

RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository) and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

Issuer Name: City of Brownwood, Texas

Issue(s):

\$	2,000,000	Combination Tax and Revenue Certificates of Obligation, Series 2002
\$	3,815,000	Combination Tax and Revenue Refunding Bonds, Series 2003
\$	2,375,000	Combination Tax and Revenue Certificates of Obligation, Series 2003
\$	6,335,000	Combination Tax and Revenue Certificates of Obligation, Series 2004
\$	1,995,000	Combination Tax and Revenue Certificates of Obligation, Series 2005
\$	6,000,000	Combination Tax and Revenue Refunding Bonds, Series 2005
\$	5,050,000	Gneral Obligation Refunding Bonds, Series 2010

Filing Format electronic paper; If available on the Internet, give URL: _____

CUSIP Numbers to which the information filed relates (optional):

Nine-digit number(s) (see following page(s)):

Six-digit number if information filed relates to all securities of the issuer

* * *

Financial & Operating Data Disclosure Information

Annual Financial Report or CAFR
 Financial Information & Operating Data
 Other (describe)

Fiscal Period Covered: FYE 2011

Monthly Quarterly Annual Other:

* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: _____

Name: Walter Middleton Title: Director of Finance

Employer: City of Brownwood, Texas

Voice Telephone Number: (325) 646-5775

Email Address: wmiddleton@ci.brownwood.tx.us

DESCRIPTION OF ISSUES COVERED BY THIS REPORT

Combination Tax and Revenue Certificates of Obligation, Series 2002

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/12	\$ 105,000	116583 JC0
03/15/13	110,000	116583 JD8
03/15/14	115,000	116583 JE6
03/15/15	120,000	116583 JF3
03/15/16	130,000	116583 JG1
03/15/17	135,000	116583 JH9
03/15/18	145,000	116583 JJ5
03/15/19	150,000	116583 JK2
03/15/21	330,000	116583 JL0
	<u>\$ 1,340,000</u>	

Combination Tax and Revenue Certificates of Obligation, Series 2003

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/12	\$ 480,000	116583 KE4
03/15/13	175,000	116583 KF1
03/15/16	560,000	116583 KJ3
03/15/18	410,000	116583 KL8
	<u>\$ 1,625,000</u>	

Combination Tax and Revenue Refunding Bonds, Series 2003

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
09/01/12	\$ 475,000	116583 JV8
	<u>\$ 475,000</u>	

Combination Tax and Revenue Certificates of Obligation, Series 2004

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/12	\$ 275,000	116583 KT1
03/15/13	285,000	116583 KU8
03/15/14	290,000	116583 KV6
03/15/15	300,000	116583 KW4
03/15/16	310,000	116583 KX2
03/15/17	320,000	116583 KY0
03/15/18	330,000	116583 KZ7
03/15/19	345,000	116583 LA1
03/15/20	355,000	116583 LB9
03/15/21	370,000	116583 LC7
03/15/22	385,000	116583 LD5
03/15/23	400,000	116583 LE3
03/15/24	415,000	116583 LF0
03/15/25	435,000	116583 LG8
	<u>\$ 4,815,000</u>	

Combination Tax and Revenue Certificates of Obligation, Series 2005

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/12	\$ 80,000	116583LN3
03/15/13	85,000	116583LP8
03/15/14	85,000	116583LQ6
03/15/15	90,000	116583LR4
03/15/17	200,000	116583LT0
03/15/21	430,000	116583LX1
03/15/23	250,000	116583LZ6
03/15/26	420,000	116583MC6
	<u>\$ 1,640,000</u>	

Combination Tax and Revenue Refunding Bonds, Series 2005

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/12	\$ 715,000	116583MK8
03/15/13	700,000	116583ML6
03/15/14	485,000	116583MM4
03/15/15	180,000	116583MN2
	<u>\$ 2,080,000</u>	

General Obligation Refunding Bonds, Series 2010

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/12	\$ 420,000	116583MR3
03/15/13	430,000	116583MS1
03/15/14	440,000	116583MT9
03/15/15	450,000	116583MU6
03/15/16	460,000	116583MV4
03/15/17	475,000	116583MW2
03/15/18	490,000	116583MX0
03/15/19	505,000	116583MY8
03/15/20	530,000	116583MZ5
03/15/21	550,000	116583NA9
	<u>\$ 4,750,000</u>	

