

## 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):**

\$	6,925,000	Combination Tax and Revenue Certificates of Obligation, Series 2000
\$	2,000,000	Combination Tax and Revenue Certificates of Obligation, Series 2002
\$	3,815,000	Combination Tax and Revenue Refunding Bonds, Series 2003
\$	2,375,000	Combination Tax and Revenue Certificates of Obligation, Series 2003
\$	6,335,000	Combination Tax and Revenue Certificates of Obligation, Series 2004
\$	1,995,000	Combination Tax and Revenue Certificates of Obligation, Series 2005
\$	6,000,000	Combination Tax and Revenue Refunding Bonds, Series 2005
\$	5,050,000	Gneral Obligation Refunding Bonds, Series 2010

**Filing Format**  electronic \_\_\_ paper; If available on the Internet, give URL: \_\_\_\_\_

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

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

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

\* \* \*

### Financial & Operating Data Disclosure Information

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

Fiscal Period Covered: FYE 2009

\_\_\_ 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 2000

Date	Principal	CUSIP
03/15/11	\$ 360,000	116583 HG3
03/15/12	375,000	116583 HH1
03/15/13	395,000	116583 HJ7
03/15/14	410,000	116583 HK4
03/15/15	430,000	116583 HL2
03/15/16	445,000	116583 HM0
03/15/17	470,000	116583 HN8
03/15/18	490,000	116583 HP3
03/15/19	510,000	116583 HQ1
03/15/20	535,000	116583 HR9
03/15/21	560,000	116583 HS7
	<u>\$ 4,980,000</u>	

### Combination Tax and Revenue Certificates of Obligation, Series 2002

Date	Principal	CUSIP
03/15/11	\$ 95,000	116583 JB2
03/15/12	105,000	116583 JC0
03/15/13	110,000	116583 JD8
03/15/14	115,000	116583 JE6
03/15/15	120,000	116583 JF3
03/15/16	130,000	116583 JG1
03/15/17	135,000	116583 JH9
03/15/18	145,000	116583 JJ5
03/15/19	150,000	116583 JK2
03/15/21	330,000	116583 JL0
	<u>\$ 1,435,000</u>	

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

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

**Combination Tax and Revenue Refunding Bonds, Series 2003**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
09/01/10	\$ 445,000	116583 JT3
09/01/11	460,000	116583 JU0
09/01/12	475,000	116583 JV8
	<u>\$ 1,380,000</u>	

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/11	\$ 265,000	116583 KS3
03/15/12	275,000	116583 KT1
03/15/13	285,000	116583 KU8
03/15/14	290,000	116583 KV6
03/15/15	300,000	116583 KW4
03/15/16	310,000	116583 KX2
03/15/17	320,000	116583 KY0
03/15/18	330,000	116583 KZ7
03/15/19	345,000	116583 LA1
03/15/20	355,000	116583 LB9
03/15/21	370,000	116583 LC7
03/15/22	385,000	116583 LD5
03/15/23	400,000	116583 LE3
03/15/24	415,000	116583 LF0
03/15/25	435,000	116583 LG8
	<u>\$ 5,080,000</u>	

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/11	\$ 75,000	116583 LM5
03/15/12	80,000	116583 LN3
03/15/13	85,000	116583 LP8
03/15/14	85,000	116583 LQ6
03/15/15	90,000	116583 LR4
03/15/17	200,000	116583 LT0
03/15/21	430,000	116583 LX1
03/15/23	250,000	116583 LZ6
03/15/26	420,000	116583 MC6
	<u>\$ 1,715,000</u>	

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

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/11	\$ 725,000	116583 MJ1
03/15/12	715,000	116583 MK8
03/15/13	700,000	116583 ML6
03/15/14	485,000	116583 MM4
03/15/15	180,000	116583 MN2
	<u>\$ 2,805,000</u>	

