

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 certificates of obligation or 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 \$0.5338 and an adopted rate of \$0.5138 for FY 2011. 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 net taxable assessed valuation for fiscal 2011 is \$1,865,799,171, which, when calculated, provides a policy debt limit of \$93,289,959. The City's total estimated outstanding debt for fiscal 2011 is \$51,925,000 at October 1, 2010. In October, 2010 the City anticipates issuing additional debt.

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:

$$\text{Net Debt Per Capita} = \frac{\$51,925,000 \text{ (Net Direct Debt)}}{32,709 \text{ (Population)}} = \$1,587.48$$

$$\text{Ratio of Net Debt to Taxable Assessed Value} = \frac{\$51,925,000 \text{ (Net Direct Debt)}}{\$1,865,799,171 \text{ (Assessed)}} = 2.78\%$$

The subsequent table reflects the allocation of the property tax levy between Debt Service and General Fund Operations for fiscal 2011 and the previous four years.

	<u>Fiscal</u> <u>2007</u>	<u>Fiscal</u> <u>2008</u>	<u>Fiscal</u> <u>2009</u>	<u>Fiscal</u> <u>2010</u>	<u>Fiscal</u> <u>2011</u>
Debt Service Fund	\$0.202200	\$0.202200	\$0.202200	\$0.202200	\$0.180000
General Fund	<u>\$0.353200</u>	<u>\$0.353200</u>	<u>\$0.353200</u>	<u>\$0.311600</u>	<u>\$0.311800</u>
Total Tax Rate	<u>\$0.555400</u>	<u>\$0.555400</u>	<u>\$0.555400</u>	<u>\$0.533800</u>	<u>\$0.513800</u>

The steady increase in taxable value related to both property reappraisals and new construction value additions has allowed the City to reduce the tax rate in both fiscal 2010 and fiscal 2011. 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 were 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. In fiscal 2010 the effective tax rate was adopted reducing the tax rate by 2.16 cents. For fiscal 2011 an additional 2.0 cent reduction has been implemented, reducing the increases imposed by Street Bond Program.

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. A new Capital Improvements Program (CIP) is in the process of being developed and implementation began during FY2010 and will continue into FY 2011 with a bond issue of \$9,500,000 planned for October of 2010.

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 244 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 245-258, 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 AA- and Aa2, respectively. Total outstanding debt at October 1, 2010 is \$11,400,000 and the scheduled payment of principal and interest including fees in fiscal 2011 is \$1,225,185.

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, 2010 the City had repaid \$158,896. The balance of \$61,105 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 \$55,831 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 was expected to take six years to complete at a cost of approximately \$16.0 million. The City 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 and draw #11 dated August 2009 for \$1,215,000. Draw #11 completed funding for the water line replacement project. The unissued \$755,000 will be cancelled with the anticipated issue of debt in October, 2010.

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 2011 is \$2,455,730. During fiscal 2009, the City issued \$17.4 million Certificates of Obligation in addition to using \$3 million of accumulated Water/Wastewater reserve funds to purchase Kurth Lake, Abitibi water well field and fund various sewer projects totaling approximately \$5 million as required by TCEQ.

The tables relating to Revenue Bond debt on pages 259 through 270 include each current outstanding bond issue owed by the City. 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 2011 Operating Budget

	FY2009 <u>Actual</u>	FY2010 <u>Budget</u>	FY2010 <u>Adjusted</u>	FY2011 <u>Budget</u>
Beginning Balance	\$ 1,581,913	\$ 639,382	\$ 972,818	\$ 941,916
Revenues				
Current year collections	3,612,192	3,692,518	3,692,518	3,367,963
Interest income	77,163	34,000	30,000	22,300
Other-Transfer from Water/Wastewater Fund	1,761,316	2,759,408	2,759,408	2,455,730
Other-Transfer from Solid Waste/Recycling Fund	60,671	59,252	59,252	83,578
Total Revenues	5,511,342	6,545,178	6,541,178	5,929,571
Total Funds Available	\$ 7,093,255	\$ 7,184,560	\$ 7,513,996	\$ 6,871,487
Expenditures				
Miscellaneous services	\$ 3,500	3,500	\$ 3,500	\$ 5,500
Principal payments	4,285,000	3,825,000	3,825,000	3,235,000
Interest payments	1,825,524	2,736,580	2,736,580	2,622,568
Debt service fees	6,413	7,000	7,000	8,150
Total Expenditures	6,120,437	6,572,080	6,572,080	5,871,218
Excess(deficiency) of revenues over expenditures	(609,095)	(26,902)	(30,902)	58,353
Fund balance ending	972,818	612,480	941,916	1,000,269
Total Funds Applied	\$ 7,093,255	\$ 7,184,560	\$ 7,513,996	\$ 6,871,487

