

# MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board (MSRB), Nationally Recognized Municipal Securities Information Repositories (NRMSIRs), and any applicable State Information Depository (SIDs), pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

**Provide the following information as exactly as shown on the Official Statement:**

- 1.) Name of Issuer and/ or Obligor: City of Lubbock, Texas
  
- 2.) Name of Issue(s): Tax and Municipal Drainage Utility System Surplus Revenue Certificates of Obligation, Series 2001  
General Obligation Bonds, Series 2002  
General Obligation Bonds, Series 2006  
Tax and Waterworks System Surplus Revenue Certificates of Obligation, Series 2006  
General Obligation Refunding Bonds, Series 2006

**CUSIP Numbers to which the information filed relates:**

Nine-digit number(s) (attach additional sheet if necessary):

549187 NU2, NV0, NW8  
549187 PW6, PX4, PY2, PZ9  
549187 Z62, Z70, Z88, Z96, 2A9, 2B7, 2C5, 2D3, 2E1, 2F8, 2G6, 2H4, 2J0, 2K7, 2L5, 2M3, 2N1, 2P6  
549187 2R2, 2S0, 2T8, 2U5, 2V3, 2W1, 2X9, 2Y7, 2Z4, 3A8, 3B6, 3C4, 3D2, 3E0, 3F7, 3G5, 3H3, 3J9  
549187 W65, W73, W81, W99, X23, X31, X49, X56, X64, X72, X80, X98, Y22, Y30, Y48, Y55, Y63, Y71, Y89, Y97,  
Z21, Z47

Six-digit number(s) if information filed relates to all securities of the issuer: \_\_\_\_\_

**Filing Format:**  Electronic;  Paper; If available on the Internet, give URL: \_\_\_\_\_

**The following information is submitted:**  Pursuant to SEC Rule 15(c)2-12;  As Voluntarily Disclosure

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## Description of Material Event Notice/Other Material Information

1. \_\_\_ Principal and interest payment delinquencies
2. \_\_\_ Non-payment related defaults
3. \_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties
4. \_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties
5. \_\_\_ Substitution of credit or liquidity providers, or their failure to perform
6. \_\_\_ Adverse tax opinions or events affecting the tax-exempt status of the security
7. \_\_\_ Modifications to rights of security holders
8. \_\_\_ Bond calls
9. \_\_\_ Defeasances
10. \_\_\_ Release, substitution, or sale of property securing repayment of the securities
11. X Rating changes
12. \_\_\_ Notice of non-compliance: failure to provide annual financial information
13. \_\_\_ Other material event or voluntary information (specify): \_\_\_\_\_

\*\*\*\*\*

**Financial & Operating Data Disclosure Information**  
(Financial information should not be filed with the MSRB)

- Annual Financial Report or CAFR  
 Financial Information & Operating Data  
 Other (describe): \_\_\_\_\_  
Fiscal Period Covered: \_\_\_\_\_  
 Monthly  Quarterly  Annual  Other (specify): \_\_\_\_\_

\* \* \* \* \*

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Name of Contact Person: Mr. Brandon Inman Title: Senior Financial Analyst  
Email Address: binman@mylubbock.us Web Site Address: www.ci.lubbock.tx.us  
Voice Telephone Number: (806) 775-3320 Fax Number: (806) 775-2051  
Employer: City of Lubbock, Texas  
I am (check one):  The Issuer  The Borrower  The Issuer/Obligor's Dissemination Agent  
Date: March 28, 2008

## NOTICE OF MATERIAL EVENT

This Notice is being provided by the City of Lubbock, Texas (the “City” or the “Issuer”), pursuant to a continuing disclosure agreement entered into by the Issuer pursuant to the requirements of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission, as notification of the occurrence of the following material event as defined in paragraph (b)(5)(i)(C) of the Rule.

On January 31, 2008, Standard & Poor’s Ratings Services (“S&P”) lowered the insurance financial strength rating of Financial Guaranty Insurance Company (“FGIC”) from “AAA” to “AA”.

Subsequently, on February 25, 2008, S&P lowered the insurance financial strength rating of FGIC from “AA” to “A”.

Subsequently, on March 28, 2008, S&P lowered the insurance financial strength rating of FGIC from “A” to “BB”.

On February 14, 2008, Moody’s Investors Service (“Moody’s”) downgraded the insurance financial strength rating of FGIC from “Aaa” to “A3”.

On January 30, 2008, Fitch Ratings (“Fitch”) downgraded the insurance financial strength rating of FGIC from “AAA” to “AA”.

Subsequently, on March 26, 2008, Fitch lowered the insurance financial strength rating of FGIC from “AA” to “BBB”.

For further information, please contact S&P, Moody’s and Fitch.

The City currently maintains underlying credit ratings “AA” from S&P, “Aa3” from Moody’s and “AA” from Fitch on its outstanding general obligation debt.

# MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board (MSRB), Nationally Recognized Municipal Securities Information Repositories (NRMSIRs), and any applicable State Information Depository (SIDs), pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

**Provide the following information as exactly as shown on the Official Statement:**

- 1.) Name of Issuer and/ or Obligor: City of Lubbock, Texas
  
- 2.) Name of Issue(s): Electric Light and Power System Revenue Bonds, Series 1998  
Electric Light and Power System Revenue Refunding and Improvement  
Bonds, Series 1999  
Electric Light and Power System Revenue Bonds, Series 2001  
Combination Tax and Electric Light and Power System Surplus Revenue Certificates  
of Obligation, Series 2005

**CUSIP Numbers to which the information filed relates:**

Nine-digit number(s) (attach additional sheet if necessary):

549203NC7  
549203 NN3, NP8, NQ6, NR4, NS2, NT0, NU7, NV5, NW3, NX1, NY9  
549203 PJ0, PK7, PL5, PM3, PN1, PP6, PQ4, PR2, PS0, PT8, PU5, PV3  
549203 QC4, QD2, QE0, QF7, QG5, QH3, QJ9, QK6, QL4, QM2, QN0, QP5, QR1  
549187 H62, H70, H88, H96, J29, J37, J45, J52, J60, J78, J86, J94, K27, K35, K43, K50, K68, K76

Six-digit number(s) if information filed relates to all securities of the issuer: \_\_\_\_\_

**Filing Format:**  Electronic;  Paper; If available on the Internet, give URL: \_\_\_\_\_

**The following information is submitted:**  Pursuant to SEC Rule 15(c)2-12;  As Voluntarily Disclosure

\* \* \* \* \*

## Description of Material Event Notice/Other Material Information

1. \_\_\_ Principal and interest payment delinquencies
2. \_\_\_ Non-payment related defaults
3. \_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties
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10. \_\_\_ Release, substitution, or sale of property securing repayment of the securities
11. X Rating changes
12. \_\_\_ Notice of non-compliance: failure to provide annual financial information
13. \_\_\_ Other material event or voluntary information (specify): \_\_\_\_\_

\* \* \* \* \*

**Financial & Operating Data Disclosure Information**  
(Financial information should not be filed with the MSRB)

- Annual Financial Report or CAFR  
 Financial Information & Operating Data  
 Other (describe): \_\_\_\_\_  
Fiscal Period Covered: \_\_\_\_\_  
 Monthly  Quarterly  Annual  Other (specify): \_\_\_\_\_

\* \* \* \* \*

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Name of Contact Person: Mr. Brandon Inman Title: Senior Financial Analyst  
Email Address: binman@mylubbock.us Web Site Address: www.ci.lubbock.tx.us  
Voice Telephone Number: (806) 775-3320 Fax Number: (806) 775-2051  
Employer: City of Lubbock, Texas  
I am (check one):  The Issuer  The Borrower  The Issuer/Obligor's Dissemination Agent  
Date: March 25, 2008

## **NOTICE OF MATERIAL EVENT**

This Notice is being provided by the City of Lubbock, Texas (the “City” or the “Issuer”), pursuant to a continuing disclosure agreement entered into by the Issuer pursuant to the requirements of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission, as notification of the occurrence of the following material event as defined in paragraph (b)(5)(i)(C) of the Rule.

On January 18, 2008, Fitch Ratings (“Fitch”) lowered the insurance financial strength rating of Ambac Assurance Corporation (“Ambac”) from “AAA” to “AA”.

For further information, please contact Fitch.

The City currently maintains underlying credit ratings from Fitch of “AA” on its outstanding general obligation debt and “BBB+” on its outstanding electric light and power system revenue debt.

**City of Lubbock, TX**  
**Finance Department**  
**Continuing Disclosure Report**  
**Fiscal Year Ended September 30, 2007**

**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2007 Market Valuation Established by Lubbock Central Appraisal District		\$ 11,492,911,247
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	\$ 225,084,488	
Homestead Cap Adjustment	58,787,272	
Disabled Veterans	15,063,118	
Agricultural/Open-Space Land Use Reductions	80,099,818	
Pollution Exemptions	10,312,389	
House Bill 366	163,705	
Freeport Exemptions	86,375,634	
Tax Abatement Reductions	35,908,583	
Tax Freeze Adjustment	195,219	
Market Value Reduction for Protested Properties	<u>83,710,458</u>	<u>595,700,684</u>
2007 Taxable Assessed Valuation		10,897,210,563
City Funded Debt Payable from Ad Valorem Taxes:		
General Obligation Debt (as of 2/12/08) <sup>(1)</sup>	<u>576,955,000</u>	
Total Funded Debt Payable from Ad Valorem Taxes		576,955,000
Less: Self Supporting Debt (as of 2/12/08) <sup>(2)</sup>		
Waterworks System General Obligation Debt	130,186,650	
Sewer System General Obligation Debt	110,779,968	
Solid Waste Disposal System General Obligation Debt	12,631,050	
Drainage Utility System General Obligation Debt	84,413,882	
Tax Increment Financing General Obligation Debt	34,217,118	
Electric Light and Power System General Obligation Debt	60,039,877	
Cemetery General Obligation Debt	682,261	
Gateway General Obligation Debt	41,849,527	
Hotel Occupancy Tax Debt	1,239,916	
Airport General Obligation Debt	<u>6,653,145</u>	<u>482,693,394</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes		\$ 94,261,606
General Obligation Interest and Sinking Fund as of September 30, 2007		2,830,584
Ratio Total Funded Debt to Taxable Assessed Valuation		5.29%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		0.87%
2008 Estimated Population <sup>(3)</sup>		214,847
Per Capita Taxable Assessed Valuation	\$	50,721
Per Capita Total Funded Debt Payable from Ad Valorem Taxes		2,685
Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes		439

<sup>(1)</sup> The statement of indebtedness does not include the City's outstanding Electric Light and Power System Revenue Bonds, payable solely from the Net Revenues of the City's Electric Light and Power System.

