

## 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
\$	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	General Obligation Refunding Bonds, Series 2010
\$	10,750,000	Combination Tax and Revenue Certificates of Obligation, Series 2012
\$	3,440,000	Combination Tax & Surplus Revenue Certificates of Obligation, Series 2012A

**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 2013

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>
03/15/15	\$ 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>\$ 1,010,000</u>	

### Combination Tax and Revenue Certificates of Obligation, Series 2003

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/16	\$ 560,000	116583 KJ3
03/15/18	410,000	116583 KL8
	<u>\$ 970,000</u>	

### Combination Tax and Revenue Certificates of Obligation, Series 2004

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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>\$ 3,965,000</u>	

**Combination Tax and Revenue Certificates of Obligation, Series 2005**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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>\$ 1,390,000</u>	

**Combination Tax and Revenue Refunding Bonds, Series 2005**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/15	\$ 180,000	116583MN2
	<u>\$ 180,000</u>	

**General Obligation Refunding Bonds, Series 2010**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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>\$ 3,460,000</u>	

**Combination Tax and Revenue Certificates of Obligation, Series 2012**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/15	\$ 420,000	116583NC5
03/15/16	430,000	116583ND3
03/15/17	440,000	116583NE1
03/15/18	460,000	116583NF8
03/15/19	480,000	116583NG6
03/15/20	500,000	116583NH4
03/15/21	520,000	116583NJ0
03/15/22	535,000	116583NK7
03/15/23	555,000	116583NL5
03/15/24	580,000	116583NM3
03/15/25	600,000	116583NN1
03/15/26	620,000	116583NP6
03/15/27	645,000	116583NQ4
03/15/28	670,000	116583NR2
03/15/29	695,000	116583NS0
03/15/30	725,000	116583NT8
03/15/31	755,000	116583NU5
03/15/32	785,000	116583NV3
	<u>\$ 10,415,000</u>	

**Combination Tax & Surplus Revenue Certificates of Obligation, Series 2012A**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/15	\$ 65,000	116583 NW1
03/15/16	65,000	116583 NX9
03/15/17	65,000	116583 NY7
03/15/18	70,000	116583 NZ4
03/15/19	70,000	116583 PA7
03/15/20	75,000	116583 PB5
03/15/21	75,000	116583 PC3
03/15/22	80,000	116583 PD1
03/15/23	80,000	116583 PE9
03/15/24	85,000	116583 PF6
03/15/25	90,000	116583 PG4
03/15/26	90,000	116583 PH2
03/15/27	95,000	116583 PJ8
03/15/28	100,000	116583 PK5
03/15/29	105,000	116583 PL3
03/15/30	110,000	116583 PM1
03/15/31	110,000	116583 PN9
03/15/32	115,000	116583 PP4
03/15/33	120,000	116583 PQ2
03/15/34	125,000	116583 PR0
03/15/35	135,000	116583 PS8
03/15/36	140,000	116583 PT6
03/15/37	145,000	116583 PU3
03/15/38	155,000	116583 PV1
03/15/39	160,000	116583 PW9
03/15/40	165,000	116583 PX7
03/15/41	175,000	116583 PY5
03/15/42	185,000	116583 PZ2
03/15/43	190,000	116583 QA6
03/15/44	200,000	116583 QB4
	<u>\$ 3,440,000</u>	

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

CITY OF BROWNWOOD, TEXAS

GENERAL OBLIGATION DEBT



## **FINANCIAL STATEMENTS**

The audited financial statements for the City for the fiscal year ended September 30, 2013 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**

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Walter Middleton  
Director of Finance

Approved for Submission:

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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**  
**2014 GENERAL OBLIGATION DEBT REPORT**

