

## 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 and 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 2017

\_\_\_ 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@brownwoodtexas.gov

## 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	\$ 210,000	116583 KL8
	<u>\$ 210,000</u>	

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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>\$ 3,035,000</u>	

### General Obligation Refunding Bonds, Series 2010

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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>\$ 2,075,000</u>	

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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>\$ 9,125,000</u>	

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
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>\$ 3,245,000</u>	

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2017

CITY OF BROWNWOOD, TEXAS

GENERAL OBLIGATION DEBT



**HTS** Continuing Disclosure Services

A Division of Hilltop Securities.

## **FINANCIAL STATEMENTS**

The audited financial statements for the City for the fiscal year ended September 30, 2017 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 Nationally 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

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

Signed by:

/s/ Karla Martinez

**CITY OF BROWNWOOD, TEXAS**  
**2018 GENERAL OBLIGATION DEBT REPORT**

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

2017/18 Market Valuation Established by Brown County Appraisal District (excluding totally exempt property)	\$ 897,352,959
Less Exemptions/Reductions at 100% Market Value:	
Residence Homestead Exemptions (Over 65 and Disabled)	\$ 19,288,627
Disabled Veterans Exemptions	7,606,829
Agriculture/Open-Space Land Use Reductions	5,117,620
Homestead Cap Loss	1,226,288
Pollution Control	59,108
	<u>33,298,472</u>
2017/18 Taxable Assessed Valuation	\$ 864,054,487
General Obligation Debt Payable from Ad Valorem Taxes as of 3/1/18	\$ 29,670,000
Less: Self-Supporting Debt <sup>(1)</sup>	
Waterworks and Sewer System General Obligation Debt	<u>10,957,660</u>
Net General Obligation Debt Payable from Ad Valorem Taxes	\$ 18,712,340
Interest and Sinking Fund as of 9/30/17	\$ 27,540
Ratio General Obligation Debt to Taxable Assessed Valuation	3.43%
Ratio Net General Purpose General Obligation Debt to Taxable Assessed Valuation	2.17%

2018 Estimated Population - 19,288

Per Capita 2018 Taxable Assessed Valuation - \$44,798

Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$1,538

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$970

(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,					
	2018		2017		2016	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 473,634,818	52.78%	\$ 467,302,964	53.07%	\$ 466,865,881	54.44%
Real, Residential, Multi-Family	28,877,350	3.22%	28,721,949	3.26%	26,702,830	3.11%
Real, Vacant Lots/Tracts	5,273,199	0.59%	6,871,788	0.78%	6,053,454	0.71%
Real, Acreage (Land Only)	5,477,460	0.61%	5,543,280	0.63%	5,580,210	0.65%
Real, Farm and Ranch Improvements	4,583,960	0.51%	6,269,600	0.71%	6,213,110	0.72%
Real, Commercial and Industrial	230,081,492	25.64%	218,825,486	24.85%	202,719,221	23.64%
Real and Tangible Personal, Utilities	30,317,040	3.38%	30,743,850	3.49%	29,576,320	3.45%
Tangible Personal, Commercial and Industrial	112,924,080	12.58%	109,918,670	12.48%	107,605,238	12.55%
Tangible Personal, Other	947,770	0.11%	961,130	0.11%	898,710	0.10%
Special Inventory	5,066,160	0.56%	5,238,230	0.59%	5,160,980	0.60%
Real Property, Inventory	169,630	0.02%	169,630	0.02%	169,630	0.02%
Total Appraised Value Before Exemptions	\$ 897,352,959	100.00%	\$ 880,566,577	100.00%	\$ 857,545,584	100.00%
Less: Total Exemptions/Reductions	33,298,472		35,103,915		42,584,911	
Taxable Assessed Value	\$ 864,054,487		\$ 845,462,662		\$ 814,960,673	

  