**City of Lubbock, TX**  
**Finance Department**  
**Continuing Disclosure Report**  
**Fiscal Year Ended September 30, 2007**

<sup>(2)</sup> As a matter of policy, the City provides debt service on general obligation debt issued to fund improvements to its Waterworks System, Sewer System, Solid Waste System, Drainage System, Tax Increment Finance Reinvestment Zone, Electric Light and Power System, Cemetery, Gateway Streets, Hotel Occupancy Tax projects and Airport from surplus revenues of these Systems (see "Table 8A – General Obligation Debt Service Requirements," "Table 8B - Interest and Sinking Fund Budget Projection," "Table 9 - Division of General Obligation Debt Service Requirements" and "Table 10 - Computation of Self-Supporting Debt").

The City's Waterworks System General Obligation Debt has been issued to finance or refinance Waterworks System improvements, and is being paid, or is expected to be paid, from Waterworks System revenues. The City has no outstanding Waterworks System Revenue Bonds but has obligated revenues of the Waterworks System under water supply contracts.

The City's Sewer System General Obligation Debt has been issued to finance Sewer System improvements, and that is being paid, or is expected to be paid, from Sewer System revenues. The City has no outstanding Sewer System Revenue Bonds.

The City's Solid Waste Disposal System General Obligation Debt has been issued for Solid Waste System improvements, and is being paid, or is expected to be paid, from revenues derived from Solid Waste service fees. The City has no outstanding Solid Waste Disposal System Revenue Bonds.

The City's Drainage Utility System General Obligation Debt has been issued for Drainage System improvements, and is being paid, or is expected to be paid, from revenues derived from Drainage Utility System fees. The City has no outstanding Drainage Utility System Revenue Bonds.

The City's Tax Increment Financing General Obligation Debt has been issued for construction of improvements in the North Overton TIF, and is being paid, or is expected to be paid, from revenues derived from the Pledged Tax Increment Revenues. The City has no outstanding Tax Increment Financing Revenue Bonds. In FY 2008, based upon development projections that the City believes to be reasonable, but which are dependent in part on future economic conditions and other factors that the City cannot control and as to which it can give no assurances, the City anticipates that tax increment revenues will be adequate to cover debt requirements on the existing Tax Increment Certificates of Obligation. In the interim, the City intends to make an interfund loan to cover the debt service, and if the projected development in the North Overton TIF proceeds as expected, the City would repay such loan from revenues received in future years. The North Overton master plan projects additional debt to be issued by the City for infrastructure improvements in the TIF. If that occurs, there would likely be years in which the TIF would not produce revenues in amounts sufficient to cover all debt issued for it, at least until the TIF has reached full build-out status.

The City's Electric Light and Power System General Obligation has been issued to finance Electric Light and Power System improvements, and is being paid, or that is expected to be paid, from revenues derived from the Electric Light and Power System. The City has \$19,010,000 outstanding Electric Light and Power System Revenue Bonds payable from a pledge of system revenues.

The City's Cemetery General Obligation Debt has been issued to finance Cemetery improvements, and is being paid, or that is expected to be paid, from revenues derived from the Cemetery. The City has no outstanding Cemetery Revenue Bonds.

The City's Gateway General Obligation Debt has been issued for Gateway Streets improvements, and is being paid, or is expected to be paid, from Franchise fees. The City has no outstanding Gateway Fund Revenue Bonds.

The City's Hotel Occupancy Tax General Obligation Debt has been issued to finance tourism projects, and is being paid, or is expected to be paid, from hotel occupancy taxes. The City has no outstanding Hotel Occupancy Tax Bonds.

The City's Airport General Obligation Debt has been issued to finance Airport improvements, and is being paid, or that is expected to be paid, from revenues derived from the Airport. The City has no outstanding Airport Revenue Bonds.

<sup>(3)</sup> Source: City of Lubbock, Texas.

**City of Lubbock, TX**  
**Finance Department**  
**Continuing Disclosure Report**  
**Fiscal Year Ended September 30, 2007**

**TABLE 2 - TAXABLE ASSESSED VALUATION BY CATEGORY**

Category	<b>Taxable Appraised Value for Fiscal Year Ended September 30,</b>					
	2008		2007		2006	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 6,321,729,050	55.01%	5,889,918,195	55.53%	5,517,769,306	55.55%
Real, Residential, Multi-Family	931,507,661	8.11%	873,394,391	8.23%	795,689,400	8.01%
Real, Vacant Lots/Tracts	202,703,022	1.76%	186,939,508	1.76%	166,089,379	1.67%
Real, Acreage (Land Only)	103,474,361	0.90%	104,443,417	0.98%	80,067,791	0.81%
Real, Farm and Ranch Improvements	10,948,790	0.10%	10,601,986	0.10%	11,038,895	0.11%
Real, Commercial and Industrial	2,246,869,059	19.55%	1,968,271,689	18.56%	1,827,901,763	18.40%
Real, Oil, Gas and Other Mineral Reserves	26,864,150	0.23%	28,446,050	0.27%	17,526,510	0.18%
Real and Tangible Personal, Utilities	181,023,472	1.58%	179,562,657	1.69%	177,838,907	1.79%
Tangible Personal, Business	1,340,911,089	11.67%	1,245,600,988	11.74%	1,228,428,632	12.37%
Tangible Personal, Other	13,018,766	0.11%	13,940,265	0.13%	14,527,171	0.15%
Real Property, Inventory	41,291,828	0.36%	37,577,657	0.35%	26,685,491	0.27%
Special Inventory	72,685,000	0.63%	68,621,321	0.65%	67,329,545	0.68%
Other/Adjustments	(115,001)	0.00%	220,192	0.00%	1,499,616	0.02%
Total Appraised Value Before Exemptions	11,492,911,247	100.00%	10,607,538,316	100.00%	9,932,392,406	100.00%
Less: Total Exemptions/Reductions	(595,700,684)		(604,812,679)		(585,778,455)	
Taxable Assessed Value	<u>\$ 10,897,210,563</u>		<u>10,002,725,637</u>		<u>9,346,613,951</u>	

