

## 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 \$0.5138 and a proposed rate of \$0.5138 is planned for FY 2012. 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 2012 is \$1,930,315,221, which, when calculated, provides a policy debt limit of \$96,515,761. The City's total estimated outstanding debt for Fiscal 2012 is \$66,805,000.

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 36,830. Based on this figure, the ratios are as follows:

$$\text{Net Debt Per Capita} = \frac{\$66,805,000 \text{ (Net Direct Debt)}}{36,830 \text{ (Population)}} = \$1,813.87$$

$$\text{Ratio of Net Debt to Taxable Assessed Value} = \frac{\$66,805,000 \text{ (Net Direct Debt)}}{\$1,930,315,221 \text{ (Assessed Value)}} = 3.46\%$$

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.

	<b><u>Fiscal</u></b> <b><u>2008</u></b>	<b><u>Fiscal</u></b> <b><u>2009</u></b>	<b><u>Fiscal</u></b> <b><u>2010</u></b>	<b><u>Fiscal</u></b> <b><u>2011</u></b>	<b><u>Fiscal</u></b> <b><u>2012</u></b>
Debt Service Fund	\$0.202200	\$0.202200	\$0.202200	\$0.180000	\$0.180000
General Fund	<u>\$0.353200</u>	<u>\$0.353200</u>	<u>\$0.311600</u>	<u>\$0.333800</u>	<u>\$0.333800</u>
Total Tax Rate	<u>\$0.555400</u>	<u>\$0.555400</u>	<u>\$0.533800</u>	<u>\$0.513800</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 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. 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 was implemented, reducing the increases imposed by the 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 2012 with a bond issue of \$9,145,000 in November of 2011 and an additional issue in FY 2013.

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 252 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 253-270, 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 A1, respectively. Total outstanding debt at October 1, 2011 is \$1,195,000 and the scheduled payment of principal and interest including fees in Fiscal 2012 is \$112,832.

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, 2011 the City had repaid \$165,012. The balance of \$54,989 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 \$45,229 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 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 and draw #11 dated August 2009 for \$1,215,000. Draw #11 completed funding for the water line replacement project. In Fiscal 2011 these bonds were refunded as part of the 2010 General Obligation Refunding Bonds.

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 267 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 2012 Operating Budget**

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2011</b>	<b>FY2012</b>
	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Adjusted</u></b>	<b><u>Budget</u></b>
<b>Beginning Balance</b>	\$ 972,818	\$ 639,382	\$ 983,575	\$ 1,388,010
<b>Revenues</b>				
Current year collections	3,742,781	3,367,963	3,375,122	3,359,011
Interest income	21,572	22,300	38,835	28,695
Other-Transfer from Water/Wastewater Fund	2,759,408	2,455,730	2,718,373	3,610,509
Other-Transfer from Solid Waste/Recycling Fund	59,252	83,578	72,000	74,800
Other financing sources-proceeds	-	-	13,097,421	-
<b>Total Revenues</b>	<b>6,583,013</b>	<b>5,929,571</b>	<b>19,301,751</b>	<b>7,073,015</b>
<b>Total Funds Available</b>	<b>\$ 7,555,831</b>	<b>\$ 6,568,953</b>	<b>\$ 20,285,326</b>	<b>\$ 8,461,025</b>
<b>Expenditures</b>				
Miscellaneous services	\$ 3,500	\$ 5,500	\$ 5,500	\$ 5,500
Principal payments	3,825,000	2,990,000	2,990,000	4,130,000
Interest payments	2,736,575	2,596,005	2,797,645	2,739,456
Debt service fees	7,181	8,150	8,150	8,000
Other financing uses	-	-	13,096,021	-
<b>Total Expenditures</b>	<b>6,572,256</b>	<b>5,599,655</b>	<b>18,897,316</b>	<b>6,882,956</b>
Excess(deficiency) of revenues over expenditures	10,757	329,916	404,435	190,059
Fund balance ending	983,575	969,298	1,388,010	1,578,069
<b>Total Funds Applied</b>	<b>\$ 7,555,831</b>	<b>\$ 6,568,953</b>	<b>\$ 20,285,326</b>	<b>\$ 8,461,025</b>

