

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):

\$ 2,375,000 **Combination Tax and Revenue Certificates of Obligation, Series 2003**
\$ 6,335,000 **Combination Tax and Revenue Certificates of Obligation, Series 2004**
\$ 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 2015

___ Monthly ___ Quarterly Annual ___ Other: _____

* * *

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

Signature: /s/ Walter Middleton

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 2003

| <u>Date</u> | <u>Principal</u> | <u>CUSIP</u> |
|-------------|-------------------|--------------|
| 03/15/18 | \$ 410,000 | 116583 KL8 |
| | <u>\$ 410,000</u> | |

Combination Tax and Revenue Certificates of Obligation, Series 2004

| <u>Date</u> | <u>Principal</u> | <u>CUSIP</u> |
|-------------|---------------------|--------------|
| 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>\$ 3,355,000</u> | |

General Obligation Refunding Bonds, Series 2010

| <u>Date</u> | <u>Principal</u> | <u>CUSIP</u> |
|-------------|---------------------|--------------|
| 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>\$ 2,550,000</u> | |

Combination Tax and Revenue Certificates of Obligation, Series 2012

| <u>Date</u> | <u>Principal</u> | <u>CUSIP</u> |
|-------------|---------------------|--------------|
| 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>\$ 9,565,000</u> | |

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

| <u>Date</u> | <u>Principal</u> | <u>CUSIP</u> |
|-------------|---------------------|--------------|
| 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>\$ 3,310,000</u> | |

CONTINUING DISCLOSURE REPORT
FOR THE
FISCAL YEAR ENDED SEPTEMBER 30, 2015

CITY OF BROWNWOOD, TEXAS

GENERAL OBLIGATION DEBT



FSC Continuing Disclosure Services
A Division of Hilltop Securities.

FINANCIAL STATEMENTS

The audited financial statements for the City for the fiscal year ended September 30, 2015 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

/s/ Walter Middleton

Walter Middleton
Director of Finance

Approved for Submission:

03/31/2016

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

FSC Continuing Disclosure Services, A Division of Hilltop Securities Inc.

Signed by:

/s/ Karla Martinez

CITY OF BROWNWOOD, TEXAS
2016 GENERAL OBLIGATION DEBT REPORT

TABLE 1 – VALUATION, EXEMPTION AND TAX SUPPORTED DEBT

| | |
|--|-------------------|
| 2015/16 Market Valuation Established by Brown County Appraisal District (excluding totally exempt property) | \$ 857,545,584 |
| Less Exemptions/Reductions at 100% Market Value: | |
| Residence Homestead Exemptions (Over 65 and Disabled) | \$ 21,766,380 |
| Disabled Veterans Exemptions | 5,172,176 |
| Agriculture/Open-Space Land Use Reductions | 5,250,450 |
| Homestead Cap Loss | 10,311,315 |
| Pollution Control | 84,590 |
| | <u>42,584,911</u> |
| 2015/16 Taxable Assessed Valuation | \$ 814,960,673 |
| | |
| General Obligation Debt Payable from Ad Valorem Taxes as of 3/1/16 | \$ 31,005,000 |
| | |
| Less: Self-Supporting Debt ⁽¹⁾ | |
| Waterworks and Sewer System General Obligation Debt | <u>13,194,200</u> |
| | |
| Net General Obligation Debt Payable from Ad Valorem Taxes | \$ 17,810,800 |
| | |
| Interest and Sinking Fund as of 9/30/15 | \$ 104,652 |
| | |
| Ratio General Obligation Debt to Taxable Assessed Valuation | 3.80% |
| | |
| Ratio Net General Purpose General Obligation Debt to Taxable Assessed Valuation | 2.19% |

