

City of San Benito, Texas
General Obligation
Annual Financial Operating Data
Fiscal Year Ended September 30, 2013

Tables 1-5 and 7-12
Submitted pursuant to SEC Rule 15 c 2-12

By:

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INVESTMENT BANKERS

City of San Benito, Texas (General Obligation)
Continuing Disclosure Statement
For the year ended September 30, 2013
(Pursuant to SEC Rule 15 c 2-12)

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Disclaimer:

The information contained in this report 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 should not be understood as a promise or guarantee. This report may contain 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. The information contained here in is subject to change and the submission of this report will not imply that there has been no changes to the financial condition of the City.

San Benito, Texas
Continuing Disclosure Statement
For the year Ended September 30, 2013
(Pursuant to SEC Rule 15c2-12)

Table 1 - Valuation, Exemption and Debt Obligation

2013 Market Valuation Established by Cameron County Appraisal District ⁽¹⁾		\$ 702,341,851
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemption	\$ -	
Over 65 and Disabled	8,557,412	
Charitable Exemptions	1,011,566	
Disabled and Deceased Veterans Exemptions	5,687,450	
Freeport Loss	1,337,733	
Exempt Property	63,549,688	
Pollution Control	-	
Prorated / Partial Exemption	194,054	
Productivity Loss	21,377,333	
10% cap loss	<u>740,915</u>	<u>\$ 102,456,151</u>
2013 Net Taxable Assessed Valuation		<u><u>\$ 599,885,700</u></u>
General Obligation Debt Payable from Ad Valorem Taxes (as of September 30, 2013)		
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2004 ⁽²⁾	\$4,005,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2005 ⁽³⁾	2,455,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2006 ⁽⁴⁾	2,975,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007 ⁽⁵⁾	7,205,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2011 ⁽⁶⁾	7,120,000	
General Obligation Refunding Bonds, Series 2011 ⁽⁷⁾	1,295,000	
Tax Notes, Series 2011	195,000	
General Obligation Refunding Bonds, Series 2012 ⁽⁸⁾	6,015,000	
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2012 ⁽⁹⁾	2,815,000	
Total Gross Funded Debt Payable from Ad Valorem Taxes		<u><u>\$34,080,000</u></u>
Less: Self-Supporting Debt		
Waterworks and Sewer System	19,925,000	
Economic Development Corporation	3,955,650	
Industrial Development Authority	-	
Community Development Block Grant	2,002,500	
Sales Tax	<u>1,201,500</u>	
Total Self Supporting Debt		<u>\$ 27,084,650</u>
Total Net Funded Debt Payable from Ad Valorem Taxes		<u><u>\$ 6,995,350</u></u>
Interest and Sinking Fund (as of September 30, 2013)		\$ 114,286
Ratio Gross Funded Debt to Net Taxable Assessed Valuation		5.68%
Ratio Net Funded Debt to Net Taxable Assessed Valuation		1.17%
2014 Estimated Population -	24,491	
Per Capita Taxable Assessed Valuation -	\$ 24,494	
Per Capita Gross Funded Debt -	\$ 1,392	
Per Capita Net Funded Debt -	\$ 286	

⁽¹⁾ Information provided by Cameron County Appraisal District.

⁽²⁾ Approximately 50% of the debt service on the Series 2004 Certificates will be paid with transfers from the Community Development Block Grant, a 33% of the debt service will be paid from transfers from the Sales Tax, and 17% of the debt service will be paid with transfers from the Economic Development Corporation.

⁽³⁾ Approximately 100% of the debt service on the Series 2005 Certificates will be paid with transfers from the System.

⁽⁴⁾ Approximately 100% of the debt service on the Series 2006 Certificates will be paid with the transfers from the System.

⁽⁵⁾ Approximately 56% of the debt service on the Series 2007 Certificates will be paid with transfers from the System; 35% will be paid from transfers from the City's Economic Development Corporation, subject to an Interlocal Agreement between the City and the San Benito Economic Development Corporation; and 9% will be paid by the I & S tax rate.

