,507
Libraries	-	-	-	3,599	3,664	3,711	3,768	3,858	3,938	4,011
Special Revenue Funds:										
Grants	-	-	-	4,348	10,863	24,180	14,500	11,423	33,827	83,204
Hotel/Motel	-	-	-	538,869	610,183	653,604	1,122,712	1,784,048	2,171,320	2,050,708
Municipal Court	-	-	-	261,573	287,722	296,395	259,748	244,157	245,569	188,100
TIRZ Development	-	-	-	3,364,672	3,036,268	552,909	439,715	706,544	807,993	1,037,861
Other Purposes	-	-	-	473	-	5,728	1,240	1,808	-	-
Committed:										
Streets	-	-	-	7,696,726	10,097,187	12,515,747	13,648,319	12,387,623	11,773,499	8,111,108
Drainage	-	-	-	1,032,851	702,807	1,164,532	1,893,491	2,364,950	2,851,094	2,890,276
Other Purposes	-	-	-	-	700	-	-	-	1,551,036	3,902,621
Unassigned:										
Special Revenue Funds	-	-	-	(9,964)	(104)	-	(21,552)	(9,354)	(16,399)	-
Total all other governmental funds	<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>	<u>\$ 29,481,955</u>
Total governmental funds	\$ 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	\$ 57,446,437

⁽¹⁾ The fiscal year 2008 deficit in the Special Revenue funds was offset by the 2007 and 2008 bond issues.

⁽²⁾ The fiscal year 2008 deficit in the Capital Project funds was offset by the issuance of debt in fiscal year 2009.

⁽³⁾ 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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Property taxes	\$ 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	\$ 31,385,195
Sales taxes	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	19,608,634
Franchise taxes	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	2,179,203
Alcoholic beverage taxes	64,994	72,777	79,573	93,042	75,460	85,789	130,791	149,776	153,522	154,279
Bingo taxes	183,580	195,970	204,009	210,255	217,615	234,105	260,733	267,434	261,943	261,967
Hotel occupancy taxes	290,187	321,859	411,190	454,217	504,078	720,717	1,179,774	1,286,072	1,182,916	1,453,321
Transportation and drainage fees	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	6,639,924
Charges for services	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	5,504,971
Fines and court charges	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	1,770,534
Licenses and permits	614,615	587,732	572,570	492,175	592,784	565,539	668,583	625,106	1,105,135	916,481
Grants	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	3,040,292
Investment earnings	1,919,790	849,630	469,682	195,201	240,139	180,942	264,450	486,542	450,313	424,969
Oil and gas royalties	160,241	67,688	50,701	-	-	-	-	-	-	-
Other	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	3,475,198
Total revenues	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	76,814,968
Expenditures:										
Current:										
General government and administration	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	16,066,047
Development services	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	8,130,645
Public works services	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	13,339,973
Public safety	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	37,174,641
Cultural and recreational	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	8,497,669
Administrative reimbursement	(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)	(3,037,162)
Capital outlay	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	17,529,177
Arbitrage rebate	16,890	-	-	-	-	-	-	-	-	-
Debt Service:										
Bond and principal retirement	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	7,649,158
Interest and fiscal charges	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	2,702,174
Debt issuance cost	79,500	54,170	70,134	(25,000)	-	421,506	66,571	71,009	149,526	-
Advance refunding costs	-	-	95,768	-	-	-	-	-	-	-
Total expenditures	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	108,052,322
Excess of expenditures over revenues	(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)	(31,237,354)
Other financing sources (uses):										
Proceeds of long-term debt issued	11,090,000	8,730,000	13,790,000	-	-	-	7,760,021	-	9,275,000	-
Discount on long-term debt issued	-	-	-	-	-	-	-	-	-	-
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	106,724	193,450	143,309	213,342	47,265	13,115	12,258	1,591,734	23,693	51,367
Transfers in	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	17,648,735
Transfers out	(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)	(2,444,054)
Total other financing sources	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	15,256,048
Net change in fund balances	\$ (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	\$ (15,981,306)
Debt service as a percentage of noncapital expenditures	13.08%	13.49%	13.39%	16.16%	17.19%	17.56%	14.48%	14.20%	12.90%	11.44%

City of Bryan, Texas

Governmental Activities Tax Revenues By Source

Last Ten Fiscal Years

(Accrual basis of accounting)

Table 5

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Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Bingo Tax	Hotel Occupancy Tax	Transportation & Drainage Assessments	Total
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
2017	31,385,195	19,608,634	2,179,203	154,279	261,967	1,453,321	6,639,924	61,682,524
Change 2008-2017	53.14%	34.93%	8.26%	137.37%	42.70%	400.82%	60.64%	47.87%

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					
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
2017	3,399,061,710	1,078,228,695	661,133,415	240,621,455	4,897,802,365	0.629990	4,897,802,365

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

				Overlapping Rates								
City of Bryan ⁽¹⁾				Brazos County ⁽²⁾			Bryan Independent School District ⁽³⁾					
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total BISD Millage	Subtotal Direct Rates	Subtotal Overlapping Rates	Total Direct & Overlapping Rates
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
2017	0.4482	0.1818	0.629990	0.4258	0.0592	0.4850	1.0400	0.3100	1.3500	0.629990	1.8350	2.4650

⁽¹⁾ City of Bryan Budget Office

⁽²⁾ Brazos County

⁽³⁾ Bryan ISD

City of Bryan, Texas
Principal Property Taxpayers
As of December 31, 2017

Table 8

Taxpayer	2017			2008		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Sanderson Farms Inc	\$ 52,365,222	1	1.07%			
Bryan Student Housing LLC	39,523,776	2	0.81%			
Jamespoint Management Co	34,075,614	3	0.70%			
Wal-Mart Real Estate Business Trust	28,663,530	4	0.59%			
SW Meadows Point LP	26,150,705	5	0.53%			
Legacy Texas Apartments LLC	24,671,401	6	0.50%			
College Station Investors LLC	24,446,240	7	0.50%			
KC Presidio Apartments LLC	22,975,616	8	0.47%			
Saint-Gobain Norpro Corporation	22,237,039	9	0.45%			
Park Hudson Place Apartments LLC	22,100,000	10	0.45%			
Well Services Divisin of STC				36,184,960	1	0.83%
Reveille Ranch Bryan, LTD				32,776,760	2	0.75%
Verizon Communications Inc.				25,001,250	3	0.57%
Southwest Signature Park				20,435,570	4	0.47%
Pioneer Well Services LLC				20,159,485	5	0.46%
KC Presidio Apartments LLC				19,125,350	6	0.44%
Tejas Center, LTD				17,207,020	7	0.39%
Pendleton Apartments LTD				15,608,330	8	0.36%
Adam Development Properties LP				14,836,920	9	0.34%
ACC (Aggie Station) LP				14,748,330	10	0.34%
Totals	<u>\$ 297,209,143</u>		<u>6.07%</u>	<u>\$ 216,083,975</u>		<u>4.96%</u>

Source: Brazos County Appraisal District

City of Bryan, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
As of December 31, 2017

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			
2008	\$	20,432,087	\$	20,021,117	97.99%	\$	369,352	\$	20,390,469	99.80%
2009		21,759,324		21,271,466	97.76%		440,904		21,712,370	99.78%
2010		22,802,844		22,314,031	97.86%		446,711		22,760,742	99.82%
2011		22,810,074		22,410,029	98.25%		340,498		22,750,527	99.74%
2012		23,800,130		23,386,311	98.26%		346,310		23,732,621	99.72%
2013		24,418,567		24,091,210	98.66%		250,640		24,341,849	99.69%
2014		25,299,027		24,931,688	98.55%		240,992		25,172,680	99.50%
2015		26,961,308		26,578,195	98.58%		228,405		26,806,599	99.43%
2016		28,568,696		28,011,317	98.05%		357,398		28,368,715	99.30%
2017		30,254,227		29,819,509	98.56%		-		29,819,509	98.56%

