

Continuing Disclosure Report

For the Fiscal Year Ended

September 30, 2016

CITY OF LOCKHART, TEXAS

General Obligation Debt

**City of Lockhart
General Obligation Debt
FYE 2016 Continuing Disclosure Report**

TABLE 1-Valuaton, Exemptions, and General Obligation Debt

| | |
|-------------------------------------------------------------------------------------------------------------------|---------------------------|
| 2014-15 Market Valuation Established by Caldwell County Appraisal District (excluding totally exempt property) | 655,464,674 |
| Less exemptions/Reductions at 100% Market Value: | <u>141,670,107</u> |
| 2015/16 Taxable Assessed Valuation | 513,794,567 |
| Debt Payable from Ad Valorem Taxes (as of 9-30-2016) | 28,386,553 ⁽¹⁾ |
| Interest and Sinking Fund as of 09/30/2016 | 341,299 |
| Ratio of Net Tax Supported Debt to Taxable Assessed Valuation | 5.52% |

2016 Estimated Population - 13,459
Per Capita Taxable Assessed Valuation- \$38,175
Per Capita Debt Payable from Ad Valorem Taxes-\$2,109

(1) Includes debt that is self-supporting.

TABLE 2 - Taxable Assessed Valuations by Category

| Category | Taxable Appraised Value for Fiscal Year Ended September 30, | | | | | |
|---------------------------------------------|-------------------------------------------------------------|------------|--------------------|------------|--------------------|------------|
| | 2016 | | 2015 | | 2014 | |
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Residential Single Family | 317,143,719 | 48.38% | 304,263,907 | 47.82% | 301,293,969 | 49.73% |
| Residential Mobile Home on Owner Lot | 1,997,620 | 0.30% | 1,853,130 | 0.29% | | |
| Residential Misc/Non Residential | 782,490 | 0.12% | 682,060 | 0.11% | | |
| Multifamily Residence | | 0.00% | | 0.00% | 28,340,730 | 4.68% |
| Multifamily Duplex | 14,022,410 | 2.14% | 14,020,210 | 2.20% | | |
| Multifamily Triplex | 572,010 | 0.09% | 547,730 | 0.09% | | |
| Multifamily Fourplex | 1,071,660 | 0.16% | 1,008,550 | 0.16% | | |
| Multifamily Apts 5-10 Units | 862,860 | 0.13% | 850,240 | 0.13% | | |
| Multifamily Apts 11-25 Units | 2,998,464 | 0.46% | 3,052,462 | 0.48% | | |
| Multifamily Apts 26-50 Units | 1,694,320 | 0.26% | 1,725,240 | 0.27% | | |
| Multifamily Apts 51-100 Units | 8,917,024 | 1.36% | 8,752,480 | 1.38% | | |
| Vacant Residential Lots-Inside | 4,852,230 | 0.74% | 5,101,488 | 0.80% | 8,784,226 | 1.45% |
| Vacant Residential Lots-Outside | 309,410 | 0.05% | 294,970 | 0.05% | | |
| Vacant Commercial Lots | 4,254,740 | 0.65% | 4,114,550 | 0.65% | | |
| Ranch Land-Qualified Ag Land | 24,371,731 | 3.72% | 23,309,572 | 3.66% | 24,346,002 | 4.02% |
| Non-Residential Imprvs on Qualified Ag Land | 302,960 | 0.05% | 301,430 | 0.05% | 303,440 | 0.05% |
| Residential on Non-Qualified Ag Land | 5,523,940 | 0.84% | 5,516,250 | 0.87% | 9,189,030 | 1.52% |
| Non-Residential Imprvs on Non-Qualified A | 205,280 | 0.03% | 212,080 | 0.03% | | |
| Mobile Homes on Rural Land | 296,610 | 0.05% | 361,980 | 0.06% | | |
| Rural Land Non-Qualified Ag | 3,010,220 | 0.46% | 3,100,780 | 0.49% | | |
| Commercial Real Property | 93,631,315 | 14.28% | 90,598,808 | 14.24% | 88,420,042 | 14.59% |
| Industrial Real Property | 10,598,070 | 1.62% | 10,612,050 | 1.67% | 10,624,860 | 1.75% |
| Oil, Gas & Mineral Reserves | 7,048 | 0.00% | 4,530 | 0.00% | 4,690 | 0.00% |
| Gas Distribution Systems | 913,120 | 0.14% | 954,500 | 0.15% | 777,640 | 0.13% |
| Electric Companies (Incl Co-op) | 8,887,780 | 1.36% | 7,095,110 | 1.12% | 5,712,320 | 0.94% |
| Telephone Companies (Incl Co-op) | 954,260 | 0.15% | 1,048,090 | 0.16% | 1,098,020 | 0.18% |
| Railroads | 1,340,250 | 0.20% | 1,212,360 | 0.19% | 1,083,840 | 0.18% |
| Pipeline Company | 57,850 | 0.01% | 18,510 | 0.00% | 9,450 | 0.00% |
| Cable Television Company | - | 0.00% | - | 0.00% | - | 0.00% |
| Commercial Personal Property | 30,229,860 | 4.61% | 32,136,500 | 5.05% | 38,023,540 | 6.28% |
| Industrial Personal Property | 7,859,250 | 1.20% | 5,860,320 | 0.92% | 5,329,390 | 0.88% |
| Leased Equipment | 1,106,900 | 0.17% | 1,337,870 | 0.21% | | |
| Aircraft-Income Producing Commercial | 48,500 | 0.01% | 51,300 | 0.01% | | |
| Vehicles-Income Producing Commercial | 2,019,130 | 0.31% | 2,346,770 | 0.37% | | |
| Vehicles-Income Producing Industrial | - | 0.00% | 4,280 | 0.00% | | |
| Mobile Home Only on Non-Owned Land | 2,345,860 | 0.36% | 2,271,950 | 0.36% | 2,489,250 | 0.41% |
| Tangible Other Personal, Other | | 0.00% | | 0.00% | 25,760 | 0.00% |
| Real Property Inventory-Residential | 1,186,820 | 0.18% | 1,568,120 | 0.25% | 1,640,770 | 0.27% |
| Special Inventory | 1,797,660 | 0.27% | 1,688,280 | 0.27% | 1,052,270 | 0.17% |
| Exempt Property | 99,291,303 | 15.15% | 98,333,711 | 15.46% | 77,371,047 | 12.77% |
| Total Appraisal Value Before Exemptions | 655,464,674 | 100.00% | 636,212,168 | 100.00% | 605,920,286 | 100.00% |
| Less: Total Exemptions/Reductions | 141,670,107 | | 139,636,140 | | 118,631,842 | |
| Taxable Assessed Value | <u>513,794,567</u> | | <u>496,576,028</u> | | <u>487,288,444</u> | |