Category	Fiscal Year Ended September 30,			
	2015		2014	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 464,079,608	54.94%	\$ 389,374,268	50.70%
Real, Residential, Multi-Family	26,354,960	3.12%	25,423,450	3.31%
Real, Vacant Lots/Tracts	6,073,955	0.72%	6,035,257	0.79%
Real, Acreage (Land Only)	5,508,930	0.65%	5,411,270	0.70%
Real, Farm and Ranch Improvements	6,101,700	0.72%	4,800,292	0.63%
Real, Commercial and Industrial	198,226,276	23.47%	191,722,669	24.97%
Real and Tangible Personal, Utilities	28,521,880	3.38%	27,565,250	3.59%
Tangible Personal, Commercial and Industrial	104,542,660	12.38%	109,923,770	14.31%
Tangible Personal, Other	663,220	0.08%	672,710	0.09%
Special Inventory	4,424,840	0.52%	6,608,430	0.86%
Real Property, Inventory	241,820	0.03%	402,950	0.05%
Total Appraised Value Before Exemptions	\$ 844,739,849	100.00%	\$ 767,940,316	100.00%
Less: Total Exemptions/Reductions	60,185,417		33,289,157	
Taxable Assessed Value	\$ 784,554,432		\$ 734,651,159	

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	Tax Debt Outstanding at End of Year <sup>(3)</sup>	G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
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	19,839,880	2.43%	1,029
2017	19,288	845,462,662	43,834	18,712,340	2.21%	970
2018	19,288	864,054,487	44,798	17,528,180 <sup>(4)</sup>	2.03% <sup>(4)</sup>	909 <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: Waterworks and Sewer System General Obligation Debt	General Purpose Funded Tax Debt Outstanding at End of Year
2014	\$ 29,050,000	\$ 14,762,774	\$ 14,287,226
2015	26,955,000	13,715,000	13,240,000
2016	31,935,000	12,095,120	19,839,880
2017	29,670,000	10,957,660	18,712,340
2018	27,310,000 <sup>(1)</sup>	9,781,820 <sup>(1)</sup>	17,528,180 <sup>(1)</sup>

(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
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	97.82%	99.60%
2017	0.7463	0.5909	0.1554	6,309,688	96.89%	98.49%
2018	0.7946	0.6308	0.1638	6,865,777	88.60% <sup>(1)</sup>	89.39% <sup>(1)</sup>

(1) Collections through February 28, 2018.

**TABLE 5 – TOP TEN TAXPAYERS**

Name of Taxpayer	Nature of Property	2017/18	% of Total
		Taxable Assessed Valuation	Taxable Assessed Valuation
Wal-Mart Store East Inc. #813	Retail Store	\$ 16,290,910	1.89%
Hospital Corp of America	Hospital	15,257,210	1.77%
Brownwood Hospital LP	Hospital	11,739,500	1.36%
Commerce Station LP	Strip Shopping Center	10,504,290	1.22%
Oncor Electric Delivery Co.	Electric Utility	8,844,280	1.02%
HD Development Properties LP	Retail	8,568,960	0.99%
Atmos Energy/ MID-Tex Division	Natural Gas	7,120,730	0.82%
Harkey, John D & Lucy L Trust	Real Estate	5,876,270	0.68%
United Supermarkets LLC	Grocery Store	5,310,320	0.61%
Bhakta-BCP Management LLC	Management Services	4,330,910	0.50%
		<u>\$ 93,843,380</u>	<u>10.86%</u>

**TABLE 6 – TAX ADEQUACY**

2018 Net Principal and Interest Requirements <sup>(1)</sup> .....	\$ 1,810,408
\$.2339 Tax Rate at 90% Collection Produces.....	\$ 1,811,140
Maximum Principal and Interest Requirements, All General Obligation Debt, 2018 .....	\$ 3,365,967
\$.4347 Tax Rate at 90% Collection Produces .....	\$ 3,365,980
Maximum Principal and Interest Requirements, Net Debt, 2018 <sup>(1)</sup> .....	\$ 1,810,408
\$.2339 Tax Rate at 90% Collection Produces.....	\$ 1,811,140

(1) Excludes self-supporting debt.