**TABLE 1 – VALUATION, EXEMPTION AND TAX SUPPORTED DEBT**

2013/14 Market Valuation Established by Brown County Appraisal District (excluding totally exempt property)	<u>\$ 767,940,316</u>
Less Exemptions/Reductions at 100% Market Value:	
Residence Homestead Exemptions (Over 65 and Disabled)	\$ 21,675,537
Disabled Veterans Exemptions	4,397,483
Agriculture/Open-Space Land Use Reductions	5,135,090
Homestead Cap Loss	429,973
Tax Abatement Reductions	1,556,298
Pollution Control	94,776
2013/14 Taxable Assessed Valuation	<u>\$ 734,651,159</u>
General Obligation Debt Payable from Ad Valorem Taxes as of 3/1/14	\$ 31,050,000
Less: Self-Supporting Debt <sup>(1)</sup>	
Waterworks and Sewer System General Obligation Debt	<u>11,697,610</u>
General Purpose General Obligation Debt Payable from Ad Valorem Taxes	\$ 19,352,391
Interest and Sinking Fund as of 9/30/13	<u>81,308</u>
Ratio General Obligation Debt to Taxable Assessed Valuation	4.23%
Ratio General Purpose General Obligation Debt to Taxable Assessed Valuation	2.63%

2014 Estimated Population - 19,288  
Per Capita 2014 Taxable Assessed Valuation - 38,089  
Per Capita Funded Debt Payable from Ad Valorem Taxes - \$1,610  
Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes - \$1,003

(1) Includes the Series 2012A Certificates, Series 2010 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,					
	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 389,374,268	50.70%	\$ 390,390,141	51.40%	\$ 380,615,621	50.53%
Real, Residential, Multi-Family	25,423,450	3.31%	26,639,070	3.51%	31,450,950	4.18%
Real, Vacant Lots/Tracts	6,035,257	0.79%	6,199,641	0.82%	7,304,201	0.97%
Real, Acreage (Land Only)	5,411,270	0.70%	6,435,340	0.85%	6,470,630	0.86%
Real, Farm and Ranch Improvements	4,800,292	0.63%	3,145,560	0.41%	3,109,660	0.41%
Real, Commercial and Industrial	191,722,669	24.97%	190,410,100	25.07%	191,502,880	25.42%
Real and Tangible Personal, Utilities	27,565,250	3.59%	27,604,630	3.63%	26,746,010	3.55%
Tangible Personal, Commercial and Industrial	109,923,770	14.31%	101,800,010	13.40%	99,148,730	13.16%
Tangible Personal, Other	672,710	0.09%	733,080	0.10%	1,112,030	0.15%
Special Inventory	6,608,430	0.86%	5,904,810	0.78%	5,567,430	0.74%
Real Property, Inventory	402,950	0.05%	306,080	0.04%	249,710	0.03%
Total Appraised Value Before Exemptions	\$ 767,940,316	100.00%	\$ 759,568,462	100.00%	\$ 753,277,852	100.00%
Less: Total Exemptions/Reductions	33,289,157		33,659,650		36,022,807	
Taxable Assessed Value	<u>\$ 734,651,159</u>		<u>\$ 725,908,812</u>		<u>\$ 717,255,045</u>	

Category	Fiscal Year Ended September 30,			
	2011		2010	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 377,417,851	50.86%	\$ 372,379,881	50.51%
Real, Residential, Multi-Family	31,447,390	4.24%	30,090,080	4.08%
Real, Vacant Lots/Tracts	6,906,121	0.93%	7,056,711	0.96%
Real, Acreage (Land Only)	6,639,270	0.89%	6,603,450	0.90%
Real, Farm and Ranch Improvements	2,801,550	0.38%	2,885,010	0.39%
Real, Commercial and Industrial	186,154,260	25.08%	181,397,080	24.60%
Real and Tangible Personal, Utilities	25,584,780	3.45%	26,931,870	3.65%
Tangible Personal, Commercial and Industrial	98,903,030	13.33%	103,085,580	13.98%
Tangible Personal, Other	1,223,720	0.16%	1,215,140	0.16%
Special Inventory	4,745,900	0.64%	5,372,730	0.73%
Real Property, Inventory	285,040	0.04%	250,380	0.03%
Total Appraised Value Before Exemptions	\$ 742,108,912	100.00%	\$ 737,267,912	100.00%
Less: Total Exemptions/Reductions	38,461,325		39,652,470	
Taxable Assessed Value	<u>\$ 703,647,587</u>		<u>\$ 697,615,442</u>	

