

Texas Municipal Reports

All Rights Reserved



Falfurrias, City of (General Obligation Debt)

Brooks County

Last Revised 03/12/2014

TMR # 1475

Page 1 of 4

FOR OPERATING INFORMATION FOR THE CITY, SEE SEPARATE TEXAS MUNICIPAL REPORT.

FINANCIAL STATEMENT (As of December 01, 2013)

Taxable Assessed Valuation, 2013 (100% of Market)	\$79,460,395
New Debt	\$600,000
Outstanding Debt	2,935,000

Total General Obligation Debt	\$3,535,000
Less: Self-Supporting (a)	
Water & Sewer	2,935,000

GO Debt payable from Ad Valorem Taxes	\$600,000
Less: I&S Fund	0

Net Debt	\$600,000
	=====

(a) The City Administrator reports the following General Obligation Debt being paid from revenues other than ad valorem taxes; thus considered self-supporting.

Net Debt Per Net Assessed Valuation - 0.76%
 Net Debt Per Sq mile - \$218,181.82

Net Debt Per Capita - \$121.78
 Net Assessed Valuation Per Capita - \$16,127.54

Bureau of Census Pop: 2000 - 5,297; 2010 - 4,981
 2012 Estimated Population - 4,927
 Area: 2.75 Sq miles

PAYMENT RECORD: Never defaulted.

TAX DATA

Tax Year	Assessed Valuation	Tax Rate	Adjusted Levy	% Collections Total	Year Ended
2009	78,774,657	0.4500	354,486	N/A	12/31/2009
2010	77,559,277	0.4700	364,529	99.90	12/31/2010
2011	77,220,604	0.5000	386,103	96.57	12/31/2011
2012	79,178,407	0.5000	395,892	97.47	12/31/2012
2013	79,460,395	0.5000	397,302	(In process of collection)	

Tax Rate Distribution	2013	2012	2011	2010
Operations	\$0.5000	\$0.5000	\$0.5000	\$0.4700

Tax Rate Limitation: Article XI, Section 4 of Texas Constitution, applicable to cities of 5,000 or less: \$1.50 per \$100 assessed valuation for all purposes.

Municipal Sales Tax: The City has adopted the provisions of Municipal Sales and Use Tax Act V.T.C.A, Tax Code, Chapter 321, which grants the City 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 bonds in this report. Voters approved an additional sales and use tax of 1/2 of 1% for property tax reduction, effective October of 1991. Net allocations on calendar year basis are as follows:

Calendar Year	Rate	Total Collected	% of Ad Val Tax Levy	Equiv of Ad Val Tax Rate
2010	1.500%	\$674,765	185.1%	\$0.87
2011	1.500	739,701	191.5	0.96
2012	1.500	774,889	195.7	0.98

2013 1.500 828,153 208.4 1.04

DETAILS OF GENERAL OBLIGATION DEBT

Details of Limited Tax Debt (Outstanding 12/1/2013)

Ltd Tax Ref Bds Ser 2013

Tax Treatment: Bank Qualified
 Original Issue Amount \$2,935,000.00
 Dated Date: 12/01/2013
 Sale Date: 10/24/2013
 Delivery Date: 12/16/2013
 Sale Type: Private Placement
 Record Date: MSRB
 Bond Form: FR
 Denomination \$100,000
 Interest pays Semi-Annually: 10/01, 04/01
 1st Coupon Date: 04/01/2014

Paying Agent: Branch Banking & Trust Company, Charlotte, NC
 Bond Counsel: Escamilla & Poneck Inc.
 Financial Advisor: Estrada Hinojosa & Co., Inc., San Antonio, TX
 Purchaser: Branch Banking & Trust Company, Charlotte, NC

Water & Sewer 100.00%

Use of Proceeds: Refunding.