2016 Estimated Population - 19,288

Per Capita 2016 Taxable Assessed Valuation - \$42,252

Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$1,607

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$923

(1) Includes the Series 2013 Certificates, a portion of the Series 2013 Tax Notes, the Series 2012A Certificates, the Series 2010 Bonds, and the Series 2004 Certificates. 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, | | | | | |
|--|---------------------------------|------------|----------------|------------|----------------|------------|
| | 2016 | | 2015 | | 2014 | |
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | \$ 466,865,881 | 54.44% | \$ 464,079,608 | 54.94% | \$ 389,374,268 | 50.70% |
| Real, Residential, Multi-Family | 26,702,830 | 3.11% | 26,354,960 | 3.12% | 25,423,450 | 3.31% |
| Real, Vacant Lots/Tracts | 6,053,454 | 0.71% | 6,073,955 | 0.72% | 6,035,257 | 0.79% |
| Real, Acreage (Land Only) | 5,580,210 | 0.65% | 5,508,930 | 0.65% | 5,411,270 | 0.70% |
| Real, Farm and Ranch Improvements | 6,213,110 | 0.72% | 6,101,700 | 0.72% | 4,800,292 | 0.63% |
| Real, Commercial and Industrial | 202,719,221 | 23.64% | 198,226,276 | 23.47% | 191,722,669 | 24.97% |
| Real and Tangible Personal, Utilities | 29,576,320 | 3.45% | 28,521,880 | 3.38% | 27,565,250 | 3.59% |
| Tangible Personal, Commercial and Industrial | 107,605,238 | 12.55% | 104,542,660 | 12.38% | 109,923,770 | 14.31% |
| Tangible Personal, Other | 898,710 | 0.10% | 663,220 | 0.08% | 672,710 | 0.09% |
| Special Inventory | 5,160,980 | 0.60% | 4,424,840 | 0.52% | 6,608,430 | 0.86% |
| Real Property, Inventory | 169,630 | 0.02% | 241,820 | 0.03% | 402,950 | 0.05% |
| Total Appraised Value Before Exemptions | \$ 857,545,584 | 100.00% | \$ 844,739,849 | 100.00% | \$ 767,940,316 | 100.00% |
| Less: Total Exemptions/Reductions | 42,584,911 | | 60,185,417 | | 33,289,157 | |
| Taxable Assessed Value | \$ 814,960,673 | | \$ 784,554,432 | | \$ 734,651,159 | |

| Category | Fiscal Year Ended September 30, | | | |
|--|---------------------------------|------------|----------------|------------|
| | 2013 | | 2012 | |
| | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | \$ 390,390,141 | 51.40% | \$ 380,615,621 | 50.53% |
| Real, Residential, Multi-Family | 26,639,070 | 3.51% | 31,450,950 | 4.18% |
| Real, Vacant Lots/Tracts | 6,199,641 | 0.82% | 7,304,201 | 0.97% |
| Real, Acreage (Land Only) | 6,435,340 | 0.85% | 6,470,630 | 0.86% |
| Real, Farm and Ranch Improvements | 3,145,560 | 0.41% | 3,109,660 | 0.41% |
| Real, Commercial and Industrial | 190,410,100 | 25.07% | 191,502,880 | 25.42% |
| Real and Tangible Personal, Utilities | 27,604,630 | 3.63% | 26,746,010 | 3.55% |
| Tangible Personal, Commercial and Industrial | 101,800,010 | 13.40% | 99,148,730 | 13.16% |
| Tangible Personal, Other | 733,080 | 0.10% | 1,112,030 | 0.15% |
| Special Inventory | 5,904,810 | 0.78% | 5,567,430 | 0.74% |
| Real Property, Inventory | 306,080 | 0.04% | 249,710 | 0.03% |
| Total Appraised Value Before Exemptions | \$ 759,568,462 | 100.00% | \$ 753,277,852 | 100.00% |
| Less: Total Exemptions/Reductions | 33,659,650 | | 36,022,807 | |
| Taxable Assessed Value | \$ 725,908,812 | | \$ 717,255,045 | |