Category	<b>Taxable Appraised Value for Fiscal Year Ended September 30,</b>					
	2005		2004		2003	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 5,169,490,706	56.09%	4,690,158,161	55.50%	4,282,214,635	56.78%
Real, Residential, Multi-Family	615,453,250	6.68%	561,569,488	6.64%	455,993,262	6.05%
Real, Vacant Lots/Tracts	137,411,731	1.49%	108,625,954	1.29%	93,473,144	1.24%
Real, Acreage (Land Only)	64,532,486	0.70%	65,880,410	0.78%	59,644,977	0.79%
Real, Farm and Ranch Improvements	10,406,299	0.11%	10,835,088	0.13%	11,391,782	0.15%
Real, Commercial and Industrial	1,712,457,490	18.58%	1,638,846,765	19.39%	1,370,730,397	18.18%
Real, Oil, Gas and Other Mineral Reserves	12,167,754	0.13%	8,923,810	0.11%	7,909,460	0.10%
Real and Tangible Personal, Utilities	173,908,469	1.89%	185,761,346	2.20%	192,138,423	2.55%
Tangible Personal, Business	1,226,369,118	13.31%	1,090,862,579	12.91%	974,534,729	12.92%
Tangible Personal, Other	15,465,413	0.17%	16,287,022	0.19%	15,336,364	0.20%
Real Property, Inventory	9,863,035	0.11%	4,774,287	0.06%	11,087,603	0.15%
Special Inventory	68,232,264	0.74%	68,663,514	0.81%	67,339,159	0.89%
Other/Adjustments	-	0.00%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	9,215,758,015	100.00%	8,451,188,424	100.00%	7,541,793,935	100.00%
Less: Total Exemptions/Reductions	(580,763,153)		(529,598,044)		(199,449,068)	
Taxable Assessed Value	<u>\$ 8,634,994,862</u>		<u>7,921,590,380</u>		<u>7,342,344,867</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Lubbock Central Appraisal District to the City for purposes of establishing and levying the City's annual ad valorem tax rate and to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

**City of Lubbock, TX**  
**Finance Department**  
**Continuing Disclosure Report**  
**Fiscal Year Ended September 30, 2007**

**TABLE 3A - VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

<b>Fiscal Year Ended 30-Sep</b>	<b>Estimated District Population <sup>(1)</sup></b>	<b>Taxable Assessed Valuation</b>	<b>Per Capita Taxable Assessed Valuation</b>	<b>General Purpose Funded Tax Debt <sup>(2)</sup></b>	<b>Ratio Tax Debt to Assessed Valuation <sup>(2)</sup></b>	<b>Funded Debt Per Capita <sup>(3)</sup></b>	<b>Tax Year</b>
2003	204,737	\$ 7,342,344,867	35,862	70,188,204	0.96%	343	2002
2004	206,290	7,921,590,380	38,400	70,161,218	0.89%	340	2003
2005	209,120	8,634,994,862	41,292	80,210,269	0.93%	384	2004
2006	211,187	9,346,613,951	44,258	87,231,945	0.93%	413	2005
2007	212,365	10,002,725,637	47,102	92,487,363	0.92%	436	2006
2008	214,847	10,897,210,563	50,721	102,931,649	0.94%	479	2007

<sup>(1)</sup> Source: The City.

<sup>(2)</sup> Does not include self-supported debt.

<sup>(3)</sup> Rounded to the nearest dollar.

**TABLE 3B - DERIVATION OF GENERAL PURPOSE FUNDED TAX DEBT**

The following table sets forth certain information with respect to the City's general purpose and self-supporting general obligation debt.

<b>Fiscal Year Ended 30-Sep</b>	<b>Funded Tax Debt Outstanding at End of Year</b>	<b>Less: Self-Supporting Funded Tax Debt</b>	<b>General Purpose Funded Tax Debt Outstanding at End of Year</b>
2003	\$ 295,935,000	225,746,796	70,188,204
2004	285,885,000	215,723,783	70,161,217
2005	388,595,000	308,384,731	80,210,269
2006	447,275,000	360,043,055	87,231,945
2007	512,250,000	419,762,637	95,501,521
2008 <sup>(1)</sup>	615,785,000	512,853,351	102,931,649

<sup>(1)</sup> Projected.

**TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY**

<b>Fiscal Year End 09/30</b>	<b>Tax Rate Distribution</b>			<b>Tax Rate</b>	<b>Tax Levy</b>	<b>Percent Collected</b>		<b>Tax Year</b>
	<b>General Fund</b>	<b>Economic Development</b>	<b>Interest and Sinking Fund</b>			<b>Current</b>	<b>Total</b>	
2003	\$ 0.43204	0.03000	0.10796	0.57000	42,093,153	97.67%	99.21%	2002
2004	0.41504	0.03000	0.10066	0.54570	43,659,111	97.02%	98.64%	2003
2005	0.33474	0.03000	0.09496	0.45970	39,697,452	97.73%	100.28%	2004
2006	0.35626	0.03000	0.06094	0.44720	41,775,367	98.15%	99.71%	2005
2007	0.36074	0.03000	0.07125	0.46199	46,068,744	98.12%	99.02%	2006
2008	0.35380	0.03000	0.07125	0.45505	47,382,440	(In process of Collection)		2007

**City of Lubbock, TX  
Finance Department  
Continuing Disclosure Report  
Fiscal Year Ended September 30, 2007**

**TABLE 5 - TEN LARGEST TAXPAYERS**

<u>Name</u>	<u>2007 Taxable Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Macerich Lubbock Ltd.	\$ 120,319,460	1.10
Wal-Mart Stores, Inc.	69,696,472	0.64
Southwestern Bell Telephone	65,675,631	0.60
United Supermarkets OFC	49,479,682	0.45
PYCO Industries, Inc.	48,047,230	0.44
Southwestern Public Services Co.	42,711,124	0.39
Lubbock Property, LLC	33,316,729	0.31
Atmos Energy West Texas Division	33,181,890	0.30
TYCO Fire Products	31,136,879	0.29
Fountains Club Lubbock Acquisitions, LP	28,036,483	0.26
	<u>\$ 521,601,580</u>	<u>4.79</u>

**TABLE 6 - TAX ADEQUACY <sup>(1)</sup>**

Average Annual Debt Service Requirements All General Obligation Debt:	\$ 31,763,762
\$0.2960 per \$100 AV against the 2007 Taxable AV, at 98.5% collection, produces:	31,771,907
Maximum Annual Debt Service Requirements All General Obligation Debt:	53,977,902
\$0.5030 per \$100 AV against the 2007 Taxable AV, at 98.5% collection, produces:	53,990,775

<sup>(1)</sup> See Table 8A.

**City of Lubbock, TX**  
**Finance Department**  
**Continuing Disclosure Report**  
**Fiscal Year Ended September 30, 2007**

**TABLE 7 - ESTIMATED OVERLAPPING DEBT**

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	<u>Gross Debt (As of 1/1/08)</u>	<u>Estimated % Overlapping</u>	<u>Overlapping Debt</u>
Frenship ISD	\$ 138,102,346	79.41	\$ 109,667,073
Idalou ISD	275,000	6.93	19,058
Lubbock County	85,720,000	83.32	71,421,904
Lubbock County Hospital District	-	83.32	-
Lubbock ISD	140,956,725	98.49	138,828,278
Lubbock-Cooper ISD	46,264,571	57.50	26,602,128
New Deal ISD	-	18.33	-
Roosevelt ISD	9,624,998	4.20	404,250
Estimated Overlapping Debt			\$ 346,942,691
The City	576,955,000 <sup>(1)</sup>	100.00%	576,955,000
Total Direct & Estimated Overlapping Debt			\$ 923,897,691
As a % of 2007 Taxable Assessed Valuation			8.48%
Per Capita Total Direct & Estimated Overlapping Debt			\$ 4,300

<sup>(1)</sup> As of February 12, 2008.

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**TABLE 8A - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

FYE 30-Sep	Outstanding Debt <sup>(1)</sup>		
	Principal	Interest	Total
2008	\$ 26,410,000	25,177,765	51,587,765
2009	28,705,000	25,272,902	53,977,902
2010	28,845,000	24,089,609	52,934,609
2011	29,695,000	22,827,924	52,522,924
2012	29,400,000	21,518,029	50,918,029
2013	30,335,000	20,186,086	50,521,086
2014	31,365,000	18,777,096	50,142,096
2015	29,575,000	17,404,700	46,979,700
2016	29,800,000	16,049,179	45,849,179
2017	30,225,000	14,608,676	44,833,676
2018	31,065,000	13,132,440	44,197,440
2019	30,465,000	11,596,440	42,061,440
2020	28,760,000	10,162,225	38,922,225
2021	27,615,000	8,783,371	36,398,371
2022	25,425,000	7,463,823	32,888,823
2023	25,015,000	6,208,141	31,223,141
2024	23,665,000	4,988,681	28,653,681
2025	23,150,000	3,840,453	26,990,453
2026	19,840,000	2,763,538	22,603,538
2027	14,310,000	1,900,794	16,210,794
2028	9,195,000	1,315,469	10,510,469
2029	5,475,000	967,143	6,442,143
2030	5,735,000	712,173	6,447,173
2031	6,000,000	445,949	6,445,949
2032	2,195,000	260,438	2,455,438
2033	2,290,000	159,525	2,449,525
2034	2,400,000	54,000	2,454,000
	<u>\$ 576,955,000</u>	<u>280,666,565</u>	<u>857,621,565</u>

Average Annual Debt Service Requirements All General Obligation Debt: \$ 31,763,762  
Maximum Annual Debt Service Requirements All General Obligation Debt: 53,977,902

<sup>(1)</sup> Does not include lease/purchase obligations.