**GENERAL OBLIGATION BONDS
DEBT REQUIREMENTS
SUMMARY
Fiscal 2011 Operating Budget**

Issue	Purpose	Principal Outstanding 10/1/2010	Requirements for Fiscal 2011			Total
			Principal	Interest	Paying Agent Fees	
1998	G.O./Utility Improvements ³	2,975,000	350,000	135,800	450	486,250
1999	G.O./Utility Improvements ³	450,000	225,000	22,838	450	248,288
2002	C.O./Utility Improvements	5,400,000	425,000	259,626	450	685,076
2002	G.O. Improvements	1,600,000	100,000	77,544	450	177,994
2002	G.O. Refunding Bond ¹	1,430,000	700,000	55,376	450	755,826
2003	C.O./Utility Improvements	1,350,000	75,000	59,850	750	135,600
2003	G.O. Improvements	2,950,000	150,000	128,388	750	279,138
2004	C.O./Utility Improvements	6,825,000	300,000	282,894	750	583,644
2006	G.O. Refunding Bond ²	6,445,000	395,000	255,945	650	651,595
2007	G.O. Improvements	1,565,000	65,000	69,358	750	135,108
2007	C.O./Utility Improvements	3,535,000	150,000	153,076	750	303,826
2009	C.O./Utility Improvements	17,400,000	-	737,126	750	737,876
Total		<u>\$ 51,925,000</u>	<u>\$ 2,935,000</u>	<u>\$ 2,237,821</u>	<u>\$ 7,400</u>	<u>\$ 5,180,221</u>
After Refunding 10/19/10						
1998	G.O./Utility Improvements ³	(2,975,000)	(350,000)	(135,800)	(450)	(486,250)
1999	G.O./Utility Improvements ³	(450,000)	(225,000)	(22,838)	(450)	(248,288)
2010	G.O. Refunding Bond	12,130,000	630,000	260,826	850	891,676
2010	C.O./Utility Improvements	9,145,000	-	255,996	800	256,796
Total		<u>\$69,775,000</u>	<u>\$2,990,000</u>	<u>\$2,596,005</u>	<u>\$8,150</u>	<u>\$5,594,155</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.

³ On October 19, 2010 the City issued 2010 Refunding Bonds to refund the 1998 General Obligation and 1999 General Obligation and the 2000 Revenue Bonds.

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

Fiscal Year	<u>Principal</u>	<u>Interest 15-Feb</u>	<u>Interest 15-Aug</u>	<u>Paying Agent Fees</u>	<u>Total</u>
2011	2,935,000	1,122,309	1,115,512	7,400	5,180,221
2012	3,060,000	1,059,295	1,052,087	7,400	5,178,782
2013	2,940,000	995,313	979,013	6,500	4,920,826
2014	3,065,000	937,400	920,800	6,500	4,929,700
2015	3,165,000	876,452	858,952	6,500	4,906,904
2016	3,055,000	814,245	800,294	6,500	4,676,039
2017	3,175,000	752,509	736,521	6,500	4,670,530
2018	3,120,000	683,219	671,406	6,500	4,481,125
2019	3,225,000	617,067	604,467	6,500	4,453,034
2020	3,360,000	547,899	533,399	6,500	4,447,798
2021	2,805,000	474,069	456,069	5,600	3,740,738
2022	2,925,000	415,226	396,326	5,600	3,742,152
2023	2,145,000	353,191	335,041	4,500	2,837,732
2024	2,210,000	306,121	286,996	4,500	2,807,617
2025	1,900,000	257,009	236,759	3,000	2,396,768
2026	1,310,000	215,090	193,815	2,250	1,721,155
2027	1,405,000	185,438	161,938	2,250	1,754,626
2028	1,050,000	153,125	126,875	750	1,330,750
2029	1,100,000	126,875	99,375	750	1,327,000
2030	725,000	99,375	81,250	750	906,375
2031	750,000	81,250	62,500	750	894,500
2032	800,000	62,500	42,500	750	905,750
2033	825,000	42,500	21,875	750	890,125
2034	875,000	21,875	0	750	897,625
Total	<u>\$51,925,000</u>	<u>\$11,199,352</u>	<u>\$10,773,770</u>	<u>\$99,750</u>	<u>\$73,997,872</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
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	\$2,975,000	\$379,950	\$379,950	\$4,500	\$3,739,400

**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
2011	225,000	11,419	11,419	450	248,288
2012	225,000	5,794	5,794	450	237,038
Totals	\$450,000	\$17,213	\$17,213	\$900	\$485,326