TABLE 2 - Taxable Assessed Valuations by Category

| Category | Taxable Appraised Value for Fiscal Year Ended September 30, | | | |
|---------------------------------------------|-------------------------------------------------------------|------------|--------------------|------------|
| | 2013 | | 2012 | |
| | Amount | % of Total | Amount | % of Total |
| Residential Single Family | 302,852,568 | 51.16% | 303,387,818 | 51.17% |
| Residential Mobile Home on Owner Lot | | | | 0.00% |
| Residential Misc/Non Residential | | | | 0.00% |
| Multifamily Residence | 27,924,380 | 4.72% | 27,599,122 | 4.66% |
| Multifamily Duplex | | | | 0.00% |
| Multifamily Triplex | | | | 0.00% |
| Multifamily Fourplex | | | | 0.00% |
| Multifamily Apts 5-10 Units | | | | 0.00% |
| Multifamily Apts 11-25 Units | | | | 0.00% |
| Multifamily Apts 26-50 Units | | | | 0.00% |
| Multifamily Apts 51-100 Units | | | | 0.00% |
| Vacant Residential Lots-Inside | 7,761,390 | 1.31% | 8,836,370 | 1.49% |
| Vacant Residential Lots-Outside | | | | 0.00% |
| Vacant Commercial Lots | | | | 0.00% |
| Ranch Land-Qualified Ag Land | 24,241,502 | 4.09% | 23,777,722 | 4.01% |
| Non-Residential Imprvs on Qualified Ag Land | 2,658,610 | 0.45% | 2,161,340 | 0.36% |
| Residential on Non-Qualified Ag Land | 6,820,730 | 1.15% | 5,906,920 | 1.00% |
| Non-Residential Imprvs on Non-Qualified A | | | | 1.00% |
| Mobile Homes on Rural Land | | | | 0.00% |
| Rural Land Non-Qualified Ag | | | | 0.00% |
| Commercial Real Property | 84,126,486 | 14.21% | 77,647,528 | 13.10% |
| Industrial Real Property | 10,702,310 | 1.81% | 9,642,480 | 1.63% |
| Oil, Gas & Mineral Reserves | 14,260 | 0.00% | 22,860 | 0.00% |
| Gas Distribution Systems | 706,410 | 0.12% | 743,760 | 0.13% |
| Electric Companies (Incl Co-op) | 4,888,160 | 0.83% | 4,643,310 | 0.78% |
| Telephone Companies (Incl Co-op) | 1,696,620 | 0.29% | 2,003,010 | 0.34% |
| Railroads | 971,910 | 0.16% | 904,520 | 0.15% |
| Pipeline Company | 8,910 | 0.00% | 12,700 | 0.00% |
| Cable Television Company | 1,986,550 | 0.34% | 1,712,630 | 0.29% |
| Commercial Personal Property | 28,483,310 | 4.81% | 37,771,830 | 6.37% |
| Industrial Personal Property | 3,479,030 | 0.59% | 3,067,100 | 0.52% |
| Leased Equipment | | | | 0.00% |
| Aircraft-Income Producing Commercial | | | - | 0.00% |
| Vehicles-Income Producing Commercial | | | - | 0.00% |
| Vehicles-Income Producing Industrial | | | - | 0.00% |
| Mobile Home Only on Non-Owned Land | 2,527,550 | 0.43% | 2,815,010 | 0.47% |
| Tangible Other Personal, Other | 2,746,670 | 0.46% | 2,370,240 | 0.40% |
| Real Property Inventory-Residential | 1,670,170 | 0.28% | 1,559,790 | 0.26% |
| Special Inventory | 1,186,070 | 0.20% | 1,280,380 | 0.22% |
| Exempt Property | 74,565,140 | 12.60% | 75,023,750 | 12.65% |
| Total Appraisal Value Before Exemptions | 592,018,736 | 100.00% | 592,890,190 | 100.00% |
| Less: Total Exemptions/Reductions | 115,150,785 | | 115,137,190 | |
| Taxable Assessed Value | <u>476,867,951</u> | | <u>477,753,000</u> | |