**TABLE 8B - INTEREST AND SINKING FUND BUDGET PROJECTION**

General Purpose General Obligation Debt Service Requirements, September 30, 2008	\$ 10,125,606
Fiscal Agent Fees	20,000
Interest and Sinking Fund, September 30, 2007	\$ 2,830,584
Interest and Sinking Fund Tax Levy @ 99%	7,418,964
Estimated Interest Earnings	<u>1,601,774</u>
Projected Balance, September 30, 2008	<u>\$ 1,705,716</u>

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**TABLE 9 - DIVISION OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

<b>FYE 30-Sep</b>	<b>Waterworks System Debt Service</b>	<b>Sewer System Debt Service</b>	<b>Solid Waste Disposal System Debt Service</b>	<b>Drainage Utility System Debt Service</b>	<b>Tax Increment Financing Debt Service</b>	<b>Electric Light &amp; Power System Debt Service</b>	<b>Cemetery Debt Service</b>	<b>Gateway Debt Service</b>	<b>HOT Debt Service</b>	<b>Airport Debt Service</b>	<b>General Purpose Debt Service</b>	<b>Total G.O. Debt Service</b>
2008	\$ 13,457,201	8,797,374	1,228,255	5,841,369	2,292,814	5,983,866	55,094	3,070,090	100,931	791,190	9,969,582	51,587,765
2009	13,371,423	11,269,587	1,094,635	5,854,790	2,879,476	5,913,993	55,218	3,067,669	101,724	617,726	9,751,661	53,977,902
2010	13,157,169	10,890,478	1,169,215	5,814,725	2,882,457	5,837,159	55,235	3,067,564	101,799	612,561	9,346,246	52,934,609
2011	13,062,562	10,729,282	1,150,165	5,812,613	2,878,001	5,772,540	55,224	3,064,963	101,742	607,502	9,288,329	52,522,924
2012	12,178,923	10,491,759	1,140,244	5,811,041	2,876,390	5,690,746	55,213	3,069,687	101,747	602,598	8,899,682	50,918,029
2013	12,128,363	10,306,603	1,129,837	5,812,507	2,877,524	5,622,527	55,234	3,067,074	101,835	596,767	8,822,815	50,521,086
2014	12,087,959	10,144,543	1,113,813	5,808,399	2,878,288	5,543,098	55,217	3,068,095	101,794	589,805	8,751,085	50,142,096
2015	11,961,294	8,264,613	1,097,959	5,810,850	2,877,411	5,467,207	55,227	3,066,066	101,825	456,285	7,820,965	46,979,700
2016	11,906,323	7,472,765	1,118,462	5,843,239	2,878,348	5,386,355	55,223	3,066,283	101,716	455,275	7,565,190	45,849,179
2017	11,872,656	7,432,486	1,095,872	5,859,751	2,883,420	5,284,520	55,206	3,064,013	101,745	457,940	6,726,066	44,833,676
2018	11,651,100	7,167,337	1,082,944	5,870,283	2,877,962	5,219,116	55,204	3,067,461	94,149	456,045	6,655,839	44,197,440
2019	11,302,784	7,129,726	888,905	5,859,971	2,881,076	3,676,626	55,217	3,062,836	94,123	454,025	6,656,152	42,061,440
2020	8,862,477	6,410,882	882,657	5,868,287	2,884,380	3,677,618	55,222	3,065,099	94,076	455,823	6,665,705	38,922,225
2021	6,966,511	6,408,292	875,458	5,855,468	2,878,013	3,674,898	55,210	3,067,528	94,158	456,969	6,065,868	36,398,372
2022	4,289,291	6,408,088	741,301	5,870,233	2,877,424	3,678,880	55,238	3,065,458	94,170	457,856	5,350,885	32,888,823
2023	3,744,840	6,079,847	744,266	5,863,437	2,880,462	3,671,619	55,204	3,068,156	94,092	457,849	4,563,369	31,223,141
2024	3,743,350	6,079,106	741,883	5,839,240	2,878,286	2,015,874	55,202	3,066,372	94,122	457,317	3,682,930	28,653,681
2025	3,008,667	6,032,875	470,625	5,842,331	2,590,307	2,020,922	55,207	3,063,575	94,140	457,137	3,354,668	26,990,453
2026	2,722,692	5,455,301	470,673	5,846,905	1,877,557	1,539,663	55,212	1,924,841	94,138	232,352	2,384,203	22,603,538
2027	1,403,628	4,285,195	107,121	5,200,602	1,369,538	1,051,140	15,689	1,704,150	94,103	32,797	946,830	16,210,794
2028	-	4,069,250	-	4,738,319	-	-	-	1,702,900	-	-	-	10,510,469
2029	-	-	-	4,738,638	-	-	-	1,703,505	-	-	-	6,442,143
2030	-	-	-	4,740,963	-	-	-	1,706,210	-	-	-	6,447,173
2031	-	-	-	4,740,044	-	-	-	1,705,905	-	-	-	6,445,949
2032	-	-	-	2,455,438	-	-	-	-	-	-	-	2,455,438
2033	-	-	-	2,449,525	-	-	-	-	-	-	-	2,449,525
2034	-	-	-	2,454,000	-	-	-	-	-	-	-	2,454,000
	<u>\$ 182,879,210</u>	<u>161,325,388</u>	<u>18,344,292</u>	<u>142,502,966</u>	<u>54,199,133</u>	<u>86,728,365</u>	<u>1,064,695</u>	<u>65,645,499</u>	<u>1,958,130</u>	<u>9,705,821</u>	<u>133,268,068</u>	<u>857,621,566</u>

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**TABLE 10 - SELF-SUPPORTED DEBT**

**THE WATERWORKS FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended 9-30-07	\$	18,419,689
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-08		-
Balance Available for Other Purposes		18,419,689
Requirements for System General Obligation Debt, Fiscal Year Ending 9-30-08		13,457,201
Percentage of System General Obligation Debt Self-Supporting		100.00%

<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Waterworks Fund general obligation debt to a segregated account in the Waterworks Fund.

