

DEBT SERVICE FUND

The City of Lufkin finances long term capital projects by issuing bonds. Projects such as street construction and improvements, park construction, building and drainage projects are financed with general obligation bonds and certificates of obligation. Both of these debt instruments are repaid through ad valorem taxes collected by the City. General obligation bonds are voter-approved bonds for specific purposes. Certificates of obligation are authorized by the City Council and do not require a vote of the citizens.

Projects for water, wastewater and solid waste purposes such as water and sewer line construction, water and wastewater treatment plant construction, and major equipment purchases are financed with revenue bonds. These bonds are repaid through the revenues collected from user fees charged for services provided. From time to time, combination tax and revenue certificates of obligation are issued for purposes of general government (tax supported) and utilities (revenue supported). This debt is repaid through both ad valorem tax collections and utility revenues in the same proportion as the debt is issued.

The City of Lufkin issues general obligation bonds and certificates of obligation for a term of generally twenty years. The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal and interest. The resources of this fund are generated by a tax levy based on property values and transfers from utility funds for their share of outstanding debt.

The State of Texas limits the ad valorem tax rate to \$2.50 per \$100 valuation. Lufkin's maximum rate, as set by City Charter, is \$1.75. The current ad valorem tax rate is \$0.5554. Although there is no other legal debt limit, the City's policy is to maintain a general obligation debt limit wherein the total outstanding tax-supported debt shall not exceed 5% of the total annual taxable assessed valuation of taxable property. The City's total taxable assessed valuation for Fiscal 2009 is \$1,803,458,705, which, when calculated, provides a policy debt limit of \$90,172,935. The City's total estimated outstanding debt for Fiscal 2009 is \$42,635,000.

Additional tests of indebtedness include Net Debt per Capita (\$) and Ratio of Net Debt to Assessed Value (%). According to the 2000 census, the City's population is 32,709. Based on this figure, the ratios are as follows:

$$\text{Net Debt Per Capita} = \frac{\$42,635,000 \text{ (Net Direct Debt)}}{32,709 \text{ (Population)}} = \$1,303.46$$

$$\text{Ratio of Net Debt to Taxable Assessed Value} = \frac{\$42,635,000 \text{ (Net Direct Debt)}}{\$1,803,458,705 \text{ (Assessed Value)}} = 2.36\%$$

The subsequent table reflects the allocation of the property tax levy between Debt Service and General Fund Operations for Fiscal 2008 and the previous four years.

	<u>Fiscal</u> <u>2005</u>	<u>Fiscal</u> <u>2006</u>	<u>Fiscal</u> <u>2007</u>	<u>Fiscal</u> <u>2008</u>	<u>Fiscal</u> <u>2009</u>
Debt Service Fund	\$0.202200	\$0.202200	\$0.202200	\$0.202200	\$0.202200
General Fund	<u>\$0.356300</u>	<u>\$0.356300</u>	<u>\$0.353200</u>	<u>\$0.353200</u>	<u>\$0.353200</u>
Total Tax Rate	<u>\$0.558500</u>	<u>\$0.558500</u>	<u>\$0.555400</u>	<u>\$0.555400</u>	<u>\$0.555400</u>

The steady increase in taxable value related to both property reappraisals and new construction value additions has allowed the City to maintain a flat tax rate for several years. A tax increase of $\frac{3}{4}$ cent as well as a shift of one cent from the operating and maintenance portion of the tax rate to debt service was included in the Fiscal 2000 budget to fund the 1999 Capital Improvements Program. In May 2001, citizens approved a \$7,686,322 Street Bond Program (2001 Street Bond Program) that required a 6.4-cent tax increase to fund. As a result, tax increases of 2.2 cents per year in Fiscal 2002 and 2003 have been approved in the debt service portion of the tax rate. The third, and final, increase was included in Fiscal 2004 and amounted to a 2-cent increase.

Council adopted a Continuing Capital Improvements Program (CIP) in the fall of 1999 to be financed with Certificates of Obligation (CO). Four bond issues have been sold; one in Fiscal 2000 for \$4,400,000, a second in Fiscal 2002 for \$9,450,000, and a third in September 2003 for \$1,700,000, and a fourth in Fiscal 2004 for \$8,200,000 and a final issue of \$7,610,000 in June 2007.

Debt Service Fund is used to account for the accumulation of revenues, i.e. ad valorem taxes and interest income, for the payment of principal and interest on general long-term debt. The first schedule, on page 207 reflects the City's Debt Service Fund. The fund balance in the Debt Service Fund is maintained so that funds can be accumulated to pay the City's general long-term debt obligations with a minimum impact on the tax rate. Consequently, the amount remaining in the fund balance will vary from year to year with the bond financing activity of the City. The minimum fund balance goal to be maintained by the City is 10% of debt service for that year.