**General Obligation Refunding Bonds, Series 2010**

<u>Date</u>	<u>Principal</u>	<u>CUSIP</u>
03/15/11	\$ 300,000	116583 MQ5
03/15/12	420,000	116583 MR3
03/15/13	430,000	116583 MS1
03/15/14	440,000	116583 MT9
03/15/15	450,000	116583 MU6
03/15/16	460,000	116583 MV4
03/15/17	475,000	116583 MW2
03/15/18	490,000	116583 MX0
03/15/19	505,000	116583 MY8
03/15/20	530,000	116583 MZ5
03/15/21	550,000	116583 NA9
	<u>\$ 5,050,000</u>	

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED SEPTEMBER 30, 2009

CITY OF BROWNWOOD, TEXAS

GENERAL OBLIGATION DEBT



## **FINANCIAL STATEMENTS**

The audited financial statements for the City for the fiscal year ended September 30, 2009 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

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Walter Middleton  
Director of Finance

Approved for Submission:

03/30/2010

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Date

## **CERTIFICATE OF SUBMISSION OF ANNUAL REPORT**

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

### **NRMSIR**

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

First Southwest Company

Signed by:

/s/ Emily Fatica

**CITY OF BROWNWOOD, TEXAS**  
**2010 GENERAL OBLIGATION DEBT REPORT**

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

2009/10 Market Valuation Established by Brown County Appraisal District (excluding totally exempt property)		\$ 737,267,912
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions (Over 65 and Disabled)	\$ 22,580,452	
Disabled Veterans Exemptions	3,422,424	
Agriculture/Open-Space Land Use Reductions	5,249,440	
Homestead Cap Loss	4,641,072	
Tax Abatement Reductions	3,559,865	
Solar and Wind-Powered Prorations	199,217	<u>39,652,470</u>
2009/10 Taxable Assessed Valuation		\$ 697,615,442
General Obligation Debt Payable from Ad Valorem Taxes <sup>(2)</sup>		\$ 22,630,000
Less: Self-Supporting Debt <sup>(1)</sup>		
Waterworks and Sewer System General Obligation Debt		<u>13,823,494</u>
General Purpose General Obligation Debt Payable from Ad Valorem Taxes		\$ 8,806,507
Interest and Sinking Fund as of 9/30/09 (Unaudited)		<u>\$ 47,617</u>
Ratio General Obligation Debt to Taxable Assessed Valuation		3.24%
Ratio General Purpose General Obligation Debt to Taxable Assessed Valuation		1.26%

2010 Estimated Population - 20,138  
Per Capita 2010 Taxable Assessed Valuation - 34,642  
Per Capita Funded Debt Payable from Ad Valorem Taxes - \$1,124  
Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes - \$437

- (1) Includes the Series 2000 Certificates, a portion of Series 2003 Certificates, a portion of the Series 2005 Bonds, and a portion of the 2005 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.
- (2) Includes the \$5,050,000 General Obligation Refunding Bonds, Series 2010, scheduled to deliver on April 20, 2010.

**TABLE 2 – TAXABLE ASSESSED VALUATION BY CATEGORY**

Category	Fiscal Year Ended September 30,					
	2010		2009		2008	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 372,379,881	50.51%	\$ 362,739,222	50.70%	\$ 341,091,462	51.32%
Real, Residential, Multi-Family	30,090,080	4.08%	29,744,690	4.16%	30,217,840	4.55%
Real, Vacant Lots/Tracts	7,056,711	0.96%	7,373,051	1.03%	7,927,761	1.19%
Real, Acreage (Land Only)	6,603,450	0.90%	5,821,800	0.81%	5,698,870	0.86%
Real, Farm and Ranch Improvements	2,885,010	0.39%	2,599,200	0.36%	2,588,080	0.39%
Real, Commercial and Industrial	181,397,080	24.60%	170,232,750	23.79%	150,752,870	22.68%
Real and Tangible Personal, Utilities	26,931,870	3.65%	29,905,190	4.18%	26,986,540	4.06%
Tangible Personal, Commercial and Industrial	103,085,580	13.98%	98,204,720	13.73%	91,270,500	13.73%
Tangible Personal, Other	1,215,140	0.16%	1,333,660	0.19%	1,460,970	0.22%
Special Inventory	5,372,730	0.73%	7,194,700	1.01%	6,235,930	0.94%
Real Property, Inventory	250,380	0.03%	346,860	0.05%	373,370	0.06%
Total Appraised Value Before Exemptions	\$ 737,267,912	100.00%	\$ 715,495,843	100.00%	\$ 664,604,193	100.00%
Less: Total Exemptions/Reductions	39,652,470		41,802,286		42,766,207	
Taxable Assessed Value	<u>\$ 697,615,442</u>		<u>\$ 673,693,557</u>		<u>\$ 621,837,986</u>	