**THE SEWER FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended 9-30-07	\$	10,679,416
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-08		-
Balance Available for Other Purposes		10,679,416
Requirements for System General Obligation Debt, Fiscal Year Ending 9-30-08		8,797,374
Percentage of System General Obligation Debt Self-Supporting		100.00%

<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Sewer Fund general obligation debt to a segregated account in the Sewer Fund.

**THE SOLID WASTE FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended 9-30-07	\$	7,416,071
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-08		-
Balance Available for Other Purposes		7,416,071
Requirements for System General Obligation Debt, Fiscal Year Ending 9-30-08		1,228,255
Percentage of System General Obligation Debt Self-Supporting		100.00%

<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Solid Waste Fund general obligation debt to a segregated account in the Solid Waste Fund.

**THE DRAINAGE FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended 9-30-07	\$	5,881,300
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-08		-
Balance Available for Other Purposes		5,881,300
Requirements for System General Obligation Debt, Fiscal Year Ending 9-30-08		5,841,369
Percentage of System General Obligation Debt Self-Supporting		100.00%

<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Drainage Fund general obligation debt to a segregated account in the Drainage Fund.

**THE ELECTRIC LIGHT AND POWER FUND <sup>(1)</sup>**

Net Electric Light and Power System Revenue Available, Fiscal Year Ended 9-30-07	\$	26,517,456
Less: Requirements for Revenue Bonds, Fiscal Year Ending 9-30-08		5,983,866
Balance Available for Other Purposes		20,533,590
Requirements for Electric System General Obligation Debt, Fiscal Year Ending 9-30-08		5,698,341
Percentage of Electric System General Obligation Debt Self-Supporting		100.00%

<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Electric Light and Power Fund general obligation debt to a segregated account in the Electric Light and Power Fund.

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**THE GATEWAY FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended 9-30-07	\$	5,481,224
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-08		-
Balance Available for Other Purposes		5,481,224
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-08		3,070,090
Percentage of Fund General Obligation Debt Self-Supporting		100.00%

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<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Gateway Fund general obligation debt to a segregated account in the Gateway Fund.

**THE AIRPORT FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended 9-30-07	\$	3,997,891
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-08		-
Balance Available for Other Purposes		3,997,891
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-08		791,190
Percentage of Fund General Obligation Debt Self-Supporting		100.00%

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<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Airport Fund general obligation debt to a segregated account in the Airport Fund.

**THE TAX INCREMENT FINANCING FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended 9-30-07	\$	1,276,071
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-08		-
Balance Available for Other Purposes		1,276,071
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-08		1,831,739
Percentage of Fund General Obligation Debt Self-Supporting		69.66%

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<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Tax Increment Financing Fund general obligation debt to a segregated account in the Tax Increment Financing Fund. The remainder of revenue needed to support the Tax Increment Financing Fund general obligation debt is transferred from the City's Solid Waste Fund.

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**TABLE 11 - Authorized But Unissued General Obligation Bonds**

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Issued To Date</u>	<u>Unissued</u>
Sewer System	5/21/77	\$ 3,303,000	2,175,000	1,128,000
Waterworks System	10/17/87	2,810,000	200,000	2,610,000
Street Improvements	5/1/93	10,170,000	10,166,000	4,000
Street Improvements	5/15/04	9,210,000	5,269,000	3,941,000
Civic Center/Auditorium Renovation and Improvements	5/15/04	6,450,000	-	6,450,000
Park Improvements	5/15/04	6,395,000	6,395,000	-
Police/Municipal Court Facilities	5/15/04	3,350,000	-	3,350,000
Library Improvements	5/15/04	2,145,000	-	2,145,000
Fire Stations	5/15/04	1,405,000	1,405,000	-
Animal Shelter Renovations & Improvements	5/15/04	1,045,000	160,000	885,000
		<u>\$ 46,283,000</u>	<u>25,770,000</u>	<u>20,513,000</u>

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**TABLE 12 - Other Obligations**

<b>FYE</b>	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
<b>30-Sep</b>	<b>Capital Lease</b>	<b>Capital Lease</b>	<b>Capital Lease</b>
	<b>Minimum</b>	<b>Minimum</b>	<b>Minimum</b>
	<b>Payment</b>	<b>Payment</b>	<b>Payment</b>
2008	\$ 2,808,527	3,170,406	5,978,933
2009	2,724,262	3,129,415	5,853,677
2010	2,497,972	3,110,619	5,608,591
2011	1,432,668	2,377,431	3,810,099
2012	948,595	1,409,760	2,358,355
2013-2017	1,698,176	1,224,212	2,922,388
Interest	(1,193,230)	(1,372,464)	(2,565,694)
	<u>\$ 10,916,970</u>	<u>13,049,379</u>	<u>23,966,349</u>

On January 8, 2004, the City entered into a note agreement with the Department of Housing and Urban Development ("HUD") for loan guarantee assistance under Section 108 of title 1 of the Housing and Community Development Act of 1974, as amended, in the amount of \$1,000,000. The Note was issued to aid in the establishment of a Housing Rehabilitation Program in order to provide rehab options for low to moderate income households on a citywide basis, pay professional services rendered in relation to such project, and the financing thereof. Under the terms of the Note, the City will make annual principal payments on August 1, of each year beginning in 2005 through 2012; interest payments are due semi-annually. The Note is a liability of the City's Community Development Block Grant Program and debt service will be paid from this grant.