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2011

CITY OF BROWNWOOD, TEXAS

GENERAL OBLIGATION DEBT



FINANCIAL STATEMENTS

The audited financial statements for the City for the fiscal year ended September 30, 2011 are being separately filed directly with the Nationally Recognized Municipal Securities Information Repository and any applicable State Information Depository, and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

SIGNATURE OF ISSUER

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

CITY OF BROWNWOOD, TEXAS

Walter Middleton
Director of Finance

Approved for Submission:

Date

CERTIFICATE OF SUBMISSION OF ANNUAL REPORT

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the City of Brownwood, Texas with respect to the issues listed on the report cover was submitted directly to the National Recognized Municipal Securities Information Repository ("NRMSIR") listed below as well as to any applicable State Information Depository ("SID").

NRMSIR

Municipal Securities Rulemaking Board ("MSRB")
via the Electronic Municipal Market Access ("EMMA") system

First Southwest Company

Signed by:

/s/ Thiiri Kimathi

CITY OF BROWNWOOD, TEXAS
2012 GENERAL OBLIGATION DEBT REPORT

TABLE 1 – VALUATION, EXEMPTION AND TAX SUPPORTED DEBT

2011/12 Market Valuation Established by Brown County Appraisal District (excluding totally exempt property)		\$ 753,277,852
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions (Over 65 and Disabled)	\$ 22,153,148	
Disabled Veterans Exemptions	3,693,813	
Agriculture/Open-Space Land Use Reductions	5,106,330	
Homestead Cap Loss	2,558,659	
Tax Abatement Reductions	2,136,080	
Solar and Wind-Powered Prorations	<u>374,777</u>	<u>36,022,807</u>
2011/12 Taxable Assessed Valuation		\$ 717,255,045
General Obligation Debt Payable from Ad Valorem Taxes		\$ 17,110,000
Less: Self-Supporting Debt ⁽¹⁾		
Waterworks and Sewer System General Obligation Debt		<u>11,060,944</u>
General Purpose General Obligation Debt Payable from Ad Valorem Taxes		\$ 6,049,056
Interest and Sinking Fund as of 9/30/11		<u>\$ 55,833</u>
Ratio General Obligation Debt to Taxable Assessed Valuation		2.39%
Ratio General Purpose General Obligation Debt to Taxable Assessed Valuation		0.84%

2012 Estimated Population - 19,288
Per Capita 2010 Taxable Assessed Valuation - 37,187
Per Capita Funded Debt Payable from Ad Valorem Taxes - \$887
Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes - \$314

(1) Includes the Series 2010 Bonds, Series 2009 Tax Notes, Series 2003 Refunding Bonds, Series 2004 Certificates, and a portion of the Series 2005 Bonds. General Obligation debt for which repayment is provided from surplus net revenues of the Waterworks System (see “Table 3B – Derivation of General Purpose Funded Tax Debt”). The amount of self-supporting debt is based on the percentage of revenue support as shown in Table 10. It is the City’s current policy to provide these payments from System revenue; this policy is subject to change in the future.

TABLE 2 – TAXABLE ASSESSED VALUATION BY CATEGORY

Category	Fiscal Year Ended September 30,					
	2012		2011		2010	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 380,615,621	50.53%	\$ 377,417,851	50.86%	\$ 372,379,881	50.51%
Real, Residential, Multi-Family	31,450,950	4.18%	31,447,390	4.24%	30,090,080	4.08%
Real, Vacant Lots/Tracts	7,304,201	0.97%	6,906,121	0.93%	7,056,711	0.96%
Real, Acreage (Land Only)	6,470,630	0.86%	6,639,270	0.89%	6,603,450	0.90%
Real, Farm and Ranch Improvements	3,109,660	0.41%	2,801,550	0.38%	2,885,010	0.39%
Real, Commercial and Industrial	191,502,880	25.42%	186,154,260	25.08%	181,397,080	24.60%
Real and Tangible Personal, Utilities	26,746,010	3.55%	25,584,780	3.45%	26,931,870	3.65%
Tangible Personal, Commercial and Industrial	99,148,730	13.16%	98,903,030	13.33%	103,085,580	13.98%
Tangible Personal, Other	1,112,030	0.15%	1,223,720	0.16%	1,215,140	0.16%
Special Inventory	5,567,430	0.74%	4,745,900	0.64%	5,372,730	0.73%
Real Property, Inventory	249,710	0.03%	285,040	0.04%	250,380	0.03%
Total Appraised Value Before Exemptions	\$ 753,277,852	100.00%	\$ 742,108,912	100.00%	\$ 737,267,912	100.00%
Less: Total Exemptions/Reductions	36,022,807		38,461,325		39,652,470	
Taxable Assessed Value	\$ 717,255,045		\$ 703,647,587		\$ 697,615,442	