Refunding Notes: This bond refunded maturities from the following issues:

Refunded Amount	Mat Date	Sched Call	Price
150,000.00	04/01/2014	12/16/2013	Par

Refunded Amount	Mat Date	Sched Call	Price
40,000.00	04/01/2014	12/18/2013	Par
42,000.00	04/01/2015	12/18/2013	Par
44,000.00	04/01/2016	12/18/2013	Par
45,000.00	04/01/2017	12/18/2013	Par
47,000.00	04/01/2018	12/18/2013	Par
49,000.00	04/01/2019	12/18/2013	Par
51,000.00	04/01/2020	12/18/2013	Par
53,000.00	04/01/2021	12/18/2013	Par
55,000.00	04/01/2022	12/18/2013	Par
58,000.00	04/01/2023	12/18/2013	Par
60,000.00	04/01/2024	12/18/2013	Par
63,000.00	04/01/2025	12/18/2013	Par
65,000.00	04/01/2026	12/18/2013	Par
68,000.00	04/01/2027	12/18/2013	Par
71,000.00	04/01/2028	12/18/2013	Par
74,000.00	04/01/2029	12/18/2013	Par
77,000.00	04/01/2030	12/18/2013	Par
80,000.00	04/01/2031	12/18/2013	Par
83,000.00	04/01/2032	12/18/2013	Par
87,000.00	04/01/2033	12/18/2013	Par
90,000.00	04/01/2034	12/18/2013	Par
94,000.00	04/01/2035	12/18/2013	Par
98,000.00	04/01/2036	12/18/2013	Par
102,000.00	04/01/2037	12/18/2013	Par
106,000.00	04/01/2038	12/18/2013	Par
110,000.00	04/01/2039	12/18/2013	Par
115,000.00	04/01/2040	12/18/2013	Par
120,000.00	04/01/2041	12/18/2013	Par
125,000.00	04/01/2042	12/18/2013	Par
130,000.00	04/01/2043	12/18/2013	Par
135,000.00	04/01/2044	12/18/2013	Par
141,000.00	04/01/2045	12/18/2013	Par

DISCLAIMER. This Texas Municipal Report ("TMR") was prepared by employees of the Municipal Advisory Council of Texas ("MAC") for informational purposes only, and is not intended to be, and should not be considered as, a recommendation, endorsement or solicitation to buy or sell any security of the issuer to which it applies. The information set forth in this TMR has been obtained from the issuer and from sources believed to be reliable, but the MAC has not independently verified such information. The MAC specifically disclaims any responsibility for, and makes no representations, warranties or guarantees about, the completeness or accuracy of such information. In this connection, this TMR reflects information as of the date referred to in the TMR, as derived from filings received by the MAC from the issuer. This TMR will be updated in the ordinary course as filings are received from the issuer, but the MAC specifically disclaims any responsibility for doing so. The reader of this TMR is advised to obtain current information from other sources before making any investment decision respecting the securities of this issuer.

Texas Municipal Reports

All Rights Reserved



Falfurrias, City of (General Obligation Debt)

Last Revised 03/12/2014

Brooks County

TMR # 1475

Page 2 of 4

147,000.00	04/01/2046	12/18/2013	Par
148,000.00	04/01/2047	12/18/2013	Par

GRAND TOTAL===== > \$3,535,000.00

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
04/01/2014	225,000.00	3.6000%	N/A
04/01/2015	150,000.00	3.6000%	N/A
04/01/2016	155,000.00	3.6000%	N/A
04/01/2017	165,000.00	3.6000%	N/A
04/01/2018	170,000.00	3.6000%	N/A
04/01/2019	175,000.00	3.6000%	N/A
04/01/2020	180,000.00	3.6000%	N/A
04/01/2021	190,000.00	3.6000%	N/A
04/01/2022	195,000.00	3.6000%	N/A
04/01/2023	200,000.00	3.6000%	N/A
04/01/2024	210,000.00	3.6000%	N/A
04/01/2025	220,000.00	3.6000%	N/A
04/01/2026	225,000.00	3.6000%	N/A
04/01/2027	235,000.00	3.6000%	N/A
04/01/2028	240,000.00	3.6000%	N/A
-----\$2,935,000.00			

BOND DEBT SERVICE			
Period Ending	Principal	Interest	Debt Service
12/31/14	225,000.00	85,883.17	310,883.17
12/31/15	265,000.00	104,245.25	369,245.25
12/31/16	275,000.00	96,722.50	371,722.50
12/31/17	285,000.00	88,886.50	373,886.50
12/31/18	290,000.00	80,780.50	370,780.50
12/31/19	300,000.00	72,451.25	372,451.25
12/31/20	180,000.00	64,980.00	244,980.00
12/31/21	190,000.00	58,320.00	248,320.00
12/31/22	195,000.00	51,390.00	246,390.00
12/31/23	200,000.00	44,280.00	244,280.00
12/31/24	210,000.00	36,900.00	246,900.00
12/31/25	220,000.00	29,160.00	249,160.00
12/31/26	225,000.00	21,150.00	246,150.00
12/31/27	235,000.00	12,870.00	247,870.00
12/31/28	240,000.00	4,320.00	244,320.00

	3,535,000.00	852,339.17	4,387,339.17
=====			

Call Option: Bonds maturing on 04/01/2021 to 04/01/2028 callable in whole on any date or in part on any interest date beginning 04/01/2020 @ par.