⁽⁶⁾ Approximately 100% of the debt service on the Series 2011 Certificates will be with transfers from the System.

⁽⁷⁾ Approximately 60% of the debt service on the Series 2011 General Obligation Refunding Bonds will be paid with transfers from the EDC.

⁽⁸⁾ Approximately 62% of the debt service on the Series 2012 General Obligation Refunding Bonds will be paid with transfers from the System.

⁽⁹⁾ Approximately 100% of the debt service on the Series 2012 Certificates of Obligation will be paid by the I&S tax rate.

Additional Sources:

The Municipal Advisory Council of Texas - Texas Municipal Reports

Table 2 - Taxable Assessed Valuation by Category

Category	Taxable Appraised Value For Fiscal Year Ended September 30,					
	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 305,610,921	44.37%	\$ 301,068,887	43.71%	\$ 297,494,324	43.34%
Real, Residential, Multi-Family	24,982,739	3.63%	21,926,455	3.18%	22,121,879	3.22%
Real, Vacant Lots/Tracts	18,925,192	2.75%	19,851,213	2.88%	21,912,502	3.19%
Real, Acreage (Land Only)	34,612,364	5.02%	34,343,603	4.99%	34,484,153	5.02%
Real, Farm and Ranch Improvements	5,291,922	0.77%	5,250,752	0.76%	5,263,674	0.77%
Real, Commercial	127,274,556	18.48%	125,003,060	18.15%	124,600,855	18.15%
Real, Industrial	4,291,356	0.62%	4,552,136	0.66%	4,549,436	0.66%
Real and Tangible Personal, Utilities	26,272,968	3.81%	22,483,545	3.26%	23,154,873	3.37%
Tangible Personal, Commercial	49,936,336	7.25%	48,154,514	6.99%	47,725,552	6.95%
Tangible Personal, Industrial	19,588,787	2.84%	23,966,853	3.48%	26,099,908	3.80%
Tangible Personal, Mobile Homes	10,800,709	1.57%	10,626,100	1.54%	10,749,667	1.57%
Real Inventory	2,469,468	0.36%	1,572,104	0.23%	405,092	0.06%
Special Inventory	7,529,225	1.09%	5,873,109	0.85%	5,659,962	0.82%
Exempt Property	64,755,308	9.40%	64,158,525	9.31%	62,232,452	9.07%
Total Appraised Value Before Exemptions	\$ 702,341,851	101.96%	\$ 688,830,856	100.00%	\$ 686,454,329	100.00%
Less: Total Exemptions/Reductions	102,456,151		101,864,402		101,964,118	
Net Taxable Assessed Valuation	<u>\$ 599,885,700</u>		<u>\$ 586,966,454</u>		<u>\$ 584,490,211</u>	

Category	Taxable Appraised Value For Fiscal Year Ended September 30,			
	2011		2010	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 294,416,554	47.75%	\$ 291,333,382	47.24%
Real, Residential, Multi-Family	18,622,671	3.02%	17,962,757	2.91%
Real, Vacant Lots/Tracts	22,753,705	3.69%	21,059,037	3.41%
Real, Acreage (Land Only)	33,751,675	5.47%	32,102,593	5.21%
Real, Farm and Ranch Improvements	5,050,624	0.82%	5,075,429	0.82%
Real, Commercial	118,076,990	19.15%	109,984,800	17.83%
Real, Industrial	5,274,024	0.86%	7,046,989	1.14%
Real and Tangible Personal, Utilities	25,532,265	4.14%	29,869,137	4.84%
Tangible Personal, Commercial	47,937,938	7.77%	49,291,238	7.99%
Tangible Personal, Industrial	25,676,981	4.16%	31,895,794	5.17%
Tangible Personal, Mobile Homes	14,074,784	2.28%	14,406,711	2.34%
Real Inventory	833,349	0.14%	365,595	0.06%
Special Inventory	4,635,658	0.75%	6,339,236	1.03%
Total Appraised Value Before Exemptions	-	0.00%	-	0.00%
Less: Total Exemptions/Reductions	\$ 616,637,218	100.00%	\$ 616,732,698	100.00%
Net Taxable Assessed Valuation	<u>38,710,040</u>		<u>47,199,399</u>	
	<u>\$ 577,927,178</u>		<u>\$ 569,533,299</u>	

Source: Texas Comptroller of Public Accounts, Property Tax Division and the City of San Benito, Texas.