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⁾ |
|------------------------|-------------------------------------|---|---------------------------------------|---|--|---|
| 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 |
| 2014 | 19,288 | 734,651,159 | 38,089 | 14,287,226 | 1.94% | 741 |
| 2015 | 19,288 | 784,554,432 | 40,676 | 13,240,000 | 1.69% | 686 |
| 2016 | 19,288 | 814,960,673 | 42,252 | 16,789,880 ⁽⁴⁾ | 2.06% ⁽⁴⁾ | 870 ⁽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 |
|------------------------|--|---|--|
| 2012 | \$ 14,175,000 | \$ 9,080,620 | \$ 5,094,380 |
| 2013 | 26,580,000 | 11,697,610 | 14,882,390 |
| 2014 | 29,050,000 | 14,762,774 | 14,287,226 |
| 2015 | 26,955,000 | 13,715,000 | 13,240,000 |
| 2016 | 28,885,000 ⁽¹⁾ | 12,095,120 ⁽¹⁾ | 16,789,880 ⁽¹⁾ |

(1) Projected.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

| Fiscal Year Ended 9/30 | Tax Rate | General Fund | Distribution Interest and Sinking Fund | Tax Levy | % Current Collections | % Total Collections |
|------------------------|-----------|--------------|--|--------------|-----------------------|-----------------------|
| 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 | 97.04% | 99.04% |
| 2015 | 0.7463 | 0.5678 | 0.1785 | 5,855,130 | 97.70% | 100.60% |
| 2016 | 0.7463 | 0.6043 | 0.1420 | 6,082,052 | 64.20% ⁽¹⁾ | 64.90% ⁽¹⁾ |

(1) Collections through January 31, 2016.

TABLE 5 – TOP TEN TAXPAYERS

| Name of Taxpayer | Nature of Property | 2015/16 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|--------------------------------|-----------------------|---|--|
| Wal-Mart Store East Inc. #813 | Retail Store | \$ 18,383,160 | 2.26% |
| Hospital Corp of America | Hospital | 11,198,220 | 1.37% |
| Brownwood Hospital LP | Hospital | 11,072,620 | 1.36% |
| Commerce Station LP | Strip Shopping Center | 9,227,140 | 1.13% |
| Oncor Electric Delivery Co. | Electric Utility | 9,011,650 | 1.11% |
| HD Development Properties LP | Retail | 7,809,190 | 0.96% |
| Atoms Energy/ MID-Tex Division | Natural Gas | 5,919,420 | 0.73% |
| Harkey, John D & Lucy L Trust | Real Estate | 5,536,759 | 0.68% |
| Verizon Southwest | Telephone Utility | 5,388,500 | 0.66% |
| Bhakta-BCP Management LLC | Hotels | 3,878,890 | 0.48% |
| | | \$ 87,425,549 | 10.73% |

TABLE 6 – TAX ADEQUACY

| | |
|--|--------------|
| 2016 Net Principal and Interest Requirements ⁽¹⁾ | \$ 1,562,704 |
| \$.1998 Tax Rate at 96% Collection Produces..... | \$ 1,563,160 |
| Maximum Principal and Interest Requirements, All General Obligation Debt, 2018 | \$ 3,225,802 |
| \$.4124 Tax Rate at 96% Collection Produces | \$ 3,226,462 |
| Maximum Principal and Interest Requirements, Net Debt, 2018 ⁽¹⁾ | \$ 1,670,243 |
| \$.2135 Tax Rate at 96% Collection Produces..... | \$ 1,670,343 |

(1) Excludes self-supporting debt.