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 <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	General Purpose G.O. Tax Debt Outstanding at End of Year <sup>(3)</sup>	Ratio of General Purpose G.O. Tax Debt to Taxable Assessed Valuation	General Purpose G.O. Tax Debt Per Capita <sup>(4)</sup>
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	0.71%	264
2013	19,288	725,908,812	37,635	14,882,391	2.05%	772
2013	19,288	734,651,159	38,089	18,157,226 <sup>(4)</sup>	2.47% <sup>(4)</sup>	941 <sup>(4)</sup>

(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
2010	\$ 19,875,000	\$ 12,463,187	\$ 7,411,814
2011	17,110,000	11,060,944	6,049,056
2012	14,175,000	9,080,620	5,094,380
2013	26,580,000	11,697,610	14,882,390
2014	29,050,000 <sup>(1)</sup>	10,892,774 <sup>(1)</sup>	18,157,226 <sup>(1)</sup>

(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 <sup>(1)</sup>	% Current Collections	% Total Collections <sup>(2)</sup>
2010	\$ 0.7452	\$ 0.5840	\$ 0.1612	\$ 5,074,322	101.20%	101.74%
2011	0.7452	0.5851	0.1601	5,248,055	97.60%	100.74%
2012	0.7452	0.5972	0.1480	5,348,775	93.68%	100.07%
2013	0.7463	0.5339	0.2124	5,351,726	98.22%	102.25%
2014	0.7463	0.5341	0.2122	5,488,682	70.36% <sup>(2)</sup>	71.23% <sup>(2)</sup>

(1) Provided by the City.

(2) Collections through January 31, 2014.

**TABLE 5 – TOP TEN TAXPAYERS**

Name of Taxpayer	Nature of Property	2013/14 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Wal-Mart Store East Inc. #813	Retail Store	\$ 18,451,370	2.51%
Brownwood Hospital LP	Hospital	12,594,990	1.71%
Oncor Electric Delivery Co.	Electric Utility	8,930,510	1.22%
Commerce Station LP	Strip Shopping Center	8,007,870	1.09%
HD Development Properties LP	Retail	7,801,973	1.06%
Hospital Corp of America	Hospital	7,000,000	0.95%
Atmos Energy/Mid-Tex Division	Natural Gas	5,247,280	0.71%
Verizon Southwest	Telephone Utility	4,796,800	0.65%
Harkey, John D & Lucy L Trust	Individual	4,742,770	0.65%
Memorial Park Real Estate Investment	Real Estate	3,532,320	0.48%
		<u>\$ 81,105,883</u>	<u>11.04%</u>

**TABLE 6 – TAX ADEQUACY**

2014 Net Principal and Interest Requirements <sup>(1)</sup> .....	\$	1,884,749
\$.2673 Tax Rate at 96% Collection Produces.....	\$	1,885,174
Maximum Principal and Interest Requirements, All General Obligation Debt, 2015 .....	\$	3,124,723
\$.4431 Tax Rate at 96% Collection Produces .....	\$	3,125,030
Maximum Principal and Interest Requirements, Net Debt, 2015 <sup>(1)</sup> .....	\$	1,911,332
\$.2711 Tax Rate at 96% Collection Produces.....	\$	1,911,974

(1) Excludes self-supporting debt.