DEBT AMORTIZATION RATES

Period Ending	Principal	% of Principal
		Retired
12/31/2014	225,000.00	06.36%
12/31/2015	265,000.00	13.86%
12/31/2016	275,000.00	21.64%
12/31/2017	285,000.00	29.70%
12/31/2018	290,000.00	37.91%
12/31/2019	300,000.00	46.39%
12/31/2020	180,000.00	51.49%
12/31/2021	190,000.00	56.86%
12/31/2022	195,000.00	62.38%
12/31/2023	200,000.00	68.03%
12/31/2024	210,000.00	73.97%
12/31/2025	220,000.00	80.20%
12/31/2026	225,000.00	86.56%
12/31/2027	235,000.00	93.21%
12/31/2028	240,000.00	100.00%

Comb Tax & Ltd Pledge Rev C/O Ser 2014
 Tax Treatment: Bank Qualified
 Original Issue Amount \$600,000.00
 Dated Date: 12/15/2013
 Sale Date: 01/16/2014
 Delivery Date: 01/23/2014
 Sale Type: Private Placement
 Record Date: MSRB
 Bond Form: FR
 Denomination: \$100,000
 Interest pays: Semi-Annually: 03/01, 09/01
 1st Coupon Date: 09/01/2014

Paying Agent: Branch Banking & Trust Company, Charlotte, NC
 Bond Counsel: Escamilla & Poneck, LLP
 Financial Advisor: Estrada Hinojosa & Co., Inc., San Antonio, TX
 Purchaser: Branch Banking & Trust Company, Charlotte, NC

Security : Limited Tax and a Subordinate lien on the Net revenues of the Water & Sewer system not to exceed \$1,000

Use of Proceeds: Public Improvements.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
03/01/2015	115,000.00	1.7300%	N/A
03/01/2016	120,000.00	1.7300%	N/A
03/01/2017	120,000.00	1.7300%	N/A
03/01/2018	120,000.00	1.7300%	N/A
03/01/2019	125,000.00	1.7300%	N/A
-----\$600,000.00			

Call Option: Bonds maturing on 03/01/2018 to 03/01/2019 callable in whole on any date beginning 03/01/2017 @ par.

DEBT SERVICE FUND MANAGEMENT INDEX

G.O. Debt Service Requirements for fiscal year-ending 12/31/2014	\$310,883*
I&S Fds all G.O. issues 12/31/2013	\$0
2013 I&S Fund Tax Levy @ 90%	0
Water & Sewer	304,598

* Debt service will be met with transfers from the General Fund.

GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED None

PENSION FUND LIABILITY

All qualified employees of the City are members of the Texas Municipal Retirement System. The City employees also participate in the U.S. Social Security program.

Changes in Texas Municipal Retirement System (TMRS) Actuarial Method and Plan Assumptions

DISCLAIMER. This Texas Municipal Report ("TMR") was prepared by employees of the Municipal Advisory Council of Texas ("MAC") for informational purposes only, and is not intended to be, and should not be considered as, a recommendation, endorsement or solicitation to buy or sell any security of the issuer to which it applies. The information set forth in this TMR has been obtained from the issuer and from sources believed to be reliable, but the MAC has not independently verified such information. The MAC specifically disclaims any responsibility for, and makes no representations, warranties or guarantees about, the completeness or accuracy of such information. In this connection, this TMR reflects information as of the date referred to in the TMR, as derived from filings received by the MAC from the issuer. This TMR will be updated in the ordinary course as filings are received from the issuer, but the MAC specifically disclaims any responsibility for doing so. The reader of this TMR is advised to obtain current information from other sources before making any investment decision respecting the securities of this issuer.

Texas Municipal Reports

All Rights Reserved



Falfurrias, City of (General Obligation Debt)

Brooks County

Last Revised 03/12/2014

TMR # 1475

Page 3 of 4

In early 2007, TMRS informed each of the member cities that the current actuarial assumptions did not take into account updated service credits or cost of living increases which are granted to retirees. These benefits, which some cities adopted, have been historically funded on a pay-as-you-go basis. This has led to regular increases in member cities' rates and a decrease in the overall funding of the retirement system. TMRS announced that it intended to study the impact of these benefit components and make potential changes in the way benefits are being funded.