**GENERAL OBLIGATION BONDS  
DEBT REQUIREMENTS  
SUMMARY  
Fiscal 2012 Operating Budget**

Issue	Purpose	Principal Outstanding 10/1/2011	Requirements for Fiscal 2012			
			Principal	Interest	Paying Agent Fees	Total
2002	G.O./Utility Improvements	4,975,000	450,000	238,376	450	688,826
2002	G.O. Improvements	1,500,000	100,000	73,044	450	173,494
2002	G.O. Refunding Bond <sup>1</sup>	730,000	730,000	27,376	450	757,826
2003	G.O./Utility Improvements	1,275,000	75,000	56,100	750	131,850
2003	G.O. Improvements	2,800,000	150,000	122,912	750	273,662
2004	G.O./Utility Improvements	6,525,000	350,000	270,894	750	621,644
2006	G.O. Refunding Bond <sup>2</sup>	6,050,000	415,000	241,214	650	656,864
2007	G.O. Improvements	1,500,000	65,000	66,026	750	131,776
2007	G.O./Utility Improvements	3,385,000	150,000	146,326	750	297,076
2009	C.O./Utility Improvements	17,400,000	-	737,126	750	737,876
2010	C.O. Improvements	9,145,000	305,000	349,800	750	655,550
2010	G.O. Refuding Bond	11,520,000	1,340,000	403,050	750	1,743,800
<b>Total</b>		<b>\$66,805,000</b>	<b>\$4,130,000</b>	<b>\$2,732,244</b>	<b>\$8,000</b>	<b>\$6,870,244</b>

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

<b>Fiscal Year</b>	<b><u>Principal</u></b>	<b><u>Interest 15-Feb</u></b>	<b><u>Interest 15-Aug</u></b>	<b><u>Paying Agent Fees</u></b>	<b><u>Total</u></b>
2012	4,130,000	1,369,726	1,362,518	8,000	6,870,244
2013	4,030,000	1,302,963	1,286,663	7,550	6,627,176
2014	4,175,000	1,230,500	1,213,900	7,550	6,626,950
2015	4,325,000	1,154,902	1,137,402	7,550	6,624,854
2016	4,245,000	1,077,295	1,063,344	7,550	6,393,189
2017	4,420,000	992,584	976,596	7,550	6,396,730
2018	4,405,000	899,294	887,481	7,550	6,199,325
2019	4,565,000	808,342	795,742	7,550	6,176,634
2020	4,750,000	713,349	698,849	7,550	6,169,748
2021	4,280,000	612,769	594,769	7,100	5,494,638
2022	3,380,000	524,426	505,526	6,350	4,416,302
2023	2,615,000	453,291	435,141	5,250	3,508,682
2024	2,705,000	396,821	377,696	5,250	3,484,767
2025	2,415,000	337,809	317,559	3,750	3,074,118
2026	1,840,000	285,590	264,315	3,000	2,392,905
2027	1,960,000	245,338	221,838	3,000	2,430,176
2028	1,620,000	201,925	175,675	1,500	1,999,100
2029	1,700,000	164,275	136,775	1,500	2,002,550
2030	1,345,000	124,775	106,650	1,500	1,577,925
2031	1,400,000	94,250	75,500	1,500	1,571,250
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
<b>Total</b>	<b><u>\$66,805,000</u></b>	<b><u>\$13,117,099</u></b>	<b><u>\$12,698,314</u></b>	<b><u>\$110,350</u></b>	<b><u>\$92,730,763</u></b>

**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%

<b>Fiscal</b>		<b>Interest</b>	<b>Interest</b>	<b>Paying</b>	
<b>Year</b>	<b>Principal</b>	<b>15-Feb</b>	<b>15-Aug</b>	<b>Agent</b>	<b>Total</b>
				<b>Fees</b>	
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
<b>Totals</b>	<b>\$4,975,000</b>	<b>\$647,002</b>	<b>\$647,002</b>	<b>\$4,050</b>	<b>\$6,273,054</b>

**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%

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest 15-Feb</b>	<b>Interest 15-Aug</b>	<b>Paying Agent Fees</b>	<b>Total</b>
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
<b>Totals</b>	<u>\$1,500,000</u>	<u>\$244,405</u>	<u>\$244,405</u>	<u>\$4,950</u>	<u>\$1,993,760</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%