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

For Fiscal Year Ended September 30, 2017

Table 10

Customer	Type of Industry	Electric Usage kWh	Rank	Percentage of Top Ten Electric Users
Sanderson Farms Inc	Corporation	44,268,768	1	17.45%
Bryan ISD	Education	33,550,559	2	13.23%
CHI St Joseph Hospital	Medical	29,100,947	3	11.47%
City of Bryan	Local Government	27,031,147	4	10.66%
Axis Pipe And Tube	Manufacturing	26,915,258	5	10.61%
B Way Corporation	Corporation	25,584,044	6	10.09%
Texas A&M University	Education	22,727,068	7	8.96%
Wimberly Bldg Redevelopment	Corporation	21,553,770	8	8.50%
New Alenco Window Ltd	Manufacturing	13,289,037	9	5.24%
Wal-Mart Stores Inc	Corporation	9,644,000	10	3.80%
Total		<u>253,664,598</u>		<u>100.00%</u>

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

Table 11

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City Electric										
Type of Customer										
Residential	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	381,241,000
Commercial and Industrial	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	601,703,000
Public Authorities ⁽¹⁾	31,234,000	36,080,000	35,679,000	36,412,000	35,429,000	4,462,000	-	-	-	-
Rural	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	437,988,000
Other Utilities	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	651,380,000
Interdepartmental ⁽²⁾	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>1,595,805,000</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>	<u>2,072,312,000</u>
Rural Electric										
Type of Customer										
Residential	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	272,097,000
Commercial and Industrial	<u>91,880,000</u>	<u>95,303,000</u>	<u>95,123,000</u>	<u>108,507,000</u>	<u>103,231,000</u>	<u>108,457,000</u>	<u>113,691,000</u>	<u>124,966,000</u>	<u>129,677,000</u>	<u>135,321,000</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>	<u>407,418,000</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.

	2008			2009			2010			2011			2012		
	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	\$ -	\$ 0.0902	\$ 8.15	\$ -	\$ 0.0782	\$ 8.15	\$ -	\$ 0.0782	\$ 8.15	\$ -	\$ 0.0782	\$ 8.88	\$ -	\$ 0.0786
Residential Summer (May-Oct)	8.15	-	0.1002	8.15	-	0.0882	8.15	-	0.0882	8.15	-	0.0882	8.88	-	0.0895
Small Commercial	9.83	-	0.0942	9.83	-	0.0822	9.83	-	0.0822	9.83	-	0.0822	11.16	-	0.0848
General Service Commercial	20.00	6.35	0.0730	20.00	6.35	0.0620	20.00	6.35	0.0620	20.00	6.35	0.0620	22.12	7.03	0.0612
Large Industrial	-	11.70	0.0603	-	11.70	0.0483	-	11.70	0.0483	-	11.70	0.0483	200.00	11.88	0.0454
Bryan Public Schools	30.00	-	0.1005	30.00	-	0.0885	30.00	-	0.0885	30.00	-	0.0885	-	-	-
Interdepartmental	30.00	-	0.1021	30.00	-	0.0901	30.00	-	0.0901	30.00	-	0.0901	33.18	-	0.0905
Rural Electric Division	-	6.30	0.0690	-	6.30	0.0560	-	6.30	0.0560	-	6.30	0.0560	30.00	-	0.0871
													-	6.59	0.0710
Rural Electric System															
Residential Winter (Nov-Apr)	8.15	-	0.0891	8.15	-	0.0766	8.15	-	0.0766	8.15	-	0.0766	-	-	-
Residential Summer (May-Oct)	8.15	-	0.1091	8.15	-	0.0866	8.15	-	0.0866	8.15	-	0.0866	8.85	-	0.0766
Small Commercial	9.83	-	0.0952	9.83	-	0.0827	9.83	-	0.0827	9.83	-	0.0827	8.85	-	0.0903
General Service Commercial	20.00	7.21	0.0740	20.00	7.21	0.0615	20.00	7.21	0.0615	20.00	7.21	0.0615	11.37	-	0.0862
Public/Private Schools	30.00	-	0.1050	30.00	-	0.0925	30.00	-	0.0925	30.00	-	0.0925	19.62	7.21	0.0581
													31.47	-	0.0920
	2013			2014			2015			2016			2017		
	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)	\$ 10.28	\$ -	\$ 0.0800	\$ 10.28	\$ -	\$ 0.0861	\$ 11.00	\$ -	\$ 0.0790	\$ 11.00	\$ -	\$ 0.0837	\$ 11.00	\$ -	\$ 0.0837
Residential Summer (May-Oct)	10.28	-	0.0926	10.28	-	0.0987	11.00	-	0.0917	11.00	-	0.0964	11.00	-	0.0964
Small Commercial	13.82	-	0.0909	13.82	-	0.0955	15.50	-	0.0930	15.50	-	0.0952	15.50	-	0.0924
General Service Commercial	26.34	8.37	0.0606	26.34	9.90	0.0606	29.75	9.36	0.0215	33.25	11.47	0.0476	37.00	13.05	0.0412
Large Industrial	400.00	12.30	0.0407	400.00	13.79	0.0407	400.00	15.96	0.0376	400.00	16.65	0.0401	400.00	16.65	0.0401
Transmission Service							1,725.00	16.11	0.0298	1,725.00	16.80	0.0323	1,725.00	16.80	0.0322
Bryan Public Schools ⁽¹⁾	39.52	-	0.0955												
Interdepartmental ⁽²⁾	30.00	-	0.0821												
Rural Electric Division	-	7.16	0.5010	-	8.44	0.0501	8,100.00	9.16	0.0530	17,200.00	14.22	0.0395	22,400.00	17.27	0.0383
Rural Electric System															
Residential Winter (Nov-Apr)	9.61	-	0.0749	9.61	-	0.0788	11.00	-	0.0813	11.50	-	0.0906	12.00	-	0.0930
Residential Summer (May-Oct)	9.61	-	0.0872	9.61	-	0.0911	11.00	-	0.0944	11.50	-	0.1048	12.00	-	0.1084
Residential College Station (Nov-Apr)													11.00	-	0.0889
Residential College Station (May-Oct)													11.00	-	0.1022
Small Commercial	13.16	-	0.0887	13.16	-	0.0909	14.00	-	0.0905	15.00	-	0.0959	16.00	-	0.0904
General Service Commercial	19.25	6.93	0.0527	19.25	7.61	0.0527	21.00	8.43	0.0531	21.00	10.42	0.0520	21.00	11.94	0.0457
Public/Private Schools ⁽¹⁾	33.01	-	0.0896												

City of Bryan, Texas
Top Ten Water Customers
For Fiscal Year Ended September 30, 2017

Table 13

Customer	Type of Industry	Water Usage Gallons	Rank	Percentage of Total Water Usage
Wellborn Special Utility District	Utility District	410,301,100	1	10.18%
BISD	Public School	97,049,800	2	2.41%
St. Joseph Hospital	Health Care Facility	62,404,600	3	1.55%
City of Bryan	Local Government	60,111,800	4	1.49%
Brazos County	County Government	35,824,300	5	0.89%
TDCJ - Hamilton Unit	Correctional Facility	33,786,800	6	0.84%
Federal Prison Camp	Correctional Facility	33,303,500	7	0.83%
Oakwood/Country Village	MHP	25,029,500	8	0.62%
Axis Pipe & Tube	Manufacturing	23,927,300	9	0.59%
Housing Authority of Bryan	Housing	23,573,500	10	0.58%
Total		<u>805,312,200</u>		<u>19.97%</u>
Total gallons of water sold		4,031,844,200		