Table 3 - Valuation and Funded Debt History

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Gross Funded Tax Debt	Ratio Funded Debt to Taxable Assessed Valuation	Per Capita Gross Funded Tax Debt
2005	24,449	\$ 435,414,967	\$ 17,809	\$ 24,525,000	5.63%	\$ 1,003
2006	24,552	473,952,940	19,304	23,195,000	4.89%	945
2007	24,729	507,829,099	20,536	36,290,000	7.15%	1,468
2008	25,072	527,042,685	21,021	32,995,000	6.26%	1,316
2009	25,072	550,973,244	21,976	32,835,000	5.96%	1,310
2010	24,250	569,533,299	23,486	30,840,000	5.41%	1,272
2011	25,019	577,927,178	23,100	28,815,000	4.99%	1,152
2012	24,729	584,490,211	23,636	34,685,000	5.93%	1,403
2013	24,491	586,966,454	23,967	35,985,000	6.13%	1,469
2014	24,491	599,885,700	24,494	34,080,000	5.68%	1,392

Sources: Texas Municipal Report published by the Municipal Advisory Council of Texas, Cameron County Appraisal District,

Table 4 - Tax Rate, Levy, and Collections History

Fiscal Year Ending 9/30	General Fund	Debt Service	Total Tax Rate	Tax Levy	% Current Collections	% Total Collections
2005	\$ 0.5531	\$ 0.1271	\$ 0.6802	\$ 2,962,222	92.52%	97.03%
2006	0.5773	0.1028	0.6801	3,215,106	91.97%	98.99%
2007	0.5709	0.1093	0.6802	3,428,391	93.38%	99.37%
2008	0.5709	0.1093	0.6802	3,526,581	93.47%	98.46%
2009	0.5880	0.1001	0.6881	3,703,826	93.68%	99.09%
2010	0.5880	0.1001	0.6881	3,852,062	90.97%	96.13%
2011	0.5880	0.1001	0.6881	3,918,836	91.32%	96.82%
2012	0.6478	0.0404	0.6881	3,966,356	93.90%	93.90%
2013	0.6778	0.0504	0.7282	4,197,708	93.46%	93.46%
2014	0.6568	0.0713	0.7281	4,367,769	In Process of Collection	

Sources:

The Municipal Advisory Council of Texas - Texas Municipal Report

The City of San Benito

Table 5 - Top Ten Taxpayers

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>2013 Taxable Assessed Valuation</u>	<u>% of Taxable Assessed Valuation</u>
AEP Texas Central Co.	Electric Utility	\$ 15,756,222	2.63%
Wal-Mart Stores Inc. #1296	Retail	8,357,452	1.39%
Villages at Paso Real LP	Development	6,241,603	1.04%
Wal-Mart Stores East, Inc.	Retail	5,869,175	0.98%
HE Butt Grocery Co.	Retail	5,768,514	0.96%
MHC Financing Ltd Partnership	Manufacturing	5,385,120	0.90%
Curves International	Fitness Center	4,675,200	0.78%
DG Heavin Family Ltd. Partnership	Development	3,834,267	0.64%
HE Butt Grocery Co.	Retail	3,720,039	0.62%
Gilldup II LLC	Auto Sales	3,068,241	0.51%
Totals		<u>\$ 62,675,833</u>	<u>10.45%</u>