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

Fiscal Year Ended 9/30	Outstanding Debt Service <sup>(1)</sup>			Less: Waterworks & Sewer System General Obligation Requirements <sup>(1)</sup>		General Purpose General Obligation Requirements	% of Principal Retired
	Principal	Interest	Total				
2018	\$ 2,360,000	\$ 1,005,967	\$ 3,365,967	\$ 1,555,559	\$ 1,810,408		
2019	2,385,000	930,066	3,315,066	1,554,733	1,760,332		
2020	2,480,000	850,198	3,330,198	1,565,434	1,764,764		
2021	2,455,000	764,475	3,219,475	1,496,560	1,722,915		
2022	1,810,000	695,055	2,505,055	937,852	1,567,204		38.73%
2023	1,875,000	635,159	2,510,159	938,948	1,571,211		
2024	1,940,000	571,148	2,511,148	938,937	1,572,211		
2025	2,020,000	505,117	2,525,117	947,650	1,577,468		
2026	1,590,000	484,282	2,074,282	502,746	1,571,536		
2027	1,325,000	429,491	1,754,491	312,766	1,441,725		68.22%
2028	1,270,000	378,055	1,648,055	207,147	1,440,909		
2029	1,320,000	325,095	1,645,095	207,938	1,437,156		
2030	1,380,000	268,675	1,648,675	208,471	1,440,204		
2031	1,435,000	209,502	1,644,502	203,846	1,440,656		
2032	1,185,000	154,186	1,339,186	204,058	1,135,128		90.43%
2033	420,000	119,768	539,768	203,993	335,775		
2034	440,000	100,583	540,583	203,645	336,938		
2035	465,000	80,316	545,316	207,891	337,425		
2036	140,000	66,717	206,717	206,717	-		
2037	145,000	60,232	205,232	205,232	-		95.85%
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	-		
2041	175,000	30,731	205,731	205,731	-		
2042	185,000	22,388	207,388	207,388	-		98.69%
2043	190,000	13,688	203,688	203,688	-		
2044	200,000	4,640	204,640	204,640	-		100.00%
	<u>\$ 29,670,000</u>	<u>\$ 8,843,568</u>	<u>\$ 38,513,568</u>	<u>\$ 14,249,603</u>	<u>\$ 24,263,965</u>		

(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 9 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2018		\$ 1,810,408
Interest and Sinking Fund Balance, Fiscal Year Ending 9/30/2017	\$ 41,925	
Transfers from Other Sources	2,165,051	
Calculated Interest and Sinking Fund Taxes, 9/30/2018	<u>1,342,741</u>	<u>\$ 3,549,717</u>
Estimated Balance, Fiscal Year Ending 9/30/2018		\$ 1,739,308

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

Net System Revenue from Waterworks and Sewer System, Fiscal Year Ended 9/30/2017	\$ 3,180,568
Less: Requirements for Waterworks and Sewer System Revenue Debt, Fiscal Year Ending 9/30/2018	<u>-</u>
Balance Available for Other Purposes	\$ 3,180,568
Requirements for Waterworks and Sewer System General Obligation Debt, Fiscal Year Ending 9/30/2018	<u>1,555,559</u>
Balance	\$ 1,625,009
Percentage of System General Obligation Bonds Self-Supporting	100.00%

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

As of January 31, 2018, the City had no authorized but unissued bonds.

**TABLE 12 – OTHER OBLIGATIONS**

**Government activities**

Government activities are obligated under a number of long-term capital leases. The following represents the future maturities on these capital leases:

Fiscal Year Ended 9/30	Principal	Interest	Total
2017	\$ 422,306	\$ 40,859	\$ 463,165
2018	404,487	30,606	435,093
2019	369,677	20,893	390,570
2020	329,809	11,860	341,669
2021	152,443	5,065	157,508
Thereafter	131,406	2,815	134,221
Total	<u>\$ 1,810,128</u>	<u>\$ 112,098</u>	<u>\$ 1,922,226</u>

**Lease Commitments**

The city had telephone equipment under operating leases during the year. Rent expense amounted to \$11,977 for the year ended September 30, 2017. The minimum future lease payments under the remaining lease at September 30, 2017 are as follows:

Fiscal Year Ended 9/30	Amount
2018	\$ 11,977
2019	11,977
2020	6,987
Total	<u>\$ 30,941</u>

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**TABLE 13 – GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Years Ended September 30,				
	2017	2016	2015	2014	2013
<b>REVENUE:</b>					
Ad Valorem Taxes	\$ 5,007,012	\$ 4,973,561	\$ 4,575,326	\$ 3,975,117	\$ 3,932,542
Sales Tax	5,171,653	5,955,717	5,177,646	4,870,128	4,579,841
Other Taxes	3,791,241	3,814,882	3,672,248	3,521,793	3,413,163
Fines	354,474	310,908	230,264	225,636	255,768
Licenses and Fees	143,966	122,153	103,755	117,776	106,939
Charges for Services	371,472	350,346	396,077	366,623	403,601
Intergovernmental	1,419,029	1,408,010	1,386,350	1,379,504	1,377,832
Interest	24,169	-	-	-	-
Miscellaneous	199,190	157,881	96,841	136,585	234,920
Grant Contributions	48,960	6,091,838	11,365	1,733,588	-
Total Revenue	<u>\$ 16,531,166</u>	<u>\$ 23,185,296</u>	<u>\$ 15,649,872</u>	<u>\$ 16,326,750</u>	<u>\$ 14,304,606</u>
<b>EXPENDITURES:</b>					
City Council	\$ 52,938	\$ 57,555	\$ 106,987	\$ 73,884	\$ 75,041
Administration	225,415	225,789	221,044	200,679	197,727
City Secretary	94,791	102,163	87,749	80,983	77,782
Finance/Accounting	355,511	355,339	335,817	321,840	317,960
Municipal Court	319,870	343,719	340,157	291,838	293,917
Police Department	4,772,818	4,726,637	4,312,104	4,161,948	4,244,258
Fire Department	3,693,826	3,077,508	3,810,022	2,636,716	2,553,053
Code Enforcement	859,249	711,985	762,629	759,336	582,446
Street Department	1,867,457	1,755,522	1,564,979	3,292,546	1,592,447
Health Department	282,541	296,163	267,318	260,881	246,162
Community Services	606,195	603,008	626,339	592,422	611,212
Intergovernmental	226,250	220,668	214,264	218,863	196,529
Utility Collections	277,152	243,129	240,036	227,246	212,800
Community Facilities	483,930	583,203	542,900	410,095	413,317
Operations Support	172,249	164,705	157,278	165,823	127,754
Purchasing and Warehouse	170,702	185,293	192,147	186,704	184,681
Parks and Recreation	1,484,431	1,381,370	1,248,438	1,138,653	1,135,944
Fleet Services	560,209	508,891	457,633	427,776	478,197
City Attorney	193,506	192,117	186,692	181,002	179,619
Public Works	544,203	668,469	556,124	355,629	348,210
Emergency Management	25,118	11,482	19,472	11,969	26,639
Human Resources	246,879	253,359	218,048	215,512	224,317
Fire Marshal	136,581	183,163	125,878	135,466	120,508
Other	1,665,011	1,278,667	1,207,456	1,279,160	1,327,833
Total Expenditures	<u>\$ 19,316,832</u>	<u>\$ 18,129,904</u>	<u>\$ 17,801,511</u>	<u>\$ 17,626,971</u>	<u>\$ 15,768,353</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>\$ (2,785,666)</u>	<u>\$ 5,055,392</u>	<u>\$ (2,151,639)</u>	<u>\$ (1,300,221)</u>	<u>\$ (1,463,747)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	\$ 2,165,051	\$ 1,437,102	\$ 3,722,616	\$ 859,060	\$ 1,391,641
Operating Transfers Out	-	(45,916)	(33,599)	-	-
Proceeds of Note Payable	-	374,551	1,089,802	87,982	234,480
Proceeds from sale of capital assets	861	-	-	-	-
Capital Lease Proceeds	830,454	-	-	-	-
Sale of Land	-	26,869	386,872	8,557	1,395
Total Other Financing Sources (Uses)	<u>\$ 2,996,366</u>	<u>\$ 1,792,606</u>	<u>\$ 5,165,691</u>	<u>\$ 955,599</u>	<u>\$ 1,627,516</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>					
	<u>210,700</u>	<u>6,847,998</u>	<u>3,014,052</u>	<u>(344,622)</u>	<u>163,769</u>
Fund Balance Beginning of Year	\$ 2,828,224 <sup>(1)</sup>	\$ 2,674,152	\$ (339,900) <sup>(1)</sup>	\$ (195,278)	\$ (359,047)
Special Items:	-	(6,575,178)	-	-	-
Restated Fund Balance Beginning of Year	2,828,224	(3,901,026)	(339,900)	(195,278)	(359,047)
Other Changes	-	-	-	-	-
FUND BALANCE END OF YEAR	<u>\$ 3,038,924</u>	<u>\$ 2,946,972</u>	<u>\$ 2,674,152</u>	<u>\$ (539,900)</u>	<u>\$ (195,278)</u>