City of Bryan, Texas
Top Ten Sewer Customers
For Fiscal Year Ended September 30, 2017

Table 14

Customer	Type of Industry	Sewer Usage Gallons	Rank	Percentage of Total Gallons of Sewer Treated
St. Joseph Hospital	Health Care Facility	57,127,400	1	2.21%
BISD	Public School	44,588,600	2	1.73%
TDCJ - Hamilton Unit	Correctional Facility	33,786,800	3	1.31%
Federal Prison Camp	Correctional Facility	33,045,500	4	1.28%
Brazos County	County Government	29,626,400	5	1.15%
Oakwood/Country Village	MHP	25,029,500	6	0.97%
Housing Authority of Bryan	Housing	23,573,500	7	0.91%
Honeywell	Manufacturing	21,897,000	8	0.85%
Texas Steel	Manufacturing	17,836,000	9	0.69%
Axis Pipe & Tube	Manufacturing	17,375,000	10	0.67%
Total		<u>303,885,700</u>		<u>11.77%</u>
Total gallons of wastewater treated		2,580,880,000		

City of Bryan, Texas
Monthly Water Rates
Effective September 30, 2017

Table 15

Monthly Water Rates

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

Monthly Sewer Rates

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	Percentage Of Personal Income	Per(a) Capita
	General Obligation Bonds	Certificates of Obligation	Notes	Govt Only Per ^(a) Capita	Utility Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Notes			
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	13.0%	\$ 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	13.4%	2,877
2010	29,005,000	79,175,156	2,140,000	1,448	248,310,000	-	34,844	1,893,792	360,558,792	16.4%	3,391
2011	27,680,000	74,982,500	1,940,000	1,367	245,570,000	-	10,817,500	1,893,792	362,883,792	15.9%	3,450
2012	25,525,000	70,655,156	1,720,000	1,266	279,300,000	-	9,744,844	1,893,792	388,838,792	16.4%	3,134
2013	44,696,646	45,970,000	-	1,161	258,805,000	6,293,354	14,240,000	-	370,005,000	14.9%	2,926
2014	43,290,021	48,590,908	-	1,167	242,020,000	8,359,092	47,779,979	-	390,040,000	15.4%	2,871
2015	43,553,982	40,780,021	-	1,042	218,485,001	15,421,019	45,775,000	-	364,015,023	12.6%	2,580
2016 ^(b)	47,454,065	39,702,812	-	1,061	294,814,702	14,200,379	44,773,867	-	440,945,825	15.2%	2,848
2017 ^(b)	41,869,330	37,487,404	-	953	282,517,866	12,606,696	42,643,876	-	417,125,171	N/A	2,692

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.

^(b) Reported net of premium or discount.

City of Bryan, Texas

Legal Debt Margin Information

As of September 30, 2017

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, 2017 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)
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
2017	134,607,306	13,610,261	120,997,045	2.47%	1,469

^(a) Includes Certificates of Obligation and General Obligation bond issues for Governmental Activities and Business-type Activities. FY 2017 and 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, 2017

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	\$ 228,995,000	69.61%	\$ 159,412,189
Brazos County	79,465,000	30.97%	24,608,492
Subtotal, overlapping debt			<u>184,020,682</u>
City of Bryan net bonded debt ⁽¹⁾	73,428,307	100.00%	<u>73,428,307</u>
			<u><u>\$ 257,448,989</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⁾ Calculation includes Governmental Activities from Table 16 less General Obligation Interest and Sinking Fund as of 9/30/2017.

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⁾
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
2017	190,064,226	142,404,243	784,398	48,444,381	13,817,239	3.51

⁽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⁾
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
2017	44,224,725	38,056,142	70,839	6,239,422	1,270,049	4.91

⁽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⁾
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
2017	26,540,053	13,801,959	159,416	12,897,510	2,438,825	5.29

⁽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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Category:										
Communications and information	\$ 804,022	\$ 975,054	\$ 1,073,901	\$ 999,938	\$ 1,122,368	\$ 1,146,495	\$ 1,301,546	\$ 1,248,058	\$ 1,524,893	\$ 1,470,983
Home furnishings and appliances	392,899	411,290	414,247	405,991	414,871	383,795	284,910	296,203	328,616	345,163
Eating and drinking establishments	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	2,126,150
Department and retail stores	394,574	1,411,043	646,320	683,216	762,097	757,696	2,318,066	1,252,378	1,875,662	430,245
Oil and gas operations	739,345	465,054	457,378	244,732	96,821	130,639	243,942	228,011	114,837	269,493
Construction and building	1,013,741	380,446	641,427	496,984	183,079	202,861	(338,386)	114,626	343,702	1,005,179
Auto dealers and supplies	541,842	518,952	506,107	526,788	604,063	657,617	804,230	734,761	652,612	718,897
Printing/Publishers	55,930	60,045	62,385	74,499	78,050	81,592	96,547	94,316	216,618	221,505
Contractors	117,969	102,428	233,051	166,857	96,107	170,312	258,052	239,346	363,622	386,891
Manufacturing	627,914	479,757	659,853	404,338	477,069	389,218	913,475	554,296	805,400	573,477
Wholesalers	1,029,940	913,467	808,256	1,035,272	1,040,901	942,114	1,349,014	1,260,378	1,674,185	1,883,080
Food Stores	530,319	578,078	574,453	576,909	656,980	590,592	633,784	659,635	734,517	754,479
Other stores	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	3,809,206
Apparel	110,101	137,787	157,434	173,774	189,569	197,411	228,548	236,879	232,003	234,169
All other outlets	5,767	8,561	7,147	6,522	9,220	9,949	17,579	3,315	9,787	9,636
Financial services	42,252	42,012	87,646	115,873	129,935	120,050	158,925	92,429	163,384	105,108
Rentals and leasing	687,486	501,611	379,943	519,721	528,027	449,878	600,118	587,148	594,701	654,428
Professional services	446,664	475,821	492,995	542,964	563,031	527,801	565,631	528,114	751,653	782,118
Repair and maintenance	316,507	249,669	299,983	354,236	429,320	273,518	578,585	443,815	480,890	507,419
Hotels/Motels	3,733	23,338	5,351	(261)	10,001	21,824	33,193	12,539	10,890	21,347
Other products and equipment	79,815	5,962	17,491	48,381	43,322	71,858	73,971	58,129	13,823	100,232
Other	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	2,604,477
Total	\$ 14,079,741	\$ 13,216,288	\$ 14,125,292	\$ 13,709,871	\$ 13,962,066	\$ 14,232,808	\$ 17,198,428	\$ 17,823,356	\$ 18,353,806	\$ 19,013,682

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⁾
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	9,024,715,000	35,401	3.70%
2017	83,260	16,201	Not Available	Not Available	2.70%

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

⁽²⁾ Bryan Independent School District Texas Academic Performance Report.

