

CITY OF FARMERSVILLE, TEXAS



Farmersville
DISCOVER A TEXAS TREASURE

ANALYSIS OF OUTSTANDING DEBT

AS OF:

SEPTEMBER 30, 2015

PREPARED BY:



FirstSouthwest



City of Farmersville, Texas

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City of Farmersville, Texas

TAB A: Summary of Outstanding Debt

As of September 30, 2015

Summary of Outstanding Debt



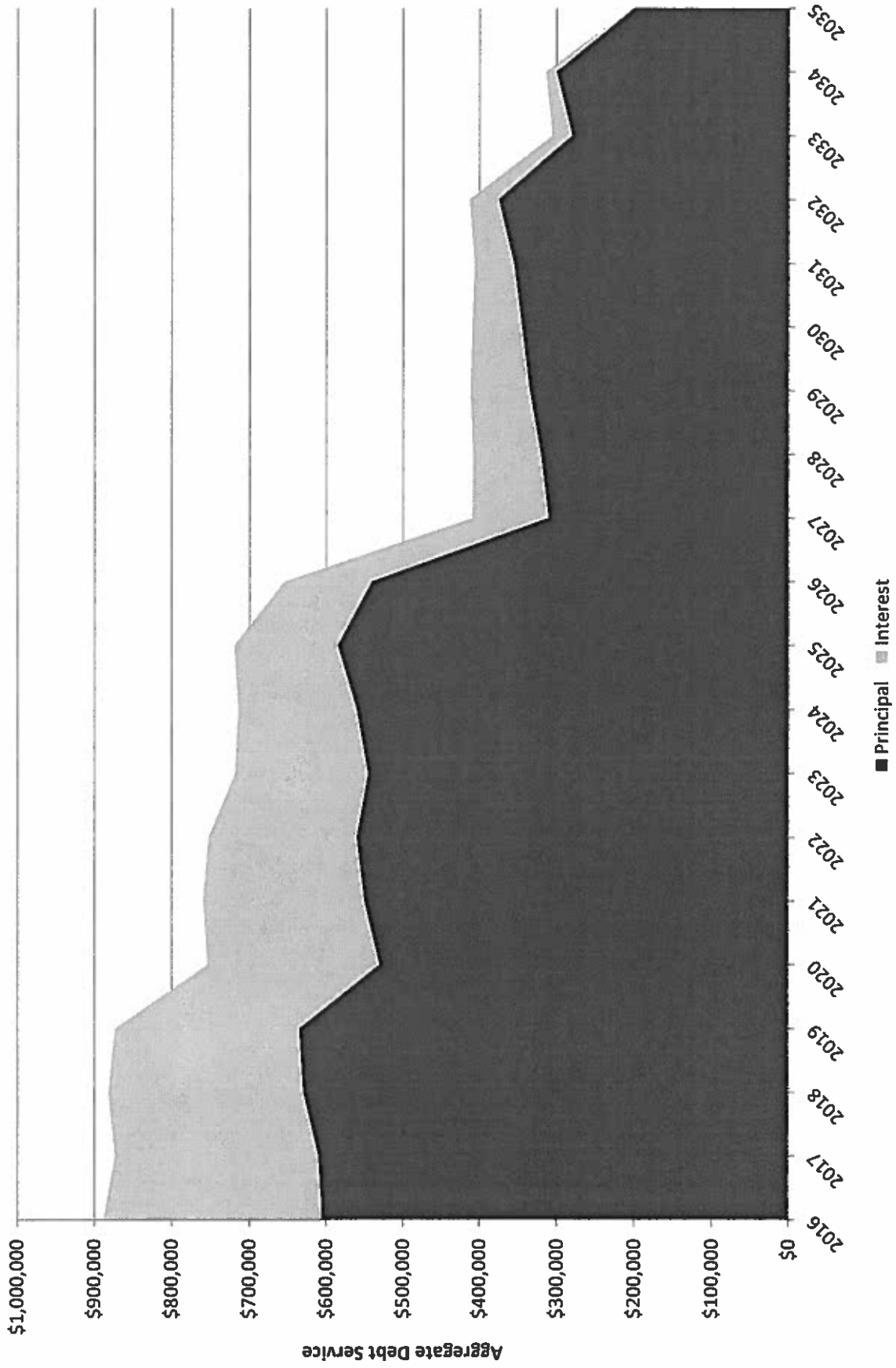
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TAB 1

City of Farmersville, Texas
 All Outstanding General Obligations Debt
 As of September 30, 2015
 (MMPPs)

Year Ending September 30	\$4,855,000 General Obligation Refunding & Improvement Bonds Series 2015		\$2,185,000 General Obligation Refunding & Improvement Bonds Series 2014		\$625,000 Tax Notes Series 2013		\$765,000 Public Property Finance Contractual Obligations Series 2012		\$1,500,000 General Obligation Bonds Series 2012		\$1,500,000 Tax & Utility System Revenue Certificates of Obligation Series 2006	
	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon	Principal	Coupon
2016	110	2.000%	110	2.000%	125	0.860%	30	1.750%	60	1.250%	170	5.000%
2017	275	2.000%	120	2.000%	125	1.100%	30	1.750%	60	2.000%		
2018	290	2.000%	120	2.000%	125	1.440%	35	1.750%	60	2.000%		
2019	285	3.000%	120	2.000%	130	1.890%	35	2.000%	65	2.000%		
2020	305	3.000%	125	2.000%			35	2.000%	65	2.000%		
2021	315	3.000%	130	2.500%			35	2.000%	70	2.000%		
2022	325	4.000%	130	3.000%				2.000%	70	2.000%		
2023	335	4.000%	135	3.000%			35	2.000%	75	2.000%		
2024	345	4.000%	140	3.000%				2.000%	75	2.000%		
2025	365	4.000%	140	3.000%				2.125%	80	2.125%		
2026	380	4.000%	75	3.500%				2.125%	85	2.125%		
2027	145	4.000%	80	3.500%				2.625%	85	2.625%		
2028	150	4.000%	80	3.500%				2.625%	90	2.625%		
2029	155	4.000%	85	3.750%				2.625%	95	2.625%		
2030	160	4.000%	90	3.750%				3.125%	95	3.125%		
2031	165	4.000%	90	3.750%					100	3.125%		
2032	175	4.000%	95	4.000%					105	3.125%		
2033	180	4.000%	100	4.000%								
2034	195	4.000%	105	4.000%								
2035	200	4.000%										
TOTALS	4,855		2,070		505		215		1,335		170	
Next Call	2/15/2025 @ Par		2/15/2024 @ Par		Non-Callable		Non-Callable		2/15/2022 @ Par		Non-Callable	
Adv. Refundable	57.55%		100%		100%		100%		100%		100%	
Dated Date	8/1/2015		7/15/2014		11/1/2013		7/15/2012		7/15/2012		4/1/2006	
Coupon Dates Maturity Dates	February 15 August 15 February 15		February 15 August 15 February 15		February 15 August 15 February 15		February 15 August 15 February 15		February 15 August 15 February 15		February 15 August 15 February 15	
Insurer	BAM		BAM		None		None		Assured Guaranty		Assured Guaranty	
Arbitrage Yield	2.4476%		2.6877%		1.3845%		1.5896%		2.1909%		4.2145%	
Paying Agent	Bank of New York		Bank of New York		Amegy Bank		Bank of New York		Bank of New York		Bank of New York	
Purpose	New Money & Refunding		New Money & Refunding		New Money		New Money		New Money		New Money	
Color Legend	Callible and Advanced Refundable											
Non-Callable	Callible and Not Advanced Refundable											
Callible and Partially Advanced Refundable	Callible and Not Advanced Refundable											