The tables, on pages 207-234, detail the Debt Service Fund and each current outstanding bond issue that is owed by the City. The tables show the date of issue, the years remaining on the payment schedule, and the amount of principal and interest due in each year. The first debt service table is a summary of all outstanding issues.

REVENUE BOND DEBT SERVICE

Revenue bond debt service is paid from the revenues of the Utility System. Standard and Poor's and Moody's Investment Service have rated the City's Certificate of Obligation bonds A1 and A+, respectively. Total outstanding debt at October 1, 2008 is \$13,660,000 and the scheduled payment of principal and interest including fees in Fiscal 2009 is \$1,193,955.

The City entered into agreements with the Army Corps of Engineers in 1970 and 1976 to purchase surface water for present and future water supply rights from Lake Sam Rayburn. The 1970 agreement included the purchase of 18,000 acre-feet of water from the Corps at a cost of \$220,000. The purchase price, financed by a note payable, spans a period of over 50 years at 2.591% interest. As of January 1, 2008 the City had repaid \$147,123. The balance of \$72,877 is scheduled for payment, in full, on January 1, 2019. The second agreement entered into with the Corps was for the purchase of 25,000 acre-feet of water. The total cost of this purchase was \$305,600 to be repaid over a 40-year period at an interest rate of 2.591%. The City currently owes \$86,240 on this note.

The Texas Commission on Environmental Quality (TCEQ) has sanctioned the City to replace approximately 54 miles of asbestos cement water pipe. This project is expected to take six years to complete at a cost of approximately \$16.0 million. The City has received approval from the Texas Water Development Board (TWDB) for a \$16.0 million loan with which to replace these lines. The loan takes the form of a bond issue, which the TWDB sells. The City draws on these funds at regular intervals, at which time interest begins to accrue on the drawn funds. The first draw was dated November 1, 2000 in the amount of \$715,000. Draw #2, dated July 2002, amounted to

\$1,960,000; draw #3, filed with the TWDB in September 2002 amounted to \$1,600,000; draw #4, dated May 2003 for \$1,835,000; draw #5, dated December 2003 for \$1,210,000; draw #6, dated December 2004 for \$845,000; draw #7, dated April 2006 for \$1,065,000; draw #8, dated December 2006 for \$2,660,000; draw #9, dated March 2007 for \$1,065,000, draw #10 dated April 2008 for \$1,075,000. One draw is anticipated during Fiscal 2009 for a total of \$1,970,000. For budget purposes, January 2009 has been used as the “dated” date for this draw. Draw #11 will complete funding for the water line replacement project.

The CIP includes approximately \$6.8 million of water and sewer projects. These projects are financed with combination tax and revenue certificates of obligation. This debt is reflected in the General Obligation Debt Service Fund as part of the tax supported debt; however, funds from the Water/Wastewater Utility are transferred to the Debt Service Fund each year to cover the debt service associated with any revenue-supported projects. Consequently, of the \$9.75 million issued in Fiscal 2002, \$1.9 million was for water and wastewater projects. In Fiscal 2004, \$8.2 million was issued with \$2.2 million for water and wastewater projects and in Fiscal 2007, \$5.87 million was issued with \$1.21 million for water and wastewater projects. This was the final issue for the CIP. The amount to be transferred to the Debt Service Fund in Fiscal 2009 is \$1,761,316.

The tables relating to Revenue Bond debt on pages 220 through 234 include each current outstanding bond issue owed by the City, including the \$1.97 million scheduled for withdrawal from the Texas Water Development Board loan in Fiscal 2009. The tables reflect the date of issue, the years remaining on the payment schedule, and the amount of principal and interest due in each year. The first Revenue Bond table is a summary of all outstanding issues.

**CITY OF LUFKIN
DEBT SERVICE FUND
Fiscal 2009 Operating Budget**

	FY2007	FY2008	FY2008	FY2009
	<u>Actual</u>	<u>Budget</u>	<u>Revised</u>	<u>Budget</u>
Beginning Balance	\$ 2,394,839	\$ 2,363,799	\$ 2,363,799	\$ 1,367,663
Revenues				
Current year collections	3,235,903	3,377,219	3,377,219	3,509,563
Interest income	252,554	120,000	120,000	22,500
Other financing sources-proceeds	9,599,870	-	-	-
Other-Transfer from Water/Wastewater Fund	1,158,347	1,703,398	1,703,398	1,761,316
Other-Transfer from Solid Waste/Recycling Fund	59,983	58,176	58,176	60,671
Total Revenues	<u>14,306,657</u>	<u>5,258,793</u>	<u>5,258,793</u>	<u>5,354,050</u>
Total Funds Available	<u>\$ 16,701,496</u>	<u>\$ 7,622,592</u>	<u>\$ 7,622,592</u>	<u>\$ 6,721,713</u>
Expenditures				
Miscellaneous services	\$ 3,500	3,500	\$ 3,500	\$ 3,500
Principal payments	3,020,000	4,055,000	4,055,000	4,285,000
Interest payments	1,728,310	2,189,379	2,189,379	2,023,200
Debt service fees	135,730	7,050	7,050	7,050
Other financing uses	9,450,157	-	-	-
Total Expenditures	<u>14,337,697</u>	<u>6,254,929</u>	<u>6,254,929</u>	<u>6,318,750</u>
Excess(deficiency) of revenues over expenditures	<u>(31,040)</u>	<u>(996,136)</u>	<u>(996,136)</u>	<u>(964,700)</u>
Fund balance ending	<u>2,363,799</u>	<u>1,367,663</u>	<u>1,367,663</u>	<u>402,963</u>
Total Funds Applied	<u>\$ 16,701,496</u>	<u>\$ 7,622,592</u>	<u>\$ 7,622,592</u>	<u>\$ 6,721,713</u>