⁽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

2017	2008
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

Actual Full-time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Table 26

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government and Administration										
Executive Services	7	6	6	5	5	6	6	6	5	6
Communications & Marketing	3	5	5	5	3	4	4	4	4	4
Neighborhood and Youth Services	1	1	1	1	1	-	-	1	1	1
Special Projects	1	3	0.25	0.25	0.25	-	-	1	-	-
Economic Development	-	-	-	-	-	-	2	2	4	5
Internal Audit	1	1	1	1	1	1	1	1	1	1
City Secretary	7	7	7	7	6	6	6	6	6	6
Legal Services	6	6	6	6	5	4	5	4	5	5
Support Services										
Fiscal Services	12	13	12	12	12	12	10	11	11	11
Purchasing Services	5	5	2	2	2	2	2	3	3	3
Information Technology	15	15	15	15	15	16	17	19	19	19
Human Resources	5	5.5	5	5	6	5	5	5	5	5
Facility Services	24	23	23	23	16	16	16	17	17	15
Fleet Services	11	11	11	12	9	9	5	8	9	8
Warehouse	4	4	4	4	4	4	4	4	3	3
Risk Management	6	5	6	6	6	6	6	6	6	6
Development Services										
Planning and Development	8	8	8	8	8	10	8	8	7	7
Building Services	16	16	16	17	14	9	11	11	11	14
Code Enforcement								3	4	3
Community Development	8	6.5	5.75	5.75	5.75	6	6	6	6	6
Public Works Services										
Administration	1	3	5	-	-	-	-	-	-	-
Engineering Services	18	17	16	19	13	12	12	13	14	13
Transportation & Drainage	31	31	29	29	18	16	15	16	17	16
Traffic Services	-	9	9	10	10	9	8	9	9	10
Public Safety										
Police Officers	123	124	124	124	138	136	140	139	146	144
Civilians	37	47	47	47	39	35	31	30	33	34
Firefighters/Emergency Medical Technicians	108	108	108	108	107	108	118	112	128	134
Civilians	4	5	5	5	4	6	4	4	4	4
Emergency Management Coordinator	1	1	1	1	1	1	1	1	1	1
Bryan Animal Center	-	-	-	-	-	8	10	10	10	9
Municipal Court	14	16	16	16	15	16	15	17	17	17
Cultural and Recreation/Community Services										
Library Services	19	20	19	19	24	21	21	21	21	20
College Station Library	16	15	16	16	19	18	17	16	16	16
Parks and Recreation	13	14	19	18	28	22	21	23	22	23
Water	35	35.8	35.55	36.55	34.50	32	33	37	37	32
Wastewater	43	44.2	44.45	44.45	31.50	40	31	29	36	37
Solid Waste	51	46	46	47	44	37	41	43	38	40
Call Center	-	5	5	5	5	5	5	5	5	5
Airport	-	-	-	2	1	1	1	2	2	2
Electric Department-Municipal and Rural	203	181	187	189	165	171	177	185	186	189
Total	857	862.5	866	871	816	810	815	838	869	874

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

Table 27

Function:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical arrest	5,205	5,030	5,744	5,063	4,826	5,525	5,497	5,644	5,560	5,606
Traffic citations	15,512	15,325	12,752	12,400	11,663	11,118	9,812	9,170	8,509	9,475
Fire										
Number of Fire and EMS calls	8,370	9,002	8,873	9,125	9,420	9,261	10,272	11,062	11,193	11,766
Transportation										
Potholes repaired	3,200	n/a	3,133	3,225	225	208	321	380	353	547
HMAC (Hot Mix Asphaltic Concrete) placed (tons)	n/a	2,853	2,476	1,258	1,978	1,455	1,434	1,100	1,065	1,309
In-house concrete poured (cubic yards)	n/a	1,080	162	584	485	723	434	250	462	127
Culture and recreation										
New library patron registration	8,323	9,014	9,573	8,419	7,259	7,384	7,018	6,281	5,748	5,716
Library circulation of materials	840,601	785,243	857,090	849,241	784,421	797,577	726,617	837,658	866,635	750,995
Number of cooperative programs with Bryan ISD and College Station Parks and Recreation department	12	12	12	10	13	16	18	19	20	21
Pavilion rentals	956	876	888	743	913	993	1,215	1,441	1,801	1,022
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)	1,710	1,740	1,825	1,910	1,920	2,432	2,510	2,390	2,180	2,260
Bryan Regional Athletic Complex (9 soccer fields)	1,050	1,105	1,284	1,192	1,105	1,070	1,094	1,020	1,135	1,235
Neighborhood/Youth Services										
Neighborhood Associations registered	37	38	40	41	41	41	41	41	42	43
Municipal Court										
Number of cases filed	16,190	15,490	14,728	18,147	17,832	16,821	13,304	11,878	11,383	12,976
Community Development										
Number of citizens provided homebuyers assistance	21	28	26	17	17	18	6	9	9	11
Number of households provided rehabilitation	4	3	3	5	1	3	3	2	2	3
Number of households provided minor rehabilitation	41	33	29	41	41	43	54	69	60	70
Housing Development (new construction)	0	0	0	0	0	0	0	0	1	1
Water										
Number of new connections	319	245	183	180	151	173	167	188	115	288
Maximum daily capacity (gallons)	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	37,700,000
Daily average usage (gallons)	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	11,046,148
Total usage (gallons)	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	4,031,844,200
Wastewater										
Combined capacity (gallons per day)	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	14,000,000
Daily average usage (gallons)	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	7,070,904
Total usage (gallons)	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	2,580,880,000
Solid Waste										
Refuse collected (tons)	54,881	52,443	56,800	56,120	55,819	55,520	55,345	57,664	60,760	65,444

Sources: Various City Departments

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

Table 28

Function:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sworn personnel	124	124	137	136	137	136	140	143	146	144
Fire and emergency medical services:										
Number of stations	4	5	5	5	5	5	5	5	5	5
Number of personnel	110	110	110	110	110	110	117	123	128	139
Highways and streets:										
Lane miles of paved streets	660	738	738	738	738	752	752	752	755.28	761.84
Culture and recreation:										
Number of parks	35	42	42	42	42	52	53	52	52	52
Park acreage	587	611	611	611	611	678	683	690	690	703
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Golf course acreage	104	104	104	104	104	104	104	127	127	127
Hike and bike trails - number of miles	22	23	23	23	23	23	23	35	37	36
Number of cemeteries	3	3	3	3	3	3	3	3	3	3
Cemetery acreage	70	70	70	70	70	70	70	92	92	92
Number of libraries	3	3	3	3	3	3	3	3	3	3
Library volumes	242,171	245,810	128,798	147,090	237,557	233,237	223,266	211,240	238,969	203,519
Water system:										
Miles of line	442	453	453	459	472	469	474	482	490	479
Number of connections	21,782	21,587	21,770	21,804	21,913	22,147	22,418	22,870	22,985	23,223
Number of wells	12	12	12	12	12	12	12	12	12	12
Wastewater system:										
Miles of line	378	380	380	382	387	393	396	389	393	400
Number of connections	20,839	21,113	21,378	21,460	21,539	21,761	22,021	22,350	22,538	22,907
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Electric system:										
Generating capacity (kW)	234,644	296,000	336,000	337,000	337,000	337,000	226,000	221,000	226,000	226,000
Reserve oil capacity (gallons)	4,670,000	4,670,000	4,170,000	3,120,000	3,120,000	3,120,000	0	0	0	0
Number of substations	9	9	10	11	11	11	11	11	11	11
Number of connections	31,656	32,152	32,421	32,583	33,150	33,920	34,609	35,174	35,716	36,819
Rural Electric system:										
Number of utility connections	14,513	15,116	15,593	16,033	16,881	17,556	18,328	19,068	20,155	21,121
Number of substations	12	12	12	13	13	15	15	16	17	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, 2017