<b>Fiscal</b>		<b>Interest</b>	<b>Interest</b>	<b>Paying</b>	
<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>15-Feb</u></b>	<b><u>15-Aug</u></b>	<b><u>Agent</u></b>	<b><u>Total</u></b>
				<b><u>Fees</u></b>	
2012	730,000	13,688	13,688	450	757,826
<b>Totals</b>	<b><u>\$730,000</u></b>	<b><u>\$13,688</u></b>	<b><u>\$13,688</u></b>	<b><u>\$450</u></b>	<b><u>\$757,826</u></b>

**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%

<b>Fiscal</b>		<b>Interest</b>	<b>Interest</b>	<b>Paying</b>	
<b>Year</b>	<b>Principal</b>	<b>15-Feb</b>	<b>15-Aug</b>	<b>Agent</b>	<b>Total</b>
				<b>Fees</b>	
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
<b>Totals</b>	<b><u>\$1,275,000</u></b>	<b><u>\$218,086</u></b>	<b><u>\$218,086</u></b>	<b><u>\$9,750</u></b>	<b><u>\$1,720,922</u></b>

**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%

<b>Fiscal</b>		<b>Interest</b>	<b>Interest</b>	<b>Paying</b>	
<b>Year</b>	<b>Principal</b>	<b>15-Feb</b>	<b>15-Aug</b>	<b>Agent</b>	<b>Total</b>
				<b>Fees</b>	
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
<b>Totals</b>	<b>\$2,800,000</b>	<b>\$486,314</b>	<b>\$486,314</b>	<b>\$9,750</b>	<b>\$3,782,378</b>

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

Original Issue: \$8,200,000

Dated: December 15, 2004

Interest Rate: 5.00%

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest 15-Feb</b>	<b>Interest 15-Aug</b>	<b>Paying Agent Fees</b>	<b>Total</b>
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
<b>Totals</b>	<b><u>\$6,525,000</u></b>	<b><u>\$1,129,676</u></b>	<b><u>\$1,129,676</u></b>	<b><u>\$10,500</u></b>	<b><u>\$8,794,852</u></b>

**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%

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest 15-Feb</b>	<b>Interest 15-Aug</b>	<b>Paying Agent Fees</b>	<b>Total</b>
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
<b>Totals</b>	<u>\$6,050,000</u>	<u>\$730,401</u>	<u>\$680,180</u>	<u>\$7,150</u>	<u>\$7,467,731</u>

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

Original Issue: \$1,740,000

Dated: July 19, 2007

Interest Rate: 5.00%

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest 15-Feb</b>	<b>Interest 15-Aug</b>	<b>Paying Agent Fees</b>	<b>Total</b>
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
<b>Totals</b>	<b><u>\$1,500,000</u></b>	<b><u>\$301,592</u></b>	<b><u>\$301,592</u></b>	<b><u>\$12,000</u></b>	<b><u>\$2,115,184</u></b>

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

Original Issue: \$5,870,000

Dated: July 19, 2007

Interest Rate: 5.00%

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest 15-Feb</b>	<b>Interest 15-Aug</b>	<b>Paying Agent Fees</b>	<b>Total</b>
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
<b>Totals</b>	<b>\$3,385,000</b>	<b>\$679,394</b>	<b>\$679,394</b>	<b>\$12,000</b>	<b>\$4,755,788</b>

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

Original Issue: \$17,400,000

Dated: March 12, 2009

Interest Rate: 4.62%

<b>Fiscal</b>		<b>Interest</b>	<b>Interest</b>	<b>Paying</b>	
<b>Year</b>	<b>Principal</b>	<b>15-Feb</b>	<b>15-Aug</b>	<b>Agent</b>	<b>Total</b>
				<b>Fees</b>	
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
<b>Totals</b>	<b>\$17,400,000</b>	<b>\$5,308,641</b>	<b>\$4,940,077</b>	<b>\$17,250</b>	<b>\$27,665,968</b>