City of Farmersville, Texas
All Outstanding General Obligation Debt
As of September 30, 2015



AGGREGATE DEBT SERVICE

**City of Farmersville, Texas
Outstanding General Obligation Debt**

Period Ending	Principal	Interest	Debt Service
09/30/2016	605,000	283,551.04	888,551.04
09/30/2017	610,000	263,750.76	873,750.76
09/30/2018	630,000	252,344.51	882,344.51
09/30/2019	635,000	238,734.76	873,734.76
09/30/2020	530,000	224,206.26	754,206.26
09/30/2021	550,000	209,981.26	759,981.26
09/30/2022	560,000	193,081.26	753,081.26
09/30/2023	545,000	174,106.26	719,106.26
09/30/2024	560,000	154,881.26	714,881.26
09/30/2025	585,000	134,881.26	719,881.26
09/30/2026	540,000	114,815.63	654,815.63
09/30/2027	310,000	99,584.38	409,584.38
09/30/2028	320,000	88,587.51	408,587.51
09/30/2029	335,000	77,065.63	412,065.63
09/30/2030	345,000	64,753.13	409,753.13
09/30/2031	355,000	51,831.26	406,831.26
09/30/2032	375,000	38,240.63	413,240.63
09/30/2033	280,000	25,600.00	305,600.00
09/30/2034	300,000	14,000.00	314,000.00
09/30/2035	200,000	4,000.00	204,000.00
	9,170,000	2,707,996.80	11,877,996.80

AGGREGATE DEBT SERVICE

**City of Farmersville, Texas
Outstanding General Obligation Debt**

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
02/15/2016	605,000	148,925.66	753,925.66	
08/15/2016		134,625.38	134,625.38	
09/30/2016				888,551.04
02/15/2017	610,000	134,625.38	744,625.38	
08/15/2017		129,125.38	129,125.38	
09/30/2017				873,750.76
02/15/2018	630,000	129,125.38	759,125.38	
08/15/2018		123,219.13	123,219.13	
09/30/2018				882,344.51
02/15/2019	635,000	123,219.13	758,219.13	
08/15/2019		115,515.63	115,515.63	
09/30/2019				873,734.76
02/15/2020	530,000	115,515.63	645,515.63	
08/15/2020		108,690.63	108,690.63	
09/30/2020				754,206.26
02/15/2021	550,000	108,690.63	658,690.63	
08/15/2021		101,290.63	101,290.63	
09/30/2021				759,981.26
02/15/2022	560,000	101,290.63	661,290.63	
08/15/2022		91,790.63	91,790.63	
09/30/2022				753,081.26
02/15/2023	545,000	91,790.63	636,790.63	
08/15/2023		82,315.63	82,315.63	
09/30/2023				719,106.26
02/15/2024	560,000	82,315.63	642,315.63	
08/15/2024		72,565.63	72,565.63	
09/30/2024				714,881.26
02/15/2025	585,000	72,565.63	657,565.63	
08/15/2025		62,315.63	62,315.63	
09/30/2025				719,881.26
02/15/2026	540,000	62,315.63	602,315.63	
08/15/2026		52,500.00	52,500.00	
09/30/2026				654,815.63
02/15/2027	310,000	52,500.00	362,500.00	
08/15/2027		47,084.38	47,084.38	
09/30/2027				409,584.38
02/15/2028	320,000	47,084.38	367,084.38	
08/15/2028		41,503.13	41,503.13	
09/30/2028				408,587.51
02/15/2029	335,000	41,503.13	376,503.13	
08/15/2029		35,562.50	35,562.50	
09/30/2029				412,065.63
02/15/2030	345,000	35,562.50	380,562.50	
08/15/2030		29,190.63	29,190.63	
09/30/2030				409,753.13
02/15/2031	355,000	29,190.63	384,190.63	
08/15/2031		22,640.63	22,640.63	
09/30/2031				406,831.26
02/15/2032	375,000	22,640.63	397,640.63	
08/15/2032		15,600.00	15,600.00	
09/30/2032				413,240.63
02/15/2033	280,000	15,600.00	295,600.00	
08/15/2033		10,000.00	10,000.00	
09/30/2033				305,600.00
02/15/2034	300,000	10,000.00	310,000.00	

AGGREGATE DEBT SERVICE

**City of Farmersville, Texas
Outstanding General Obligation Debt**

Date	Principal	Interest	Debt Service	Annual Aggregate D/S
08/15/2034		4,000.00	4,000.00	
09/30/2034				314,000.00
02/15/2035	200,000	4,000.00	204,000.00	
09/30/2035				204,000.00
	9,170,000	2,707,996.80	11,877,996.80	11,877,996.80

City of Farmersville, Texas

TAB B: Details of Outstanding General Obligation Debt

As of September 30, 2015

Details of Outstanding General Obligation Debt



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BOND DEBT SERVICE

General Obligation Bonds
 \$4,855,000 General Obligation Refunding & Improvement Bonds, Series 2015

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2016	110,000	2.000%	92,500.28	202,500.28	
08/15/2016			84,725.00	84,725.00	
09/30/2016					287,225.28
02/15/2017	275,000	2.000%	84,725.00	359,725.00	
08/15/2017			81,975.00	81,975.00	
09/30/2017					441,700.00
02/15/2018	290,000	2.000%	81,975.00	371,975.00	
08/15/2018			79,075.00	79,075.00	
09/30/2018					451,050.00
02/15/2019	285,000	3.000%	79,075.00	364,075.00	
08/15/2019			74,800.00	74,800.00	
09/30/2019					438,875.00
02/15/2020	305,000	3.000%	74,800.00	379,800.00	
08/15/2020			70,225.00	70,225.00	
09/30/2020					450,025.00
02/15/2021	315,000	3.000%	70,225.00	385,225.00	
08/15/2021			65,500.00	65,500.00	
09/30/2021					450,725.00
02/15/2022	325,000	4.000%	65,500.00	390,500.00	
08/15/2022			59,000.00	59,000.00	
09/30/2022					449,500.00
02/15/2023	335,000	4.000%	59,000.00	394,000.00	
08/15/2023			52,300.00	52,300.00	
09/30/2023					446,300.00
02/15/2024	345,000	4.000%	52,300.00	397,300.00	
08/15/2024			45,400.00	45,400.00	
09/30/2024					442,700.00
02/15/2025	365,000	4.000%	45,400.00	410,400.00	
08/15/2025			38,100.00	38,100.00	
09/30/2025					448,500.00
02/15/2026	380,000	4.000%	38,100.00	418,100.00	
08/15/2026			30,500.00	30,500.00	
09/30/2026					448,600.00
02/15/2027	145,000	4.000%	30,500.00	175,500.00	
08/15/2027			27,600.00	27,600.00	
09/30/2027					203,100.00
02/15/2028	150,000	4.000%	27,600.00	177,600.00	
08/15/2028			24,600.00	24,600.00	
09/30/2028					202,200.00
02/15/2029	155,000	4.000%	24,600.00	179,600.00	
08/15/2029			21,500.00	21,500.00	
09/30/2029					201,100.00
02/15/2030	160,000	4.000%	21,500.00	181,500.00	
08/15/2030			18,300.00	18,300.00	
09/30/2030					199,800.00
02/15/2031	165,000	4.000%	18,300.00	183,300.00	
08/15/2031			15,000.00	15,000.00	
09/30/2031					198,300.00
02/15/2032	175,000	4.000%	15,000.00	190,000.00	
08/15/2032			11,500.00	11,500.00	
09/30/2032					201,500.00
02/15/2033	180,000	4.000%	11,500.00	191,500.00	
08/15/2033			7,900.00	7,900.00	
09/30/2033					199,400.00
02/15/2034	195,000	4.000%	7,900.00	202,900.00	