(1) Restated.

**TABLE 13A – CHANGE IN NET ASSETS**

	Governmental Activities as of Fiscal Year Ended September 30,				
	2017	2016	2015	2014	2013
<b>Program Revenues:</b>					
Fees, Fines and Charges for Services	\$ 2,650,721	\$ 2,567,886	\$ 2,486,347	\$ 2,430,402	\$ 2,502,444
Operating Grants and Contributions	1,183,274	846,876	798,671	778,333	770,785
Capital Grants and Contributions	-	200,000	100,000	1,730,558	-
<b>General Revenues:</b>					
Ad Valorem Taxes	6,357,280	6,144,091	5,954,559	5,549,016	5,365,912
Sales Tax	5,171,653	5,955,717	5,177,646	4,870,128	4,579,841
Other Revenues	4,228,312	4,108,333	4,257,924	3,783,106	3,833,178
Total Revenues	<u>\$ 19,591,240</u>	<u>\$ 19,822,903</u>	<u>\$ 18,775,147</u>	<u>\$ 19,141,543</u>	<u>\$ 17,052,160</u>
<b>Expenses:</b>					
General Government and Administration	\$ 4,828,562	\$ 4,501,143	\$ 5,235,401	\$ 5,347,639	\$ 5,148,452
Public Safety	10,428,507	9,817,546	8,152,855	7,625,558	7,429,686
Streets	2,565,577	2,535,353	2,472,746	2,469,962	2,523,359
Parks & Community Facilities	2,522,753	2,299,757	2,032,719	1,910,197	1,922,974
Motel Tax to CVB	346,914	319,708	-	-	-
Special Rev Activities	1,178,073	1,172,370	1,141,189	1,074,913	1,075,671
Interest on Long-Term Debt	537,758	432,156	523,862	545,805	694,793
Total Expenses	<u>\$ 22,408,144</u>	<u>\$ 21,078,033</u>	<u>\$ 19,558,772</u>	<u>\$ 18,974,074</u>	<u>\$ 18,794,935</u>
Increase in Net Assets Before Transfers	\$ (2,816,904)	\$ (1,255,130)	\$ (783,625)	\$ 167,469	\$ (1,742,775)
Transfers	2,255,315	1,526,493	3,699,644	888,500	1,400,000
Capital Contributions	-	6,068,411	-	-	-
Special Item - Contribution of Assets to BMDD	-	(6,575,178)	-	-	-
Increase (Decrease) in Net Assets	<u>\$ (561,589)</u>	<u>\$ (235,404)</u>	<u>\$ 2,916,019</u>	<u>\$ 1,055,969</u>	<u>\$ (342,775)</u>
Net Assets October 1	20,044,936 <sup>(1)</sup>	20,399,088	25,666,259	24,817,843	25,160,618
Prior Period Adjustment	-	-	(8,183,190)	(207,553)	-
Net Assets September 30	<u>\$ 19,483,347</u>	<u>\$ 20,163,684</u>	<u>\$ 20,399,088</u>	<u>\$ 25,666,259</u>	<u>\$ 24,817,843</u>

(1) Restated.