TABLE 3 - Valuation and General Obligation Debt History

| Fiscal Year Ended 09/30 | Estimated Population (1) | Taxable Assessed Valuation | Taxable Assessed Valuation Per Capita | Tax Supported Debt outstanding at End Of Year ⁽²⁾ | Ratio of Tax Supported Debt to Taxable Assessed Valuation | Tax Supported Debt Per Capita |
|-------------------------|--------------------------|----------------------------|---------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------|-------------------------------|
| 2012 | 12,953 | 477,753,000 | 36,884 | 14,935,000 | 3.13% | 1,153.01 |
| 2013 | 13,121 | 476,867,951 | 36,344 | 17,050,000 | 3.58% | 1,299.44 |
| 2014 | 13,450 | 487,288,444 | 36,230 | 15,369,070 | 3.15% | 1,142.68 |
| 2015 | 13,470 | 496,576,028 | 36,865 | 30,309,617 | 6.10% | 2,250.16 |
| 2016 | 13,459 | 513,794,567 | 38,175 | 28,386,553 | 5.52% | 2,109.11 |

(1) Source: The City

(2) Includes debt that is self-supporting

TABLE 4 - Tax Rate, Levy, and Collection History

| Fiscal Year Ended 09/30 | Tax Rate | General Fund | Interest and Sinking Fund | Tax Levy | % Current Collections | % Total Collections |
|-------------------------|----------|--------------|---------------------------|-----------|-----------------------|---------------------|
| 2012 | 0.7228 | 0.6078 | 0.1150 | 3,358,174 | 97.14% | 101.30% |
| 2013 | 0.7227 | 0.6077 | 0.1150 | 3,358,263 | 97.23% | 100.69% |
| 2014 | 0.7227 | 0.6077 | 0.1150 | 3,441,841 | 97.62% | 101.25% |
| 2015 | 0.7227 | 0.6077 | 0.1150 | 3,511,080 | 97.73% | 100.56% |
| 2016 | 0.7333 | 0.5967 | 0.1366 | 3,712,656 | 97.83% | 101.17% |