**TABLE 8 – TAX SUPPORTED DEBT SERVICE REQUIREMENTS**

Fiscal Year Ended	Outstanding Debt Service <sup>(1)</sup>			Less: Waterworks & Sewer System General Obligation Requirements <sup>(2)</sup>		% of Principal Retired
	Principal	Interest	Total	Requirements <sup>(2)</sup>	Requirements	
	9/30					
2014	\$ 2,000,000	\$ 1,079,981	\$ 3,079,981	\$ 1,195,232	\$ 1,884,749	
2015	2,095,000	1,029,723	3,124,723	1,213,391	1,911,332	
2016	1,980,000	969,577	2,949,577	1,183,317	1,766,260	
2017	2,040,000	904,128	2,944,128	1,184,296	1,759,832	
2018	2,120,000	829,516	2,949,516	1,187,755	1,761,761	32.96%
2019	1,980,000	754,305	2,734,305	1,188,525	1,545,781	
2020	2,070,000	678,173	2,748,173	1,196,277	1,551,897	
2021	2,050,000	596,663	2,646,663	1,195,974	1,450,689	
2022	1,375,000	534,993	1,909,993	640,299	1,269,694	
2023	1,430,000	486,339	1,916,339	639,667	1,276,672	61.64%
2024	1,485,000	434,116	1,919,116	643,167	1,275,949	
2025	1,545,000	380,616	1,925,616	650,629	1,274,987	
2026	1,145,000	332,187	1,477,187	204,792	1,272,395	
2027	1,040,000	292,512	1,332,512	206,096	1,126,416	
2028	1,080,000	254,202	1,334,202	207,147	1,127,056	81.92%
2029	1,120,000	213,510	1,333,510	207,938	1,125,572	
2030	835,000	175,552	1,010,552	208,471	802,081	
2031	865,000	141,327	1,006,327	203,846	802,481	
2032	900,000	105,249	1,005,249	204,058	801,191	
2033	120,000	83,993	203,993	203,993	-	94.28%
2034	125,000	78,645	203,645	203,645	-	
2035	135,000	72,891	207,891	207,891	-	
2036	140,000	66,717	206,717	206,717	-	
2037	145,000	60,232	205,232	205,232	-	
2038	155,000	53,347	208,347	208,347	-	96.54%
2039	160,000	46,094	206,094	206,094	-	
2040	165,000	38,594	203,594	203,594	-	
2041	175,000	30,731	205,731	205,731	-	
2042	185,000	22,388	207,388	207,388	-	
2043	190,000	13,688	203,688	203,688	-	99.36%
2044	200,000	4,640	204,640	204,640	-	100.00%
	<u>\$ 31,050,000</u>	<u>\$ 10,764,628</u>	<u>\$ 41,814,628</u>	<u>\$ 16,027,835</u>	<u>\$ 25,786,794</u>	

(1) "Outstanding Debt Service" does not include lease-purchase and note obligations described in "Table 12 – Other Obligations."

(2) Includes the Series 2012A Certificates, Series 2010 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 9/30/2014		\$ 1,884,749
Interest and Sinking Fund Balance, Fiscal Year Ending 9/30/2013	\$ 46,558	
Estimated Interest Income	295	
Transfers from Other Sources	108,896	
2013/14 Interest and Sinking Fund Taxes (as budgeted)	<u>1,528,416</u>	<u>\$ 1,684,165</u>
Estimated Balance, Fiscal Year Ending 9/30/2014		\$ (200,583)

**TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT**

Net System Revenue from Waterworks and Sewer System, Fiscal Year Ended 9/30/2013	\$ 2,076,626
Less: Requirements for Waterworks and Sewer System Revenue Debt, Fiscal Year Ending 9/30/2014	<u>-</u>
Balance Available for Other Purposes	\$ 2,076,626
Requirements for Waterworks and Sewer System General Obligation Debt, Fiscal Year Ending 9/30/2014	<u>1,195,232</u>
Balance	\$ 881,394
Percentage of System General Obligation Bonds Self-Supporting	100.00%

**TABLE 11 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

As of January 31, 2014, 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 note was paid off in the current year.

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 15<sup>th</sup> of the month. The Outstanding balance at September 30, 2013 is \$266,859.

The following represents the future maturities on these notes:

Fiscal Year Ended 9/30	Principal	Interest	Total
2014	\$ 35,520	\$ -	\$ 35,520
2015	35,520	-	35,520
2016	35,520	-	35,520
2017	35,520	-	35,520
2018	35,520	-	35,520
2019-2022	89,259	-	89,259
Total	<u>\$ 266,859</u>	<u>\$ -</u>	<u>\$ 266,859</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,				
	2013	2012	2011	2010	2009
<b>REVENUE:</b>					
Ad Valorem Taxes	\$ 3,932,542	\$ 4,287,841	\$ 4,254,640	\$ 4,123,821	\$ 3,900,926
Sales Tax	4,579,841	4,489,108	4,360,548	4,138,591	4,285,467
Other Taxes	3,413,163	2,978,538	2,923,554	2,662,417	2,848,616
Fines	255,768	291,701	252,243	339,362	349,072
Licenses and Fees	106,939	115,200	115,433	121,543	119,419
Charges for Services	403,601	374,958	378,244	325,705	276,464
Intergovernmental	1,377,832	1,210,701	1,206,370	1,209,177	1,196,477
Miscellaneous	234,920	129,181	172,963	120,968	195,970
Grant Contributions	-	3,259	70,481	43,936	783,077
Total Revenue	<u>\$ 14,304,606</u>	<u>\$ 13,880,487</u>	<u>\$ 13,734,476</u>	<u>\$ 13,085,520</u>	<u>\$ 13,955,488</u>
<b>EXPENDITURES:</b>					
City Council	\$ 75,041	\$ 100,701	\$ 111,874	\$ 107,226	\$ 85,563
Administration	197,727	217,978	207,219	213,863	190,975
City Secretary	77,782	77,148	73,809	75,267	114,456
Finance/Accounting	317,960	308,904	298,838	299,297	297,066
Municipal Court	293,917	294,380	279,540	270,731	255,890
Police Department	4,244,258	4,344,536	4,060,815	3,904,670	3,739,475
Fire Department	2,553,053	2,660,069	2,468,599	2,510,598	2,305,361
Code Enforcement	582,446	563,956	583,400	530,752	588,906
Street Department	1,592,447	1,895,157	1,852,132	1,920,602	2,374,846
Health Department	246,162	236,470	223,088	227,274	228,878
Community Services	611,212	564,319	520,503	424,930	573,122
Intergovernmental	196,529	201,725	237,654	198,017	200,391
Utility Collections	212,800	198,339	196,796	193,794	179,997
Community Facilities	413,317	360,312	422,006	523,813	1,698,218
Operations Support	127,754	144,583	151,005	149,199	262,596
Purchasing and Warehouse	184,681	176,290	169,846	164,641	154,678
Parks and Recreation	1,135,944	1,120,758	1,033,038	921,633	925,202
Fleet Services	478,197	464,701	466,250	460,850	466,266
City Attorney	179,619	177,309	165,844	166,296	156,451
Public Works	348,210	315,361	261,519	311,598	318,400
Emergency Management	26,639	14,441	19,653	25,662	61,986
Human Resources	224,317	205,253	210,965	201,351	194,179
Fire Marshal	120,508	123,995	115,059	113,740	106,903
Other	1,327,833	1,202,626	1,182,472	723,094	618,182
Total Expenditures	<u>\$ 15,768,353</u>	<u>\$ 15,969,311</u>	<u>\$ 15,311,924</u>	<u>\$ 14,638,898</u>	<u>\$ 16,097,987</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>\$ (1,463,747)</u>	<u>\$ (2,088,824)</u>	<u>\$ (1,577,448)</u>	<u>\$ (1,553,378)</u>	<u>\$ (2,142,499)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	\$ 1,391,641	\$ 1,800,000	\$ 2,000,000	\$ 1,022,500	\$ 2,326,066
Operating Transfers Out	-	-	(3,803)	(7,507)	(98,100)
Proceeds of Note Payable	234,480	177,377	-	-	109,992
Sale of Land	1,395	499	5,680	11,657	11,121
Total Other Financing Sources (Uses)	<u>\$ 1,627,516</u>	<u>\$ 1,977,876</u>	<u>\$ 2,001,877</u>	<u>\$ 1,026,650</u>	<u>\$ 2,349,079</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>					
	<u>163,769</u>	<u>(110,948)</u>	<u>424,429</u>	<u>(526,728)</u>	<u>206,580</u>
Fund Balance Beginning of Year	\$ (359,047)	\$ (248,099)	\$ (672,528) <sup>(2)</sup>	\$ (283,819) <sup>(1)</sup>	\$ 206,580
Prior Period Adjustment	-	-	-	-	-
Restated Fund Balance Beginning of Year	(359,047)	(248,099)	(672,528)	(283,819)	394,318
Other Changes	-	-	-	-	-
FUND BALANCE END OF YEAR	<u>\$ (195,278)</u>	<u>\$ (359,047)</u>	<u>\$ (248,099)</u>	<u>\$ (810,547)</u>	<u>\$ 600,898</u>

- (1) Restated due to failure to include compensated absence liability of \$884,717 in the City's fiscal year 2008-09 audit.  
(2) Restated due to change in fund balance classifications pursuant to GASB Statement No. 5, resulting in \$138,019 being added to General Fund Balance.