Category	Fiscal Year Ended September 30,			
	2007		2006	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 330,016,881	51.87%	\$ 272,864,071	48.99%
Real, Residential, Multi-Family	24,463,180	3.85%	20,443,820	3.67%
Real, Vacant Lots/Tracts	8,275,821	1.30%	8,694,431	1.56%
Real, Acreage (Land Only)	3,912,770	0.62%	3,684,140	0.66%
Real, Farm and Ranch Improvements	2,322,420	0.37%	1,749,750	0.31%
Real, Commercial and Industrial	139,246,640	21.89%	134,308,170	24.11%
Real and Tangible Personal, Utilities	26,394,230	4.15%	25,101,600	4.51%
Tangible Personal, Commercial and Industrial	92,616,980	14.56%	80,595,350	14.47%
Tangible Personal, Other	1,293,880	0.20%	1,361,660	0.24%
Special Inventory	7,245,150	1.14%	7,784,890	1.40%
Real Property, Inventory	413,270	0.06%	382,620	0.07%
Total Appraised Value Before Exemptions	\$ 636,201,222	100.00%	\$ 556,970,502	100.00%
Less: Total Exemptions/Reductions	47,632,109		32,031,339	
Taxable Assessed Value	<u>\$ 588,569,113</u>		<u>\$ 524,939,163</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
2006	20,407	\$ 524,939,163	\$ 25,723	\$ 10,750,000	2.05%	\$ 527
2007	20,407	588,569,113	28,842	9,820,000	1.67%	481
2008	20,138	621,837,986	30,879	8,880,000	1.43%	441
2009	20,138	673,693,557	33,454	6,965,000	1.03%	346
2010	20,138	697,615,442	34,642	7,411,814 <sup>(4)</sup>	1.06% <sup>(4)</sup>	368 <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; includes the \$5,050,000 General Obligation Refunding Bonds, Series 2010, scheduled to deliver on April 20, 2010.

**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
2006	\$ 26,685,000	\$ 15,935,000	\$ 10,750,000
2007	24,665,000	14,845,000	9,820,000
2008	22,610,000	13,730,000	8,880,000
2009	22,560,000	15,595,000	6,965,000
2010	19,875,000 <sup>(1)(2)</sup>	12,463,187 <sup>(1)</sup>	7,411,814 <sup>(1)</sup>

(1) Projected.

(2) Includes the \$5,050,000 General Obligation Refunding Bonds, Series 2010, scheduled to deliver on April 20, 2010.

**TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2006	\$ 0.7946	\$ 0.5842	\$ 0.2104	\$ 4,170,925	89.05%	91.57% <sup>(2)</sup>
2007	0.7899	0.5993	0.1906	4,646,095	94.20%	97.30%
2008	0.7452	0.5661	0.1791	4,671,813	96.15%	98.42%
2009	0.7452	0.5729	0.1723	5,020,364	96.99%	99.23%
2010	0.7452	0.5840	0.1612	5,198,630	87.71% <sup>(1)</sup>	88.52% <sup>(1)</sup>

(1) Collections through January 31, 2010.