TABLE 5 - Ten Largest Taxpayers

| Name of Taxpayer | 2015/16 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|-------------------------------|------------------------------------|---------------------------------------|
| Walmart Stores Texas LP | 8,221,970 | 1.60% |
| Walmart Properties Inc | 7,315,840 | 1.42% |
| LCRA Transmission Srv Corp | 5,317,300 | 1.03% |
| H E Butt Grocery | 4,821,610 | 0.94% |
| Dormae Products, Inc | 4,749,460 | 0.92% |
| Lockhart DMA Housing LLC | 4,330,000 | 0.84% |
| Continental Homes of Texas LP | 4,088,450 | 0.80% |
| Bluebonnett Electric Coop Inc | 3,570,480 | 0.69% |
| Hazelett Drilling | 2,983,460 | 0.58% |
| Lockhart Village Partners LP | 2,952,585 | 0.57% |
| | <u>48,351,155</u> | <u>9.41%</u> |

TABLE 6 - Tax Adequacy

| | |
|---------------------------------------------------------------|-----------|
| 2017 Principal and Interest Requirements | 2,048,396 |
| 0.4153 Tax Rate at 96% Collection Produces | 2,048,396 |
| Average Annual Principal and Interest Requirements, 2017-2035 | 2,001,799 |
| 0.4058 Tax Rate at 96% Collection Produces | 2,001,799 |
| Maximum Annual Principal and Interest Requirements, 2017 | 2,048,396 |
| 0.4153 Tax Rate at 96% Collection Produces | 2,048,396 |

TABLE 7 - Estimated Overlapping Debt

Updated information with respect to the Issuer as contained in the "Estimated Overlapping Debt Table" of the final official statement is contained in other tables of this annual report. Information relating to other taxing entities within the territory of the Issuer that was contained in the "Estimated Overlapping Debt Table" of the final official statement has not been updated as it is not financial information or operating data of the Issuer and cannot be verified by the Issuer.

TABLE 8 - General Obligation Debt Service Requirements

| Fiscal Year Ending 9/30 | Outstanding Debt ⁽¹⁾ | | |
|----------------------------------|---------------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2017 | 1,076,766 | 971,630 | 2,048,396 |
| 2018 | 1,120,560 | 924,289 | 2,044,849 |
| 2019 | 1,174,449 | 879,026 | 2,053,475 |
| 2020 | 1,228,435 | 842,888 | 2,071,324 |
| 2021 | 1,257,521 | 806,365 | 2,063,886 |
| 2022 | 1,681,709 | 765,846 | 2,447,555 |
| 2023 | 1,761,002 | 700,453 | 2,461,455 |
| 2024 | 1,805,402 | 645,865 | 2,451,267 |
| 2025 | 1,874,912 | 584,006 | 2,458,918 |
| 2026 | 1,964,535 | 502,832 | 2,467,367 |
| 2027 | 2,029,273 | 436,495 | 2,465,768 |
| 2028 | 2,109,130 | 367,937 | 2,477,067 |
| 2029 | 1,274,108 | 296,559 | 1,570,668 |
| 2030 | 1,309,211 | 259,356 | 1,568,567 |
| 2031 | 1,349,441 | 219,752 | 1,569,193 |
| 2032 | 1,389,802 | 177,502 | 1,567,305 |
| 2033 | 1,435,297 | 133,982 | 1,569,280 |
| 2034 | 1,250,000 | 87,513 | 1,337,513 |
| 2035 | 1,295,000 | 45,325 | 1,340,325 |
| | <u>28,386,553</u> | <u>9,647,619</u> | <u>38,034,172</u> |

(1) Includes self-supporting debt.

TABLE 9 - Interest and Sinking Fund Budget Projection

| | | |
|--------------------------------------------------------------------------------------|------------------|------------------|
| Estimated General Obligation Debt Service Requirements, Fiscal Year Ending 9-30-2017 | | 2,048,396 |
| 2017 Interest and Sinking Fund Tax Levy 96% collection rate | 595,021 | |
| Fiscal Year 2016 Interest and Sinking Fund Balance | 341,299 | |
| Self-Supporting Debt | <u>1,334,974</u> | <u>2,271,294</u> |
| Estimated Balance, 09/30/2017 | | 222,898 |