**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
2011	425,000	129,813	129,813	450	685,076
2012	450,000	119,188	119,188	450	688,826
2013	475,000	109,063	109,063	450	693,576
2014	500,000	98,375	98,375	450	697,200
2015	525,000	87,125	87,125	450	699,700
2016	550,000	74,788	74,788	450	700,026
2017	575,000	61,588	61,588	450	698,626
2018	600,000	47,500	47,500	450	695,450
2019	625,000	32,500	32,500	450	690,450
2020	675,000	16,875	16,875	450	709,200
Totals	\$5,400,000	\$776,815	\$776,815	\$4,500	\$6,958,130

**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%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2011	100,000	38,772	38,772	450	177,994
2012	100,000	36,522	36,522	450	173,494
2013	100,000	34,322	34,322	450	169,094
2014	125,000	32,072	32,072	450	189,594
2015	125,000	29,197	29,197	450	183,844
2016	125,000	26,260	26,260	450	177,970
2017	125,000	23,259	23,259	450	171,968
2018	150,000	20,197	20,197	450	190,844
2019	150,000	16,447	16,447	450	183,344
2020	150,000	12,697	12,697	450	175,844
2021	175,000	8,947	8,947	450	193,344
2022	175,000	4,485	4,485	450	184,420
Totals	\$1,600,000	\$283,177	\$283,177	\$5,400	\$2,171,754

**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%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2011	700,000	27,688	27,688	450	755,826
2012	730,000	13,688	13,688	450	757,826
Totals	\$1,430,000	\$41,376	\$41,376	\$900	\$1,513,652

**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%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
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	\$1,350,000	\$248,011	\$248,011	\$10,500	\$1,856,522

**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
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	\$2,950,000	\$550,508	\$550,508	\$10,500	\$4,061,516

**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
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	\$6,825,000	\$1,271,123	\$1,271,123	\$11,250	\$9,378,496

**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%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2011	395,000	131,371	124,574	650	651,595
2012	415,000	124,211	117,003	650	656,864
2013	710,000	116,638	107,838	650	935,126
2014	725,000	102,438	93,338	650	921,426
2015	790,000	87,938	77,938	650	956,526
2016	495,000	72,138	67,938	650	635,726
2017	525,000	62,238	56,325	650	644,213
2018	335,000	47,800	47,800	650	431,250
2019	330,000	41,100	41,100	650	412,850
2020	350,000	34,500	34,500	650	419,650
2021	680,000	27,500	25,000	650	733,150
2022	695,000	13,900	11,400	650	720,950
Totals	\$6,445,000	\$861,772	\$804,754	\$7,800	\$8,119,326

**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
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	10,078	10,078	750	130,906
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	\$1,565,000	\$336,271	\$336,271	\$12,750	\$2,250,292

**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 Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
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	\$3,535,000	\$755,932	\$755,932	\$12,750	\$5,059,614

**DEBT SERVICE
SCHEDULE OF REQUIREMENTS
CERTIFICATES OF OBLIGATION BONDS
Series 2009**

Original Issue: \$17,400,000

Dated: March 12, 2009

Interest Rate: 4.62%

Fiscal Year	Principal	Interest 15-Feb	Interest 15-Aug	Paying Agent Fees	Total
2011	-	368,563	368,563	750	737,876
2012	-	368,563	368,563	750	737,876
2013	600,000	368,563	361,063	750	1,330,376
2014	600,000	361,063	353,563	750	1,315,376
2015	600,000	353,563	346,063	750	1,300,376
2016	650,000	346,063	336,312	750	1,333,125
2017	650,000	336,313	326,238	750	1,313,301
2018	675,000	326,238	314,425	750	1,316,413
2019	700,000	314,425	301,825	750	1,317,000
2020	725,000	301,825	287,325	750	1,314,900
2021	775,000	287,325	271,825	750	1,334,900
2022	800,000	271,825	255,425	750	1,328,000
2023	825,000	255,425	237,275	750	1,318,450
2024	850,000	237,275	218,150	750	1,306,175
2025	900,000	218,150	197,900	750	1,316,800
2026	925,000	197,900	176,625	750	1,300,275
2027	1,000,000	176,625	153,125	750	1,330,500
2028	1,050,000	153,125	126,875	750	1,330,750
2029	1,100,000	126,875	99,375	750	1,327,000
2030	725,000	99,375	81,250	750	906,375
2031	750,000	81,250	62,500	750	894,500
2032	800,000	62,500	42,500	750	905,750
2033	825,000	42,500	21,875	750	890,125
2034	875,000	21,875		750	897,625
Totals	\$17,400,000	\$5,677,204	\$5,308,640	\$18,000	\$28,403,844