(2) The low collection rate was a result of the closing of a major auto dealership in the City. The dealership has since re-opened and is current in its property tax payments.

**TABLE 5 – TOP TEN TAXPAYERS**

Name of Taxpayer	Nature of Property	2009/10 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Hospital Corp of America	Hospital	\$ 26,898,440	3.86%
Wal-Mart Store East Inc. #813	Retail Store	14,944,490	2.14%
Oncor Electric Delivery Co.	Electric Utility	9,306,290	1.33%
Verizon Southwest	Telephone Utility	7,224,070	1.04%
Commerce Station LP	Strip Shopping Center	5,872,880	0.84%
Home Depot #6820	Retail	5,152,520	0.74%
Danhil Containers Inc.	Manufacturer of Packing Products	3286522	0.47%
Loadcraft Industries Ltd.	Manufacturer	3219310	0.46%
BHAKTA-BCP Management LLC	Motel	3180620	0.46%
HJK Hospitality Inc.	Motel	3,173,160	0.45%
		<u>\$ 82,258,302</u>	<u>11.79%</u>

**TABLE 6 – TAX ADEQUACY<sup>(2)</sup>**

2010 Net Principal and Interest Requirements <sup>(1)</sup> .....	\$ 1,841,628
\$.2750 Tax Rate at 96% Collection Produces.....	\$ 1,841,705
Maximum Principal and Interest Requirements, All General Obligation Debt, 2010 .....	\$ 3,515,024
\$.5249 Tax Rate at 96% Collection Produces .....	\$ 3,515,312
Maximum Principal and Interest Requirements, Net Debt, 2010 .....	\$ 1,841,628
\$.2750 Tax Rate at 96% Collection Produces.....	\$ 1,841,705

(1) Does not include Self-Supporting Debt.

(2) Includes the \$5,050,000 General Obligation Refunding Bonds, Series 2010, scheduled to deliver on April 20, 2010.

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

Fiscal Year Ended	Outstanding Debt Service <sup>(1)(3)</sup>			Less: Waterworks & Sewer System General Obligation	General Purpose General Obligation	% of Principal Retired
	Principal	Interest	Total	Requirements <sup>(2)</sup>	Requirements	
9/30						
2010	\$ 2,755,000	\$ 760,024	\$ 3,515,024	\$ 1,673,396	\$ 1,841,628	
2011	2,765,000	618,870	3,383,870	1,574,337	1,809,533	
2012	2,935,000	536,233	3,471,233	1,687,320	1,783,913	
2013	1,785,000	459,537	2,244,537	1,198,658	1,045,879	
2014	1,595,000	408,668	2,003,668	1,160,683	842,985	52.30%
2015	1,325,000	363,988	1,688,988	1,114,203	574,785	
2016	1,195,000	323,563	1,518,563	1,087,875	430,688	
2017	1,230,000	282,943	1,512,943	1,088,473	424,470	
2018	1,275,000	238,845	1,513,845	1,088,316	425,529	
2019	1,105,000	195,749	1,300,749	1,016,230	284,519	79.39%
2020	1,155,000	153,371	1,308,371	1,021,326	287,045	
2021	1,205,000	107,310	1,312,310	1,023,563	288,747	
2022	505,000	74,878	579,878	465,604	114,274	
2023	530,000	56,593	586,593	468,928	117,665	
2024	550,000	37,283	587,283	470,364	116,919	96.82%
2025	575,000	16,961	591,961	475,963	115,998	
2026	145,000	3,263	148,263	33,359	114,904	100.00%
	<u>\$ 22,630,000</u>	<u>\$ 4,638,074</u>	<u>\$ 27,268,074</u>	<u>\$ 16,648,598</u>	<u>\$ 10,619,476</u>	