Category	Fiscal Year Ended September 30,			
	2009		2008	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 362,739,222	50.70%	\$ 341,091,462	51.32%
Real, Residential, Multi-Family	29,744,690	4.16%	30,217,840	4.55%
Real, Vacant Lots/Tracts	7,373,051	1.03%	7,927,761	1.19%
Real, Acreage (Land Only)	5,821,800	0.81%	5,698,870	0.86%
Real, Farm and Ranch Improvements	2,599,200	0.36%	2,588,080	0.39%
Real, Commercial and Industrial	170,232,750	23.79%	150,752,870	22.68%
Real and Tangible Personal, Utilities	29,905,190	4.18%	26,986,540	4.06%
Tangible Personal, Commercial and Industrial	98,204,720	13.73%	91,270,500	13.73%
Tangible Personal, Other	1,333,660	0.19%	1,460,970	0.22%
Special Inventory	7,194,700	1.01%	6,235,930	0.94%
Real Property, Inventory	346,860	0.05%	373,370	0.06%
Total Appraised Value Before Exemptions	\$ 715,495,843	100.00%	\$ 664,604,193	100.00%
Less: Total Exemptions/Reductions	41,802,286		42,766,207	
Taxable Assessed Value	\$ 673,693,557		\$ 621,837,986	

NOTE: Valuations shown are certified taxable assessed values reported to the Brown 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.

TABLE 3A – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	General Purpose G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Ratio of General Purpose G.O. Tax Debt to Taxable Assessed Valuation	General Purpose G.O. Tax Debt Per Capita ⁽⁴⁾
2008	20,138	\$ 621,837,986	\$ 30,879	\$ 8,880,000	1.43%	\$ 441
2009	20,138	673,693,557	33,454	6,965,000	1.03%	346
2010	20,138	697,615,442	34,642	7,411,814	1.06%	368
2011	19,288	703,647,587	36,481	6,049,056	0.86%	314
2012	19,288	717,255,045	37,187	5,094,381 ⁽⁴⁾	0.71% ⁽⁴⁾	264 ⁽⁴⁾

(1) Source: City of Brownwood.

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

(3) Does not include self-supporting debt.

(4) Projected.

TABLE 3B– DERIVATION OF GENERAL PURPOSE FUNDED TAX DEBT

Fiscal Year Ended 9/30	Total Funded Tax Debt Outstanding at End of Year	Less: Self-Supporting Waterworks and Sewer System General Obligation Debt	General Purpose Funded Tax Debt Outstanding at End of Year
2008	\$ 22,610,000	\$ 13,730,000	\$ 8,880,000
2009	22,560,000	15,595,000	6,965,000
2010	19,875,000	12,463,187	7,411,814
2011	17,110,000	11,060,944	6,049,056
2012	14,175,000 ⁽¹⁾	9,080,620 ⁽¹⁾	5,094,381 ⁽¹⁾

(1) Projected.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2008	\$ 0.7452	\$ 0.5661	\$ 0.1791	\$ 4,671,813	96.15%	98.42%
2009	0.7452	0.5729	0.1723	5,020,364	96.99%	99.23%
2010	0.7452	0.5840	0.1612	5,198,630	98.78%	99.31%
2011	0.7452	0.5851	0.1601	5,243,582	97.68%	100.83%
2012	0.7452	0.5972	0.1480	5,344,985	73.86% ⁽¹⁾	74.26% ⁽¹⁾

(1) Collections through January 31, 2012.