BOND DEBT SERVICE

**General Obligation Bonds
\$4,855,000 General Obligation Refunding & Improvement Bonds, Series 2015**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/15/2034			4,000.00	4,000.00	
09/30/2034					206,900.00
02/15/2035	200,000	4.000%	4,000.00	204,000.00	
09/30/2035					204,000.00
	4,855,000		1,716,500.28	6,571,500.28	6,571,500.28

BOND DEBT SERVICE

General Obligation Bonds

\$2,185,000 General Obligation Refunding & Improvement Bonds, Series 2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2016	110,000	2.000%	30,831.25	140,831.25	
08/15/2016			29,731.25	29,731.25	
09/30/2016					170,562.50
02/15/2017	120,000	2.000%	29,731.25	149,731.25	
08/15/2017			28,531.25	28,531.25	
09/30/2017					178,262.50
02/15/2018	120,000	2.000%	28,531.25	148,531.25	
08/15/2018			27,331.25	27,331.25	
09/30/2018					175,862.50
02/15/2019	120,000	2.000%	27,331.25	147,331.25	
08/15/2019			26,131.25	26,131.25	
09/30/2019					173,462.50
02/15/2020	125,000	2.000%	26,131.25	151,131.25	
08/15/2020			24,881.25	24,881.25	
09/30/2020					176,012.50
02/15/2021	130,000	2.500%	24,881.25	154,881.25	
08/15/2021			23,256.25	23,256.25	
09/30/2021					178,137.50
02/15/2022	130,000	3.000%	23,256.25	153,256.25	
08/15/2022			21,306.25	21,306.25	
09/30/2022					174,562.50
02/15/2023	135,000	3.000%	21,306.25	156,306.25	
08/15/2023			19,281.25	19,281.25	
09/30/2023					175,587.50
02/15/2024	140,000	3.000%	19,281.25	159,281.25	
08/15/2024			17,181.25	17,181.25	
09/30/2024					176,462.50
02/15/2025	140,000	3.000%	17,181.25	157,181.25	
08/15/2025			15,081.25	15,081.25	
09/30/2025					172,262.50
02/15/2026	75,000	3.500%	15,081.25	90,081.25	
08/15/2026			13,768.75	13,768.75	
09/30/2026					103,850.00
02/15/2027	80,000	3.500%	13,768.75	93,768.75	
08/15/2027			12,368.75	12,368.75	
09/30/2027					106,137.50
02/15/2028	80,000	3.500%	12,368.75	92,368.75	
08/15/2028			10,968.75	10,968.75	
09/30/2028					103,337.50
02/15/2029	85,000	3.750%	10,968.75	95,968.75	
08/15/2029			9,375.00	9,375.00	
09/30/2029					105,343.75
02/15/2030	90,000	3.750%	9,375.00	99,375.00	
08/15/2030			7,687.50	7,687.50	
09/30/2030					107,062.50
02/15/2031	90,000	3.750%	7,687.50	97,687.50	
08/15/2031			6,000.00	6,000.00	
09/30/2031					103,687.50
02/15/2032	95,000	4.000%	6,000.00	101,000.00	
08/15/2032			4,100.00	4,100.00	
09/30/2032					105,100.00
02/15/2033	100,000	4.000%	4,100.00	104,100.00	
08/15/2033			2,100.00	2,100.00	
09/30/2033					106,200.00
02/15/2034	105,000	4.000%	2,100.00	107,100.00	
09/30/2034					107,100.00
	2,070,000		628,993.75	2,698,993.75	2,698,993.75

BOND DEBT SERVICE

**City of Farmersville, Texas
\$625,000 Notes, Series 2013**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2016	125,000	0.860%	3,353.50	128,353.50	
08/15/2016			2,816.00	2,816.00	
09/30/2016					131,169.50
02/15/2017	125,000	1.100%	2,816.00	127,816.00	
08/15/2017			2,128.50	2,128.50	
09/30/2017					129,944.50
02/15/2018	125,000	1.440%	2,128.50	127,128.50	
08/15/2018			1,228.50	1,228.50	
09/30/2018					128,357.00
02/15/2019	130,000	1.890%	1,228.50	131,228.50	
09/30/2019					131,228.50
	505,000		15,699.50	520,699.50	520,699.50

BOND DEBT SERVICE

**General Obligation Bonds
\$1,500,000 General Obligation Bonds, Series 2012**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2016	60,000	1.250%	15,759.38	75,759.38	
08/15/2016			15,384.38	15,384.38	
09/30/2016					91,143.76
02/15/2017	60,000	2.000%	15,384.38	75,384.38	
08/15/2017			14,784.38	14,784.38	
09/30/2017					90,168.76
02/15/2018	60,000	2.000%	14,784.38	74,784.38	
08/15/2018			14,184.38	14,184.38	
09/30/2018					88,968.76
02/15/2019	65,000	2.000%	14,184.38	79,184.38	
08/15/2019			13,534.38	13,534.38	
09/30/2019					92,718.76
02/15/2020	65,000	2.000%	13,534.38	78,534.38	
08/15/2020			12,884.38	12,884.38	
09/30/2020					91,418.76
02/15/2021	70,000	2.000%	12,884.38	82,884.38	
08/15/2021			12,184.38	12,184.38	
09/30/2021					95,068.76
02/15/2022	70,000	2.000%	12,184.38	82,184.38	
08/15/2022			11,484.38	11,484.38	
09/30/2022					93,668.76
02/15/2023	75,000	2.000%	11,484.38	86,484.38	
08/15/2023			10,734.38	10,734.38	
09/30/2023					97,218.76
02/15/2024	75,000	2.000%	10,734.38	85,734.38	
08/15/2024			9,984.38	9,984.38	
09/30/2024					95,718.76
02/15/2025	80,000	2.125%	9,984.38	89,984.38	
08/15/2025			9,134.38	9,134.38	
09/30/2025					99,118.76
02/15/2026	85,000	2.125%	9,134.38	94,134.38	
08/15/2026			8,231.25	8,231.25	
09/30/2026					102,365.63
02/15/2027	85,000	2.625%	8,231.25	93,231.25	
08/15/2027			7,115.63	7,115.63	
09/30/2027					100,346.88
02/15/2028	90,000	2.625%	7,115.63	97,115.63	
08/15/2028			5,934.38	5,934.38	
09/30/2028					103,050.01
02/15/2029	95,000	2.625%	5,934.38	100,934.38	
08/15/2029			4,687.50	4,687.50	
09/30/2029					105,621.88
02/15/2030	95,000	3.125%	4,687.50	99,687.50	
08/15/2030			3,203.13	3,203.13	
09/30/2030					102,890.63
02/15/2031	100,000	3.125%	3,203.13	103,203.13	
08/15/2031			1,640.63	1,640.63	
09/30/2031					104,843.76
02/15/2032	105,000	3.125%	1,640.63	106,640.63	
09/30/2032					106,640.63
	1,335,000		325,972.02	1,660,972.02	1,660,972.02

BOND DEBT SERVICE

**General Obligation Bonds
\$265,000 Public Property Finance Contractual Obligations, Series 2012**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2016	30,000	1.750%	2,231.25	32,231.25	
08/15/2016			1,968.75	1,968.75	
09/30/2016					34,200.00
02/15/2017	30,000	1.750%	1,968.75	31,968.75	
08/15/2017			1,706.25	1,706.25	
09/30/2017					33,675.00
02/15/2018	35,000	1.750%	1,706.25	36,706.25	
08/15/2018			1,400.00	1,400.00	
09/30/2018					38,106.25
02/15/2019	35,000	2.000%	1,400.00	36,400.00	
08/15/2019			1,050.00	1,050.00	
09/30/2019					37,450.00
02/15/2020	35,000	2.000%	1,050.00	36,050.00	
08/15/2020			700.00	700.00	
09/30/2020					36,750.00
02/15/2021	35,000	2.000%	700.00	35,700.00	
08/15/2021			350.00	350.00	
09/30/2021					36,050.00
02/15/2022	35,000	2.000%	350.00	35,350.00	
09/30/2022					35,350.00
	235,000		16,581.25	251,581.25	251,581.25