- (1) “Outstanding Debt Service” does not include lease-purchase and note obligations described in “Table 12 – Other Obligations.”
- (2) Includes a portion of the Combination Tax & Revenue Certificates of Obligation, Series 2000 (2010 maturity remains outstanding after the refunding); all of the Combination Tax & Revenue Certificates of Obligation, Series 2002; a portion of the Combination Tax & Revenue Certificates of Obligation, Series 2003; all of the Combination Tax & Revenue Refunding Bonds, Series 2003; all of the Combination Tax & Revenue Certificates of Obligation, Series 2004; a portion of Combination Tax & Revenue Certificates of Obligation, Series 2005; and a portion of the Combination Tax & Revenue Refunding Bonds, Series 2005 and all of the Bonds.
- (3) Includes the \$5,050,000 General Obligation Refunding Bonds, Series 2010, scheduled to deliver on April 20, 2010.

**TABLE 9 – INTEREST AND SINKING FUND BUDGET PROJECTION**

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2010 <sup>(2)</sup>		\$ 1,841,628
Interest and Sinking Fund, Fiscal Year Ending 9/30/2009 <sup>(1)</sup>	\$ 47,617	
Estimated Interest Income	1,450	
Transfers from Water and Sewer Fund	700,000	
2009/10 Interest and Sinking Fund Taxes (as budgeted)	1,128,864	<u>\$ 1,877,931</u>
Estimated Balance, Fiscal Year Ending 9/30/2010		\$ 36,303

- (1) Preliminary, provided by City Officials.
- (2) Includes the \$5,050,000 General Obligation Refunding Bonds, Series 2010, scheduled to deliver on April 20, 2010.

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

Net System Revenue from Waterworks and Sewer System, Fiscal Year Ended 9/30/2009	\$ 2,694,270
Less: Requirements for Waterworks and Sewer System Revenue Debt, Fiscal Year Ending 9/30/2010	<u>-</u>
Balance Available for Other Purposes	\$ 2,694,270
Requirements for Waterworks and Sewer System General Obligation Debt, Fiscal Year Ending 9/30/2010	<u>1,706,546</u>
Balance	\$ 987,724
Percentage of System General Obligation Bonds Self-Supporting	100.00%

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

As of January 31, 2010, the City had no authorized but unissued bonds.

**TABLE 12 – OTHER OBLIGATIONS**

The City is obligated under certain leases which contain cancellation provisions subject to annual appropriations by the City Council. These have been recorded as capital leases. The leases are supported by notes payable and all but one had a maturity date of September 30, 2009. They were all renegotiated and renewed for another twelve months at the City’s depository bank. The City also had two notes payable that have been included in the capital leases category in the statement of net assets because they have the same pay off characteristics as the capital leases.

The Airport Fund borrowed \$160,000 from Brownwood Economic Development Corporation to build a building at the airport to be leased by Federal Express. The note is due and payable on September 30, 2009 with interest at zero percent. The note was refinanced on the same terms for one year.

The Airport Fund borrowed \$520,000 from Brownwood Economic Development Corporation to build T hangers to be leased to customers of the Brownwood airport. Payment is to be monthly in installments equal to the total gross monthly rents collected from rentals of the hangers for the prior month. The note bears interest at zero percent and is payable on the 15<sup>th</sup> of the month until paid.

The following schedule of future payments in accordance with the payment terms of the above leases and notes:

Fiscal Year Ended 9/30	Governmental Activities	Business Type Activities
2010	\$ 358,904	\$ 867,437
2011	282,070	1,383,064
2012	181,551	396,894
2013	62,993	121,455
2014	12,722	43,921
2015-2019	-	160,000
2020-2023	-	90,492
	<u>\$ 898,240</u>	<u>\$ 3,063,263</u>