TABLE 5 – TOP TEN TAXPAYERS

Name of Taxpayer	Nature of Property	2011/12 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Hospital Corp of America	Hospital	\$ 26,937,570	3.76%
Wal-Mart Store East Inc. #813	Retail Store	17,877,860	2.49%
Oncor Electric Delivery Co.	Electric Utility	9,396,540	1.31%
HD Development Properties LP	Retail	7,893,282	1.10%
Verizon Southwest	Telephone Utility	6,500,130	0.91%
Commerce Station LP	Strip Shopping Center	5,131,230	0.72%
Atmos Energy/Mid-Tex Division	Natural Gas	4,666,780	0.65%
Harkey, John D & Lucy L Trust	Individual	4,393,350	0.61%
Bruner Auto Group	Automobile Sales	3,150,430	0.44%
J G & M Properties LLC	Trucking	3,145,190	0.44%
		\$ 89,092,362	12.42%

TABLE 6 – TAX ADEQUACY

2012 Net Principal and Interest Requirements ⁽¹⁾	\$	1,182,660
\$.1718 Tax Rate at 96% Collection Produces.....	\$	1,182,954
Maximum Principal and Interest Requirements, All General Obligation Debt, 2012	\$	3,471,233
\$.5042 Tax Rate at 96% Collection Produces	\$	3,471,744
Maximum Principal and Interest Requirements, Net Debt, 2012 ⁽¹⁾	\$	1,182,660
\$.1718 Tax Rate at 96% Collection Produces.....	\$	1,182,954

(1) Does not include Self-Supporting Debt.

TABLE 8 – TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Fiscal Year Ended	Outstanding Debt Service ⁽¹⁾			Less: Waterworks & Sewer System General Obligation	General Purpose General Obligation	% of Principal Retired
	Principal	Interest	Total	Requirements ⁽²⁾	Requirements	
9/30						
2012	\$ 2,935,000	\$ 536,233	\$ 3,471,233	\$ 2,288,573	\$ 1,182,660	
2013	1,785,000	459,537	2,244,537	1,089,250	1,155,287	
2014	1,595,000	408,668	2,003,668	1,052,489	951,178	
2015	1,325,000	363,988	1,688,988	1,006,285	682,703	
2016	1,195,000	323,563	1,518,563	977,550	541,013	51.64%
2017	1,230,000	282,943	1,512,943	980,018	532,925	
2018	1,275,000	238,845	1,513,845	980,215	533,630	
2019	1,105,000	195,749	1,300,749	983,011	317,738	
2020	1,155,000	153,371	1,308,371	988,071	320,300	
2021	1,205,000	107,310	1,312,310	990,323	321,988	86.53%
2022	505,000	74,878	579,878	432,428	147,450	
2023	530,000	56,593	586,593	434,768	151,825	
2024	550,000	37,283	587,283	436,420	150,863	
2025	575,000	16,961	591,961	442,286	149,675	
2026	145,000	3,263	148,263	-	148,263	100.00%
	<u>\$ 17,110,000</u>	<u>\$ 3,259,181</u>	<u>\$ 20,369,181</u>	<u>\$ 13,081,686</u>	<u>\$ 7,287,495</u>	

- (1) “Outstanding Debt Service” does not include lease-purchase and note obligations described in “Table 12 – Other Obligations.”
- (2) Includes the Series 2010 Bonds, Series 2009 Tax Notes, Series 2003 Refunding Bonds, Series 2004 Certificates, and a portion of the Series 2005 Bonds. General Obligation debt for which repayment is provided from surplus net revenues of the Waterworks System (see “Table 3B – Derivation of General Purpose Funded Tax Debt”). The amount of self-supporting debt is based on the percentage of revenue support as shown in Table 10. It is the City’s current policy to provide these payments from System revenue; this policy is subject to change in the future.

TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2012		\$ 1,182,660
Interest and Sinking Fund, Fiscal Year Ending 9/30/2011	\$ 48,888	
Estimated Interest Income	290	
Transfers from Other Sources	111,478	
2011/12 Interest and Sinking Fund Taxes (as budgeted)	<u>1,051,252</u>	<u>\$ 1,211,908</u>
Estimated Balance, Fiscal Year Ending 9/30/2012		\$ 29,248

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

Net System Revenue from Waterworks and Sewer System, Fiscal Year Ended 9/30/2011	\$ 2,637,967
Less: Requirements for Waterworks and Sewer System Revenue Debt, Fiscal Year Ending 9/30/2012	<u>-</u>
Balance Available for Other Purposes	\$ 2,637,967
Requirements for Waterworks and Sewer System General Obligation Debt, Fiscal Year Ending 9/30/2012	<u>2,288,573</u>
Balance	\$ 349,394
 Percentage of System General Obligation Bonds Self-Supporting	 100.00%

TABLE 11 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

As of January 31, 2012, the City had no authorized but unissued bonds.