BOND DEBT SERVICE

General Obligation Bonds

\$3,500,000 Tax & Utility System (Limited Pledge) Revenue Certificates of Obligation, Series 2006

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2016	170,000	5.000%	4,250	174,250	
09/30/2016					174,250
	170,000		4,250	174,250	174,250

City of Farmersville, Texas

TAB C: Miscellaneous

As of September 30, 2015

Miscellaneous



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TAB 1

RatingsDirect®

Summary:

Farmersville, Texas; General Obligation

Primary Credit Analyst:

Alexander P Rawlings, Dallas (1) 214-765-5862; alexander.rawlings@standardandpoors.com

Secondary Contact:

Lauren H Spalten, Dallas (1) 214-871-1421; lauren.spalten@standardandpoors.com

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Rationale

Outlook

Related Criteria And Research

Summary:

Farmersville, Texas; General Obligation

Credit Profile

US\$5.195 mil GO rfdg and imp bnds ser 2015 dtd 08/01/2015 due 02/15/2035

Long Term Rating

A+/Stable

New

Rationale

Standard & Poor's Ratings Services assigned its 'A+' long-term rating to Farmersville, Texas' series 2015 general obligation (GO) refunding and improvement bonds. At the same time, Standard & Poor's affirmed its 'A+' long-term and underlying rating (SPUR) on the city's previously rated GO debt. The outlook is stable.

The bonds are direct obligations of the city, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the city. Officials intend to use bond proceeds to fund street and utility improvements and to refund previously issued debt to achieve savings on debt service.

The city can assess, levy, and collect continuing, direct ad valorem tax on all taxable property. This tax is sufficient to provide for the payment of, principal of, and interest on all ad valorem tax debt, within the limit the law prescribes. Article XI, Section 5 of the Texas Constitution applies to the city and limits the maximum ad valorem tax rate of the city to \$2.50 per \$100 taxable assessed valuation (AV) for all city purposes; however, the Texas Attorney General has adopted an administrative policy that prohibits municipalities such as Farmersville from issuing debt if debt issuance produces debt service requirements exceeding what the city can pay from \$1.50 of the foregoing \$2.50 maximum tax rate, as calculated at the time of issuance. The city currently levies a total ad valorem tax of 79 cents per \$100 of AV.

The 'A+' rating reflects our assessment of the city's:

- Adequate economy, with market value per capita of \$45,340 and projected per capita effective buying income at 96.5%, but that is benefitting from access to a broad and diverse metropolitan statistical area (MSA);
- Adequate management, with "standard" financial policies and practices under our Financial Management Assessment methodology;
- Adequate budgetary performance, with an operating surplus in the general fund but an operating deficit at the total governmental fund level;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2014 of 38% of operating expenditures;
- Very strong liquidity, with total government available cash of 117.7% of total governmental fund expenditures and 8.2x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges of 14.4% of expenditures and net direct debt that is 263.8% of total governmental fund revenue, but rapid amortization with 67.9% of debt scheduled to be retired in 10 years; and
- Strong institutional framework.

Adequate economy

We consider Farmersville's economy adequate. The city, with an estimated population of 3,560, is located in Collin County in the Dallas-Fort Worth-Arlington, TX MSA, which we consider broad and diverse. The city has a projected per capita effective buying income of 96.5% of the national level and per capita market value of \$45,340. Overall, the city's market value grew by 6.7% in the past year to \$161.4 million in 2015. The county unemployment rate was 4.5% in 2014.

Farmersville is located on the eastern edge of Collin County, approximately 35 miles northeast of downtown Dallas. The city is separated from the core of the metropolitan area by Lake Lavon, which is located immediately to the southeast. The city anticipates that the tax base will continue growing for 2016 and city officials also indicate that there are no concerns about any of Farmersville's largest taxpayers or employers.

Adequate management

We view the city's management as adequate, with "standard" financial policies and practices under our Financial Management Assessment methodology, indicating the finance department maintains adequate policies in some but not all key areas.

Key policies and practices implemented by city officials include monthly reporting of budgetary performance and fund balances to the city council, formalized investment management policies with required reporting of holdings and earnings, and a formal reserve policy of maintaining at least 25% of expenditure in reserve. The city maintains a strategic plan that identifies long-range capital needs and is currently implementing a long-range financial plan. There are no policies in place regarding debt management.

Adequate budgetary performance

Farmersville's budgetary performance is adequate in our opinion. The city had surplus operating results in the general fund of 4.7% of expenditures, but a deficit result across all governmental funds of 2.9% of expenditures in fiscal 2014.

The city adopted a budget for 2015 that suggests financial performance could deteriorate. City officials indicate that the budget is trending positively and given the city's historical record of conservative budgeting, we anticipate that actual results will likely be better than outlined in the budget.

Very strong budgetary flexibility

Farmersville's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2014 of 38% of operating expenditures, or \$1.0 million. We expect the available fund balance will remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor.

The city's available fund balance has been stable in recent years. City officials indicate that they intend to remain compliant with Farmersville's 90-day reserve policy and do not expect any significant declines in the fund balance for the foreseeable future.

Very strong liquidity

In our opinion, Farmersville's liquidity is very strong, with total government available cash of 117.7% of total governmental fund expenditures and 8.2x governmental debt service in 2014. In our view, the city has strong access to external liquidity if necessary.

Our belief that the city has strong access to external liquidity is based on Farmersville's past issuance of GO and revenue-backed debt. Although the State of Texas does not restrict municipalities such as Farmersville from making investments that we view as aggressive, the city's investment portfolio entirely consists of TexPool and TexSTAR. These are highly liquid and highly rated state pools that we view as conservative investments.

Weak debt and contingent liability profile

In our view, Farmersville's debt and contingent liability profile is weak. Total governmental fund debt service is 14.4% of total governmental fund expenditures, and net direct debt is 263.8% of total governmental fund revenue. Approximately 67.9% of the direct debt is scheduled to be repaid within 10 years, which is in our view a positive credit factor.

City officials indicate that they do not plan on issuing additional debt within the next 24 months. After this issuance, the city will have no remaining voter authorization to issue additional debt.

Farmersville's combined pension and other postemployment benefits contributions totaled 5.3% of total governmental fund expenditures in 2014. The city made its full annual required pension contribution in 2014.

Strong institutional framework

The institutional framework score for Texas municipalities is strong.