TABLE 10 General Fund Revenues and Expenditure History

| Revenues: | Fiscal Years Ended September 30, | | | | |
|---------------------------------------------------|----------------------------------|------------------|--------------------------|------------------------|--------------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Property Taxes | 3,060,393 | 2,969,641 | 2,933,089 | 2,843,226 | 2,860,933 |
| Sales and Other Taxes | 1,807,777 | 1,816,091 | 1,711,724 | 1,616,362 | 1,597,814 |
| Fines, Fees and Forfeitures | 370,334 | 416,884 | 311,270 ⁽¹⁾ | 657,071 ⁽¹⁾ | 1,314,608 ⁽¹⁾ |
| Licenses and Permits | 173,641 | 288,438 | 147,923 | 63,152 | 61,138 |
| Intergovernmental and Grants | 184,346 | 246,336 | 240,148 | 326,085 | 433,636 |
| Charges for services | - | 1,383,027 | 1,103,401 ⁽¹⁾ | 812,579 ⁽¹⁾ | 45,155 ⁽³⁾ |
| Investment | 19,335 | 11,502 | 11,114 | 10,912 | 10,648 |
| Miscellaneous | <u>199,875</u> | <u>171,726</u> | <u>181,495</u> | <u>398,525</u> | <u>250,287</u> |
| Total Revenue | 5,815,701 | 7,303,645 | 6,640,164 | 6,727,912 | 6,574,219 |
| Expenditures: | | | | | |
| General Government | 1,806,338 | 1,863,128 | 1,704,681 ⁽²⁾ | 1,578,260 | 1,093,368 ⁽²⁾ |
| Public Safety | 4,378,732 | 5,524,673 | 5,602,145 | 5,404,404 | 5,242,534 ⁽³⁾ |
| Public Works | 1,069,441 | 908,990 | 982,890 ⁽²⁾ | 968,867 | 1,295,622 |
| Health and Welfare | 12,138 | 11,970 | 5,739 | 26,176 | 5,434 |
| Culture and Recreation | 823,894 | 867,342 | 727,655 | 773,164 | 754,965 |
| Capital Outlay | | 247,826 | | | |
| Debt Service: | | | | | |
| Principal Retirement | | | | 179,161 | 172,980 |
| Interest and Fiscal Charges | | | | 3,081 | 14,958 |
| Total Expenditures: | <u>8,090,543</u> | <u>9,423,929</u> | <u>9,023,110</u> | <u>8,933,113</u> | <u>8,579,861</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (2,274,842) | (2,120,284) | (2,382,946) | (2,205,201) | (2,005,642) |
| Other Financing Sources: | | | | | |
| Sale of Capital Assets | | | | | |
| Insurance Recoveries | | | | | |
| Transfers In | 2,949,651 | 2,626,839 | 2,826,977 | 2,875,882 | 2,356,642 |
| Transfers Out | <u>(435,383)</u> | <u>(179,857)</u> | <u>(189,435)</u> | <u>(389,250)</u> | <u>(178,317)</u> |
| Total Transfers | 2,514,268 | 2,446,982 | 2,637,542 | 2,486,632 | 2,178,325 |
| Net Increase(Decrease) | 239,426 | 326,698 | 254,596 | 281,431 | 172,683 |
| Other Adjustments | | | | | |
| Beginning Fund Balance | <u>3,817,481</u> | <u>3,602,340</u> | <u>3,347,744</u> | <u>3,066,313</u> | <u>2,893,629</u> |
| Ending Fund Balance | <u>4,056,907</u> | <u>3,929,038</u> | <u>3,602,340</u> | <u>3,347,744</u> | <u>3,066,312</u> |

Source: City's Audited financial statements

(1) Charges for services are included in Fines, Fees, and Forfeitures.

(2) The Planning and Inspection departments were moved from Public Works to the General Government category.

(3) EMS was privately contracted and moved to an enterprise fund.

TABLE 11 - Municipal Sales Tax History

| <u>Fiscal Year Ended</u> | <u>Total Collected</u> | <u>% of Ad Valorem Tax Levy</u> | <u>Equivalent of Ad Valorem Tax Rate</u> | <u>Per Capita</u> |
|----------------------------------|----------------------------|-----------------------------------------|--------------------------------------------------|-----------------------|
| 2012 | 1,939,415 | 57.75% | 40.67% | 147.81 |
| 2013 | 1,919,706 | 55.78% | 39.40% | 142.73 |
| 2014 | 2,039,476 | 58.09% | 41.07% | 151.41 |
| 2015 | 2,206,638 | 59.44% | 42.95% | 163.95 |
| 2016 | 2,215,364 | 59.67% | 43.12% | 164.60 |

TABLE 12 - Current Investments

| <u>Investments</u> | <u>Market Value</u> | <u>% of Total</u> |
|--------------------|----------------------|-----------------------|
| Cash | \$ 11,677,017 | 38.68% |
| Investment Pools | 18,511,708 | 61.32% |
| | <u>\$ 30,188,725</u> | <u>100.00%</u> |

As of December 31, 2016