TABLE 12 – OTHER OBLIGATIONS

The City is obligated under certain leases which contain cancellation provisions subject to annual appropriations by the City Council. These have been recorded as capital leases and are supported by notes payable with one year terms due on September 30. The notes are being repaid over a period that exceeds the one year term. All represent short term obligations expected to be refinanced. The capital leases have been included in current liabilities due to the short term nature of each underlying note.

The Airport Fund borrowed \$160,000 from Brownwood Economic Development Corporation on October 1, 2003 to build a building at the airport to be leased by Federal Express. The note is a one year note due on September 30 with a principal payment of \$16,000 due on September 15. The expectation is that it will be refinanced each year on the same terms with interest at zero percent. The outstanding balance at September 30, 2011 is \$32,000.

The Airport Fund borrowed \$520,000 from Brownwood Economic Development Corporation on September 1, 2004 to build T hangers to be leased to customers of the Brownwood airport. Payments are monthly in installments equal to the total gross monthly rents collected from rentals of the hangers for the prior month. The note bears interest at zero percent and is payable on the 15th of the month. The Outstanding balance at September 30, 2011 is \$340,069.

The following represents the future maturities on these notes:

Fiscal Year Ended 9/30	Principal	Interest	Total
2012	50,920	-	50,920
2013	50,920	-	50,920
2014	34,920	-	34,920
2015	34,920	-	34,920
2016	34,920	-	34,920
2017-2021	165,469	-	165,469
	<u>\$ 372,069</u>	<u>\$ -</u>	<u>\$ 372,069</u>

The above leases and notes are all secured by capital assets.