TABLE 8 – TAX SUPPORTED DEBT SERVICE REQUIREMENTS

| Fiscal Year Ended 9/30 | Outstanding Debt Service ⁽¹⁾ | | | Less: Waterworks & Sewer System General Obligation Requirements ⁽²⁾ | | General Purpose General Obligation Requirements | % of Principal Retired |
|---------------------------------|---|---------------------|----------------------|--|----------------------|---|------------------------------|
| | Principal | Interest | Total | | | | |
| 2016 | \$ 2,120,000 | \$ 990,782 | \$ 3,110,782 | \$ 1,548,078 | \$ 1,562,704 | | |
| 2017 | 2,265,000 | 957,504 | 3,222,504 | 1,553,298 | 1,669,205 | | |
| 2018 | 2,340,000 | 885,802 | 3,225,802 | 1,555,559 | 1,670,243 | | |
| 2019 | 2,200,000 | 813,273 | 3,013,273 | 1,554,733 | 1,458,540 | | |
| 2020 | 2,290,000 | 739,688 | 3,029,688 | 1,565,434 | 1,464,254 | 36.17% | |
| 2021 | 2,260,000 | 660,607 | 2,920,607 | 1,496,560 | 1,424,047 | | |
| 2022 | 1,605,000 | 598,290 | 2,203,290 | 937,852 | 1,265,439 | | |
| 2023 | 1,665,000 | 545,969 | 2,210,969 | 938,948 | 1,272,021 | | |
| 2024 | 1,720,000 | 490,023 | 2,210,023 | 938,937 | 1,271,086 | | |
| 2025 | 1,790,000 | 432,657 | 2,222,657 | 947,650 | 1,275,008 | 65.33% | |
| 2026 | 1,350,000 | 380,807 | 1,730,807 | 502,746 | 1,228,061 | | |
| 2027 | 1,075,000 | 339,428 | 1,414,428 | 312,766 | 1,101,662 | | |
| 2028 | 1,010,000 | 302,220 | 1,312,220 | 207,147 | 1,105,074 | | |
| 2029 | 1,050,000 | 264,322 | 1,314,322 | 207,938 | 1,106,384 | | |
| 2030 | 1,100,000 | 223,859 | 1,323,859 | 208,471 | 1,115,388 | 83.34% | |
| 2031 | 1,140,000 | 181,668 | 1,321,668 | 203,846 | 1,117,823 | | |
| 2032 | 1,185,000 | 137,330 | 1,322,330 | 204,058 | 1,118,272 | | |
| 2033 | 420,000 | 107,446 | 527,446 | 203,993 | 323,453 | | |
| 2034 | 440,000 | 93,027 | 533,027 | 203,645 | 329,381 | | |
| 2035 | 465,000 | 77,759 | 542,759 | 207,891 | 334,868 | 95.11% | |
| 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 | - | | |
| 2039 | 160,000 | 46,094 | 206,094 | 206,094 | - | | |
| 2040 | 165,000 | 38,594 | 203,594 | 203,594 | - | 97.58% | |
| 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 | - | | |
| 2044 | 200,000 | 4,640 | 204,640 | 204,640 | - | 100.00% | |
| | <u>\$ 31,005,000</u> | <u>\$ 9,558,891</u> | <u>\$ 40,563,891</u> | <u>\$ 17,350,979</u> | <u>\$ 23,212,912</u> | | |

(1) Series 2015 Certificates assume interest rate at 2.95% through maturity.

(2) Includes the Series 2013 Certificates, a portion of the Series 2013 Tax Notes, the Series 2012A Certificates, the Series 2010 Bonds, and the Series 2004 Certificates. 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 9/30/2016 | | \$ 1,562,704 |
| Interest and Sinking Fund Balance, Fiscal Year Ending 9/30/2015 | \$ 104,652 | |
| Transfers from Other Sources | 306,805 | |
| Calculated Interest and Sinking Fund Taxes, 9/30/2016 | <u>1,159,247</u> | <u>\$ 1,570,704</u> |
| Estimated Balance, Fiscal Year Ending 9/30/2016 | | \$ 8,000 |

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

| | | |
|---|------------------|---------|
| Net System Revenue from Waterworks and Sewer System, Fiscal Year Ended 9/30/2015 | \$ 2,604,881 | |
| Less: Requirements for Waterworks and Sewer System Revenue Debt, Fiscal Year Ending 9/30/2016 | <u>-</u> | |
| Balance Available for Other Purposes | \$ 2,604,881 | |
| Requirements for Waterworks and Sewer System General Obligation Debt, Fiscal Year Ending 9/30/2015 | <u>1,548,078</u> | |
| Balance | \$ 1,056,803 | |
| Percentage of System General Obligation Bonds Self-Supporting | | 100.00% |

TABLE 11 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

As of January 31, 2016, the City had no authorized but unissued bonds.

TABLE 12 – OTHER OBLIGATIONS

As of September 30, 2015, the City has no other obligations.