**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
2014	\$ 4,870,128	88.73%	\$ 0.0066	252
2015	5,177,646	88.43%	0.0066	268
2016	5,955,717	97.92%	0.0073	309
2017	5,171,653	81.96%	0.0061	268
2018	995,780 <sup>(2)</sup>	14.50%	0.0012	51.62

- (1) Sales and use tax collected represents tax levied for City purposes at 1½%.
- (2) Partial collections through February 28, 2018.

**TABLE 15 – CURRENT INVESTMENTS**

As of December 31, 2017, the City’s funds were invested as follows:

Type of Investment	Book Value	% of Book Value
TexPool	\$ 8,365,870	61.49%
TexStar	5,239,635	38.51%
	\$ 13,605,505	100.00%

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**TABLE 16 – MONTHLY WATER RATES**

Residential (Single Meter)/Commercial/Industrial		
Monthly Service Fee		
Meter Size	Present Rate (Effective 09/30/2017)	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 \$2.38 per 100 cubic feet (effective 09-30-2017).

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 9/30/2017). Outside City limits rate shall be \$24.06. All consumption shall be charged at the rate of \$2.38 per 100 cubic feet. Outside City limits consumption rate shall be \$3.08 (effective 9/30/2017).

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 09/30/2017)	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 \$3.08 per 100 cubic feet (effective 09/30/2017).

Reconnection Fees (effective 09/30/2017)

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:

<u>Size</u>		<u>Present Rates</u> <u>Effective 09/30/2017</u>	
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 9/30/2017)

Base Fee: \$151.00 per month minimum for each use. All consumption shall be charged a rate of \$2.38 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.

<u>Classification</u>	<u>800 Cubic Feet or Less Average Water</u> <u>Consumption (for months of</u> <u>December, January and February)</u>	
	<u>Present Rate</u> <u>(Effective 09/30/2017)</u>	<u>Previous Rate</u> <u>(Effective 09/30/2015)</u>
Residential and Commercial (Minimum)	\$26.88	\$24.80
Multi-Family Residence:		
Multi-Family Residence (Minimum)	\$45.62	\$41.90
Multi-Family (10 units and over)	\$66.70	\$61.54

All over 800 cubic feet shall be charged at a rate of \$3.36 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> <u>(Effective 09/30/2017)</u>	<u>Previous Rate</u> <u>(Effective 09/30/2015)</u>
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	\$0.9199	\$0.8486
Per lb. of TSS above 240 milligrams/liter	\$0.5152	\$0.4753

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 09-30-2017)

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 \$0.42 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 is building a wastewater treatment plant that is expected to be operating in April 2018.

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

	<u>Fiscal Year Ending September 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Revenues</u>					
Water and Sewer Revenue	\$ 9,864,697	\$ 9,707,189	\$ 9,432,305	\$ 9,488,593	\$ 9,018,475
Other Revenue	118,974	108,003	80,925	50,940	43,279
Operating Revenue	\$ 9,983,671	\$ 9,815,192	\$ 9,513,230	\$ 9,539,533	\$ 9,061,754
Non Operating Revenue	36,409	21,215	1,382	871	87,149
Gross Revenues	\$ 10,020,080	\$ 9,836,407	\$ 9,514,612	\$ 9,540,404	\$ 9,148,903
<u>Operating Expense<sup>(1)</sup></u>					
Water System	\$ 3,294,134	\$ 3,574,559	\$ 3,357,797	\$ 3,470,589	\$ 3,460,943
Sewer System	2,846,978	2,789,123	2,853,534	3,087,697	2,912,934
Other Expense	698,400	698,400	698,400	698,400	698,400
Total Operating Expense	\$ 6,839,512	\$ 7,062,082	\$ 6,909,731	\$ 7,256,686	\$ 7,072,277
<u>Net Revenues</u>	\$ 3,180,568	\$ 2,774,325	\$ 2,604,881	\$ 2,283,718	\$ 2,076,626
Water Customers	7,401	7,387	7,384	7,364	7,365
Sewer Customers	6,903	6,890	6,896	6,879	6,886

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