**DEBT SERVICE  
SCHEDULE OF REQUIREMENTS  
CERTIFICATES OF OBLIGATION BONDS  
Series 2010**

Original Issue: \$9,145,000

Dated: November 15, 2010

Interest Rate: 2.0 - 4.0%

<b>Fiscal</b>		<b>Interest</b>	<b>Interest</b>	<b>Paying</b>	
<b>Year</b>	<b>Principal</b>	<b>15-Feb</b>	<b>15-Aug</b>	<b>Agent</b>	<b>Total</b>
				<b>Fees</b>	
2012	305,000	174,900	174,900	750	655,550
2013	315,000	171,850	171,850	750	659,450
2014	325,000	167,125	167,125	750	660,000
2015	350,000	162,250	162,250	750	675,250
2016	355,000	157,000	157,000	750	669,750
2017	380,000	149,900	149,900	750	680,550
2018	390,000	142,300	142,300	750	675,350
2019	405,000	134,500	134,500	750	674,750
2020	425,000	126,400	126,400	750	678,550
2021	435,000	117,900	117,900	750	671,550
2022	455,000	109,200	109,200	750	674,150
2023	470,000	100,100	100,100	750	670,950
2024	495,000	90,700	90,700	750	677,150
2025	515,000	80,800	80,800	750	677,350
2026	530,000	70,500	70,500	750	671,750
2027	555,000	59,900	59,900	750	675,550
2028	570,000	48,800	48,800	750	668,350
2029	600,000	37,400	37,400	750	675,550
2030	620,000	25,400	25,400	750	671,550
2031	650,000	13,000	13,000	750	676,750
<b>Totals</b>	<b>\$9,145,000</b>	<b>\$2,139,925</b>	<b>\$2,139,925</b>	<b>\$15,000</b>	<b>\$13,439,850</b>

**DEBT SERVICE  
SCHEDULE OF REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BONDS  
Series 2010**

Original Issue: \$12,130,000

Dated: November 15, 2010

Interest Rate: 2.0 - 4.0%

<b>Fiscal</b>		<b>Interest</b>	<b>Interest</b>	<b>Paying</b>	
<b>Year</b>	<b>Principal</b>	<b>15-Feb</b>	<b>15-Aug</b>	<b>Agent</b>	<b>Total</b>
				<b>Fees</b>	
2012	1,340,000	201,525	201,525	750	1,743,800
2013	1,000,000	188,125	188,125	750	1,377,000
2014	1,035,000	173,125	173,125	750	1,382,000
2015	1,060,000	157,600	157,600	750	1,375,950
2016	1,110,000	141,700	141,700	750	1,394,150
2017	1,165,000	119,500	119,500	750	1,404,750
2018	1,195,000	96,200	96,200	750	1,388,150
2019	1,260,000	72,300	72,300	750	1,405,350
2020	1,315,000	47,100	47,100	750	1,409,950
2021	1,040,000	20,800	20,800	750	1,082,350
<b>Totals</b>	<u>\$11,520,000</u>	<u>\$1,217,975</u>	<u>\$1,217,975</u>	<u>\$7,500</u>	<u>\$13,963,450</u>

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

<b>Issue</b>	<b>Purpose</b>	<b>Principal Outstanding 10/1/2010</b>	<b>Requirements for Fiscal 2011</b>			<b>Total</b>
			<b>Principal</b>	<b>Interest</b>	<b>Paying Agent Fees</b>	
2003	Utility Improvements	1,195,000	60,000	52,082	750	112,832
	<b>Total</b>	<u>\$1,195,000</u>	<u>\$60,000</u>	<u>\$52,082</u>	<u>\$750</u>	<u>\$112,832</u>

**Notes Payable to Army Corp of Engineers**

1/1/1970	Present Water Supply	\$54,989	\$6,274	\$1,425	N/A	\$7,699
1/1/1976	Future Water Supply	45,229	10,877	1,172	N/A	12,049
	<b>Total</b>	<u>\$100,218</u>	<u>\$17,151</u>	<u>\$2,597</u>	N/A	<u>\$19,748</u>

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

**All Series**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest 1-Nov</b>	<b>Interest 1-May</b>	<b>Paying Fees</b>	<b>Total</b>
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
<b>Totals</b>	<b>\$1,195,000</b>	<b>\$223,365</b>	<b>\$196,574</b>	<b>\$10,500</b>	<b>\$1,625,439</b>

**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%

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest 1-Nov</b>	<b>Interest 1-May</b>	<b>Paying Agent Fees</b>	<b>Total</b>
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
<b>Totals</b>	<b>\$1,195,000</b>	<b>\$223,365</b>	<b>\$196,574</b>	<b>\$10,500</b>	<b>\$1,625,439</b>

**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>
<b>Paid to-date</b>	\$165,012	\$139,503	\$304,515	\$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>
<b>Paid to-date</b>	\$260,370	\$207,064	\$467,434	\$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	-