TABLE 13 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

| | Fiscal Years Ended September 30, | | | | |
|---|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| REVENUE: | | | | | |
| Ad Valorem Taxes | \$ 4,575,326 | \$ 3,975,117 | \$ 3,932,542 | \$ 4,287,841 | \$ 4,254,640 |
| Sales Tax | 5,177,646 | 4,870,128 | 4,579,841 | 4,489,108 | 4,360,548 |
| Other Taxes | 3,672,248 | 3,521,793 | 3,413,163 | 2,978,538 | 2,923,554 |
| Fines | 230,264 | 225,636 | 255,768 | 291,701 | 252,243 |
| Licenses and Fees | 103,755 | 117,776 | 106,939 | 115,200 | 115,433 |
| Charges for Services | 396,077 | 366,623 | 403,601 | 374,958 | 378,244 |
| Intergovernmental | 1,386,350 | 1,379,504 | 1,377,832 | 1,210,701 | 1,206,370 |
| Miscellaneous | 96,841 | 136,585 | 234,920 | 129,181 | 172,963 |
| Grant Contributions | 11,365 | 1,733,588 | - | 3,259 | 70,481 |
| Total Revenue | <u>\$ 15,649,872</u> | <u>\$ 16,326,750</u> | <u>\$ 14,304,606</u> | <u>\$ 13,880,487</u> | <u>\$ 13,734,476</u> |
| EXPENDITURES: | | | | | |
| City Council | \$ 106,987 | \$ 73,884 | \$ 75,041 | \$ 100,701 | \$ 111,874 |
| Administration | 221,044 | 200,679 | 197,727 | 217,978 | 207,219 |
| City Secretary | 87,749 | 80,983 | 77,782 | 77,148 | 73,809 |
| Finance/Accounting | 335,817 | 321,840 | 317,960 | 308,904 | 298,838 |
| Municipal Court | 340,157 | 291,838 | 293,917 | 294,380 | 279,540 |
| Police Department | 4,312,104 | 4,161,948 | 4,244,258 | 4,344,536 | 4,060,815 |
| Fire Department | 3,810,022 | 2,636,716 | 2,553,053 | 2,660,069 | 2,468,599 |
| Code Enforcement | 762,629 | 759,336 | 582,446 | 563,956 | 583,400 |
| Street Department | 1,564,979 | 3,292,546 | 1,592,447 | 1,895,157 | 1,852,132 |
| Health Department | 267,318 | 260,881 | 246,162 | 236,470 | 223,088 |
| Community Services | 626,339 | 592,422 | 611,212 | 564,319 | 520,503 |
| Intergovernmental | 214,264 | 218,863 | 196,529 | 201,725 | 237,654 |
| Utility Collections | 240,036 | 227,246 | 212,800 | 198,339 | 196,796 |
| Community Facilities | 542,900 | 410,095 | 413,317 | 360,312 | 422,006 |
| Operations Support | 157,278 | 165,823 | 127,754 | 144,583 | 151,005 |
| Purchasing and Warehouse | 192,147 | 186,704 | 184,681 | 176,290 | 169,846 |
| Parks and Recreation | 1,248,438 | 1,138,653 | 1,135,944 | 1,120,758 | 1,033,038 |
| Fleet Services | 457,633 | 427,776 | 478,197 | 464,701 | 466,250 |
| City Attorney | 186,692 | 181,002 | 179,619 | 177,309 | 165,844 |
| Public Works | 556,124 | 355,629 | 348,210 | 315,361 | 261,519 |
| Emergency Management | 19,472 | 11,969 | 26,639 | 14,441 | 19,653 |
| Human Resources | 218,048 | 215,512 | 224,317 | 205,253 | 210,965 |
| Fire Marshal | 125,878 | 135,466 | 120,508 | 123,995 | 115,059 |
| Other | 1,207,456 | 1,279,160 | 1,327,833 | 1,202,626 | 1,182,472 |
| Total Expenditures | <u>\$ 17,801,511</u> | <u>\$ 17,626,971</u> | <u>\$ 15,768,353</u> | <u>\$ 15,969,311</u> | <u>\$ 15,311,924</u> |
| EXCESS (DEFICIENCY) OF | | | | | |
| REVENUES OVER EXPENDITURES | <u>\$ (2,151,639)</u> | <u>\$ (1,300,221)</u> | <u>\$ (1,463,747)</u> | <u>\$ (2,088,824)</u> | <u>\$ (1,577,448)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Operating Transfers In | \$ 3,722,616 | \$ 859,060 | \$ 1,391,641 | \$ 1,800,000 | \$ 2,000,000 |
| Operating Transfers Out | (33,599) | - | - | - | (3,803) |
| Proceeds of Note Payable | 1,089,802 | 87,982 | 234,480 | 177,377 | - |
| Sale of Land | 386,872 | 8,557 | 1,395 | 499 | 5,680 |
| Total Other Financing Sources (Uses) | <u>\$ 5,165,691</u> | <u>\$ 955,599</u> | <u>\$ 1,627,516</u> | <u>\$ 1,977,876</u> | <u>\$ 2,001,877</u> |
| EXCESS (DEFICIENCY) OF REVENUES | | | | | |
| AND OTHER FINANCING SOURCES | | | | | |
| OVER EXPENDITURES | <u>3,014,052</u> | <u>(344,622)</u> | <u>163,769</u> | <u>(110,948)</u> | <u>424,429</u> |
| Fund Balance Beginning of Year | \$ (339,900) ⁽¹⁾ | \$ (195,278) | \$ (359,047) | \$ (248,099) | \$ (672,528) ⁽¹⁾ |
| Prior Period Adjustment | - | - | - | - | - |
| Restated Fund Balance Beginning of Year | (339,900) | (195,278) | (359,047) | (248,099) | (672,528) |
| Other Changes | - | - | - | - | - |
| FUND BALANCE END OF YEAR | <u>\$ 2,674,152</u> | <u>\$ (539,900)</u> | <u>\$ (195,278)</u> | <u>\$ (359,047)</u> | <u>\$ (248,099)</u> |