**WATER/WASTEWATER REVENUE BONDS
DEBT REQUIREMENTS
SUMMARY
Fiscal 2011**

Issue	Purpose	Principal Outstanding 10/1/2010	Requirements for Fiscal 2011			
			Principal	Interest	Paying Agent Fees	Total
2000	TWDB Bonds ¹	10,145,000	735,000	373,853	500	1,109,353
2003	Utility Improvements	<u>1,255,000</u>	<u>60,000</u>	<u>55,082</u>	<u>750</u>	<u>115,832</u>
	Total	<u>\$11,400,000</u>	<u>\$795,000</u>	<u>\$428,935</u>	<u>\$1,250</u>	<u>\$1,225,185</u>

Notes Payable to Army Corp of Engineers

1/1/1970	Present Water Supply	\$61,105	\$6,116	\$1,583	N/A	\$7,699
1/1/1976	Future Water Supply	<u>55,831</u>	<u>10,602</u>	<u>1,447</u>	N/A	<u>12,049</u>
	Total	<u>\$116,936</u>	<u>\$16,718</u>	<u>\$3,030</u>	N/A	<u>\$19,748</u>

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

All Series

Fiscal		Interest	Interest	Paying	
<u>Year</u>	<u>Principal</u>	<u>1-Nov</u>	<u>1-May</u>	<u>Fees</u>	<u>Total</u>
2011	795,000	221,373	207,562	1,250	1,225,185
2012	820,000	207,562	192,952	1,250	1,221,764
2013	855,000	192,952	177,304	1,250	1,226,506
2014	880,000	177,304	160,928	1,250	1,219,482
2015	915,000	160,928	143,895	1,250	1,221,073
2016	955,000	143,895	125,675	1,250	1,225,820
2017	995,000	125,675	106,193	1,250	1,228,118
2018	1,030,000	106,193	85,730	1,250	1,223,173
2019	1,075,000	85,730	64,102	1,250	1,226,082
2020	1,120,000	64,102	41,264	1,250	1,226,616
2021	1,170,000	41,264	17,358	750	1,229,372
2022	460,000	17,358	7,703	750	485,811
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	<u>\$11,400,000</u>	<u>\$1,560,030</u>	<u>\$1,338,655</u>	<u>\$16,250</u>	<u>\$14,314,934</u>

**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
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	\$1,255,000	\$251,656	\$223,365	\$11,250	\$1,741,271

**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		Interest	Interest	Paying	
Year	Principal	1-Nov	1-May	Agent	Total
				Fees	
2011	735,000	17,055	4,744	500	757,299
2012	275,000	4,744	-	500	280,244
Totals	\$1,010,000	\$21,799	\$4,744	\$1,000	\$1,037,543

**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
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>\$55,339</u>	<u>\$34,104</u>	<u>\$500</u>	<u>\$1,299,943</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	
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>\$60,402</u>	<u>\$45,013</u>	<u>\$500</u>	<u>\$950,915</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		Interest	Interest	Paying	
Year	Principal	1-Nov	1-May	Agent	Total
				Fees	
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	<u>\$1,065,000</u>	<u>\$101,807</u>	<u>\$82,021</u>	<u>\$1,000</u>	<u>\$1,249,828</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 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
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	<u>\$2,660,000</u>	<u>\$372,228</u>	<u>\$320,418</u>	<u>\$500</u>	<u>\$3,353,146</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: 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
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	\$195,640	\$174,296	\$500	\$1,435,436

**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
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	\$222,145	\$200,374	\$500	\$1,498,019

**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: August 5, 2009

Draw #11 \$1,215,000

Interest Rate: 3.25% - 4.10%

Fiscal Year	Principal	Interest 1-Nov	Interest 1-May	Paying Agent Fees	Total
2011	-	24,694	24,694	-	49,388
2012	-	24,694	24,694	-	49,388
2013	-	24,694	24,694	-	49,388
2014	-	24,694	24,694	-	49,388
2015	-	24,694	24,694	-	49,388
2016	-	24,694	24,694	-	49,388
2017	-	24,694	24,694	-	49,388
2018	-	24,694	24,694	-	49,388
2019	-	24,694	24,694	-	49,388
2020	-	24,694	24,694	500	49,888
2021	855,000	24,694	7,380	-	887,074
2022	360,000	7,380	-	-	367,380
Totals	\$1,215,000	\$279,014	\$254,320	\$500	\$1,748,834

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	\$158,896	\$137,920	\$296,816	\$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	\$249,768	\$205,617	\$455,385	\$55,831
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	-