**TABLE 13A – CHANGE IN NET ASSETS**

	Governmental Activities as of Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<b>Program Revenues:</b>					
Fees, Fines and Charges for Services	\$ 2,502,444	\$ 2,287,322	\$ 2,194,233	\$ 2,489,615	\$ 2,478,777
Operating Grants and Contributions	770,785	701,871	858,639	813,186	802,876
Capital Grants and Contributions	-	-	102,509	7,223,296	1,093,391
<b>General Revenues:</b>					
Ad Valorem Taxes	5,365,912	5,387,983	5,345,547	5,289,373	5,421,903
Sales Tax	4,579,841	4,489,108	4,360,548	4,138,591	4,285,467
Other Revenues	3,833,178	3,259,595	3,210,622	3,204,956	3,067,502
<b>Total Revenues</b>	<b>\$ 17,052,160</b>	<b>\$ 16,125,879</b>	<b>\$ 16,072,098</b>	<b>\$ 23,159,017</b>	<b>\$ 17,149,916</b>
<b>Expenses:</b>					
General Government and Administration	\$ 5,148,452	\$ 5,044,688	\$ 4,872,973	\$ 4,464,056	\$ 4,045,647
Public Safety	7,429,686	7,605,653	7,108,087	7,193,899	7,119,040
Streets	2,523,359	2,305,236	2,699,163	2,915,619	3,023,357
Parks & Community Facilities	1,922,974	1,879,654	1,703,737	1,525,132	1,391,840
State/Federal Grant Programs	-	-	-	-	-
Special Rev Activities	1,075,671	995,523	1,123,649	1,669,835	1,607,423
Interest on Long-Term Debt	694,793	253,720	286,369	321,045	325,818
Depreciation and Amortization	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 18,794,935</b>	<b>\$ 18,084,474</b>	<b>\$ 17,793,978</b>	<b>\$ 18,089,586</b>	<b>\$ 17,513,125</b>
Increase in Net Assets Before Transfers	\$ (1,742,775)	\$ (1,958,595)	\$ (1,721,880)	\$ 5,069,431	\$ (363,209)
Transfers	1,400,000	1,800,000	2,285,185	1,017,618	1,489,868
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (342,775)</b>	<b>\$ (158,595)</b>	<b>\$ 563,305</b>	<b>\$ 6,087,049</b>	<b>\$ 1,126,659</b>
Net Assets October 1	25,160,618	25,319,213	24,750,979	18,686,370	17,562,174
Prior Period Adjustment	-	-	4,929	(22,440)	(2,463)
<b>Net Assets September 30</b>	<b>\$ 24,817,843</b>	<b>\$ 25,160,618</b>	<b>\$ 25,319,213</b>	<b>\$ 24,750,979</b>	<b>\$ 18,686,370</b>

**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 <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2010	\$ 4,116,796	79.19%	\$ 0.0059	\$ 213
2011	4,267,308	81.38%	0.0061	221
2012	4,481,434	83.84%	0.0062	232
2013	4,579,841	85.58%	0.0063	237
2014	2,314,641 <sup>(2)</sup>	42.17%	0.0032	120

- (1) Sales and use tax collected represents tax levied for City purposes at 1½%.
- (2) Partial collections through March 31, 2014.

