

## RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statutes.

**Issuer Name:** City of Brownwood, Texas

**Issue(s):**

- \$ 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 2019

Monthly    Quarterly     Annual    Other: \_\_\_\_\_

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

Signature: /s/ \_\_\_\_\_

Name: Walter Middleton Title: Director of Finance

Employer: City of Brownwood, Texas

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 2004

Date	Principal	CUSIP
03/15/21	\$ 370,000	116583LC7
03/15/22	385,000	116583LD5
03/15/23	400,000	116583LE3
03/15/24	415,000	116583LF0
03/15/25	435,000	116583LG8
	<u>\$ 2,005,000</u>	

### General Obligation Refunding Bonds, Series 2010

Date	Principal	CUSIP
03/15/21	\$ 550,000	116583NA9
	<u>\$ 550,000</u>	

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

Date	Principal	CUSIP
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>\$ 7,685,000</u>	

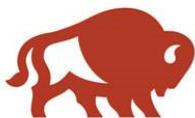
**Combination Tax and Surplus Revenue Certificates of Obligation, Series 2012A**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/21	\$ 75,000	116583PC3
03/15/22	80,000	116583PD1
03/15/23	80,000	116583PE9
03/15/24	85,000	116583PF6
03/15/25	90,000	116583PG4
03/15/26	90,000	116583PH2
03/15/27	95,000	116583PJ8
03/15/28	100,000	116583PK5
03/15/29	105,000	116583PL3
03/15/30	110,000	116583PM1
03/15/31	110,000	116583PN9
03/15/32	115,000	116583PP4
03/15/33	120,000	116583PQ2
03/15/34	125,000	116583PR0
03/15/35	135,000	116583PS8
03/15/36	140,000	116583PT6
03/15/37	145,000	116583PU3
03/15/38	155,000	116583PV1
03/15/39	160,000	116583PW9
03/15/40	165,000	116583PX7
03/15/41	175,000	116583PY5
03/15/42	185,000	116583PZ2
03/15/43	190,000	116583QA6
03/15/44	200,000	116583QB4
	<u>\$ 3,030,000</u>	

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2019

CITY OF BROWNWOOD, TEXAS

GENERAL OBLIGATION



**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, 2019 are being filed directly with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA"), 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

Director of Finance

Approved for Submission:

03/24/2020

---

Date



**CITY OF BROWNWOOD, TEXAS**  
**2020 GENERAL OBLIGATION DEBT REPORT**

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

2019/20 Market Valuation Established by Brown County Appraisal District (excluding totally exempt property)		\$ 963,074,387
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions (Over 65 and Disabled)	\$ 21,356,433	
Disabled Veterans Exemptions	7,950,724	
Agriculture/Open-Space Land Use Reductions	5,769,720	
Homestead Cap Loss	3,733,689	
Pollution Control	39,750	38,850,316
2019/20 Taxable Assessed Valuation		\$ 924,224,071
General Obligation Debt Payable from Ad Valorem Taxes as of 3/1/20		\$ 24,925,000
Less: Self-Supporting Debt <sup>(1)</sup>		
Waterworks and Sewer System General Obligation Debt		8,567,600
Net General Obligation Debt Payable from Ad Valorem Taxes		\$ 16,357,400
Interest and Sinking Fund as of 9/30/19		\$ 83,987
Ratio General Obligation Debt to Taxable Assessed Valuation		2.70%
Ratio Net General Purpose General Obligation Debt to Taxable Assessed Valuation		1.77%