(1) Restated.

TABLE 13A – CHANGE IN NET ASSETS

| | Governmental Activities as of Fiscal Year Ended September 30, | | | | |
|---|---|---------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Program Revenues: | | | | | |
| Fees, Fines and Charges for Services | \$ 2,486,347 | \$ 2,430,402 | \$ 2,502,444 | \$ 2,287,322 | \$ 2,194,233 |
| Operating Grants and Contributions | 798,671 | 778,333 | 770,785 | 701,871 | 858,639 |
| Capital Grants and Contributions | 100,000 | 1,730,558 | - | - | 102,509 |
| General Revenues: | | | | | |
| Ad Valorem Taxes | 5,954,559 | 5,549,016 | 5,365,912 | 5,387,983 | 5,345,547 |
| Sales Tax | 5,177,646 | 4,870,128 | 4,579,841 | 4,489,108 | 4,360,548 |
| Other Revenues | 4,257,924 | 3,783,106 | 3,833,178 | 3,259,595 | 3,210,622 |
| Total Revenues | \$ 18,775,147 | \$ 19,141,543 | \$ 17,052,160 | \$ 16,125,879 | \$ 16,072,098 |
| Expenses: | | | | | |
| General Government and Administration | \$ 5,235,401 | \$ 5,347,639 | \$ 5,148,452 | \$ 5,044,688 | \$ 4,872,973 |
| Public Safety | 8,152,855 | 7,625,558 | 7,429,686 | 7,605,653 | 7,108,087 |
| Streets | 2,472,746 | 2,469,962 | 2,523,359 | 2,305,236 | 2,699,163 |
| Parks & Community Facilities | 2,032,719 | 1,910,197 | 1,922,974 | 1,879,654 | 1,703,737 |
| Special Rev Activities | 1,141,189 | 1,074,913 | 1,075,671 | 995,523 | 1,123,649 |
| Interest on Long-Term Debt | 523,862 | 545,805 | 694,793 | 253,720 | 286,369 |
| Total Expenses | \$ 19,558,772 | \$ 18,974,074 | \$ 18,794,935 | \$ 18,084,474 | \$ 17,793,978 |
| Increase in Net Assets Before Transfers | \$ (783,625) | \$ 167,469 | \$ (1,742,775) | \$ (1,958,595) | \$ (1,721,880) |
| Transfers | 3,699,644 | 888,500 | 1,400,000 | 1,800,000 | 2,285,185 |
| Increase (Decrease) in Net Assets | \$ 2,916,019 | \$ 1,055,969 | \$ (342,775) | \$ (158,595) | \$ 563,305 |
| Net Assets October 1 | 25,666,259 | 24,817,843 | 25,160,618 | 25,319,213 | 24,750,979 |
| Prior Period Adjustment | (8,183,190) | (207,553) | - | - | 4,929 |
| Net Assets September 30 | \$ 20,399,088 | \$ 25,666,259 | \$ 24,817,843 | \$ 25,160,618 | \$ 25,319,213 |