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

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

	Fiscal Years Ended September 30,				
	2009	2008	2007	2006	2005
<b>REVENUE:</b>					
Ad Valorem Taxes	\$ 3,900,926	\$ 3,556,136	\$ 3,590,339	\$ 3,076,490	\$ 2,890,838
Sales Tax	4,285,467	4,455,272	4,330,910	4,117,442	3,918,435
Other Taxes	2,848,616	2,857,573	2,883,765	2,788,680	2,564,497
Fines	349,072	411,771	349,747	341,145	343,410
Licenses and Fees	119,419	132,141	113,956	112,735	52,080
Charges for Services	276,464	264,718	254,679	257,700	247,488
Intergovernmental	1,196,477	1,194,448	1,148,380	1,126,651	1,160,683
Miscellaneous	195,970	118,944	239,365	2,316,933	105,783
Grant Contributions	783,077	177,656	101,726	-	-
Total Revenue	<u>\$ 13,955,488</u>	<u>\$ 13,168,659</u>	<u>\$ 13,012,867</u>	<u>\$ 14,137,776</u>	<u>\$ 11,283,214</u>
<b>EXPENDITURES:</b>					
City Council	\$ 85,563	\$ 81,705	\$ 132,416	\$ 345,693	\$ 239,949
Administration	190,975	178,246	178,656	193,266	312,432
City Secretary	114,456	138,808	111,468	95,619	76,762
Finance/Accounting	297,066	264,582	257,112	287,900	244,086
Municipal Court	255,890	250,187	254,019	232,573	226,839
Police Department	3,739,475	3,520,222	3,349,984	3,382,319	3,222,615
Fire Department	2,305,361	2,542,194	1,884,556	1,880,526	1,674,436
Code Enforcement	588,906	505,123	340,107	314,968	307,141
Street Department	2,374,846	2,209,209	1,854,256	2,550,469	1,843,172
Health Department	228,878	229,326	259,170	233,161	215,611
Community Services	573,122	592,144	499,494	524,063	510,610
Intergovernmental	200,391	182,669	176,601	159,452	146,227
Utility Collections	179,997	144,352	126,250	133,781	121,885
Community Facilities	1,698,218	373,033	346,915	388,593	352,507
Operations Support	262,596	159,998	151,965	401,454	344,743
Purchasing and Warehouse	154,678	164,369	148,344	155,489	152,823
Parks and Recreation	925,202	892,266	875,714	774,710	721,904
Fleet Services	466,266	438,883	406,281	424,613	400,509
City Attorney	156,451	170,911	163,023	158,569	155,287
Public Works	318,400	412,565	420,538	392,466	355,290
Emergency Management	61,986	91,112	96,004	4,584	16,266
Human Resources	194,179	183,404	155,042	170,815	160,707
Fire Marshal	106,903	97,729	76,802	64,817	76,936
Debt Service - Principal	-	-	1,200,000	-	-
Other	618,182	750,312	917,165	2,278,803	-
Total Expenditures	<u>\$ 16,097,987</u>	<u>\$ 14,573,349</u>	<u>\$ 14,381,882</u>	<u>\$ 15,548,703</u>	<u>\$ 11,878,736</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,142,499)</u>	<u>\$ (1,404,690)</u>	<u>\$ (1,369,015)</u>	<u>\$ (1,410,927)</u>	<u>\$ (595,522)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	\$ 2,326,066	\$ 605,240	\$ 1,077,200	\$ 118,105	\$ -
Operating Transfers Out	(98,100)	(96,598)	-	(7,051)	-
Proceeds of Note Payable	109,992	685,771	486,897	1,522,448	95,454
Donation of Railroad Collection	-	-	-	-	-
Conversion of Accounts Payable to Capital Lease	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-
Sale of Land	11,121	-	-	-	31,861
Sale of Equipment	-	167,867	118,962	5,400	115,500
Total Other Financing Sources (Uses)	<u>\$ 2,349,079</u>	<u>\$ 1,362,280</u>	<u>\$ 1,683,059</u>	<u>\$ 1,638,902</u>	<u>\$ 242,815</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>206,580</u>	<u>(42,410)</u>	<u>314,044</u>	<u>227,975</u>	<u>(352,707)</u>
Fund Balance Beginning of Year	\$ 394,318	\$ 436,808 <sup>(1)</sup>	\$ 372,764	\$ 270,568	\$ 623,275 <sup>(1)</sup>
Prior Period Adjustment	-	-	-	-	-
Restated Fund Balance Beginning of Year	394,318	436,808	372,764	199,104 <sup>(1)</sup>	-
Other Changes	-	(80)	-	(54,315)	-
FUND BALANCE END OF YEAR	<u>\$ 600,898</u>	<u>\$ 394,318</u>	<u>\$ 686,808</u>	<u>\$ 372,764</u>	<u>\$ 270,568</u>

(1) Restated.