2020 Estimated Population - 19,288

Per Capita 2020 Taxable Assessed Valuation - \$47,917

Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$1,292

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$848

(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,					
	2020		2019		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 518,400,320	53.83%	\$ 481,947,497	52.52%	\$ 473,634,818	52.78%
Real, Residential, Multi-Family	35,540,278	3.69%	34,745,160	3.79%	28,877,350	3.22%
Real, Vacant Lots/Tracts	5,203,093	0.54%	5,296,627	0.58%	5,273,199	0.59%
Real, Acreage (Land Only)	6,307,660	0.65%	5,942,700	0.65%	5,477,460	0.61%
Real, Farm and Ranch Improvements	6,318,720	0.66%	4,615,700	0.50%	4,583,960	0.51%
Real, Commercial and Industrial	235,714,556	24.48%	230,580,770	25.13%	230,081,492	25.64%
Real and Tangible Personal, Utilities	32,579,710	3.38%	31,733,210	3.46%	30,317,040	3.38%
Tangible Personal, Commercial and Industrial	115,656,970	12.01%	116,562,120	12.70%	112,924,080	12.58%
Tangible Personal, Other	1,507,050	0.16%	947,050	0.10%	947,770	0.11%
Special Inventory	664,450	0.07%	4,927,770	0.54%	5,066,160	0.56%
Real Property, Inventory	5,181,580	0.54%	380,990	0.04%	169,630	0.02%
Total Appraised Value Before Exemptions	\$ 963,074,387	100.00%	\$ 917,679,594	100.00%	\$ 897,352,959	100.00%
Less: Total Exemptions/Reductions	38,850,316		35,099,776		33,298,472	
Taxable Assessed Value	<u>\$ 924,224,071</u>		<u>\$ 882,579,818</u>		<u>\$ 864,054,487</u>	

Category	Fiscal Year Ended September 30,			
	2017		2016	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 467,302,964	53.07%	\$ 466,865,881	54.44%
Real, Residential, Multi-Family	28,721,949	3.26%	26,702,830	3.11%
Real, Vacant Lots/Tracts	6,871,788	0.78%	6,053,454	0.71%
Real, Acreage (Land Only)	5,543,280	0.63%	5,580,210	0.65%
Real, Farm and Ranch Improvements	6,269,600	0.71%	6,213,110	0.72%
Real, Commercial and Industrial	218,825,486	24.85%	202,719,221	23.64%
Real and Tangible Personal, Utilities	30,743,850	3.49%	29,576,320	3.45%
Tangible Personal, Commercial and Industrial	109,918,670	12.48%	107,605,238	12.55%
Tangible Personal, Other	961,130	0.11%	898,710	0.10%
Special Inventory	5,238,230	0.59%	5,160,980	0.60%
Real Property, Inventory	169,630	0.02%	169,630	0.02%
Total Appraised Value Before Exemptions	\$ 880,566,577	100.00%	\$ 857,545,584	100.00%
Less: Total Exemptions/Reductions	35,103,915		42,584,911	
Taxable Assessed Value	<u>\$ 845,462,662</u>		<u>\$ 814,960,673</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
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	2.03%	909
2019	19,288	882,579,818	45,758	16,357,400	1.85%	848
2020	19,288	924,224,071	47,917	15,145,000 <sup>(4)</sup>	1.64% <sup>(4)</sup>	785 <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
2016	\$ 31,935,000	\$ 12,095,120	\$ 19,839,880
2017	29,670,000	10,957,660	18,712,340
2018	27,310,000	9,781,820	17,528,180
2019	24,925,000	8,567,600	16,357,400
2020	22,445,000 <sup>(1)</sup>	7,300,000 <sup>(1)</sup>	15,145,000 <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
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	95.62%	97.21%
2019	0.7869	0.6277	0.1592	6,816,775	98.14%	100.83%
2020	0.7869	0.6378	0.1491	7,115,116	90.11% <sup>(1)</sup>	90.63% <sup>(1)</sup>

(1) Collections through February 28, 2020.