Table GO-1

2016/2017 Market Valuation Established by Brazos County Appraisal District (Excluding totally exempt property)		\$ 5,138,423,820
Less Exemptions/Reductions at 100% Market Value		
Over 65 or Disabled Exemptions	\$ 58,365,487	
Homestead Cap Adjustment	17,978,184	
Disabled Veterans Exemptions	21,737,593	
Agricultural Land Use Reductions	87,236,704	
House Bill 366	205,351	
Pollution Control	4,681,002	
Prorated Exempt Property	-	
Freeport Exemptions	40,788,788	
Member of Armed Services Surviving Spouse	459,080	
Tax Abatement Reductions	<u>9,169,266</u>	<u>240,621,455</u>
2016/2017 Net Taxable Valuation - As reported on Table 6		4,897,802,365
General Obligation & Certificates of Obligation Debt Payable from Ad Valorem Taxes (as of 9/30/17)		132,865,000
Less : Self Supporting Debt		<u>71,290,094</u>
Net General Obligation Debt Payable from Ad Valorem Taxes		<u>\$ 61,574,906</u>
General Obligation Interest and Sinking Fund as of 9/30/2017		\$ 5,928,427
Ratio Net General Obligation Tax Debt to Taxable Assessed Valuation		1.26%

2016 Estimated Population - 83,260

Per Capita Taxable Assessed Valuation - \$58,825

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$740

City of Bryan, Texas

Taxable Assessed Valuations by Category

As of September 30, 2017

Table GO-2

Category	2017		2016		2015		2014		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,577,811,355	50.17%	\$ 2,344,844,398	48.74%	\$ 2,220,311,560	48.74%	\$ 2,112,073,229	49.108%	\$ 2,035,277,991	49.09%
Real, Residential, Multi-Family	578,131,572	11.25%	554,862,988	11.53%	507,521,525	11.14%	445,683,327	10.363%	421,407,065	10.17%
Real, Vacant Lots/Tracts	111,945,902	2.18%	97,609,815	2.03%	94,255,510	2.07%	94,517,351	2.198%	85,878,322	2.07%
Real, Acreage (Land Only)	130,963,999	2.55%	117,228,502	2.44%	117,328,147	2.58%	125,050,665	2.908%	113,860,982	2.75%
Real, Farm and Ranch Improvements	208,882	0.00%	263,834	0.01%	228,128	0.01%	173,578	0.004%	7,372,974	0.18%
Real, Commercial and Industrial	999,459,891	19.45%	939,142,306	19.52%	908,888,266	19.95%	870,572,606	20.242%	841,981,424	20.31%
Real, Oil, Gas and Other Mineral Reserves	30,428,168	0.59%	38,767,043	0.81%	42,414,920	0.93%	11,065,359	0.257%	9,930,584	0.24%
Real and Tangible Personal, Utilities	48,340,636	0.94%	46,534,856	0.97%	43,617,627	0.96%	42,483,220	0.988%	43,116,790	1.04%
Tangible Personal, Business	585,427,914	11.39%	605,550,910	12.59%	561,182,080	12.32%	543,115,138	12.628%	531,395,980	12.82%
Tangible Personal, Other	21,757,540	0.42%	19,218,340	0.40%	16,299,690	0.36%	15,298,224	0.356%	15,359,270	0.37%
Real, Inventory and Special Inventory	53,947,961	1.05%	46,689,219	0.97%	43,086,564	0.95%	40,862,999	0.950%	40,028,782	0.97%
Total Appraised Value before Exemptions	5,138,423,820	100.00%	4,810,712,211	100.00%	4,555,134,017	100.00%	4,300,895,696	100.00%	4,145,610,164	100.00%
Less: Total Exemptions/Reductions	240,621,455		207,760,861		221,012,900		245,030,266		250,267,982	
Taxable Assessed Value	<u>\$ 4,897,802,365</u>		<u>\$ 4,602,951,350</u>		<u>\$ 4,334,121,117</u>		<u>\$ 4,055,865,430</u>		<u>\$ 3,895,342,182</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, 2017

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
2017	83,260	4,897,802,365	58,825	132,865,000	2.71%	1,596

⁽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, 2017

Table 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>
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%
2017	0.629990	0.448172	0.181818	30,254,227	98.56%	98.91%

City of Bryan, Texas

Ten Largest Taxpayers

As of December 31, 2017

Table GO-5

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2016/2017 Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Sanderson Farms Inc	Food Processing	\$ 52,365,222	1.07%
Bryan Student Housing LLC	Student Housing	39,523,776	0.81%
Jamespoint Management Co	Apartments	34,075,614	0.70%
Wal-Mart Real Estate	Retail Stores	28,663,530	0.59%
SW Meadows Point LP	Apartments	26,150,705	0.53%
Legacy Texas Apartments LLC	Apartments	24,671,401	0.50%
College Station Investors LLC	Multi-Use Development	24,446,240	0.50%
KC Presidio Apartments LLC	Apartments	22,975,616	0.47%
Saint-Gobain Norpro Corporation	Manufacturing	22,237,039	0.45%
Park Hudson Place Apartments LLC	Apartments	22,100,000	0.45%
		<u>\$ 297,209,143</u>	<u>6.07%</u>

City of Bryan, Texas

Debt Information - General Obligation - Debt Service Requirements*

As of September 30, 2017

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
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	2,700,000	477,306	3,177,306	1,765,000	419,921	2,184,921	935,000	57,385	992,385
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	-	-	-
	\$ 132,865,000	\$ 35,564,155	\$ 168,429,155	\$ 71,290,094	\$ 22,185,602	\$ 93,475,696	\$ 61,574,906	\$ 13,378,553	\$ 74,953,459

*Includes all General Obligation Bonds (CO's and GO's) - Not reported net of premium or discount

City of Bryan, Texas

Interest and Sinking Fund Budget Projection

As of September 30, 2017

Table GO-7

Estimated Debt Service Requirements, Fiscal Year Ending 9-30-18		\$ 11,326,657 ⁽¹⁾
Interest and Sinking Fund, 09-30-17	5,928,427	
2018 Interest and Sinking Fund Tax Levy Collection	7,764,467	
Budget Transfers	1,879,222	
Estimated Investment and Other Income	<u>35,000</u>	<u>15,607,116</u>
Estimated Balance, 9-30-18		<u>\$ 4,280,459</u>

⁽¹⁾ Fiscal Year 2018 Budget Projection

City of Bryan, Texas

Computation of Self-Supporting Debt ⁽¹⁾

As of September 30, 2017

Table GO-8

Net System Revenue, FYE 9-30-17	\$ 65,744,064
Less: System Revenue Bond Requirements, FYE 09-30-18	<u>21,171,682</u>
Balance Available for Other Purposes	<u>\$ 44,572,382</u>
Self Supporting System GO and CO Bond Requirements, For Fiscal Year Ending 09-30-18	\$ 7,848,300

Percentage of System General Obligation Bonds

Self Supporting

100%

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

City of Bryan, Texas

Authorized by Unissued General Obligation Bonds

As of September 30, 2017

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, 2017

GO-10

The City has no Other Obligations outstanding as of September 30, 2017.