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 |
|------------------------|----------------------------------|--------------------------|-----------------------------------|------------|
| 2012 | \$ 4,481,434 | 83.84% | \$ 0.0062 | 232 |
| 2013 | 4,579,841 | 85.58% | 0.0063 | 237 |
| 2014 | 4,870,128 | 88.73% | 0.0066 | 252 |
| 2015 | 5,177,646 | 88.43% | 0.0066 | 268 |
| 2015 | 1,736,392 ⁽²⁾ | 28.55% | 0.0021 | 90 |

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

(2) Partial collections through January 31, 2016.

TABLE 15 – CURRENT INVESTMENTS

As of December 31, 2015, the City’s funds were invested as follows:

| Type of Investment | Book Value | % of Book Value |
|--------------------|----------------------|-----------------|
| TexPool | \$ 9,927,161 | 54.95% |
| TexStar | 8,137,501 | 45.05% |
| | <u>\$ 18,064,662</u> | <u>100.00%</u> |

TABLE 16 – MONTHLY WATER RATES

| Residential (Single Meter)/Commercial/Industrial | | |
|--|--|---|
| Monthly Service Fee | | |
| Meter Size | Present Rate (Effective 09/30/2015) | Previous Rate (Effective 09/30/2014) |
| 3/4" | \$25.23 | \$24.67 |
| 1" | 31.55 | 30.85 |
| 1 1/2" | 63.10 | 61.70 |
| 2" | 100.91 | 98.67 |
| 3" | 201.67 | 197.19 |
| 4" | 315.33 | 308.33 |
| 6" | 630.66 | 616.66 |
| 8" | 1,008.99 | 986.59 |
| 10" | 1,450.40 | 1,418.21 |
| 12" | 1,765.68 | 1,726.49 |

All consumption shall be charged at the rate of \$2.22 per 100 cubic feet (effective 09-30-2015).

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 \$12.03 per month per each family unit (effective 9/30/2015). Outside City limits rate shall be \$24.06. All consumption shall be charged at the rate of \$2.22 per 100 cubic feet. Outside City limits consumption rate shall be \$2.90 (effective 9/30/2015).

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

| Meter Size | Present Fee (Effective 09/30/2015) | Previous Rate (Effective 09/30/2014) |
|------------|---------------------------------------|---|
| 3/4" | \$50.46 | \$49.34 |
| 1" | 63.10 | 61.70 |
| 1 1/2" | 126.20 | 123.40 |
| 2" | 201.82 | 197.34 |
| 3" | 403.34 | 394.38 |
| 4" | 630.66 | 616.66 |
| 6" | 1,261.32 | 1,233.32 |
| 8" | 2,017.98 | 1,973.18 |
| 10" | 2,900.80 | 2,836.42 |
| 12" | 3,531.36 | 3,452.98 |

All consumption shall be charged at the rate of \$2.90 per 100 cubic feet (effective 09/30/2015).

Reconnection Fees (effective 09/30/2015)

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

Water Tap Fees

After application is made in writing to the Utilities Collections Department, it will be reviewed by the Public Works Division for approval. The water tap fees are as follows:

| Size | | Present Rates Effective 09/30/2015 | |
|------|----------|---------------------------------------|--------|
| 3/4 | Inch Tap | \$ | 500.00 |
| 1 | Inch Tap | | 600.00 |

Outside City Limits – add \$400 per tap.