Sources: Cameron County Appraisal District

Table 7 -- DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 30-Sep	Principal	Interest	Total	Principal Retired	Fiscal Year Ending 30-Sep
2014	\$ 1,970,000	\$ 926,471	\$ 2,896,471		2014
2015	1,780,000	870,300	2,650,300		2015
2016	1,740,000	819,036	2,559,036		2016
2017	1,715,000	767,250	2,482,250		2017
2018	1,765,000	715,350	2,480,350	31.77%	2018
2019	1,820,000	661,823	2,481,823		2019
2020	1,880,000	604,733	2,484,733		2020
2021	2,010,000	540,690	2,550,690		2021
2022	2,080,000	470,274	2,550,274		2022
2023	2,160,000	397,084	2,557,084	67.01%	2023
2024	1,480,000	330,109	1,810,109		2024
2025	1,540,000	269,525	1,809,525		2025
2026	1,600,000	206,369	1,806,369		2026
2027	1,365,000	147,213	1,512,213		2027
2028	725,000	106,975	831,975	90.77%	2028
2029	745,000	80,050	825,050		2029
2030	780,000	52,100	832,100		2030
2031	805,000	23,025	828,025		2031
2032	275,000	4,125	279,125	100.00%	2032
Totals	<u>\$ 28,235,000</u>	<u>\$ 7,992,500</u>	<u>\$ 36,227,500</u>		

Source: Internal Debt Service Schedules.

Table 8 - Interest and Sinking Fund Budget Projection

Estimated Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/14		\$ 2,896,471
Interest and Sinking Fund Balance at 9/30/13	\$ 114,286	
2013 Interest and Sinking Fund Tax Levy @ 92% Current Collection	393,396	
M&O Tax Transfer	-	
Self-Supporting Intergovernmental Transfer	2,771,449	
Investment Income	<u>1,025</u>	<u>\$ 3,280,156</u>
Estimated Balance as of 09/30/14		<u><u>\$ 383,685</u></u>

Source: City's Annual Financial Statements

Table 9 - Other Obligations

<u>Year Ending September30, 2013</u>	Fire Equipment Lease	Miscellaneous Equipment Lease	
	Governmental Activities	Governmental Activities	Business Type Activities
2014	\$ 60,960	\$ 37,003	\$ 19,061
2015	60,960	37,003	19,061
2016	60,960	-	-
2017	60,960	-	-
2018	60,960	-	-
Total minimum lease payments	<u>\$ 304,800</u>	<u>\$ 74,006</u>	<u>\$ 38,122</u>
Less the amount representing interest	4,181	5,598	3,150
Present value of net minimum lease payments	<u>\$ 300,619</u>	<u>\$ 68,408</u>	<u>\$ 34,972</u>

Source: The City's Audited Financial Statements

Table - 10 General Fund Revenues, Expenditures History

<u>Revenues</u>	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Property Taxes (including penalties and interest)	\$ 4,003,451	\$ 3,737,764	\$ 3,325,927	\$ 3,307,122	\$ 3,232,508
Other Taxes	4,006,265	4,068,979	3,889,692	3,764,719	3,870,693
License and Permits	271,975	348,314	370,227	554,638	151,987
Charges for Services	417,535	498,392	407,449	724,419	434,272
Fines and Forfeits	498,863	419,923	529,868	242,283	720,892
Intergovernmental	61,127	265,885	324,159	100,869	141,337
Interest	9,452	6,852	9,532	155,375	48,554
Los Indios Bridge	130,855	143,576	196,564	47,718	197,985
Miscellaneous	29,441	93,498	6,892	29,160	91,627
Total Revenues	\$ 9,428,964	\$ 9,583,183	\$ 9,060,310	\$ 8,926,303	\$ 8,889,855
<u>Expenditures</u>					
Current:					
General Government	\$ 1,817,424	\$ 1,696,070	\$ 1,619,695	\$ 1,734,571	\$ 1,625,603
Public Safety	5,199,355	5,097,944	5,133,458	5,528,689	5,253,068
Public Works	1,859,031	1,701,442	1,626,165	1,929,009	1,955,630
Health and Welfare	16,359	53,750	63,685	101,750	102,000
Culture and Recreation	255,785	256,342	222,521	232,087	211,943
Capital Outlay	324,591	480,199	96,060	230,914	898,956
Principal	364,599	216,731	152,101	133,475	76,667
Interest and Fees	148,094	104,982	101,302	81,672	77,712
Total Expenditures	\$ 9,985,238	\$ 9,607,460	\$ 9,014,987	\$ 9,972,167	\$ 10,201,579
Excess/Deficiency of Revenues Over Expenditures	\$ (556,274)	\$ (24,277)	\$ 45,323	\$ (1,045,864)	\$ (1,311,724)
<u>Other Financing Sources/Uses</u>					
Leasing Proceeds	\$ -	\$ -	\$ -	\$ 160,601	\$ 469,642
Insurance Proceeds	-	-	480,211	-	-
Operating Transfers In	1,070,825	389,730	108,445	845,198	857,989
Operating Transfers Out	(128,736)	(426,761)	(532,493)	-	-
Tax Note Proceeds	-	315,000	-	-	-
Finance Contract Issued	175,000	-	-	-	-
Total Other Financing Sources/Uses	\$ 1,117,089	\$ 277,969	\$ 56,163	\$ 1,005,799	\$ 1,327,631
Excess/Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses	\$ 560,815	\$ 253,692	\$ 101,486	\$ (40,065)	\$ 15,907
Beginning Fund Balance	\$ 2,441,745	\$ 2,188,053	\$ 2,086,567	\$ 2,126,632	\$ 2,110,725
Adjustment to Fund Balance	-	-	-	-	-
Beginning Fund Balance (restated)	-	-	-	-	-
Ending Fund Balance	\$ 3,002,560	\$ 2,441,745	\$ 2,188,053	\$ 2,086,567	\$ 2,126,632