City of Bryan, Texas

General Fund Revenues and Expenditure History (modified accrual basis)

For the Year Ended September 30, 2017

Table GO-11

	Fiscal Year Ended September 30				
	2017	2016	2015	2014	2013
Revenues					
Taxes	\$ 42,325,729	\$ 40,182,758	\$ 38,487,073	\$ 37,518,869	\$ 34,851,153
Licenses and Permits	916,481	1,105,135	625,106	668,583	565,539
Grants	1,377,629	1,230,450	1,284,034	1,289,569	1,028,040
Charges for Services	5,504,971	5,031,445	4,538,814	4,394,267	5,199,125
Investment Earnings	199,309	215,196	247,920	124,557	87,187
Fines and Forfeitures	1,730,417	1,670,824	1,723,017	1,724,754	1,794,775
Miscellaneous	2,394,054	1,346,469	1,204,026	2,131,782	2,045,021
Total Revenues	<u>\$ 54,448,590</u>	<u>\$ 50,782,277</u>	<u>\$ 48,109,990</u>	<u>\$ 47,852,381</u>	<u>\$ 45,570,840</u>
Expenditures					
General Government	\$ 16,066,047	\$ 17,579,763	\$ 13,667,518	\$ 13,261,191	\$ 13,191,380
Reimbursed Administrative Expenses	(3,037,162)	(3,066,657)	(3,476,440)	(3,396,294)	(3,425,498)
Public Safety	36,808,455	33,570,381	30,850,086	30,045,586	28,586,540
Development Services	5,529,511	3,474,114	3,058,936	3,217,623	3,008,648
Public Works	3,859,511	3,648,296	3,422,137	3,324,025	3,315,274
Cultural and Recreational	7,507,653	7,136,538	6,560,486	6,365,433	6,341,182
Interest and Fiscal Charges	-	-	-	-	1,832,647
Capital Outlay	6,486,135	3,301,741	2,918,679	1,277,904	790,647
Total Expenditures	<u>\$ 73,220,150</u>	<u>\$ 65,644,176</u>	<u>\$ 57,001,402</u>	<u>\$ 54,095,468</u>	<u>\$ 53,640,820</u>
Excess (Deficit) Revenues					
Over (Under) Expenditures	\$ (18,771,560)	\$ (14,861,899)	\$ (8,891,412)	\$ (6,243,089)	\$ (8,069,757)
Operating Transfers In	13,647,984	13,608,849	15,303,568	12,388,262	17,485,413
Operating Transfers Out	(516,357)	(586,000)	(814,657)	(439,155)	(3,110,691)
Sale of Capital Assets	51,367	23,693	1,591,734	12,258	13,115
Total Other	<u>\$ 13,182,994</u>	<u>\$ 13,046,542</u>	<u>\$ 16,080,645</u>	<u>\$ 11,961,365</u>	<u>\$ 14,387,837</u>
Net Increase (Decrease)	(5,588,566)	(1,815,357)	7,189,233	5,718,276	6,318,080
Beginning Fund Balance	33,553,048	35,368,405	28,179,172	22,460,896	16,142,816
Ending Fund Balance	<u>\$ 27,964,482</u>	<u>\$ 33,553,048</u>	<u>\$ 35,368,405</u>	<u>\$ 28,179,172</u>	<u>\$ 22,460,896</u>

City of Bryan, Texas

Changes in Net Position

For the Year Ended September 30, 2017

Table GO-11A

	Governmental Activities				
	2017	2016	2015	2014	2013
<u>Revenues</u>					
Program Revenues					
Charges for Services	\$ 8,191,986	\$ 7,846,280	\$ 6,926,299	\$ 6,828,230	\$ 7,604,050
Operating Grant and Contributions	3,040,292	2,507,033	2,769,647	2,490,517	2,840,902
Capital Grants and Contributions	2,657,984	4,531,545	2,049,078	1,661,849	1,891,869
General Revenues					
Property Taxes	31,409,788	29,674,521	28,039,989	25,765,716	24,723,667
Other Taxes	23,657,404	22,661,830	21,683,058	21,834,534	19,134,052
Other	12,288,692	13,624,954	10,589,029	10,230,727	12,663,041
Total Revenues	81,246,146	80,846,163	72,057,100	68,811,573	68,857,581
<u>Expenditures</u>					
General Government and Administration	17,481,720	18,119,110	9,775,235	11,862,123	12,725,727
Development Services	8,956,465	6,556,417	5,403,697	5,265,275	5,324,990
Public Works Services	20,061,531	16,585,766	16,894,814	14,180,817	12,764,623
Public Safety	39,753,105	35,934,773	33,648,379	33,069,954	32,133,857
Culture and Recreation	9,827,528	9,106,566	8,374,038	8,332,012	8,175,136
Interest on Long Term Debt	2,732,128	2,989,038	3,299,163	3,548,311	4,264,522
Total Expenditures	98,812,477	89,291,670	77,395,326	76,258,492	75,388,855
Decrease in Net Position Before Transfers	(17,566,331)	(8,445,507)	(5,338,226)	(7,446,919)	(6,531,274)
Transfers	15,432,345	14,535,856	14,789,653	12,138,907	12,754,364
Change in Net Position After Transfers	(2,133,986)	6,090,349	9,451,427	4,691,988	6,223,090
Net Position - October 1	116,064,315	109,973,966	100,522,539	112,897,882	106,355,996
Net Position- Sept 30*	<u>\$ 113,930,329</u>	<u>\$ 116,064,315</u>	<u>\$ 109,973,966</u>	<u>\$ 117,589,870</u>	<u>\$ 112,579,086</u>

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

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

As of September 30, 2017

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.

Fiscal Year <u>Ended 9/30</u>	<u>Tax Collected</u>	<u>% of Ad Valorem</u> <u>Tax Levy</u>	Equivalent of <u>Ad Valorem</u> <u>Tax Rate</u>	<u>Per Capita</u>
2012	\$ 14,814,931	62.30%	\$ 0.3965	\$ 191.60
2013	15,984,919	65.46%	0.4146	204.77
2014	17,882,449	70.68%	0.4453	227.20
2015	17,788,431	65.98%	0.4157	219.85
2016	19,025,856	66.60%	0.4196	231.69
2017	19,608,634	64.81%	0.4083	235.51

City of Bryan, Texas

Current Investments and Cash Deposits ⁽¹⁾

As of September 30, 2017

Table GO-13

As of September 30, 2017 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	\$ 11,904,325	12.72%
Coupon Agencies	66,866,579	71.42%
Government Pools	14,853,231	15.86%
Total Investable Funds	<u>\$ 93,624,135</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
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
2017	11,046,148	22,733,000	4,031,844,200

City of Bryan, Texas

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

As of September 30, 2017

Table RW-2

Customer	Type of Industry	Water Usage	% of Total Water Usage
Wellborn Special Utility District	Utility District	410,301,100	10.18%
BISD	Public School	97,049,800	2.41%
St. Joseph Hospital	Health Care Facility	62,404,600	1.55%
City of Bryan	Local Government	60,111,800	1.49%
Brazos County	County Government	35,824,300	0.89%
TDCJ - Hamilton Unit	Correctional Facility	33,786,800	0.84%
Federal Prison Camp	Correctional Facility	33,303,500	0.83%
Oakwood/Country Village	MHP	25,029,500	0.62%
Axis Pipe & Tube	Manufacturing	23,927,300	0.59%
Housing Authority of Bryan	Housing	23,573,500	0.58%
		<u>805,312,200</u>	<u>19.97%</u>
Total gallons of water sold		4,031,844,200	

City of Bryan, Texas
Monthly Water Rates
Effective September 30, 2017

Table RW-3

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

City of Bryan, Texas

Wastewater Usage (Gallons)

Last Five Fiscal Years

Table RW-4

Fiscal Year Ended 9/30	Daily Average	Monthly Average	Total Usage	Total Fiscal Year End Revenue
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
2017	7,070,904	215,073,333	2,580,880,000	12,239,463

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, 2017

Table RW-6

Fiscal Year Ended	Principal	Interest	Total	% of Principal Retired
2018	\$ 4,020,000	\$ 1,509,433	\$ 5,529,433	
2019	4,260,000	1,367,131	5,627,131	
2020	4,485,000	1,255,740	5,740,740	
2021	4,650,000	1,120,429	5,770,429	
2022	4,810,000	974,708	5,784,708	46.51%
2023	2,620,000	818,728	3,438,728	
2024	2,575,000	740,748	3,315,748	
2025	2,720,000	661,106	3,381,106	
2026	2,785,000	567,852	3,352,852	
2027	2,850,000	477,198	3,327,198	28.36%
2028	2,850,000	382,365	3,232,365	
2029	2,920,000	284,894	3,204,894	
2030	2,365,000	182,032	2,547,032	
2031	905,000	110,151	1,015,151	
2032	930,000	83,761	1,013,761	20.86%
2033	350,000	56,574	406,574	
2034	365,000	46,739	411,739	
2035	375,000	36,359	411,359	
2036	385,000	25,709	410,709	
2037	105,000	14,747	119,747	3.31%
2038	110,000	12,006	122,006	
2039	115,000	9,135	124,135	
2040	115,000	6,134	121,134	
2041	120,000	3,132	123,132	0.96%
	<u>\$ 47,785,000</u>	<u>\$ 10,746,807</u>	<u>\$ 58,531,807</u>	100.00%