Outlook

The stable outlook reflects our expectation that Farmersville will maintain its very strong financial reserves and the debt burden will remain a constraining factor within the two-year outlook horizon. Signs of financial distress that lead to a material reduction in the city's budgetary flexibility would likely result in a downgrade, but we don't view this as likely in the medium term. Conversely, an overall reduction in the city's debt levels could result in a higher rating, but is also seen as unlikely. As such, we don't anticipate a rating change within the next two years.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Limited-Tax GO Debt, Jan. 10, 2002
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Texas Local Governments

Ratings Detail (As Of July 22, 2015)

Ratings Detail (As Of July 22, 2015) (cont.)		
Farmersville GO		
<i>Long Term Rating</i>	A+/Stable	Affirmed
Farmersville GO (AGM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Farmersville GO (BAM)		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Farmersville GO		
<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

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TAB 2

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Farmersville, City of (General Obligation Debt)

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FINANCIAL STATEMENT (As of June 01, 2014)

Taxable Assessed Valuation, 2014 (100% of Market)	\$161,401,628
New Debt	\$2,185,000
Outstanding Debt	4,760,000
<hr style="border-top: 1px dashed black;"/>	
Total General Obligation Debt	\$6,945,000
Less: Self-Supporting (a)	
Water & Sewer	1,065,000
Electric	625,000
<hr style="border-top: 1px dashed black;"/>	
GO Debt payable from Ad Valorem Taxes	\$5,255,000
Less: I&S Fund	107,999
<hr style="border-top: 1px dashed black;"/>	
Net Debt	\$5,147,001
<hr style="border-top: 1px dashed black;"/>	

(a) The July 29, 2014 Official Statement 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 - 3.19%
 Net Debt Per Sq mile - \$1,029,400.20

Net Debt Per Capita - \$1,564.44
 Net Assessed Valuation Per Capita - \$49,058.25

Bureau of Census Pop: 2000 - 3,118
 Bureau of Census Pop: 2010 - 3,301
 2014 Estimated Population - 3,290
 Area: 5.00 Sq mile

PAYMENT RECORD: Never defaulted.

MATERIAL INFORMATION:

MATERIAL EVENT NOTICE (As of March 7, 2014) Standard & Poor's Ratings Services has raised its rating on the City's general obligation bonds to A+ from A. The outlook is stable. The upgrade reflects the application of S&P's revised local GO criteria released September 12, 2013. The rating reflects S&P's assessment of the following factors for the City: (i) adequate economy; (ii) very strong budgetary performance; (iii) strong budgetary performance; (iv) very strong liquidity; (v) adequate management conditions; (vi) weak debt and contingent liability profile; and (vii) strong Institutional Framework score for Texas cities. The stable outlook reflects S&P's expectation that the City will maintain its very strong budgetary flexibility position, with continued support for the general fund operations from its utility systems, especially given that the fund self-supports the City's tax-secured debt.

TAX DATA

Tax Year	Assessed Valuation	Tax Rate	Adjusted Levy	% Collections Current	% Collections Total	Year Ended
2008	\$149,836,429	0.5790	\$867,553	98.04	101.11	09/30/2009
2009	153,369,595	0.5861	898,899	97.82	102.16	09/30/2010
2010	148,517,110	0.6101	906,103	97.78	101.26	09/30/2011
2011	146,736,174	0.6429	943,367	98.77	103.35	09/30/2012
2012	146,229,601	0.6975	1,019,951	99.23	101.40	09/30/2013
2013	151,207,773	0.6975	1,054,674	96.31	98.25	09/30/2014*
2014	161,401,628	0.7857	1,268,181			

* Collections through June 1, 2014.

Tax Rate Distribution		2014	2013	2012	2011
-----------------------	--	------	------	------	------

Operations		\$0.4629	\$0.4734	\$0.4759	\$0.4895
I&S		0.3229	0.2241	0.2216	0.1534
		<hr style="border-top: 1px dashed black;"/>			
Totals		\$0.7857	\$0.6975	\$0.6975	\$0.6429

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 Farmersville Economic Development Corporation (Type A) and 1/2 of 1% for Farmersville Community Development Corporation (Type B), effective October of 1996. 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	2.000%	\$497,635	54.92%	\$0.34
2011	2.000	553,151	58.63	0.38
2012	2.000	982,522	96.33	0.67
2013	2.000	819,636	77.71	0.54

DETAILS OF GENERAL OBLIGATION DEBT

Details of Limited Tax Debt (Outstanding 6/1/2014)

Tax & Util Sys (Ltd Pledge) Rev C/O Ser 2006
 Tax Treatment: Bank Qualified
 Original Issue Amount \$3,500,000.00
 Dated Date: 04/01/2006
 Sale Date: 04/11/2006
 Delivery Date: 05/16/2006
 Sale Type: Competitive
 TIC: 4.2965%
 Record Date: MSRB
 Bond Form: BE
 Denomination \$5,000
 Interest pays Semi-Annually: 08/15, 02/15
 1st Coupon Date: 02/15/2007

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
 Bond Counsel: Fulbright & Jaworski L.L.P.
 Financial Advisor: First Southwest Company, Dallas, TX
 Lead Manager: Stifel Nicolaus & Company, Inc.

Insurance: Assured Guaranty Municipal Corp. (FSA)

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

Water & Sewer 42.94%
 Electric 25.20%

Use of Proceeds: Streets & Sidewalks, Drainage, Land Purchase, Right of Way, Electric, Water & Sewer.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2015	160,000.00	5.0000%	3.900%
02/15/2016	170,000.00	5.0000%	3.950%
02/15/2018T	360,000.00	4.0000%	4.030%
02/15/2020T	390,000.00	4.0500%	4.100%
02/15/2022T	430,000.00	4.1000%	4.150%

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02/15/2024T	465,000.00	4.2000%	4.250%
02/15/2026T	505,000.00	4.2500%	4.350%
-----\$2,480,000.00			

02/15/2016T	115,000.00	1.2500%	0.950%
02/15/2018T	120,000.00	2.0000%	1.300%
02/15/2020T	130,000.00	2.0000%	1.600%
02/15/2022T	140,000.00	2.0000%	1.750%
02/15/2024T	150,000.00	2.0000%	1.900%
02/15/2026T	165,000.00	2.1250%	2.050%
02/15/2029T	270,000.00	2.6250%	2.350%
02/15/2032T	300,000.00	3.1250%	2.750%
-----\$1,390,000.00			

Call Option: Bonds maturing on 02/15/2018 and 02/15/2020 and 02/15/2022 and 02/15/2024 and 02/15/2026 callable in whole or in part on any date beginning 02/15/2016 @ par. The following term bonds are subject to mandatory sinking fund redemption each 2/15 @ par as follows: Mty 02/15/2018: 175M-02/15/2017; 185M matures 02/15/2018. Mty 02/15/2020: 190M-02/15/2019; 200M matures 02/15/2020. Mty 02/15/2022: 210M-02/15/2021; 220M matures 02/15/2022. Mty 02/15/2024: 230M-02/15/2023; 235M matures 02/15/2024. Mty 02/15/2026: 245M-02/15/2025; 260M matures 02/15/2026.

Call Option: Term bonds maturing on 02/15/2024 and 02/15/2026 and 02/15/2029 and 02/15/2032 callable in whole or in part on any date beginning 02/15/2022 @ par.

Term bonds maturing on 02/15/2018:

Mandatory Redemption Date	Principal Amount
02/15/2017	\$175,000
02/15/2018	\$185,000

Term Call: Term bonds maturing on 02/15/2016:

Mandatory Redemption Date	Principal Amount
02/15/2015	\$55,000
02/15/2016	\$60,000

Term bonds maturing on 02/15/2020:

Mandatory Redemption Date	Principal Amount
02/15/2019	\$190,000
02/15/2020	\$200,000

Term bonds maturing on 02/15/2018:

Mandatory Redemption Date	Principal Amount
02/15/2017	\$60,000
02/15/2018	\$60,000

Term bonds maturing on 02/15/2022:

Mandatory Redemption Date	Principal Amount
02/15/2021	\$210,000
02/15/2022	\$220,000

Term bonds maturing on 02/15/2020:

Mandatory Redemption Date	Principal Amount
02/15/2019	\$65,000
02/15/2020	\$65,000

Term bonds maturing on 02/15/2024:

Mandatory Redemption Date	Principal Amount
02/15/2023	\$230,000
02/15/2024	\$235,000

Term bonds maturing on 02/15/2022:

Mandatory Redemption Date	Principal Amount
02/15/2021	\$70,000
02/15/2022	\$70,000