**GENERAL OBLIGATION BONDS
DEBT REQUIREMENTS
SUMMARY
Fiscal 2009 Operating Budget**

Issue	Purpose	Principal Outstanding 10/1/2008	Requirements for Fiscal 2009			Total
			Principal	Interest	Paying Agent Fees	
1998	G.O./Utility Improvements	3,375,000	200,000	152,650	450	353,100
1999	G.O./Utility Improvements	850,000	200,000	169,262	450	369,712
2002	G.O. Improvements	1,800,000	100,000	87,744	550	188,294
2002	G.O./Utility Improvements	6,200,000	400,000	370,876	550	771,426
2002	G.O. Refunding Bond ¹	3,350,000	1,245,000	114,438	550	1,359,988
2003	G.O. Improvements	3,250,000	150,000	138,362	750	289,112
2003	G.O./Utility Improvements	1,500,000	75,000	67,350	750	143,100
2004	G.O./Utility Improvements	7,400,000	275,000	304,518	750	580,268
2006	G.O. Refunding Bond ²	8,100,000	805,000	321,842	750	1,127,592
2007	G.O. Improvements	1,685,000	60,000	75,508	750	136,258
2007	G.O./Utility Improvements	5,125,000	775,000	220,650	750	996,400
Total		<u>\$42,635,000</u>	<u>\$4,285,000</u>	<u>\$2,023,200</u>	<u>\$7,050</u>	<u>\$6,315,250</u>

¹ The 2002 Refunding Bonds refunded the 1994 General Obligation and the 1993-A Revenue Bonds.

² The 2006 Refunding Bonds refunded the 1996 General Obligation, 1995 Revenue, portions of the 1999 and 2002 Certificate of Obligations, and portions of the 1997 Revenue Bonds.

**GENERAL OBLIGATION BONDS
ANNUAL DEBT SERVICE REQUIREMENTS
All Series**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest 15-Feb</u>	<u>Interest 15-Aug</u>	<u>Paying Agent Fees</u>	<u>Total</u>
2009	4,285,000	1,020,128	1,003,072	7,050	6,315,250
2010	3,825,000	934,213	927,113	7,050	5,693,376
2011	2,935,000	852,582	845,785	7,050	4,640,417
2012	3,060,000	789,569	782,361	7,050	4,638,980
2013	2,340,000	662,374	653,574	6,050	3,661,998
2014	2,465,000	611,962	602,862	6,050	3,685,874
2015	2,565,000	558,514	548,514	6,050	3,678,078
2016	2,405,000	503,807	499,607	6,050	3,414,464
2017	2,525,000	451,820	445,907	6,050	3,428,777
2018	2,445,000	392,606	392,606	6,050	3,236,262
2019	2,525,000	338,267	338,267	6,050	3,207,584
2020	2,635,000	281,699	281,699	6,050	3,204,448
2021	2,030,000	186,744	184,244	5,050	2,406,038
2022	2,125,000	143,401	140,901	5,050	2,414,352
2023	1,320,000	97,766	97,766	3,750	1,519,282
2024	1,360,000	69,546	69,546	3,750	1,502,842
2025	1,000,000	38,859	38,859	2,250	1,079,968
2026	385,000	17,190	17,190	1,500	420,880
2027	405,000	8,813	8,813	1,500	424,126
Total	<u>\$42,635,000</u>	<u>\$7,959,860</u>	<u>\$7,878,686</u>	<u>\$99,450</u>	<u>\$58,572,996</u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
COMBINATION TAX & REVENUE
CERTIFICATES OF OBLIGATION
Series 1998**