*Includes Only Revenue Bonds

City of Bryan, Texas

Waterworks and Sewer System Condensed Statement of Operations

As of September 30, 2017

Table RW-8

		Fiscal Year Ended September 30				
		2017	2016	2015	2014	2013
Revenues						
Waterworks	\$	13,428,055	\$ 12,656,177	\$ 12,390,019	\$ 11,678,692	\$ 12,723,839
Sewer System		13,111,998	13,007,294	12,883,147	12,496,697	12,429,017
Interest Income		159,416	124,733	145,864	103,389	91,845
Total Revenues		26,699,469	25,788,204	25,419,030	24,278,778	25,244,701
Expenses ⁽¹⁾ :						
Waterworks		6,900,658	7,349,390	6,261,237	5,718,140	5,798,421
Sewer System		6,901,301	6,199,838	6,551,635	6,559,946	5,927,169
Total Expenses		13,801,959	13,549,228	12,812,872	12,278,086	11,725,590
Net Available for Debt Service	\$	12,897,510	\$ 12,238,976	\$ 12,606,158	\$ 12,000,692	\$ 13,519,111
Water Connections		23,223	22,985	22,870	22,418	22,171
Sewer Connections		22,907	22,538	22,350	22,021	21,770

⁽¹⁾Excludes depreciation and amortization. 2015, 2016 and 2017 include an adjustment to reflect actual pension contributions.

City of Bryan, Texas

Waterworks and Sewer System Coverage and Fund Balances

As of September 30, 2017

Table RW-9

Average Annual Principal and Interest Requirement, 2018-2041	\$ 2,438,825
Coverage of Average Requirements by 9-30-2017 Net Income	5.29 Times
Maximum Principal and Interest Requirements, 2022	\$ 5,784,708
Coverage of Maximum Requirements by 9-30-17 Net Income	2.23 Times
Waterworks and Sewer System Revenue Bonds (September 30, 2017)	\$ 47,785,000
Interest and Sinking Fund (September 30, 2017)	\$ 3,410,413
Reserve Fund (September 30, 2017) ⁽¹⁾	-

⁽¹⁾ The Reserve Fund is currently funded with a combination of cash, authorized investments and surety bonds. The Required Reserve Fund Amount in the 2017 Reserve Fund was in full on the date of the delivery of the Bonds with surety bond coverage provided by a surety bond issued by Build America Mutual Assurance Company ("BAM"), or any successor. The maximum policy limit for the 2017 Reserve Fund is \$1,990,000.

City of Bryan, Texas

Current Investments and Cash Deposits ⁽¹⁾
As of September 30, 2017

Table RW-10

As of September 30, 2017 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	\$ 11,904,325	13%
Coupon Agencies	66,866,579	71%
Government Pools	14,853,231	16%
Total Investable Funds	<u>\$ 93,624,135</u>	<u>100%</u>

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

City of Bryan, Texas

Electric Rates

As of September 30, 2017

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	\$ -	\$ 0.04	\$ -	\$ 0.01	\$ 0.0326
Residential Summer (May - Oct.)	11.00	-	0.05	-	0.01	0.0326
Small Commercial	15.50	-	0.05	-	0.01	0.0326
Small Commercial Demand	37.00	9.39	0.01	3.66		0.0326
Small Commercial Demand Time of Use	137.00	-	0.0314-0.0918	-	0.20	0.0326
Commercial General Service Time of Use	26.91	6.84	0.01	-	0.17	
Large Industrial	400.00	12.50	0.01	4.15	-	0.0326
Primary Service	400.00	12.25	0.01	4.07	-	0.0315
Transmission Service	1,725.00	12.68	-	4.12	-	0.0312
Security Lighting Service	9.10 Per Lamp	-	-	-	-	0.0326
Street Lighting Service	4.75-10.85 Per Lamp	-	-	-	-	0.0326
Rural Electric Division	22,400.00	13.33	0.00	3.94	-	0.0286
Rural Class	Customer Charge Per Month	Base		Regulatory		Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	\$ 12.00	\$ -	\$ 0.0461	\$ -	\$ 0.0116	\$ 0.0353
Residential Summer (May - Oct.)	12.00	-	0.0615	-	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	16.00	-	0.0442	-	0.0109	0.0353
Small Commercial Demand	21.00	9.02	0.0104	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
Primary Service	400.00	12.56	0.0075	4.07	-	0.0341
Secondary Service Irrigation	-	-	0.0866	-	0.0280	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, 2017

Table REC-2

Type of Customer	2017		2016		2015	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	381,240,516	18.40%	375,151,548	17.92%	384,731,700	18.85%
Commercial & Industrial ⁽¹⁾	595,564,795	28.74%	570,735,586	27.26%	573,629,865	28.10%
Rural Electric Division	437,987,618	21.14%	439,340,542	20.98%	435,205,882	21.32%
Other Utilities	651,380,027	31.43%	702,458,006	33.55%	641,284,124	31.42%
Street Lights	6,138,552	0.30%	6,113,444	0.29%	6,205,516	
Total	<u>2,072,311,507</u>	<u>100.00%</u>	<u>2,093,799,127</u>	<u>100.00%</u>	<u>2,041,057,087</u>	<u>99.70%</u>

Type of Customer	2014		2013		2012	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	370,811,660	17.45%	356,559,000	18.90%	365,255,000	19.79%
Commercial & Industrial	555,113,684	26.12%	546,209,000	28.95%	554,971,000	30.07%
Rural Electric Division	419,249,453	19.73%	375,671,000	19.91%	379,278,000	20.55%
Other Utilities	779,781,000	36.70%	608,077,000	32.23%	546,265,000	29.60%
Street Lights						
Total	<u>2,124,955,797</u>	<u>100.00%</u>	<u>1,886,516,000</u>	<u>100.00%</u>	<u>1,845,769,000</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, 2017

Table REC-3

Fiscal Year Ended	Principal	Interest	Total	% of Principal Retired
2018	\$ 7,500,000	\$ 9,779,316	\$ 17,279,316	
2019	29,810,000	9,581,023	39,391,023	
2020	8,715,000	8,169,423	16,884,423	
2021	9,105,000	7,773,773	16,878,773	
2022	9,530,000	7,363,773	16,893,773	28.18%
2023	8,950,000	6,941,423	15,891,423	
2024	9,335,000	6,560,904	15,895,904	
2025	9,775,000	6,128,754	15,903,754	
2026	9,325,000	5,689,429	15,014,429	
2027	9,760,000	5,249,479	15,009,479	20.55%
2028	10,215,000	4,788,579	15,003,579	
2029	10,710,000	4,303,891	15,013,891	
2030	11,220,000	3,794,221	15,014,221	
2031	11,755,000	3,259,121	15,014,121	
2032	11,510,000	2,784,690	14,294,690	24.15%
2033	9,995,000	2,377,540	12,372,540	
2034	8,580,000	1,982,378	10,562,378	
2035	7,590,000	1,632,401	9,222,401	
2036	7,890,000	1,332,333	9,222,333	
2037	8,190,000	1,019,018	9,209,018	18.41%
2038	5,750,000	711,230	6,461,230	
2039	5,960,000	504,190	6,464,190	
2040	4,070,000	289,600	4,359,600	
2041	4,210,000	147,250	4,357,250	8.71%
	<u>\$ 229,450,000</u>	<u>\$ 102,163,735</u>	<u>\$ 331,613,735</u>	100%