After careful deliberation, the TMRS board approved several changes at its November and December meetings to the actuarial methods and plan assumptions. The board changed the actuarial method from unit credit to projected unit credit. Projected unit credit will allow the actuaries to consider the future financial impact of updated service credits and cost of living increases, and these benefits will begin to be pre-funded instead of funded on a pay-as-you-go basis. To mitigate the impact of this change, the board approved an eight year transition period. During this time, cities will be able to phase in the higher contribution rates instead of being required to fund these new rates immediately. Also, the board changed the amortization period from a 25-year open period to a 30-year closed period. Under a closed amortization period, contribution rates are higher, but a greater percentage of the unfunded balance is paid off each year. Finally, the board approved changes to the investment policy. TMRS has historically invested solely in fixed income investments. The board authorized the selection of an investment advisor to begin shifting a portion of investments into equity securities as a way to diversify the portfolio's holdings and earn higher returns than could be obtained with fixed income investments.

Required Contribution Rates (Percentage of gross covered salary)

	2014	2013
Employee:	5.00%	5.00%
Maximum Rate:	7.50%	7.50%
City:	1.73%	1.77%

Actuarial Valuation as of	12/31/2012	12/31/2011
Assets	\$1,109,469	\$1,038,939
Accrued Liabilities	\$1,087,775	\$1,031,664

(Unfunded)/Overfunded Liab. \$21,694 \$7,275

Funded Ratio	101.99%	100.71%
Annual Covered Payroll	\$981,997	\$920,594
(Unfunded)/Overfunded Liability as a % of Covered Payroll	2.21%	0.79%

2012 Source: Texas Municipal Retirement System 12/31/2012 CAFR
2011 Source: Texas Municipal Retirement System 12/31/2011 CAFR

SUPPLEMENTAL DEATH BENEFIT PLAN The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary; retired employees are insured for \$7,500; this coverage is an "other postemployment benefit."

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended 2012, 2011, and 2010 were \$0, \$0, and \$445, respectively.

NON-FUNDED DEBT PAYABLE (As of December 31, 2012) None.

SUBSEQUENT EVENT The City of Falfurrias City Council voted on July 17, 2013 to refund the Utility Board's Bond Debt. The new debt will not have a stipulation keeping the City and the Utility Board from merging into one entity, thus allowing the City Council to have control over both entities and the ability to dissolve the Utility Board as it now stands. The final consolidation is in process and has not been finalized with its finalization subject to future council action.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Debt Amount	As Of	%Ovlp	Ovlp Amt
Brooks Co	\$4,840,000	* 01/31/14	14.75	\$713,900
Brooks Co ISD	34,960,000	* 01/31/14	14.87	5,198,552
Total Overlapping Debt:				\$5,912,452
Falfurrias, City of		12/01/13		\$600,000
Total Direct and Overlapping Debt:				\$6,512,452
Total Direct and Overlapping Debt % of A.V.:				8.20%
Total Direct and Overlapping Debt per Capita:				\$1.322

* Gross Debt

ECONOMIC BACKGROUND

The City of Falfurrias is the county seat and principal commercial center of Brooks County, located on U.S. Highway 281. The City's 2010 population was 4,981, decreasing 5.97% since 2000.

COUNTY CHARACTERISTICS: Brooks County is a south Texas county. There were 49.5 million cubic feet of natural gas recovered in 2008. The Heritage Museum, hunting and fishing draw visitors to the area.

COUNTY SEAT: Falfurrias

2010 census: 7,223 decreasing 9.4 % since 2000
2000 census: 7,976 decreasing 2.8 % since 1990
1990 census: 8,204

ECONOMIC BASE

Mineral: oil and gas.

Industry: watermelon, oil, hunting leases, hay, gas production and cattle.

Agricultural: watermelons, stocker cattle, squash, hay, habanero peppers and cow-calf operations.