Original Issue: \$4,650,000
Dated: June 1, 1998
Interest Rate: Various 2.75% - 5.20%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2009	200,000	76,325	76,325	450	353,100
2010	200,000	72,200	72,200	450	344,850
2011	350,000	67,900	67,900	450	486,250
2012	350,000	60,200	60,200	450	470,850
2013	225,000	52,325	52,325	450	330,100
2014	250,000	47,150	47,150	450	344,750
2015	250,000	41,400	41,400	450	333,250
2016	275,000	35,650	35,650	450	346,750
2017	300,000	29,325	29,325	450	359,100
2018	300,000	22,425	22,425	450	345,300
2019	325,000	15,525	15,525	450	356,500
2020	350,000	8,050	8,050	450	366,550
Totals	<u>\$3,375,000</u>	<u>\$528,475</u>	<u>\$528,475</u>	<u>\$5,400</u>	<u>\$4,437,350</u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
COMBINATION TAX AND WATER/WASTEWATER SURPLUS REVENUE
CERTIFICATES OF OBLIGATION
Series 1999**

Original Issue: \$4,400,000

Dated: December 1, 1999

Interest Rate: Various 5.00% - 6.00%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2009	200,000	84,631	84,631	450	369,712
2010	200,000	79,631	79,631	450	359,712
2011	225,000	74,631	74,631	450	374,712
2012	225,000	69,006	69,006	450	363,462
Totals	\$850,000	\$307,899	\$307,899	\$1,800	\$1,467,598

**DEBT SERVICE
 SCHEDULE OF REQUIREMENTS
 COMBINATION TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS
 REVENUE CERTIFICATES OF OBLIGATION
 Series 2002**

Original Issue: \$ 9,450,000

Dated: April 15, 2002

Interest Rate: Various 4.5% - 5.0%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2009	400,000	185,438	185,438	550	771,426
2010	400,000	175,438	175,438	550	751,426
2011	425,000	165,437	165,437	550	756,424
2012	450,000	154,813	154,813	550	760,176
2013	475,000	144,687	144,687	550	764,924
2014	500,000	134,000	134,000	550	768,550
2015	525,000	122,750	122,750	550	771,050
2016	550,000	110,413	110,413	550	771,376
2017	575,000	97,212	97,212	550	769,974
2018	600,000	83,125	83,125	550	766,800
2019	625,000	68,125	68,125	550	761,800
2020	675,000	52,500	52,500	550	780,550
Totals	\$6,200,000	\$1,493,938	\$1,493,938	\$6,600	\$9,194,476

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION BONDS
Series 2002**

Original Issue: \$ 2,200,000

Dated: April 15, 2002

Interest Rate: Various 4.4% - 5.13%

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u> <u>15-Feb</u>	<u>Interest</u> <u>15-Aug</u>	<u>Paying</u> <u>Agent</u> <u>Fees</u>	<u>Total</u>
2009	100,000	43,872	43,872	550	188,294
2010	100,000	41,322	41,322	550	183,194
2011	100,000	38,772	38,772	550	178,094
2012	100,000	36,522	36,522	550	173,594
2013	100,000	34,322	34,322	550	169,194
2014	125,000	32,072	32,072	550	189,694
2015	125,000	29,197	29,197	550	183,944
2016	125,000	26,260	26,260	550	178,070
2017	125,000	23,259	23,259	550	172,068
2018	150,000	20,197	20,197	550	190,944
2019	150,000	16,447	16,447	550	183,444
2020	150,000	12,697	12,697	550	175,944
2021	175,000	8,947	8,947	550	193,444
2022	175,000	4,485	4,485	550	184,520
Totals	<u><u>\$1,800,000</u></u>	<u><u>\$368,371</u></u>	<u><u>\$368,371</u></u>	<u><u>\$7,700</u></u>	<u><u>\$2,544,442</u></u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS
Series 2002**

Original Issue: \$8,705,000

Dated: August 15, 2002

Interest Rate: Various 3.00% - 4.00%

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u> <u>15-Feb</u>	<u>Interest</u> <u>15-Aug</u>	<u>Paying</u> <u>Agent</u> <u>Fees</u>	<u>Total</u>
2009	1,245,000	62,197	52,241	550	1,359,988
2010	675,000	41,188	41,188	550	757,926
2011	700,000	27,688	27,688	550	755,926
2012	730,000	13,688	13,688	550	757,926
Totals	<u>\$3,350,000</u>	<u>\$144,761</u>	<u>\$134,805</u>	<u>\$2,200</u>	<u>\$3,631,766</u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
Series 2003**