TABLE 13 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Years Ended September 30,				
	2011	2010	2009	2008	2007
REVENUE:					
Ad Valorem Taxes	\$ 4,254,640	\$ 4,123,821	\$ 3,900,926	\$ 3,556,136	\$ 3,590,339
Sales Tax	4,360,548	4,138,591	4,285,467	4,455,272	4,330,910
Other Taxes	2,923,554	2,662,417	2,848,616	2,857,573	2,883,765
Fines	252,243	339,362	349,072	411,771	349,747
Licenses and Fees	115,433	121,543	119,419	132,141	113,956
Charges for Services	378,244	325,705	276,464	264,718	254,679
Intergovernmental	1,206,370	1,209,177	1,196,477	1,194,448	1,148,380
Miscellaneous	172,963	120,968	195,970	118,944	239,365
Grant Contributions	70,481	43,936	783,077	177,656	101,726
Total Revenue	\$ 13,734,476	\$ 13,085,520	\$ 13,955,488	\$ 13,168,659	\$ 13,012,867
EXPENDITURES:					
City Council	\$ 111,874	\$ 107,226	\$ 85,563	\$ 81,705	\$ 132,416
Administration	207,219	213,863	190,975	178,246	178,656
City Secretary	73,809	75,267	114,456	138,808	111,468
Finance/Accounting	298,838	299,297	297,066	264,582	257,112
Municipal Court	279,540	270,731	255,890	250,187	254,019
Police Department	4,060,815	3,904,670	3,739,475	3,520,222	3,349,984
Fire Department	2,468,599	2,510,598	2,305,361	2,542,194	1,884,556
Code Enforcement	583,400	530,752	588,906	505,123	340,107
Street Department	1,852,132	1,920,602	2,374,846	2,209,209	1,854,256
Health Department	223,088	227,274	228,878	229,326	259,170
Community Services	520,503	424,930	573,122	592,144	499,494
Intergovernmental	237,654	198,017	200,391	182,669	176,601
Utility Collections	196,796	193,794	179,997	144,352	126,250
Community Facilities	422,006	523,813	1,698,218	373,033	346,915
Operations Support	151,005	149,199	262,596	159,998	151,965
Purchasing and Warehouse	169,846	164,641	154,678	164,369	148,344
Parks and Recreation	1,033,038	921,633	925,202	892,266	875,714
Fleet Services	466,250	460,850	466,266	438,883	406,281
City Attorney	165,844	166,296	156,451	170,911	163,023
Public Works	261,519	311,598	318,400	412,565	420,538
Emergency Management	19,653	25,662	61,986	91,112	96,004
Human Resources	210,965	201,351	194,179	183,404	155,042
Fire Marshal	115,059	113,740	106,903	97,729	76,802
Debt Service - Principal	-	-	-	-	1,200,000
Other	1,182,472	723,094	618,182	750,312	917,165
Total Expenditures	\$ 15,311,924	\$ 14,638,898	\$ 16,097,987	\$ 14,573,349	\$ 14,381,882
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,577,448)	\$ (1,553,378)	\$ (2,142,499)	\$ (1,404,690)	\$ (1,369,015)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 2,000,000	\$ 1,022,500	\$ 2,326,066	\$ 605,240	\$ 1,077,200
Operating Transfers Out	(3,803)	(7,507)	(98,100)	(96,598)	-
Proceeds of Note Payable	-	-	109,992	685,771	486,897
Donation of Railroad Collection	-	-	-	-	-
Conversion of Accounts Payable to Capital Lease	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-
Sale of Land	5,680	11,657	11,121	-	-
Sale of Equipment	-	-	-	167,867	118,962
Total Other Financing Sources (Uses)	\$ 2,001,877	\$ 1,026,650	\$ 2,349,079	\$ 1,362,280	\$ 1,683,059
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	424,429	(526,728)	206,580	(42,410)	314,044
Fund Balance Beginning of Year	\$ (672,528) ⁽¹⁾	\$ (283,819) ⁽¹⁾	\$ 394,318	\$ 436,808 ⁽¹⁾	\$ 372,764
Prior Period Adjustment	-	-	-	-	-
Restated Fund Balance Beginning of Year	(672,528)	(283,819)	394,318	436,808	372,764
Other Changes	-	-	-	(80)	-
FUND BALANCE END OF YEAR	\$ (248,099)	\$ (810,547)	\$ 600,898	\$ 394,318	\$ 686,808

(1) Restated.

TABLE 13A– CHANGE IN NET ASSETS

	Governmental Activities as of Fiscal Year Ended September 30,				
	2011	2010	2009	2008	2007
Program Revenues:					
Fees, Fines and Charges for Services	\$ 2,194,233	\$ 2,489,615	\$ 2,478,777	\$ 2,002,786	\$ 2,638,423
Operating Grants and Contributions	858,639	813,186	802,876	753,111	767,991
Capital Grants and Contributions	102,509	7,223,296	1,093,391	27,619	-
General Revenues:					
Ad Valorem Taxes	5,345,547	5,289,373	5,421,903	4,955,823	4,740,695
Sales Tax	4,360,548	4,138,591	4,285,467	4,455,272	4,330,910
Other Revenues	3,210,622	3,204,956	3,067,502	3,880,243	3,348,439
Total Revenues	\$ 16,072,098	\$ 23,159,017	\$ 17,149,916	\$ 16,074,854	\$ 15,826,458
Expenses:					
General Government and Administration	\$ 4,872,973	\$ 4,464,056	\$ 4,045,647	\$ 4,138,421	\$ 4,257,142
Public Safety	7,108,087	7,193,899	7,119,040	6,728,638	6,207,960
Streets	2,699,163	2,915,619	3,023,357	2,819,687	2,830,081
Parks & Community Facilities	1,703,737	1,525,132	1,391,840	1,325,667	1,342,436
State/Federal Grant Programs	-	-	-	-	798,855
Special Rev Activities	1,123,649	1,669,835	1,607,423	1,512,634	768,873
Interest on Long-Term Debt	286,369	321,045	325,818	365,539	394,635
Depreciation and Amortization	-	-	-	-	-
Total Expenses	\$ 17,793,978	\$ 18,089,586	\$ 17,513,125	\$ 16,890,586	\$ 16,599,982
Increase in Net Assets Before Transfers	\$ (1,721,880)	\$ 5,069,431	\$ (363,209)	\$ (815,732)	\$ (773,524)
Transfers	2,285,185	1,017,618	1,489,868	525,179	1,259,528
Increase (Decrease) in Net Assets	\$ 563,305	\$ 6,087,049	\$ 1,126,659	\$ (290,553)	\$ 486,004
Net Assets October 1	24,750,979	18,686,370	17,562,174	17,852,727	17,366,722
Prior Period Adjustment	4,929	(22,440)	(2,463)	-	-
Net Assets September 30	\$ 25,319,213	\$ 24,750,979	\$ 18,686,370	\$ 17,562,174	\$ 17,852,726