RETAIL SALES & EFFECTIVE BUYING INCOME(a)

Year	2013	2012	2011
Retail Sales	\$100.7M	\$27.0M	\$27.0M
Effective Buying Income (EBI)	\$87.3M	\$80.6M	\$79.5M
County Median Household Income	\$20,063	\$21,010	\$20,817
State Median Household Income	\$48,646	\$47,613	\$47,705
% of Households with EBI below \$25K	20.6 %	19.0 %	19.0 %
% of Households with EBI above \$25K	35.3 %	40.5 %	40.7 %

EMPLOYMENT DATA

	2013		2012		2011	
	Employed	Earnings	Employed	Earnings	Employed	Earnings
1st Q:	2,742	\$24.7M	2,606	\$24.4M	2,562	\$22.3M
2nd Q:	2,745	\$26.0M	2,609	\$25.3M	2,592	\$24.2M
3rd Q:	N/A	N/A	2,643	\$25.8M	2,521	\$23.9M
4th Q:	N/A	N/A	2,704	\$27.3M	2,583	\$25.8M

DISCLAIMER. This Texas Municipal Report ("TMR") was prepared by employees of the Municipal Advisory Council of Texas ("MAC") for informational purposes only, and is not intended to be, and should not be considered as, a recommendation, endorsement or solicitation to buy or sell any security of the issuer to which it applies. The information set forth in this TMR has been obtained from the issuer and from sources believed to be reliable, but the MAC has not independently verified such information. The MAC specifically disclaims any responsibility for, and makes no representations, warranties or guarantees about, the completeness or accuracy of such information. In this connection, this TMR reflects information as of the date referred to in the TMR, as derived from filings received by the MAC from the issuer. This TMR will be updated in the ordinary course as filings are received from the issuer, but the MAC specifically disclaims any responsibility for doing so. The reader of this TMR is advised to obtain current information from other sources before making any investment decision respecting the securities of this issuer.

Texas Municipal Reports

All Rights Reserved



Falfurrias, City of (General Obligation Debt)

Brooks County

Last Revised 03/12/2014

TMR # 1475

Page 4 of 4

(a) DemographicsUSA County Edition

Any data on population, value added by manufacturing or production of minerals or agricultural products are from US Census or other official sources.

Principal Taxpayers	2013 AV	% of AV
1. SBB Properties Inc Land/Improvements	\$2,750,000	3.46%
2. Wal-Mart Stores Texas LLC Discount Store	2,633,367	3.31%
3. AEP Texas Central Co Energy	2,011,190	2.53%
4. Sun-Fal Inc Land/Improvements	1,794,600	2.26%
5. Zeba Inc Land/Improvements	1,219,763	1.54%
6. Commercial Net Lease Rlty Land/Improvements	1,076,238	1.35%
7. Joshua Investments LLC Land/Improvements	934,623	1.18%
8. Verizon Southwest Telecommunications	926,790	1.17%
9. First National Bank Bank	800,585	1.01%
10. Vaughn Realty LTD Real Estate	793,069	1.00%
Total:	\$14,940,225	18.81%

FINANCE CONNECTED OFFICIALS

Mayor

Anna Garcia
P.O. Drawer E
Falfurrias, TX 78355-0905
Phone: 361-325-2420
Fax: 361-325-9784
mayor.anna.garcia@gmail.com

City Administrator

Noel Bernal
P.O. Drawer E
Falfurrias, TX 78355-0905
Phone: 361-325-2420
Fax: 361-325-9784
nbernal@ci.falfurrias.tx.us

City Clerk

Melinda Garza
P.O. Drawer E
Falfurrias, TX 78355-0905
Phone: 361-325-2420
Fax: 361-325-9784
mgarza@ci.falfurrias.tx.us

Chief Appraiser-Tax A/C

Mary Lou Cantu
Brooks County Appraisal District
P.O. Drawer A
Falfurrias, TX 78355-5500
Phone: 361-325-5682
Fax: 361-325-5494
mlcantu@bcisd.esc2.net

JEB

DISCLAIMER. This Texas Municipal Report ("TMR") was prepared by employees of the Municipal Advisory Council of Texas ("MAC") for informational purposes only, and is not intended to be, and should not be considered as, a recommendation, endorsement or solicitation to buy or sell any security of the issuer to which it applies. The information set forth in this TMR has been obtained from the issuer and from sources believed to be reliable, but the MAC has not independently verified such information. The MAC specifically disclaims any responsibility for, and makes no representations, warranties or guarantees about, the completeness or accuracy of such information. In this connection, this TMR reflects information as of the date referred to in the TMR, as derived from filings received by the MAC from the issuer. This TMR will be updated in the ordinary course as filings are received from the issuer, but the MAC specifically disclaims any responsibility for doing so. The reader of this TMR is advised to obtain current information from other sources before making any investment decision respecting the securities of this issuer.