Original Issue: \$ 1,700,000

Dated: September 30, 2003

Interest Rate: 4.65%-5.00%

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u> <u>15-Feb</u>	<u>Interest</u> <u>15-Aug</u>	<u>Paying</u> <u>Agent</u> <u>Fees</u>	<u>Total</u>
2009	75,000	33,675	33,675	750	143,100
2010	75,000	31,800	31,800	750	139,350
2011	75,000	29,925	29,925	750	135,600
2012	75,000	28,050	28,050	750	131,850
2013	75,000	26,175	26,175	750	128,100
2014	75,000	24,713	24,713	750	125,176
2015	75,000	23,213	23,213	750	122,176
2016	100,000	21,713	21,713	750	144,176
2017	100,000	19,663	19,663	750	140,076
2018	100,000	17,563	17,563	750	135,876
2019	100,000	15,413	15,413	750	131,576
2020	100,000	13,213	13,213	750	127,176
2021	100,000	10,963	10,963	750	122,676
2022	125,000	8,688	8,688	750	143,126
2023	125,000	5,813	5,813	750	137,376
2024	125,000	2,906	2,906	750	131,562
Totals	<u>\$1,500,000</u>	<u>\$313,486</u>	<u>\$313,486</u>	<u>\$12,000</u>	<u>\$2,138,972</u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION BONDS
Series 2003**

Original Issue \$3,750,000

Dated: September 30, 2003

Interest Rate: 4.75%-5.25%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2009	150,000	69,181	69,181	750	289,112
2010	150,000	66,744	66,744	750	284,238
2011	150,000	64,194	64,194	750	279,138
2012	150,000	61,456	61,456	750	273,662
2013	175,000	58,644	58,644	750	293,038
2014	175,000	55,275	55,275	750	286,300
2015	175,000	51,775	51,775	750	279,300
2016	200,000	48,188	48,188	750	297,126
2017	200,000	43,988	43,988	750	288,726
2018	225,000	39,688	39,688	750	305,126
2019	225,000	34,738	34,738	750	295,226
2020	225,000	29,675	29,675	750	285,100
2021	250,000	24,556	24,556	750	299,862
2022	250,000	18,806	18,806	750	288,362
2023	275,000	12,994	12,994	750	301,738
2024	275,000	6,531	6,531	750	288,812
Totals	\$3,250,000	\$686,433	\$686,433	\$12,000	\$4,634,866

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
CERTIFICATES OF OBLIGATION BONDS
Series 2004**

Original Issue \$8,200,000

Dated: December 15, 2004

Interest Rate: 5.00%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2009	275,000	152,259	152,259	750	580,268
2010	300,000	147,447	147,447	750	595,644
2011	300,000	141,447	141,447	750	583,644
2012	350,000	135,447	135,447	750	621,644
2013	350,000	128,447	128,447	750	607,644
2014	375,000	120,572	120,572	750	616,894
2015	375,000	112,134	112,134	750	600,018
2016	400,000	105,197	105,197	750	611,144
2017	425,000	97,597	97,597	750	620,944
2018	450,000	89,309	89,309	750	629,368
2019	475,000	80,309	80,309	750	636,368
2020	475,000	70,572	70,572	750	616,894
2021	500,000	60,716	60,716	750	622,182
2022	550,000	50,341	50,341	750	651,432
2023	575,000	38,791	38,791	750	653,332
2024	600,000	26,572	26,572	750	653,894
2025	625,000	13,672	13,672	750	653,094
Totals	<u>\$7,400,000</u>	<u>\$1,570,829</u>	<u>\$1,570,829</u>	<u>\$12,750</u>	<u>\$10,554,408</u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS
Series 2006**

Original Issue: \$ 9,475,000.

Dated: December 1, 2006

Interest Rate: 4.00%-5.50%

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u> <u>15-Feb</u>	<u>Interest</u> <u>15-Aug</u>	<u>Paying</u> <u>Agent</u> <u>Fees</u>	<u>Total</u>
2009	805,000	164,471	157,371	750	1,127,592
2010	850,000	148,371	141,271	750	1,140,392
2011	395,000	131,371	124,574	750	651,695
2012	415,000	124,211	117,003	750	656,964
2013	710,000	116,638	107,838	750	935,226
2014	725,000	102,438	93,338	750	921,526
2015	790,000	87,938	77,938	750	956,626
2016	495,000	72,138	67,938	750	635,826
2017	525,000	62,238	56,325	750	644,313
2018	335,000	47,800	47,800	750	431,350
2019	330,000	41,100	41,100	750	412,950
2020	350,000	34,500	34,500	750	419,750
2021	680,000	27,500	25,000	750	733,250
2022	695,000	13,900	11,400	750	721,050
Totals	<u>\$8,100,000</u>	<u>\$1,174,614</u>	<u>\$1,103,396</u>	<u>\$10,500</u>	<u>\$10,388,510</u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
GENERAL OBLIGATION BONDS
Series 2007**