**TABLE 13 A– CHANGE IN NET ASSETS**

	Governmental Activities as of Fiscal Year Ended September 30:				
	2009	2008	2007	2006	2005
<b>Program Revenues:</b>					
Fees, Fines and Charges for Services	\$ 2,478,777	\$ 2,002,786	\$ 2,638,423	\$ 2,699,462	\$ 2,360,342
Operating Grants and Contributions	802,876	753,111	767,991	1,247,407	450,106
Capital Grants and Contributions	1,093,391	27,619	-	2,230,317	72,837
<b>General Revenues:</b>					
Ad Valorem Taxes	5,421,903	4,955,823	4,740,695	4,191,111	4,262,651
Sales Tax	4,285,467	4,455,272	4,330,910	4,117,442	3,970,766
Other Revenues	3,067,502	3,880,243	3,348,439	2,842,984	2,823,248
Total Revenues	\$ 17,149,916	\$ 16,074,854	\$ 15,826,458	\$ 17,328,723	\$ 13,939,950
<b>Expenses:</b>					
General Government and Administration	\$ 4,045,647	\$ 4,138,421	\$ 4,257,142	\$ 5,299,846	\$ 4,400,712
Public Safety	7,119,040	6,728,638	6,207,960	5,487,465	5,404,209
Streets	3,023,357	2,819,687	2,830,081	1,727,057	1,384,155
Parks & Community Facilities	1,391,840	1,325,667	1,342,436	1,136,817	1,061,756
State/Federal Grant Programs	-	-	798,855	669,490	619,124
Special Rev Activities	1,607,423	1,512,634	768,873	-	-
Interest on Long-Term Debt	325,818	365,539	394,635	441,551	524,873
Depreciation and Amortization	-	-	- <sup>(3)</sup>	1,992,394	1,731,539
Total Expenses	\$ 17,513,125	\$ 16,890,586	\$ 16,599,982	\$ 16,754,620	\$ 15,126,368
Increase in Net Assets Before Transfers	\$ (363,209)	\$ (815,732)	\$ (773,524)	\$ 574,103	\$ (1,186,418)
Transfers	1,489,868	525,179	1,259,528	289,553	(203,898)
Increase (Decrease) in Net Assets	\$ 1,126,659	\$ (290,553)	\$ 486,004	\$ 863,656	\$ (1,390,316)
Net Assets October 1	17,562,174	17,852,727	17,366,722	16,503,066 <sup>(2)</sup>	17,947,694 <sup>(1)</sup>
Prior Period Adjustment	(2,463)	-	-	-	-
Net Assets September 30	\$ 18,686,370	\$ 17,562,174	\$ 17,852,726	\$ 17,366,722	\$ 16,557,378

(1) Restated for GASB 34, accrued payroll and sales tax corrections.

(2) Restated for corrections in land sales and capital leases.

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

**TABLE 14 – MUNICIPAL SALES TAX HISTORY**

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

Fiscal Year Ended 9/30	Total Collections <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2006	\$ 4,075,695	97.72%	\$ 0.0078	200
2007	4,265,743	91.81%	0.0069	209
2008	4,455,272	95.36%	0.0072	221
2009	4,285,467	85.36%	0.0064	213
2010	2,028,059 <sup>(2)</sup>	39.01%	0.0029	101

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

(2) Partial collections through March 31, 2010.