Term bonds maturing on 02/15/2026:

Mandatory Redemption Date	Principal Amount
02/15/2025	\$245,000
02/15/2026	\$260,000

Term bonds maturing on 02/15/2024:

Mandatory Redemption Date	Principal Amount
02/15/2023	\$75,000
02/15/2024	\$75,000

GO Bds Ser 2012
 Tax Treatment: Bank Qualified
 Original Issue Amount \$1,500,000.00
 Dated Date: 07/15/2012
 Sale Date: 07/24/2012
 Delivery Date: 08/23/2012
 Sale Type: Competitive
 TIC: 2.4232%
 Record Date: MSRB
 Bond Form: BE
 Denomination \$5,000
 Interest pays Semi-Annually: 08/15, 02/15
 1st Coupon Date: 02/15/2013

Term bonds maturing on 02/15/2026:

Mandatory Redemption Date	Principal Amount
02/15/2025	\$80,000
02/15/2026	\$85,000

Term bonds maturing on 02/15/2029:

Mandatory Redemption Date	Principal Amount
02/15/2027	\$85,000
02/15/2028	\$90,000
02/15/2029	\$95,000

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
 Bond Counsel: Fulbright & Jaworski L.L.P.
 Financial Advisor: First Southwest Company, Fort Worth, TX
 Lead Manager: Raymond James | Morgan Keegan

Term bonds maturing on 02/15/2032:

Mandatory Redemption Date	Principal Amount
02/15/2030	\$95,000
02/15/2031	\$100,000
02/15/2032	\$105,000

Insurance: Assured Guaranty Municipal Corp. (FSA)

Use of Proceeds: Streets, Water & Sewer.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
----------	--------	--------	-----------------------------

Public Prop Fin Contractual Obligs Ser 2012
 Tax Treatment: Bank Qualified
 Original Issue Amount \$265,000.00
 Dated Date: 07/15/2012
 Sale Date: 07/24/2012
 Delivery Date: 08/23/2012
 Sale Type: Competitive
 TIC: 1.8392%
 Record Date: MSRB

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Bond Form: BE
 Denomination: \$5,000
 Interest pays: Semi-Annually: 08/15, 02/15
 1st Coupon Date: 02/15/2013

Call Option: Non Callable

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
 Bond Counsel: Fulbright & Jaworski L.L.P.
 Financial Advisor: First Southwest Company, Fort Worth, TX
 Lead Manager: Raymond James | Morgan Keegan

GO Ref & Imp Bds Ser 2014
 Tax Treatment: Bank Qualified
 Original Issue Amount: \$2,185,000.00
 Dated Date: 07/15/2014
 Sale Date: 07/29/2014
 Delivery Date: 08/28/2014
 Sale Type: Competitive
 TIC: 3.0198%
 Record Date: MSRB
 Bond Form: BE
 Denomination: \$5,000
 Interest pays: Semi-Annually: 08/15, 02/15
 1st Coupon Date: 02/15/2015

Use of Proceeds: Fire Truck.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2018T	125,000.00	1.7500%	1.350%
02/15/2022T	140,000.00	2.0000%	1.800%
-----\$265,000.00			

Call Option: Non Callable

Term Call: Term bonds maturing on 02/15/2018:

Mandatory Redemption Date	Principal Amount
02/15/2015	\$30,000
02/15/2016	\$30,000
02/15/2017	\$30,000
02/15/2018	\$35,000

Paying Agent: The Bank of New York Mellon Trust Company, N.A., Dallas, TX
 Bond Counsel: Fulbright & Jaworski LLP
 Financial Advisor: First Southwest Company, Fort Worth, TX
 Lead Manager: BOSC, Inc.

Insurance: Build America Mutual

Use of Proceeds: Streets, Refunding, Water & Sewer.

Term bonds maturing on 02/15/2022:

Mandatory Redemption Date	Principal Amount
02/15/2019	\$35,000
02/15/2020	\$35,000
02/15/2021	\$35,000
02/15/2022	\$35,000

Refunding Notes: This bond refunded maturities from the following issues:
 Tax & Util Sys (Ltd Pledge) Rev C/O Ser 2005

Refunded Amount	Mat Date	Coupon	Price	Sched Call
50,000.00	02/15/2015	4.100	Par	09/29/2014
50,000.00	02/15/2016	4.100	Par	09/29/2014
55,000.00	02/15/2017	4.100	Par	09/29/2014
55,000.00	02/15/2018	4.100	Par	09/29/2014
60,000.00	02/15/2019	4.100	Par	09/29/2014
60,000.00	02/15/2020	4.100	Par	09/29/2014
65,000.00	02/15/2021	4.100	Par	09/29/2014
65,000.00	02/15/2022	4.100	Par	09/29/2014
70,000.00	02/15/2023	4.100	Par	09/29/2014
75,000.00	02/15/2024	4.100	Par	09/29/2014
75,000.00	02/15/2025	4.100	Par	09/29/2014

Tax Notes Ser 2013
 Tax Treatment: Bank Qualified
 Original Issue Amount: \$625,000.00
 Dated Date: 11/01/2013
 Sale Date: 11/05/2013
 Delivery Date: 12/10/2013
 Sale Type: Negotiated
 Record Date: MSRB
 Bond Form: FR
 Denomination: \$5,000
 Interest pays: Semi-Annually: 02/15, 08/15
 1st Coupon Date: 08/15/2014

Paying Agent: Amegy Bank, N.A., Houston, TX
 Bond Counsel: Fulbright & Jaworski LLP
 Financial Advisor: First Southwest Company
 Lead Manager: Zions First National Bank, Salt Lake City, UT

Use of Proceeds: Electric.

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2015	120,000.00	0.6400%	N/A
02/15/2016	125,000.00	0.8600%	N/A
02/15/2017	125,000.00	1.1000%	N/A
02/15/2018	125,000.00	1.4400%	N/A
02/15/2019	130,000.00	1.8900%	N/A
-----\$625,000.00			

Maturity	Amount	Coupon	Orig Reoffering Price/Yield
02/15/2015	115,000.00	2.0000%	0.400%
02/15/2016	110,000.00	2.0000%	0.500%
02/15/2017	120,000.00	2.0000%	0.800%
02/15/2018	120,000.00	2.0000%	1.100%
02/15/2019	120,000.00	2.0000%	1.400%
02/15/2020	125,000.00	2.0000%	1.700%
02/15/2021	130,000.00	2.5000%	1.950%
02/15/2022	130,000.00	3.0000%	2.150%
02/15/2023	135,000.00	3.0000%	2.350%
02/15/2025T	280,000.00	3.0000%	2.600%
02/15/2028T	235,000.00	3.5000%	3.000%
02/15/2031T	265,000.00	3.7500%	3.300%
02/15/2034T	300,000.00	4.0000%	3.500%
-----\$2,185,000.00			

Call Option: Term bonds maturing on 02/15/2025 and 02/15/2028 and 02/15/2031 and 02/15/2034 callable in whole or in part on any date beginning 02/15/2024 @ par.