Original Issue \$1,740,000

Dated: July 19, 2007

Interest Rate: 5.00%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2009	60,000	37,754	37,754	750	136,258
2010	60,000	36,216	36,216	750	133,182
2011	65,000	34,679	34,679	750	135,108
2012	65,000	33,013	33,013	750	131,776
2013	70,000	31,348	31,348	750	133,446
2014	75,000	29,554	29,554	750	134,858
2015	75,000	27,632	27,632	750	131,014
2016	80,000	25,710	25,710	750	132,170
2017	85,000	24,050	24,050	750	133,850
2018	90,000	22,286	22,286	750	135,322
2019	90,000	20,419	20,419	750	131,588
2020	95,000	18,529	18,529	750	132,808
2021	100,000	16,534	16,534	750	133,818
2022	100,000	14,434	14,434	750	129,618
2023	105,000	12,309	12,309	750	130,368
2024	110,000	10,778	10,778	750	132,306
2025	115,000	7,740	7,740	750	131,230
2026	120,000	5,268	5,268	750	131,286
2027	125,000	2,688	2,688	750	131,126
Totals	\$1,685,000	\$410,941	\$410,941	\$14,250	\$2,521,132

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
CERTIFICATES OF OBLIGATION BONDS
Series 2007**

Original Issue \$5,870,000

Dated: July 19, 2007

Interest Rate: 5.00%

Fiscal		Interest	Interest	Paying	
Year	Principal	15-Feb	15-Aug	Agent	Total
				Fees	
2009	775,000	110,325	110,325	750	996,400
2010	815,000	93,856	93,856	750	1,003,462
2011	150,000	76,538	76,538	750	303,826
2012	150,000	73,163	73,163	750	297,076
2013	160,000	69,788	69,788	750	300,326
2014	165,000	66,188	66,188	750	298,126
2015	175,000	62,475	62,475	750	300,700
2016	180,000	58,538	58,538	750	297,826
2017	190,000	54,488	54,488	750	299,726
2018	195,000	50,213	50,213	750	296,176
2019	205,000	46,191	46,191	750	298,132
2020	215,000	41,963	41,963	750	299,676
2021	225,000	37,528	37,528	750	300,806
2022	230,000	32,747	32,747	750	296,244
2023	240,000	27,859	27,859	750	296,468
2024	250,000	22,759	22,759	750	296,268
2025	260,000	17,447	17,447	750	295,644
2026	265,000	11,922	11,922	750	289,594
2027	280,000	6,125	6,125	750	293,000
Totals	\$5,125,000	\$960,113	\$960,113	\$14,250	\$7,059,476

**WATER/WASTEWATER REVENUE BONDS
DEBT REQUIREMENTS
SUMMARY
Fiscal 2009**

Issue	Purpose	Principal Outstanding 10/1/2008	Requirements for Fiscal 2009			
			Principal	Interest	Paying Agent Fees	Total
2000	TWDB Bonds ¹	12,300,000	690,000	392,123	500	1,082,623
2003	Utility Improvements	<u>1,360,000</u>	<u>50,000</u>	<u>60,582</u>	<u>750</u>	<u>111,332</u>
	Total	<u><u>\$13,660,000</u></u>	<u><u>\$740,000</u></u>	<u><u>\$452,705</u></u>	<u><u>\$1,250</u></u>	<u><u>\$1,193,955</u></u>

Notes Payable to Army Corp of Engineers

1/1/1970	Present Water Supply	\$72,877	\$5,811	\$1,888	N/A	\$7,699
1/1/1976	Future Water Supply	<u>76,240</u>	<u>10,074</u>	<u>1,975</u>	N/A	<u>12,049</u>
	Total	<u><u>\$149,117</u></u>	<u><u>\$15,885</u></u>	<u><u>\$3,863</u></u>	N/A	<u><u>\$19,748</u></u>

¹ Includes draws #1 through #12.

**WATER/WASTEWATER REVENUE BONDS
ANNUAL DEBT SERVICE REQUIREMENTS**

All Series

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Fees	Total
2009	740,000	222,957	229,748	1,250	1,193,955
2010	765,000	249,940	236,850	1,250	1,253,040
2011	795,000	236,850	223,039	1,250	1,256,139
2012	820,000	223,039	208,429	1,250	1,252,718
2013	855,000	208,429	192,781	1,250	1,257,460
2014	880,000	192,781	176,405	1,250	1,250,436
2015	915,000	176,405	159,372	1,250	1,252,027
2016	955,000	159,372	141,152	1,250	1,256,774
2017	995,000	141,152	121,670	1,250	1,259,072
2018	1,030,000	121,670	101,207	1,250	1,254,127
2019	1,075,000	101,207	79,579	1,250	1,257,036
2020	1,120,000	79,579	56,741	1,250	1,257,571
2021	1,170,000	56,741	32,836	1,250	1,260,827
2022	1,215,000	32,836	7,703	1,250	1,256,789
2023	105,000	7,703	5,288	750	118,741
2024	110,000	5,288	2,703	750	118,741
2025	115,000	2,703	-	750	118,453
Totals	\$13,660,000	\$2,218,654	\$1,975,502	\$19,750	\$17,873,906