Source: City of San Benito, Texas Comprehensive Annual Financial Reports and City's Finance Department.

Table 11 - Municipal Sales Tax History

Calendar Year	Total Collected*	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Total Collections Per Capita
2004	\$ 3,398,194	114.72%	\$ 0.7800	\$ 114.01
2005	3,642,494	113.29%	0.7700	120.63
2006	4,050,733	118.15%	0.8000	133.19
2007	4,043,700	114.66%	0.9287	135.02
2008	3,992,421	107.79%	0.7246	135.09
2009	3,632,019	94.29%	0.6377	132.99
2010	3,478,943	88.77%	0.6020	137.16
2011	3,656,543	92.19%	0.6256	150.79
2012	3,824,529	96.23%	0.6516	154.66
2013	3,846,746	88.07%	0.6412	157.07

Sources: Texas Comptroller of Public Accounts Allocation Historical Summary, Municipal Advisory Council, and City of San Benito.

* The City allocates 75% to the General Fund and 25% to the EDC

Table 12 - Current Investments

Investments at fair value, including accrued interest, as of September 30, 2013 are as follows:

	Investment Maturities (in years)	
	Fair Value	1 year or less
Primary Government		
Cash	\$ 6,146,010	\$ 6,146,010
Cash Restricted	2,051,488	2,051,488
TexPool	9,112,209	9,112,209
Tex Pool - Restricted	4,498,816	4,498,816
	<u>\$ 21,808,523</u>	<u>\$ 21,808,523</u>
Investments		
Certificates of Deposit	\$ 1,004,514	\$ 1,004,514
Certificates of Deposit - Restricted	-	\$ -
	<u>\$ 22,813,037</u>	<u>\$ 22,813,037</u>
Component Unit		
Cash	\$ 1,383,418	\$ 1,383,418
TexPool	379,627	379,627
Total Investments	<u>\$ 1,763,045</u>	<u>\$ 1,763,045</u>

A reconciliation of cash and investment follows:

	Primary Government Activities	Component Units
Cash	\$ 6,146,010	\$ 1,383,418
Cash - Restricted	2,051,488	-
Tex Pool	9,112,209	379,627
Tex Pool - Restricted	4,498,816	-
	<u>21,808,523</u>	<u>1,763,045</u>
Investments		
Certificates of Deposit	1,004,514	-
Certificates of Deposit - Restricted	-	-
	<u>1,004,514</u>	<u>-</u>
	<u>22,813,037</u>	<u>1,763,045</u>

Source: City of San Benito, Texas 2013 Annual Financial Report.