(1) Depreciation and amortization stated separately in prior years. Included with departmental expenses in current year.

TABLE 14 – MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City to power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. At an election held in May, 1990, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (1/2 of 1%) for property tax reduction. Collection of the additional tax went into effect on October 1, 1990.

Fiscal Year Ended 9/30	Total Collections ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2008	4,455,272	95.36%	0.0072	221
2009	4,285,467	85.36%	0.0064	213
2010	4,116,796	79.19%	0.0059	213
2011	4,267,308	81.38%	0.0061	221
2012	1,901,091 ⁽²⁾	35.57%	0.0027	99

(1) Sales and use tax collected represents tax levied for City purposes at 1½%.

(2) Partial collections through February 29, 2012.

TABLE 15 – CURRENT INVESTMENTS

As of December 31, 2011, the City’s funds were invested as follows:

Type of Investment	Book Value	% of Book Value
TexPool	\$ 4,285,073	66.91%
TexStar	2,119,230	33.09%
	<u>\$ 6,404,303</u>	<u>100.00%</u>

TABLE 16 – MONTHLY WATER RATES

Residential (Single Meter)/Commercial/Industrial		
Monthly Service Fee		
Meter Size	Present Rate (Effective 09/30/2010)	Previous Rate (Effective 09/30/2007)
3/4"	\$23.95	\$20.95
1"	29.95	23.60
1 1/2"	59.90	45.55
2"	95.80	53.80
3"	191.45	192.05
4"	299.35	250.05
6"	598.70	500.05
8"	957.85	800.10
10"	1,376.90	1,149.60
12"	1,676.20	1,378.55

All consumption shall be charged at the rate of \$2.16 per 100 cubic feet (effective 09-30-2010).

Multiple Family Residence: Multiple family residences with separate water meters for each unit – same as single family residence.

Multiple Family Units on One Water Meter...Monthly service fee is based on meter size as listed above plus \$11.40 per month per each family unit (effective 9/30/2010). Outside City limits rate shall be \$22.80. All consumption shall be charged at the rate of \$2.16 per 100 cubic feet. Outside City limits consumption rate shall be \$2.82 (effective 9/30/2010).

Outside City Limits (Residential/Commercial/Industrial/Multiple Family): Any water customers classified in Section A, B, or C, outside the City limits, shall be charged a Monthly Service fee as follows:

Meter Size	Present Fee (Effective 09/30/2010)	Previous Fee (Effective 09/30/2007)
3/4"	\$47.90	\$41.90
1"	59.90	47.20
1 1/2"	119.80	91.10
2"	191.60	107.60
3"	382.90	384.10
4"	598.70	500.10
6"	1,197.40	1,000.10
8"	1,915.70	1,600.20
10"	2,753.80	2,299.20
12"	3,352.40	2,757.10

All consumption shall be charged at the rate of \$2.82 per 100 cubic feet (effective 09/30/2010).

Reconnection Fees (effective 09/30/2005)

A \$35.00 reconnection fee shall be charged for reconnection of service.

Water Tap Fees

After application is made to the Utilities Collections Department it will be approved by the Public Works Division. The water tap fees are as follows:

<u>Size</u>		<u>Present Rates</u> Effective 09/30/2007	<u>Previous Rates</u> Effective 09/30/2005
3/4	Inch Tap	\$ 425.00	\$ 375.00
1	Inch Tap	500.00	425.00
1 1/2	Inch Tap	900.00	850.00
Over 1 1/2	Inch Tap	(To be determined by Utility Director)	(To be determined by Utility Director)

Fire Hydrant Meters (effective 9/30/2010)

Base Fee: \$143.70 per month or fraction of a month for each use. All consumption shall be charged a rate of \$2.16 per 100 cubic feet.