**TABLE 5 – TOP TEN TAXPAYERS**

Name of Taxpayer	Nature of Property	2019/20	% of Total
		Taxable Assessed Valuation	Taxable Assessed Valuation
Wal-Mart Store East Inc. #813	Retail Store	\$ 15,495,040	1.68%
Hospital Corp of America	Hospital	12,500,000	1.35%
Oncor Electric Delivery Co.	Electric Utility/Power Plant	10,138,130	1.10%
Commerce Station LP	Strip Mall/Plaza	10,005,750	1.08%
Brownwood Hospital LP	Hospital	9,985,000	1.08%
John D. & Lucy L. Harkey Trust	Trust	9,720,290	1.05%
HD Development Properties LP	Retail Store	9,361,440	1.01%
Atmos Energy/Mid-Tex Div.	Oil & Gas	8,764,250	0.95%
Lortscher Real Estate LLC	Food Packaging/Processing	5,775,260	0.62%
Jenca Land Co.	Apartments	5,659,450	0.61%
		<u>\$ 97,404,610</u>	<u>10.54%</u>

**TABLE 6 – TAX ADEQUACY**

2020 Net Principal and Interest Requirements <sup>(1)</sup> .....	\$ 1,764,764
\$.1974 Tax Rate at 97% Collection Produces.....	\$ 1,765,599
Maximum Principal and Interest Requirements, All General Obligation Debt, 2020 .....	\$ 3,330,198
\$.3724 Tax Rate at 97% Collection Produces .....	\$ 3,330,846
Maximum Principal and Interest Requirements, Net Debt, 2020 <sup>(1)</sup> .....	\$ 1,764,764
\$.1974 Tax Rate at 97% Collection Produces.....	\$ 1,765,599

(1) Excludes self-supporting debt.

*(The remaining of this page intentionally left blank)*

**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			
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	
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	42.37%
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	
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	72.56%
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	
2033	420,000	119,768	539,768	203,993	335,775	
2034	440,000	100,583	540,583	203,645	336,938	92.06%
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	-	
2038	155,000	53,347	208,347	208,347	-	
2039	160,000	46,094	206,094	206,094	-	96.33%
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	-	
2044	200,000	4,640	204,640	204,640	-	100.00%
	<u>\$ 24,925,000</u>	<u>\$ 6,907,535</u>	<u>\$ 31,832,535</u>	<u>\$ 11,139,311</u>	<u>\$ 20,693,225</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 9/30/2020		\$ 1,764,764
Interest and Sinking Fund Balance, Fiscal Year Ending 9/30/2019	\$ 91,213	
Transfers from Other Sources	577,421	
Calculated Interest and Sinking Fund Taxes, 9/30/2020	<u>1,378,018</u>	<u>\$ 2,046,652</u>
Estimated Balance, Fiscal Year Ending 9/30/2020		\$ 281,888

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

Net System Revenue from Waterworks and Sewer System, Fiscal Year Ended 9/30/2019	\$ 2,670,153
Less: Requirements for Waterworks and Sewer System Revenue Debt, Fiscal Year Ending 9/30/2020	<u>-</u>
Balance Available for Other Purposes	\$ 2,670,153
Requirements for Waterworks and Sewer System General Obligation Debt, Fiscal Year Ending 9/30/2020	<u>1,565,434</u>
Balance	\$ 1,104,719
Percentage of System General Obligation Bonds Self-Supporting	100.00%

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

As of January 31, 2020, 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
2020	\$ 741,777	\$ 108,166	\$ 849,943
2021	714,926	80,143	795,069
2022	529,657	54,234	583,891
2023	434,478	32,516	466,994
2024	337,242	9,192	346,434
Total	<u>\$ 2,758,080</u>	<u>\$ 284,251</u>	<u>\$ 3,042,331</u>

**Lease Commitments**

The city had telephone equipment under operating leases during the year. Rent expense amounted to \$34,139 for the year ended September 30, 2019. The minimum future lease payments under the remaining lease at September 30, 2019 are as follows:

Fiscal Year Ended	
2020	\$ 29,148
2021	\$ 9,234
Total	<u>\$ 38,382</u>

*(The remaining of this page intentionally left blank)*

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

	Fiscal Years Ended September 30,				
	2019	2018	2017	2016	2015
<b>REVENUE:</b>					
Ad Valorem Taxes	\$ 5,588,045	\$ 5,367,436	\$ 5,007,012	\$ 4,973,561	\$ 4,575,326
Sales Tax	5,717,843	5,411,453	5,171,653	5,955,717	5,177,646
Other Taxes	4,041,801	3,924,067	3,791,241	3,814,882	3,672,248
Fines	283,955	238,375	354,474	310,908	230,264
Licenses and Fees	118,828	132,347	143,966	122,153	103,755
Charges for Services	412,958	386,082	371,472	350,346	396,077
Intergovernmental	1,557,309	1,416,297	1,419,029	1,408,010	1,386,350
Interest	104,747	61,071	24,169	-	-
Miscellaneous	946,321	164,661	199,190	157,881	96,841
Grant Contributions	126,746	46,069	48,960	6,091,838	11,365
Total Revenue	<u>\$ 18,898,553</u>	<u>\$ 17,147,858</u>	<u>\$ 16,531,166</u>	<u>\$ 23,185,296</u>	<u>\$ 15,649,872</u>
<b>EXPENDITURES:</b>					
City Council	\$ 58,421	\$ 57,669	\$ 52,938	\$ 57,555	\$ 106,987
Administration	268,303	255,828	225,415	225,789	221,044
City Secretary	111,408	103,572	94,791	102,163	87,749
Finance/Accounting	363,247	354,436	355,511	355,339	335,817
Municipal Court	332,717	312,614	319,870	343,719	340,157
Police Department	5,489,835	4,754,023	4,772,818	4,726,637	4,312,104
Fire Department	3,892,630	3,427,889	3,693,826	3,077,508	3,810,022
Code Enforcement	854,424	803,893	859,249	711,985	762,629
Street Department	2,031,541	2,086,417	1,867,457	1,755,522	1,564,979
Health Department	283,226	270,748	282,541	296,163	267,318
Community Services	630,518	620,246	606,195	603,008	626,339
Intergovernmental	252,051	240,796	226,250	220,668	214,264
Utility Collections	307,431	295,039	277,152	243,129	240,036
Community Facilities	497,345	430,898	483,930	583,203	542,900
Operations Support	170,738	142,605	172,249	164,705	157,278
Purchasing and Warehouse	187,687	172,987	170,702	185,293	192,147
Parks and Recreation	1,614,720	1,521,927	1,484,431	1,381,370	1,248,438
Fleet Services	1,070,861	546,499	560,209	508,891	457,633
City Attorney	203,135	192,501	193,506	192,117	186,692
Public Works	604,659	560,148	544,203	668,469	556,124
Emergency Management	19,237	10,280	25,118	11,482	19,472
Human Resources	265,891	260,505	246,879	253,359	218,048
Fire Marshal	128,009	139,511	136,581	183,163	125,878
Other	1,301,647	1,593,868	1,665,011	1,278,667	1,207,456
Total Expenditures	<u>\$ 20,939,681</u>	<u>\$ 19,154,899</u>	<u>\$ 19,316,832</u>	<u>\$ 18,129,904</u>	<u>\$ 17,801,511</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,041,128)</u>	<u>\$ (2,007,041)</u>	<u>\$ (2,785,666)</u>	<u>\$ 5,055,392</u>	<u>\$ (2,151,639)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	\$ 1,736,432	\$ 3,111,714	\$ 2,165,051	\$ 1,437,102	\$ 3,722,616
Operating Transfers Out	-	-	-	(45,916)	(33,599)
Proceeds of Note Payable	-	-	-	374,551	1,089,802
Proceeds from sale of capital assets	48,440	39,461	861	-	-
Capital Lease Proceeds	1,411,233	507,832	830,454	-	-
Sale of Land	-	-	-	26,869	386,872
Total Other Financing Sources (Uses)	<u>\$ 3,196,105</u>	<u>\$ 3,659,007</u>	<u>\$ 2,996,366</u>	<u>\$ 1,792,606</u>	<u>\$ 5,165,691</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>1,154,977</u>	<u>1,651,966</u>	<u>210,700</u>	<u>6,847,998</u>	<u>3,014,052</u>
Fund Balance Beginning of Year	\$ 4,690,890	\$ 3,038,924	\$ 2,828,224 <sup>(1)</sup>	\$ 2,674,152	\$ (339,900) <sup>(1)</sup>
Special Items:				(6,575,178)	-
Restated Fund Balance Beginning of Year	4,690,890	3,038,924	2,828,224	(3,901,026)	(339,900)
Other Changes	-	-	-	-	-
FUND BALANCE END OF YEAR	<u>\$ 5,845,867</u>	<u>\$ 4,690,890</u>	<u>\$ 3,038,924</u>	<u>\$ 2,946,972</u>	<u>\$ 2,674,152</u>

(1) Restated.