**TABLE 15 – CURRENT INVESTMENTS**

As of January 31, 2010, the City’s funds were invested as follows:

Type of Investment	Book Value	% of Book Value
TexPool	\$ 6,286,630	64.38%
TexStar	3,478,678	35.62%
	<u>\$ 9,765,308</u>	<u>100.00%</u>

**TABLE 16 – MONTHLY WATER RATES**

Residential (Single Meter)/Commercial/Industrial		
Monthly Service Fee		
Meter Size	Present Rate (Effective 09/30/2009)	Previous Rate (Effective 09/30/2007)
3/4"	\$23.95	\$20.95
1"	29.95	23.60
1 1/2"	59.90	45.55
2"	95.80	53.80
3"	191.45	192.05
4"	299.35	250.05
6"	598.70	500.05
8"	957.85	800.10
10"	1,376.90	1,149.60
12"	1,676.20	1,378.55

All consumption shall be charged at the rate of \$2.14 per 100 cubic feet (effective 09-30-2009).

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

Multiple Family Units on One Water Meter...Monthly service fee is based on meter size as listed above plus \$11.40 per month per each family unit (effective 9/30/2009). Outside City limits rate shall be \$22.80. All consumption shall be charged at the rate of \$2.14 per 100 cubic feet. Outside City limits consumption rate shall be \$2.78 (effective 9/30/2009).

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

Meter Size	Present Fee (Effective 09/30/2009)	Previous Fee (Effective 09/30/2007)
3/4"	\$47.90	\$41.90
1"	59.90	47.20
1 1/2"	119.80	91.10
2"	191.60	107.60
3"	382.90	384.10
4"	598.70	500.10
6"	1,197.40	1,000.10
8"	1,915.70	1,600.20
10"	2,753.80	2,299.20
12"	3,352.40	2,757.10

All consumption shall be charged at the rate of \$2.78 per 100 cubic feet (effective 09-30-2009).

Reconnection Fees (effective 09-30-2005)

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

Water Tap Fees

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

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

Fire Hydrant Meters (effective 9/30/2009)

Base Fee: \$143.70 per month or fraction of a month for each use. All consumption shall be charged a rate of \$2.14 per 100 cubic feet.

**TABLE 17 – MONTHLY SEWER RATES**

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

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

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

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

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

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

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

Sewer Tap Fees (Effective 09-30-2009)

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

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

Outside City Limits - Add \$400.00 per Tap

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

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

<u>Revenues</u>	Fiscal Year Ending September 30,				
	2009	2008	2007	2006	2005
Water and Sewer Revenue	\$ 9,494,464	\$ 9,080,300	\$ 8,112,929	\$ 8,136,197	\$ 6,914,492
Other Revenue	52,855	57,337	55,138	49,825	34,103
Operating Revenue	\$ 9,547,319	\$ 9,137,637	\$ 8,168,067	\$ 8,186,022	\$ 6,948,595
Non Operating Revenue	32,773	515,972	-	825,664	45,890
Gross Revenues	\$ 9,580,092	\$ 9,653,609	\$ 8,168,067	\$ 9,011,686	\$ 6,994,485
<u>Operating Expense<sup>(1)</sup></u>					
Water System	\$ 4,220,190	\$ 4,245,035	\$ 2,983,169	\$ 3,282,338	\$ 2,802,339
Sewer System	2,575,645	2,457,728	2,247,053	2,340,407	2,249,584
Other Expense	89,987	132,097	-	75,766	125,709
Total Operating Expense	\$ 6,885,822	\$ 6,834,860	\$ 5,230,222	\$ 5,698,511	\$ 5,177,632
Net Revenues	\$ 2,694,270	\$ 2,818,749	\$ 2,937,845	\$ 3,313,175	\$ 1,816,853
Water Customers	7,372	7,319	7,292	7,329	7,408
Sewer Customers	6,919	6,936	6,915	6,960	7,385

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

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

	Present Rate
Volume Charge for Wastewater Discharged into the Brownwood System*	\$2.74/1,000 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.