Term Call: Term bonds maturing on 02/15/2025:

Mandatory Redemption Date	Principal Amount
---------------------------	------------------

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02/15/2024	\$140,000
02/15/2025	\$140,000

Term bonds maturing on 02/15/2028:

Mandatory Redemption Date	Principal Amount
02/15/2026	\$75,000
02/15/2027	\$80,000
02/15/2028	\$80,000

Term bonds maturing on 02/15/2031:

Mandatory Redemption Date	Principal Amount
02/15/2029	\$85,000
02/15/2030	\$90,000
02/15/2031	\$90,000

Term bonds maturing on 02/15/2034:

Mandatory Redemption Date	Principal Amount
02/15/2032	\$95,000
02/15/2033	\$100,000
02/15/2034	\$105,000

GRAND TOTAL -----> \$6,945,000.00

BOND DEBT SERVICE

Period Ending	Principal	Interest	Debt Service
09/30/14	260,000.00	180,722.15	440,722.15
09/30/15	480,000.00	213,138.71	693,138.71
09/30/16	495,000.00	195,143.25	690,143.25
09/30/17	510,000.00	182,368.25	692,368.25
09/30/18	525,000.00	169,412.00	694,412.00
09/30/19	540,000.00	155,429.75	695,429.75
09/30/20	425,000.00	141,853.75	566,853.75
09/30/21	445,000.00	128,573.75	573,573.75
09/30/22	455,000.00	114,083.75	569,083.75
09/30/23	440,000.00	98,968.75	538,968.75
09/30/24	450,000.00	83,578.75	533,578.75
09/30/25	465,000.00	67,637.50	532,637.50
09/30/26	420,000.00	51,740.63	471,740.63
09/30/27	165,000.00	41,484.38	206,484.38
09/30/28	170,000.00	36,387.50	206,387.50
09/30/29	180,000.00	30,965.63	210,965.63
09/30/30	185,000.00	24,953.13	209,953.13
09/30/31	190,000.00	18,531.25	208,531.25
09/30/32	200,000.00	11,740.63	211,740.63
09/30/33	100,000.00	6,200.00	106,200.00
09/30/34	105,000.00	2,100.00	107,100.00
-----			-----
	7,205,000.00	1,955,013.49	9,160,013.49

COMPUTED ON BASIS OF MANDATORY REDEMPTION

DEBT AMORTIZATION RATES

Period Ending	Principal	% of Principal Retired
09/30/2014	260,000.00	03.61%
09/30/2015	480,000.00	10.27%
09/30/2016	495,000.00	17.14%
09/30/2017	510,000.00	24.22%
09/30/2018	525,000.00	31.51%
09/30/2019	540,000.00	39.00%
09/30/2020	425,000.00	44.90%

09/30/2021	445,000.00	51.08%
09/30/2022	455,000.00	57.39%
09/30/2023	440,000.00	63.50%
09/30/2024	450,000.00	69.74%
09/30/2025	465,000.00	76.20%
09/30/2026	420,000.00	82.03%
09/30/2027	165,000.00	84.32%
09/30/2028	170,000.00	86.68%
09/30/2029	180,000.00	89.17%
09/30/2030	185,000.00	91.74%
09/30/2031	190,000.00	94.38%
09/30/2032	200,000.00	97.15%
09/30/2033	100,000.00	98.54%
09/30/2034	105,000.00	100.00%

DEBT SERVICE FUND MANAGEMENT INDEX

G.O. Debt Service Requirements for fiscal year-ending 09/30/2014	\$440,722
I&S Fds all G.O. Issues 09/30/2013	\$238,308
2013 I&S Fund Tax Levy @ 90%	304,791
Water & Sewer	111,880
Electric	5,087

WATERWORKS & SEWER SYSTEM OPERATING EXPERIENCE The following condensed statements have been compiled using accounting principles customarily employed in the determination of net revenues available for debt service, and in all instances exclude depreciation, transfers, debt service payments and expenditures identified as capital.

	Fiscal Year Ended			
	09-30-2013	09-30-2012	09-30-2011	09-30-2010
Revenues:				
Utility Sales	\$1,702,099	\$1,580,499	\$1,425,148	\$1,135,101
Management Fees*	836,982	865,068	474,492	532,760
Other	205,822	43,800	49,366	27,837
	-----	-----	-----	-----
Total Revenues	\$2,744,903	\$2,489,367	\$1,949,006	\$1,695,698
Expenses	\$1,563,577	\$1,192,131	\$1,315,754	\$872,875
Available For Debt Service	\$1,181,326	\$1,297,236	\$633,252	\$822,823

* Effective October 1, 2011, the City executed an operating and management agreement with Sharyland Utilities, L.P. to provide for the operation of the City-owned electrical distribution system. Per the agreement, all aspects of the operation and management of the City's electrical distribution system will be the responsibility of Sharyland. For the rights to distribute electrical utilities, Sharyland pays the City an annual base payment split quarterly among the City's fiscal year. This payment is in lieu of any other payments to the City. The five year agreement, set to expire December 31, 2016, provides for increases and decreases based on the net revenues of the system. Sharyland notified the City that they would terminate the agreement effective 2014 and the City will assume all activities beginning April 2014.

NORTH TEXAS MWD WATER SUPPLY SYSTEM The North Texas Municipal Water District owns and operates an extensive treated water supply system serving its member Cities of Garland, Princeton, Plano, Mesquite, Wylie, Rockwall, Farmersville, Fate, McKinney, Richardson, Allen, Forney, Frisco, and Roysse City, the City of Dallas as a special customer, and customer Cities of Allen, Fairview, Fate, Frisco, Kaufman, Lucas, Murphy, Parker, Rowlett, Sachse, and Sunnyvale, along with several local water corporations and rural customers. The District obtains its water supply from Lavon Dam and Reservoir, located approximately 25 miles northeast of the City of Dallas. Construction of the District's facilities has been accomplished through its issuance of revenue bonds, of which \$1,161,580 remain outstanding as of June 15, 2014, in addition to an obligation under a

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Federal contract (see TMR # 5636).

Rates of the District are determined annually. For fiscal year 2013-2014, the rates were as follows:

	Gallons	
First	280,467,000	\$1.87/M(Min)
Over	280,467,000	0.45/M

SPECIAL WATER CUSTOMERS The City also sells water to three water supply corporations and a special utility district. Consumption for the 2013 was as follows:

	Gallons	Price Charged
Caddo Basin Special Utility District	6,429,890	\$2.39/M gals
North Farmersville Water Supply Corp	15,426,000	2.27/M gals
Copeville Water Supply Corporation	29,347,400	2.27/M gals

NORTH TEXAS MUNICIPAL WATER DISTRICT - REGIONAL WASTEWATER SYSTEM (See Texas Municipal Report #5635 for additional information)

Date of Contract: January 9, 1978
 Length of Contract: Life of the bonds
 Bonds Outstanding: \$145,155,000 as of 9-30-14

Nature of Contract: NTMWD to issue revenue bonds for the construction and operation of a regional wastewater treatment system.

Terms of Contract: NTMWD allocates its annual requirement to the City based on contributing flow to the system to produce an amount sufficient to provide for the payment of:

1. An Operation and Maintenance Component equal to the amount paid or payable for all operation and maintenance expense; and
2. A Bond Service Component equal to:
 - (a) The principal of, redemption premium, if any, and interest on the bonds;
 - (b) The proportionate part of any special or reserve funds required to be established and maintained by provisions of the bond resolution;
 - (c) An amount sufficient to restore any deficiency in any funds required to be accumulated and maintained by provisions of the bond resolution; and
 - (d) The charges of paying agents.

Payments made by the City pursuant to the Contract constitute reasonable and necessary operating expenses of its waterworks and sewer system, within the meaning of Article 1113, VATCS, 1925.

WATER RATES (Monthly billing) Historical rate changes effective September 1, 2012, October 1, 2012, March 13, 2013 and October 8, 2013.

Old Rates (Effective March 13, 2013)

	Gallons	Inside City	Outside City*
First	1,000	\$11.74(Min)	\$23.48(Min)
Next	9,000	5.29/M	10.58/M
Next	10,000	7.01/M	14.02/M
Over	20,000	8.71/M	17.42/M

Outside-City rates are 2 times Inside-City rates.