**TABLE 15 – CURRENT INVESTMENTS**

As of December 31, 2013, the City’s funds were invested as follows:

Type of Investment	Book Value	% of Book Value
TexPool	\$ 13,332,345	39.45%
TexStar	20,464,393	60.55%
	<u>\$ 33,796,738</u>	<u>100.00%</u>

**TABLE 16 – MONTHLY WATER RATES**

Residential (Single Meter)/Commercial/Industrial		
Monthly Service Fee		
Meter Size	Present Rate (Effective 09/30/2013)	Previous Rate (Effective 09/30/2010)
3/4"	\$24.67	\$23.95
1"	30.85	29.95
1 1/2"	61.70	59.90
2"	98.67	95.80
3"	197.19	191.45
4"	308.33	299.35
6"	616.66	598.70
8"	986.59	957.85
10"	1,418.21	1,376.90
12"	1,726.49	1,676.20

All consumption shall be charged at the rate of \$2.23 per 100 cubic feet (effective 09-30-2013).

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 \$11.76 per month per each family unit (effective 9/30/2013). Outside City limits rate shall be \$23.52. All consumption shall be charged at the rate of \$2.23 per 100 cubic feet. Outside City limits consumption rate shall be \$2.91 (effective 9/30/2013).

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 09/30/2013)	Previous Rate (Effective 09/30/2010)
3/4"	\$49.34	\$47.90
1"	61.70	59.90
1 1/2"	123.40	119.80
2"	197.34	191.60
3"	394.38	382.90
4"	616.66	598.70
6"	1,233.32	1,197.40
8"	1,973.18	1,915.70
10"	2,836.42	2,753.80
12"	3,452.98	3,352.40

All consumption shall be charged at the rate of \$2.91 per 100 cubic feet (effective 09/30/2013).

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 9/30/2013)

Base Fee: \$148.00 per month or fraction of a month for each use. All consumption shall be charged a rate of \$2.23 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 09/30/2013)	<u>Previous Rate</u> (Effective 09/30/2009)
Residential and Commercial (Minimum)	\$23.92	\$22.56
Multi-Family Residence:		
Multi-Family Residence (Minimum)	\$40.40	\$38.12
Multi-Family (10 units and over)	\$59.34	\$55.98

All over 800 cubic feet shall be charged at a rate of \$2.99 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 09/30/2013)	<u>Previous Rate</u> (Effective 09/30/2009)
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)	\$2.9900	\$2.8200
<u>Surcharge Rates</u>		
Per lb. of BOD above 220 milligrams/liter	\$0.8183	\$0.7720
Per lb. of TSS above 240 milligrams/liter	\$0.4583	\$0.4324

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	\$170.00
6	Inch Tap	\$229.00

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 \$0.37 per gallon.

**CITY OF EARLY (SEWER SERVICE CONTRACT FOR WASTEWATER TREATMENT)**

	<u>Present Rate</u>
Volume Charge for Wastewater Discharged into the Brownwood System*	\$2.99/1,000 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

**TABLE 18 – WATERWORKS AND SEWER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

<u>Revenues</u>	<u>Fiscal Year Ending September 30,</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Water and Sewer Revenue	\$ 9,018,475	\$ 9,135,205	\$ 9,910,428	\$ 9,742,535	\$ 9,494,464
Other Revenue	43,279	48,803	49,345	83,362	52,855
Operating Revenue	\$ 9,061,754	\$ 9,184,008	\$ 9,959,773	\$ 9,825,897	\$ 9,547,319
Non Operating Revenue	87,149	189,495	7,326	7,793	32,773
Gross Revenues	\$ 9,148,903	\$ 9,373,503	\$ 9,967,099	\$ 9,833,690	\$ 9,580,092
<u>Operating Expense<sup>(1)</sup></u>					
Water System	\$ 3,460,943	\$ 2,899,367	\$ 3,292,439	\$ 3,089,771	\$ 4,220,190
Sewer System	2,912,934	2,851,537	3,430,693	2,999,899	2,575,645
Other Expense	698,400	606,000	606,000	606,000	89,987
Total Operating Expense	\$ 7,072,277	\$ 6,356,904	\$ 7,329,132	\$ 6,695,670	\$ 6,885,822
<u>Net Revenues</u>	\$ 2,076,626	\$ 3,016,599	\$ 2,637,967	\$ 3,138,020	\$ 2,694,270
Water Customers	7,365	7,345	7,357	7,368	7,372
Sewer Customers	6,886	6,883	6,888	6,908	6,919

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