City of Bryan, Texas

Authorized but Unissued Revenue Bonds

As of September 30, 2017

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, 2017

Table REC-5

	Fiscal Year Ended September 30				
	2017	2016	2015	2014	2013
Revenues					
City Electric System and Other Revenue ⁽¹⁾	\$ 190,064,226	\$ 187,624,655	\$ 186,223,521	\$ 185,255,098	\$ 160,991,056
Investment Income	784,398	652,368	770,945	414,342	407,920
Total Revenues	190,848,624	188,277,023	186,994,466	185,669,440	161,398,976
City Electric System Expenses ⁽¹⁾⁽²⁾	142,404,243	144,700,287	142,664,264	141,613,409	128,862,043
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 48,444,381</u>	<u>\$ 43,576,736</u>	<u>\$ 44,330,202</u>	<u>\$ 44,056,031</u>	<u>\$ 32,536,933</u>
BTU - City Electric Customers	36,819	35,716	35,174	34,609	33,920

⁽¹⁾ Excludes depreciation and amortization. 2017, 2016, and 2015 include an adjustment to reflect actual pension contributions.

City of Bryan, Texas

City Electric Coverage and Fund Balances

As of September 30, 2017

Table REC-6

Average Annual Principal and Interest Requirement, 2018-2041	\$ 13,817,239
Coverage of Average Requirements by 9-30-2017 Net available for debt service	3.51 Times
Maximum Principal and Interest Requirements, 2019	\$ 39,391,023
Coverage of Maximum Requirements by 9-30-2017 Net available for debt service ⁽¹⁾	1.23 Times
Electric System Revenue Bonds, 9-30-2017	\$ 229,450,000
Interest and Sinking Fund (September 30, 2017)	\$ 3,909,221
Reserve Fund (September 30, 2017)	\$ 5,618,799

⁽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 \$39,391,023 in 2019.

City of Bryan, Texas

Current Investments and Cash Deposits - City Electric

As of September 30, 2017

Table REC-7

As of September 30, 2017 the following percentages of BTU's City Electric investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Percentage</u>
Demand Deposits	\$ 29,291,729	25.75%
Investment in Gov't Pool	19,164,201	16.85%
Collateral deposits with counterparties	314,036	0.28%
Investment in agency securities	64,975,733	57.12%
Totals	<u>\$ 113,745,699</u>	<u>100%</u>

City of Bryan, Texas

Electric Rates

As of September 30, 2017

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	-	0.0455	-	0.0143	0.0326
Small Commercial Demand	37.00	9.39	0.0086	3.6600	0.0000	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	0.0000	0.0326
Primary Service	400.00	12.25	0.0074	4.0680	0.0000	0.0315
Transmission Service	1,725.00	12.68	0.0010	4.1160	0.0000	0.0312
Security Lighting Service	9.10 Per Lamp	-	-	-	0.0000	0.0326
Street Lighting Service	4.75-10.85 Per Lamp	-	-	-	0.0000	0.0326
Rural Electric Division	22,400.00	13.33	0.0030	3.9360	0.0000	0.0286

Rural Class	Customer Charge Per Month	Base		Regulatory		Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	\$ 12.00	\$ -	\$ 0.0461	\$ -	\$ 0.01	\$ 0.0353
Residential Summer (May - Oct.)	12.00	-	0.0615	-	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	16.00	-	0.0442	-	0.0109	0.0353
Small Commercial Demand	21.00	9.02	0.0104	2.916	-	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	4.152	\$ -	0.0353
Primary Service	400.00	12.56	0.0075	4.069	\$ -	0.0341
Secondary Service Irrigation	-	-	0.0866	-	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, 2017

Table RER-2

Type of Customer	2017		2016		2015	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	272,097,488	66.79%	265,035,937	67.15%	278,512,502	68.70%
Commercial	135,320,494	33.21%	129,676,978	32.85%	126,894,455	31.30%
Total	<u>407,417,982</u>	<u>100.00%</u>	<u>394,712,915</u>	<u>100.00%</u>	<u>405,406,957</u>	<u>100.00%</u>

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

City of Bryan, Texas

Rural Electric System Revenue Debt Service Requirements

As of September 30, 2017

Table RER-3

Fiscal Year Ending	Principal	Interest	Total	% of Principal Retired
2018	\$ 1,030,000	\$ 794,759	\$ 1,824,759	
2019	1,045,000	766,409	1,811,409	
2020	1,085,000	737,659	1,822,659	
2021	1,110,000	704,459	1,814,459	
2022	785,000	670,459	1,455,459	23.54%
2023	815,000	633,759	1,448,759	
2024	855,000	595,609	1,450,609	
2025	890,000	557,719	1,447,719	
2026	930,000	517,419	1,447,419	
2027	980,000	473,819	1,453,819	20.81%
2028	1,020,000	427,869	1,447,869	
2029	1,070,000	380,019	1,450,019	
2030	1,115,000	337,219	1,452,219	
2031	1,160,000	292,188	1,452,188	
2032	1,210,000	245,338	1,455,338	25.96%
2033	1,260,000	196,188	1,456,188	
2034	895,000	153,450	1,048,450	
2035	550,000	126,600	676,600	
2036	565,000	110,100	675,100	
2037	585,000	93,150	678,150	17.95%
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	11.73%
	<u>\$ 21,475,000</u>	<u>\$ 9,006,188</u>	<u>\$ 30,481,188</u>	100.00%

City of Bryan, TexasCondensed Statement of Rural Electric System Operations
For the Year Ended September 30, 2017

Table RER-4

	Fiscal Year Ended September 30				
	2017	2016	2015	2014	2013
Revenues					
Rural Electric System	\$ 44,224,725	\$ 41,931,026	\$ 39,287,075	\$ 35,728,300	\$ 32,257,374
Investment Income	70,839	41,114	75,800	73,213	47,422
Total Revenues	44,295,564	41,972,140	39,362,875	35,801,513	32,304,796
Rural Electric System Expenses ⁽¹⁾	38,056,142	36,548,815	33,264,827	30,502,755	27,231,209
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 6,239,422</u>	<u>\$ 5,423,325</u>	<u>\$ 6,098,048</u>	<u>\$ 5,298,758</u>	<u>\$ 5,073,587</u>
Rural Electric Customers	21,121	20,155	19,068	18,328	17,556

⁽¹⁾ Excludes Depreciation.

City of Bryan, Texas

Rural Electric Coverage and Fund Balances

As of September 30, 2017

Table RER-5

Average Annual Principal and Interest Requirement, 2018-2041	\$ 1,270,049
Coverage of Average Requirements by 9-30-2017 Net available for debt service	4.91 Times
 Maximum Principal and Interest Requirements, 2018	 \$ 1,824,759
Coverage of Maximum Requirements by 9-30-2017 Net Available for debt service	3.42 Times
 Rural Electric System Revenue Bonds, 9-30-2017	 \$ 21,475,000
 Interest and Sinking Fund (September 30, 2017)	 \$ 394,349
 Reserve Fund (September 30, 2017)	 \$ 362,200

City of Bryan, Texas

Current Investments and Cash Deposits - Rural Electric

As of September 30, 2017

Table RER-6

As of September 30, 2017 the following percentages of BTU's Rural Electric investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Percentage</u>
Bank Deposits	\$ 14,715,590	94%
Agency Securities	998,338	6%
Totals	<u>\$ 15,713,928</u>	<u>100%</u>



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