The rate for taps larger than 1 inch will be determined by the Utility Director based on actual cost to the City at the time of application. Rates for ALL taps may be adjusted by the Utility Director if unusual circumstances are encountered or to include main line extensions.

Fire Hydrant Meters (effective 9/30/2015)

Base Fee: \$151.00 per month minimum for each use. All consumption shall be charged a rate of \$2.22 per 100 cubic feet.

TABLE 17 – MONTHLY SEWER RATES

Sewer rates are based on average water consumption for the months of December, January and February unless usage unless usage is determined on a monthly basis.

| Classification | 800 Cubic Feet or Less Average Water Consumption (for months of December, January and February) | |
|--------------------------------------|---|---|
| | Present Rate (Effective 09/30/2015) | Previous Rate (Effective 09/30/2014) |
| Residential and Commercial (Minimum) | \$24.80 | \$23.92 |
| Multi-Family Residence: | | |
| Multi-Family Residence (Minimum) | \$41.90 | \$40.40 |
| Multi-Family (10 units and over) | \$61.54 | \$59.34 |

All over 800 cubic feet shall be charged at a rate of \$3.10 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:

| Charge Component | Present Rate (Effective 09/30/2015) | Previous Rate (Effective 09/30/2013) |
|---|--|---|
| 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) | \$3.1000 | \$2.9900 |
| <u>Surcharge Rates</u> | | |
| Per lb. of BOD above 220 milligrams/liter | \$0.8486 | \$0.8183 |
| Per lb. of TSS above 240 milligrams/liter | \$0.4753 | \$0.4583 |

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

| Meter Size | | Monthly Meter Fee |
|------------|----------|----------------------|
| 3 - 4 | Inch Tap | \$170.00 |
| 6 | Inch Tap | \$229.00 |

Sewer Tap Fees (Effective 09-30-2015)

After application is made in writing to the Utility Collections Department, it will be reviewed by the Public Works Division for approval. 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 \$0.38 per gallon.

CITY OF EARLY (SEWER SERVICE CONTRACT FOR WASTEWATER TREATMENT)

| | <u>Present Rate</u> |
|--|----------------------|
| Volume Charge for Wastewater Discharged into the Brownwood System* | \$3.10/1,000 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>Fiscal Year Ending September 30,</u> | | | | |
|--|---|--------------|--------------|--------------|--------------|
| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| <u>Revenues</u> | | | | | |
| Water and Sewer Revenue | \$ 9,432,305 | \$ 9,488,593 | \$ 9,018,475 | \$ 9,135,205 | \$ 9,910,428 |
| Other Revenue | 80,925 | 50,940 | 43,279 | 48,803 | 49,345 |
| Operating Revenue | \$ 9,513,230 | \$ 9,539,533 | \$ 9,061,754 | \$ 9,184,008 | \$ 9,959,773 |
| Non Operating Revenue | 1,382 | 871 | 87,149 | 189,495 | 7,326 |
| Gross Revenues | \$ 9,514,612 | \$ 9,540,404 | \$ 9,148,903 | \$ 9,373,503 | \$ 9,967,099 |
| <u>Operating Expense⁽¹⁾</u> | | | | | |
| Water System | \$ 3,357,797 | \$ 3,470,589 | \$ 3,460,943 | \$ 2,899,367 | \$ 3,292,439 |
| Sewer System | 2,853,534 | 3,087,697 | 2,912,934 | 2,851,537 | 3,430,693 |
| Other Expense | 698,400 | 698,400 | 698,400 | 606,000 | 606,000 |
| Total Operating Expense | \$ 6,909,731 | \$ 7,256,686 | \$ 7,072,277 | \$ 6,356,904 | \$ 7,329,132 |
| <u>Net Revenues</u> | \$ 2,604,881 | \$ 2,283,718 | \$ 2,076,626 | \$ 3,016,599 | \$ 2,637,967 |
| Water Customers | 7,384 | 7,364 | 7,365 | 7,345 | 7,357 |
| Sewer Customers | 6,896 | 6,879 | 6,886 | 6,883 | 6,888 |

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