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draws Dated: July 1, 2001

Draws 2 & 3: \$3,560,000

Interest Rate: 3.00% - 3.25%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	575,000	9,344	-	500	584,844
Totals	<u>\$575,000</u>	<u>\$9,344</u>	<u>\$0</u>	<u>\$500</u>	<u>\$584,844</u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draws Dated: May 1, 2003

Draw #4 \$1,835,000

Interest Rate: 3.30% - 3.55%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	115,000	30,639	28,770	-	174,409
2010	710,000	28,770	17,055	500	756,325
2011	735,000	17,055	4,744	500	757,299
2012	275,000	4,744	-	500	280,244
Totals	\$1,835,000	\$81,208	\$50,569	\$1,500	\$1,968,277

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draws Dated: December 1, 2003

Draw #5 \$1,210,000

Interest Rate: 3.55% - 4.00%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	-	21,235	21,235	-	42,470
2010	-	21,235	21,235	-	42,470
2011	-	21,235	21,235	-	42,470
2012	485,000	21,235	12,869	-	519,104
2013	725,000	12,869	-	500	738,369
Totals	<u>\$1,210,000</u>	<u>\$97,809</u>	<u>\$76,574</u>	<u>\$500</u>	<u>\$1,384,883</u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: December 9, 2004

Draw #6 \$845,000

Interest Rate: 3.55% - 4.00%

Fiscal		Interest	Interest	Paying	
Year	Principal	1-Nov	1-May	Agent	Total
				Fees	
2009	-	15,389	15,389	-	30,778
2010	-	15,389	15,389	-	30,778
2011	-	15,389	15,389	-	30,778
2012	-	15,389	15,389	-	30,778
2013	65,000	15,389	14,235	-	94,624
2014	780,000	14,235	-	500	794,735
Totals	<u>\$845,000</u>	<u>\$91,179</u>	<u>\$75,791</u>	<u>\$500</u>	<u>\$1,012,470</u>

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: April 10, 2006

Draw #7 \$1,065,000

Interest Rate: 3.65% - 3.80%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	-	19,786	19,786	-	39,572
2010	-	19,786	19,786	-	39,572
2011	-	19,786	19,786	-	39,572
2012	-	19,786	19,786	-	39,572
2013	-	19,786	19,786	-	39,572
2014	35,000	19,786	19,148	-	73,934
2015	845,000	19,148	3,515	500	868,163
2016	185,000	3,515	-	500	189,015
Totals	\$1,065,000	\$141,379	\$121,593	\$1,000	\$1,328,972

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: December 21, 2006

Draw #8 \$2,660,000

Interest Rate: 3.80% - 4.00%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	-	51,810	51,810	-	103,620
2010	-	51,810	51,810	-	103,620
2011	-	51,810	51,810	-	103,620
2012	-	51,810	51,810	-	103,620
2013	-	51,810	51,810	-	103,620
2014	-	51,810	51,810	-	103,620
2015	-	51,810	51,810	-	103,620
2016	695,000	51,810	38,605	-	785,415
2017	915,000	38,605	20,763	500	974,868
2018	950,000	20,763	2,000	-	972,763
2019	100,000	2,000	-	-	102,000
Totals	\$2,660,000	\$475,848	\$424,038	\$500	\$3,560,386

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: September 27, 2007

Draw #9 \$1,065,000

Interest Rate: 4.00% - 4.05%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	-	21,344	21,344	-	42,688
2010	-	21,344	21,344	-	42,688
2011	-	21,344	21,344	-	42,688
2012	-	21,344	21,344	-	42,688
2013	-	21,344	21,344	-	42,688
2014	-	21,344	21,344	-	42,688
2015	-	21,344	21,344	-	42,688
2016	-	21,344	21,344	-	42,688
2017	-	21,344	21,344	-	42,688
2018	-	21,344	21,344	500	43,188
2019	890,000	21,344	3,544	-	914,888
2020	175,000	3,544	-	-	178,544
Totals	\$1,065,000	\$238,328	\$216,984	\$500	\$1,520,812

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: April 25, 2008

Draw #10 \$1,075,000

Interest Rate: 3.25% - 4.05%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	-	22,494	21,769	-	44,263
2010	-	21,769	21,769	-	43,538
2011	-	21,769	21,769	-	43,538
2012	-	21,769	21,769	-	43,538
2013	-	21,769	21,769	-	43,538
2014	-	21,769	21,769	-	43,538
2015	-	21,769	21,769	-	43,538
2016	-	21,769	21,769	-	43,538
2017	-	21,769	21,769	-	43,538
2018	-	21,769	21,769	-	43,538
2019	-	21,769	21,769	500	44,038
2020	855,000	21,769	4,455	-	881,224
2021	220,000	4,455	-	-	224,455
Totals	\$1,075,000	\$266,408	\$243,911	\$500	\$1,585,820