New Rates (Effective October 8, 2013)

	Gallons	Inside City	Outside City*
First	1,000	\$11.91(Min)	\$23.82(Min)
Next	9,000	5.46/M	10.92/M
Next	10,000	7.18/M	14.36/M
Over	20,000	8.88/M	17.76/M

* Customers of record since 1985.

SEWER RATES (Monthly billing) Historical rate changes effective September 1, 2012, March 13, 2013 and October 8, 2013.

Old Rates (Effective March 13, 2013)

	Gallons	Inside City	Outside City*
Residential			
First	1,000	\$25.26(Min)	\$22.08(Min)
Over	1,000	7.87/M	6.88/M

* Customers of record since 1985.

New Rates (Effective October 8, 2013)

	Gallons	Inside City	Outside City*
Residential			
First	1,000	\$16.70(Min)	\$22.08(Min)
Over	1,000	5.20/M**	6.88/M**

* Customers of record since 1985.

** Maximum of 15,000 gallons.

GENERAL OBLIGATION BONDS AUTHORIZED BUT UNISSUED

Election Date	Purpose	Amount Authorized	Issued To Date	Unissued
05/27/61	Electric Sys	\$545,000	\$400,000	\$145,000*
05/12/12	Street	3,575,000	1,345,000	2,230,000
05/12/12	Water Sys Impr	2,400,000	1,655,000	745,000
Total:		\$6,520,000	\$3,400,000	\$3,120,000

* Due to the age of the election, the City has no intentions of issuing these bonds.

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

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

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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)

	2015	2014
Employee:	5.00%	5.00%
City:	9.40%(a)	9.14%

(a) The City has elected a phase-in rate. See Explanation in paragraphs above. The City's Grand Total Rate without Maximum or Phase-in for 2015 was 9.59%.

Actuarial Valuation as of	12/31/2013	12/31/2012
Assets	\$3,823,738	\$3,565,826
Accrued Liabilities	\$4,484,670	\$4,026,421
(Unfunded)/Overfunded Liab.	(\$660,932)	(\$460,595)
Funded Ratio	85.26%	88.56%
Annual Covered Payroll	\$1,415,719	\$1,261,253
(Unfunded)/Overfunded Liability as a % of Covered Payroll	(46.69)%	(36.52)%

2013 Source: Texas Municipal Retirement System 12/31/2013 CAFR
2012 Source: City of Farmersville 09/30/2013 Audit

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 TMRS SDBF for the years ended 2013, 2012 and 2011 were \$ 652, \$ 597, and \$ 529, respectively, which equaled the required contributions each year.

Source: City of Farmersville 09/30/2013 Audit.

NON-FUNDED DEBT PAYABLE (As of September 30, 2013)

The City reports additional debt in the principal amount of \$135,388 under Eco Dev Corp and \$276,750 under Govt Activities as follows:

	Amount Outstanding	Int Rate	Next Year's Requirements	Reported Under
Note	\$135,388	5.5%	\$19,992	Eco Dev Corp
Loan	\$265,680	3.89%	\$59,495	Govt Activities
Capital Leases	\$11,070	4.72%	\$11,570	Govt Activities

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Debt Amount	As Of	%Ovlpg	Ovlpg Amt
Collin Co	\$372,693,054	05/01/14	0.20	\$745,386
Collin Co CCD	33,491,213	12/31/13	0.20	66,982
Farmersville ISD	12,672,459 *	10/31/14	48.34	6,125,867

Total Overlapping Debt:		\$6,938,235
Farmersville, City of	06/01/14	\$5,147,001
Total Direct and Overlapping Debt:		\$12,085,236
Total Direct and Overlapping Debt % of A.V.:		7.49%
Total Direct and Overlapping Debt per Capita:		\$3,673

* Gross Debt

ECONOMIC BACKGROUND

The City of Farmersville is a commercial center located in northeastern Collin County about 35 miles northeast of Dallas on U.S. Highway 380. The 2010 census was 3,301, increasing 5.87% since 2000.

COUNTY CHARACTERISTICS: Collin County was created in 1846 from Fannin County. Many residents commute to jobs in Dallas, Garland and Richardson. Popular recreational attractions include water sports on Lake Lavon, the McKinney Historical District and the South Fork Ranch of the "Dallas" television series. The County was the 8th largest producer of wheat in the state for 2012.

COUNTY SEAT: McKinney

2010 census: 782,341 increasing 59.1 % since 2000
2000 census: 491,675 increasing 86.2 % since 1990
1990 census: 264,036

ECONOMIC BASE

Mineral: Insignificant.

Industry: wholesale center, retail/service, manufacturing plants and government.

Agricultural: wheat, nurseries, corn and cattle.

RETAIL SALES & EFFECTIVE BUYING INCOME(a)

Year	2013	2012	2011
Retail Sales	\$16.0B	\$13.0B	\$13.0B
Effective Buying Income (EBI)	\$26.7B	\$25.3B	\$25.8B
County Median Household Income	\$65,093	\$65,256	\$65,477
State Median Household Income	\$48,646	\$47,613	\$47,705
% of Households with EBI below \$25K	7.4 %	6.8 %	6.8 %
% of Households with EBI above \$25K	71.4 %	70.0 %	73.8 %

EMPLOYMENT DATA

	2014		2013		2012	
	Employed	Earnings	Employed	Earnings	Employed	Earnings
1st Q:	335,298	\$5.3B	318,715	\$4.9B	302,445	\$4.7B
2nd Q:	N/A	N/A	325,734	\$4.6B	309,948	\$4.3B
3rd Q:	N/A	N/A	329,350	\$4.6B	311,032	\$4.3B
4th Q:	N/A	N/A	335,862	\$5.0B	318,138	\$4.8B

MAJOR COLLEGES AND UNIVERSITIES: Collin County Community College

COLLEGES AND UNIVERSITIES

Year	Total	Fall Enrollment
2013	1	27,636
2012	1	27,205
2011	1	27,322
2010	1	26,705
2009	1	24,583
2008	1	20,732

(a) DemographicsUSA County Edition

Any data on population, value added by manufacturing or production of minerals

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or agricultural products are from US Census or other official sources.

Principal Taxpayers	2014 AV	% of AV
1. Brookshire Grocery Co. Grocery Store	\$5,238,439	3.25%
2. Penvesco Partnership	3,196,654	1.98%
3. Gerdau Ameristeel US Inc Steel	3,006,785	1.86%
4. The JD Russell Co. Landscaping	2,543,202	1.58%
5. Advanced Fixtures Inc. Manufacturer	2,374,407	1.47%
6. Dowel Bars & Baskets LLC Manufacturer	2,218,810	1.37%
7. Anthony W. Ewing Trust Future Industrial Park	1,998,565	1.24%
8. H G Enterprises LLC Real Estate	1,879,021	1.16%
9. The First National Bank of Trenton Bank	1,855,277	1.15%
10. Rockwood Development LLC Real Estate	1,832,683	1.14%
Total:	\$26,143,843	16.20%

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Fax: 972-547-5040
taxassessor@collincountytx.gov

Chief Appraiser
Bo Daffin
Collin County Appraisal District
250 Eldorado Pkwy
McKinney, TX 75069-8023
Phone: 469-742-9200
Fax: 469-742-9209
bo.daffin@cadcollin.org

JEB

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Fax: 972-782-6604
j.helmberger@farmersvilletx.com

City Manager
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b.white@farmersvilletx.com

City Secretary
Edie Sims
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Phone: 972-782-6151
Fax: 972-782-6604
e.sims@farmersvilletx.com

Finance Officer
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Fax: 972-782-6604
d.hamlin@farmersvilletx.com

Tax Assessor/Collector
Kenneth L. Maun
Collin County Tax Office
P. O. Box 8006
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