**TABLE 13A – CHANGE IN NET ASSETS**

	Governmental Activities as of Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Program Revenues:					
Fees, Fines and Charges for Services	\$ 2,727,766	\$ 2,494,950	\$ 2,650,721	\$ 2,567,886	\$ 2,486,347
Operating Grants and Contributions	1,794,552	901,906	1,183,274	846,876	798,671
Capital Grants and Contributions	66,449	23,900	-	200,000	100,000
General Revenues:					
Ad Valorem Taxes	6,884,919	6,825,321	6,357,280	6,144,091	5,954,559
Sales Tax	5,717,843	5,411,453	5,171,653	5,955,717	5,177,646
Other Revenues	4,368,343	4,232,935	4,228,312	4,108,333	4,257,924
Total Revenues	<u>\$ 21,559,872</u>	<u>\$ 19,890,465</u>	<u>\$ 19,591,240</u>	<u>\$ 19,822,903</u>	<u>\$ 18,775,147</u>
Expenses:					
General Government and Administration	\$ 6,263,891	\$ 6,025,022	\$ 4,828,562	\$ 4,501,143	\$ 5,235,401
Public Safety	10,193,424	9,087,842	10,428,507	9,817,546	8,152,855
Streets	2,778,816	2,619,835	2,565,577	2,535,353	2,472,746
Parks & Community Facilities	2,757,243	2,489,803	2,522,753	2,299,757	2,032,719
Motel Tax to CVB	-	-	346,914	319,708	-
Special Rev Activities	1,276,555	1,211,872	1,178,073	1,172,370	1,141,189
Interest on Long-Term Debt	456,170	486,744	537,758	432,156	523,862
Total Expenses	<u>\$ 23,726,099</u>	<u>\$ 21,921,118</u>	<u>\$ 22,408,144</u>	<u>\$ 21,078,033</u>	<u>\$ 19,558,772</u>
Increase in Net Assets Before Transfers	\$ (2,166,227)	\$ (2,030,653)	\$ (2,816,904)	\$ (1,255,130)	\$ (783,625)
Transfers	1,682,000	3,089,398	2,255,315	1,526,493	3,699,644
Capital Contributions	-	-	-	6,068,411	-
Special Item - Contribution of Assets to BMDD	-	-	-	(6,575,178)	-
Increase (Decrease) in Net Assets	<u>\$ (484,227)</u>	<u>\$ 1,058,745</u>	<u>\$ (561,589)</u>	<u>\$ (235,404)</u>	<u>\$ 2,916,019</u>
Net Assets October 1	20,542,092	19,483,347	20,044,936	<sup>(1)</sup> 20,399,088	25,666,259
Prior Period Adjustment	-	-	-	-	(8,183,190)
Net Assets September 30	<u>\$ 20,057,865</u>	<u>\$ 20,542,092</u>	<u>\$ 19,483,347</u>	<u>\$ 20,163,684</u>	<u>\$ 20,399,088</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
2016	\$ 5,955,717	97.92%	\$ 0.0073	\$ 309
2017	5,171,653	81.96%	0.0061	268
2018	5,411,453	78.82%	0.0063	281
2019	5,717,843	83.88%	0.0065	296
2020	1,898,535 <sup>(2)</sup>	26.68%	0.0021	98

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

(2) Partial collections through February 28, 2020.