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: December 1, 2008

Draw #11 \$985,000

Interest Rate: 3.25% - 4.10%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	-	-	19,979	-	19,979
2010	-	19,979	19,979	-	39,958
2011	-	19,979	19,979	-	39,958
2012	-	19,979	19,979	-	39,958
2013	-	19,979	19,979	-	39,958
2014	-	19,979	19,979	-	39,958
2015	-	19,979	19,979	-	39,958
2016	-	19,979	19,979	-	39,958
2017	-	19,979	19,979	-	39,958
2018	-	19,979	19,979	-	39,958
2019	-	19,979	19,979	-	39,958
2020	-	19,979	19,979	500	40,458
2021	855,000	19,979	2,665	500	878,144
2022	130,000	2,665	-	500	133,165
Totals	\$985,000	\$242,410	\$242,410	\$1,500	\$1,471,320

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
TEXAS WATER DEVELOPMENT BOARD
STATE REVOLVING FUND BONDS
Series 2000**

Total Loan Amount: \$16,000,000

Dated: November 1, 2000

Draw Dated: June 1, 2009

Draw #12 \$985,000

Interest Rate: 3.30% - 4.10%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	-	-	-	-	-
2010	-	20,193	20,193	-	40,385
2011	-	20,193	20,193	-	40,385
2012	-	20,193	20,193	-	40,385
2013	-	20,193	20,193	-	40,385
2014	-	20,193	20,193	-	40,385
2015	-	20,193	20,193	-	40,385
2016	-	20,193	20,193	-	40,385
2017	-	20,193	20,193	-	40,385
2018	-	20,193	20,193	-	40,385
2019	-	20,193	20,193	-	40,385
2020	-	20,193	20,193	500	40,885
2021	-	20,193	20,193	500	40,885
2022	985,000	20,193	-	500	1,005,693
Totals	\$985,000	\$262,503	\$242,310	\$1,500	\$1,491,313

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
WATER/WASTEWATER REVENUE BONDS
Series 2003**

Original Issue: \$1,500,000

Dated: September 30, 2003

Interest Rate: Various 4.70% - 5:00%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2009	50,000	30,916	29,666	750	111,332
2010	55,000	29,666	28,291	750	113,707
2011	60,000	28,291	26,791	750	115,832
2012	60,000	26,791	25,291	750	112,832
2013	65,000	25,291	23,666	750	114,707
2014	65,000	23,666	22,163	750	111,579
2015	70,000	22,163	20,763	750	113,676
2016	75,000	20,763	19,263	750	115,776
2017	80,000	19,263	17,623	750	117,636
2018	80,000	17,623	15,923	750	114,296
2019	85,000	15,923	14,095	750	115,768
2020	90,000	14,095	12,115	750	116,960
2021	95,000	12,115	9,978	750	117,843
2022	100,000	9,978	7,703	750	118,431
2023	105,000	7,703	5,288	750	118,741
2024	110,000	5,288	2,703	750	118,741
2025	115,000	2,703	-	750	118,453
Totals	\$1,360,000	\$312,238	\$281,322	\$12,750	\$1,966,310

NOTE PAYABLE
SCHEDULE OF REQUIREMENTS
U.S. Army Corp of Engineers
1.25% Storage-Present Water Supply 18,000 Acre-Feet

Original Note: \$220,000
Date: January 1, 1970

Interest Rate: 2.591%

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Outstanding</u>
Paid to-date	\$147,124	\$134,294	\$281,418	\$72,877
1/1/2009	5,811	1,888	7,699	67,066
1/1/2010	5,961	1,738	7,699	61,105
1/1/2011	6,116	1,583	7,699	54,989
1/1/2012	6,274	1,425	7,699	48,715
1/1/2013	6,437	1,262	7,699	42,278
1/1/2014	6,604	1,095	7,699	35,675
1/1/2015	6,775	924	7,699	28,900
1/1/2016	6,950	749	7,699	21,950
1/1/2017	7,130	569	7,699	14,820
1/1/2018	7,315	384	7,699	7,505
1/1/2019	7,505	194	7,699	-

NOTE PAYABLE
SCHEDULE OF REQUIREMENTS
U.S. Army Corp of Engineers
1.73% - Future Water Supply, 25,000 Acre-Feet

Original Note: \$305,600
Date: January 1, 1976

Interest Rate: 2.591%

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Outstanding</u>
Paid to-date	\$229,359	\$201,928	\$431,287	\$76,240
1/1/2009	10,074	1,975	12,049	66,166
1/1/2010	10,335	1,714	12,049	55,832
1/1/2011	10,602	1,447	12,049	45,229
1/1/2012	10,877	1,172	12,049	34,352
1/1/2013	11,159	890	12,049	23,193
1/1/2014	11,448	601	12,049	11,745
1/1/2015	11,745	304	12,049	-