TABLE 17 – MONTHLY SEWER RATES

<u>Classification</u>	800 Cubic Feet or Less Average Water Consumption (for months of December, January and February)	
	<u>Present Rate</u> (Effective 09/30/2009)	<u>Previous Rate</u> (Effective 09/30/2007)
Residential and Commercial (Minimum)	\$22.56	\$21.92
Multi-Family Residence:		
Multi-Family Residence (Minimum)	\$38.12	\$37.05
Multi-Family (10 units and over)	\$55.98	\$54.40

All over 800 cubic feet shall be charged at a rate of \$2.82 for each 100 cubic feet.

Any sewer customers, outside the City limits, shall be charged at a rate twice that for inside City limits.

Industrial: Sewer rates are calculated monthly based on actual volume and strength of wastewater discharge:

<u>Charge Component</u>	<u>Present Rate</u> (Effective 09/30/2009)	<u>Previous Rate</u> (Effective 09/30/2007)
Biochemical Oxygen Demand (BOD) (per pound)	N/A	N/A
Total Suspended Solids (TSS) (per pound)	N/A	N/A
Sewage Volume (per 100 cubic feet)	\$2.8200	\$2.7400
<u>Surcharge Rates</u>		
Per lb. of BOD above 220 milligrams/liter	\$0.7720	\$0.7502
Per lb. of Tss above 240 milligrams/liter	\$0.4324	\$0.4202

In addition to the volume fee, industrial customers that are provided with a sewer meter shall be charged a monthly meter fee as follows:

<u>Meter Size</u>		<u>Monthly Meter Fee</u>
3 - 4	Inch Tap	\$160.00
6	Inch Tap	\$216.00

Sewer Tap Fees (Effective 09-30-2009)

After application is made to the Utility Collections Department it will be approved by the Public Works Division. The sewer tap fees are as follows:

<u>Size</u>		<u>Fee</u>
4	Inch Tap	\$400.00
6	Inch Tap	\$500.00

Outside City Limits - Add \$400.00 per Tap

All liquid waste disposed at the wastewater treatment plant will be charged at the rate of \$0.35 per gallon.

TABLE 18 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS

<u>Revenues</u>	<u>Fiscal Year Ending September 30,</u>				
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Water and Sewer Revenue	\$ 9,910,428	\$ 9,742,535	\$ 9,494,464	\$ 9,080,300	\$ 8,112,929
Other Revenue	49,345	83,362	52,855	57,337	55,138
Operating Revenue	\$ 9,959,773	\$ 9,825,897	\$ 9,547,319	\$ 9,137,637	\$ 8,168,067
Non Operating Revenue	7,326	7,793	32,773	119,981	142,595
Gross Revenues	\$ 9,967,099	\$ 9,833,690	\$ 9,580,092	\$ 9,257,618	\$ 8,310,662
<u>Operating Expense⁽¹⁾</u>					
Water System	\$ 3,292,439	\$ 3,089,771	\$ 4,220,190	\$ 4,245,035	\$ 2,983,169
Sewer System	3,430,693	2,999,899	2,575,645	2,457,728	2,247,053
Other Expense	606,000	606,000	89,987	132,097	-
Total Operating Expense	\$ 7,329,132	\$ 6,695,670	\$ 6,885,822	\$ 6,834,860	\$ 5,230,222
<u>Net Revenues</u>	\$ 2,637,967	\$ 3,138,020	\$ 2,694,270	\$ 2,422,758	\$ 3,080,440
Water Customers	7,357	7,368	7,372	7,319	7,292
Sewer Customers	6,888	6,908	6,919	6,936	6,915

(1) Operating Expense excludes depreciation, debt service and capital expenditures.

CITY OF EARLY (SEWER SERVICE CONTRACT FOR WASTEWATER TREATMENT)

	<u>Present Rate</u>
Volume Charge for Wastewater Discharged into the Brownwood System*	\$2.82/1,000 gallons

* The City of Early has no industrial customers discharging wastewater, but, in the event such a customer is acquired, has agreed to: (1) develop an approved Industrial Pretreatment Program and administer same, or (2) contract with the City of Brownwood for pretreatment.