**TABLE 15 – CURRENT INVESTMENTS**

As of December 31, 2019, the City’s funds were invested as follows:

Type of Investment	Book Value	% of Book Value
TexPool	\$ 6,519,764	63.62%
TexStar	3,728,873	36.38%
	\$ 10,248,637	100.00%

*(The remaining of this page intentionally left blank)*

**TABLE 16 – MONTHLY WATER RATES**

Residential (Single Meter)/Commercial/Industrial		
Monthly Service Fee		
Meter Size	Present Rate (Effective 09/30/2019)	Previous Rate (Effective 09/30/2018)
3/4"	\$28.23	\$25.23
1"	35.30	31.55
1 1/2"	70.60	63.10
2"	112.91	100.91
3"	225.65	201.67
4"	352.82	315.33
6"	705.65	630.66
8"	1,128.97	1,008.99
10"	1,622.86	1,450.40
12"	1,975.63	1,765.68

All consumption shall be charged at the rate of \$2.38 per 100 cubic feet (effective 09-30-2018).

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 \$13.46 per month per each family unit (effective 9/30/2018). Outside City limits rate shall be \$26.92. 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 9/30/2018).

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 09/30/2019)	Previous Rate (Effective 09/30/2018)
3/4"	\$56.46	\$50.46
1"	70.60	63.10
1 1/2"	141.20	126.20
2"	225.82	201.82
3"	451.30	403.34
4"	705.64	630.66
6"	1,411.30	1,261.32
8"	2,257.94	2,017.98
10"	3,245.72	2,900.80
12"	3,951.26	3,531.36

All consumption shall be charged at the rate of \$3.08 per 100 cubic feet (effective 09/30/2018).

Reconnection Fees (effective 09/30/2019)

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 09/30/2019
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 9/30/2019)

Base Fee: \$169.00 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>	800 Cubic Feet or Less Average Water Consumption (for months of December, January and February)	
	Present Rate (Effective 09/30/2019)	Previous Rate (Effective 09/30/2018)
	Residential and Commercial (Minimum)	\$27.68
Multi-Family Residence:		
Multi-Family Residence (Minimum)	\$46.78	\$45.62
Multi-Family (10 units and over)	\$68.70	\$66.70

All over 800 cubic feet shall be charged at a rate of \$3.46 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>	Present Rate (Effective 09/30/2019)	Previous Rate (Effective 09/30/2018)
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)	\$3.4600	\$3.3600
<u>Surcharge Rates</u>		
Per lb. of BOD above 220 milligrams/liter	\$0.9475	\$0.9199
Per lb. of TSS above 240 milligrams/liter	\$0.5307	\$0.5152

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 09-30-2019)

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 \$0.43 per gallon.

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

	<u>Fiscal Year Ending September 30,</u>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Revenues</u>					
Water and Sewer Revenue	\$ 9,543,724	\$ 10,414,783	\$ 9,864,697	\$ 9,707,189	\$ 9,432,305
Other Revenue	81,501	67,881	118,974	108,003	80,925
Operating Revenue	\$ 9,625,225	\$ 10,482,664	\$ 9,983,671	\$ 9,815,192	\$ 9,513,230
Non Operating Revenue	24,194	66,075	36,409	21,215	1,382
Gross Revenues	\$ 9,649,419	\$ 10,548,739	\$ 10,020,080	\$ 9,836,407	\$ 9,514,612
<u>Operating Expense<sup>(1)</sup></u>					
Water System	\$ 3,378,735	\$ 3,219,219	\$ 3,294,134	\$ 3,574,559	\$ 3,357,797
Sewer System	2,832,327	2,940,800	2,846,978	2,789,123	2,853,534
Other Expense	768,204	698,400	698,400	698,400	698,400
Total Operating Expense	\$ 6,979,266	\$ 6,858,419	\$ 6,839,512	\$ 7,062,082	\$ 6,909,731
<u>Net Revenues</u>	\$ 2,670,153	\$ 3,690,320	\$ 3,180,568	\$ 2,774,325	\$ 2,604,881
Water Customers	7,401	7,427	7,401	7,387	7,384
Sewer Customers	6,895	6,920	6,903	6,890	6,896

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