<b>FYE</b>	<b>Contract Revenue Bonds</b>		
<b>30-Sep</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 125,000	28,300	153,300
2009	125,000	23,300	148,300
2010	125,000	17,900	142,900
2011	125,000	12,188	137,188
2012	125,000	6,200	131,200
	<u>\$ 625,000</u>	<u>87,888</u>	<u>712,888</u>

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**TABLE 13 - CHANGES IN NET ASSETS**

	Fiscal Year Ended September 30 <sup>(1)</sup>				
	2007	2006	2005	2004	2003
<b>REVENUES</b>					
Program Revenues					
Charges for Services	\$ 10,636	9,632	10,583	12,713	13,888
Grants and Contributions	14,645	11,048	13,296	9,643	12,137
General Revenues					
Property Taxes	47,007	42,771	39,748	44,497	42,303
Sales Taxes	47,780	45,577	41,803	30,555	29,092
Other Taxes	4,909	4,447	4,242	3,793	3,712
Franchise Taxes	12,378	13,348	11,154	9,654	6,613
Other	9,787	11,292	5,742	4,274	3,834
<b>Total Revenues</b>	<b>147,142</b>	<b>138,115</b>	<b>126,568</b>	<b>115,129</b>	<b>111,579</b>
<b>EXPENDITURES</b>					
Administrative Services	12,155	9,910	8,220	7,946	7,158
Community Services	6,951	6,112	6,146	6,776	6,335
Cultural and Recreation	19,671	18,915	17,745	17,102	16,796
Economic Development	11,620	10,283	9,739	4,610	4,535
Fire	27,338	26,711	23,517	22,074	20,450
Health	5,899	5,014	5,040	4,585	4,343
Police	43,022	42,063	38,452	36,543	33,986
Other Public Safety	5,886	5,240	4,977	4,211	3,602
Streets and Traffic	14,370	11,850	12,466	10,570	16,371
Non-departmental	-	5,206	6,253	2,924	5,642
Intergovernmental	12,500	-	-	-	-
Interest on Long-Term Debt	6,968	4,326	3,195	4,877	3,373
<b>Total Expenditures</b>	<b>166,380</b>	<b>145,630</b>	<b>135,750</b>	<b>122,218</b>	<b>122,591</b>
Changes in net assets before special items and transfers	(19,238)	(7,515)	(9,182)	(7,089)	(11,012)
Special items	-	-	-	-	-
Transfers	10,572	9,607	15,469	9,745	2,554
Changes in net assets	(8,666)	2,092	6,287	2,656	(8,458)
Net Assets - beginning of year, as restated	112,721	110,629	104,341	101,684	110,142
Restatement	37,674	-	-	-	-
Net assets - end of year	<b>\$ 141,729</b>	<b>112,721</b>	<b>110,628</b>	<b>104,340</b>	<b>101,684</b>

<sup>(1)</sup> Audited. Units are in 000s.

Note: Data shown reflects general governmental activities reported in accordance with GASB Statement No. 34. The financial statements include a management discussion and analysis of the operating results of such fiscal year, including restatements to beginning fund balances and net assets.

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**TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY**

	<b>Fiscal Year Ended September 30<sup>(1)</sup></b>				
	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>2003</u></b>
<b>REVENUES</b>					
Ad Valorem Taxes	\$ 35,387,574	33,193,738	29,414,773	33,233,274	32,194,087
Sales Taxes	43,798,744	41,778,534	38,319,501	30,554,632	29,092,032
Franchise Taxes	7,429,660	8,008,973	6,693,209	9,654,447	6,612,822
Miscellaneous Taxes	1,080,098	1,027,352	982,327	939,456	848,816
Licenses and Permits	2,531,032	2,250,635	1,953,666	1,982,281	1,875,118
Intergovernmental	514,896	408,997	480,648	428,459	348,787
Charges for Services	4,057,958	4,781,043	4,070,642	4,467,733	4,945,591
Fees and Fines	3,669,099	3,981,978	4,015,402	3,675,856	3,672,509
Miscellaneous	2,582,509	1,465,215	1,506,315	1,442,677	1,532,346
Interest	1,469,083	921,742	349,236	334,730	285,756
Operating Transfers <sup>(2)</sup>	-	-	16,565,397	10,723,891	10,345,945
<b>Total Revenues and Transfers</b>	<b><u>102,520,653</u></b>	<b><u>97,818,207</u></b>	<b><u>104,351,116</u></b>	<b><u>97,437,436</u></b>	<b><u>91,753,809</u></b>
<b>EXPENDITURES</b>					
General Government	-	-	6,159,536	5,633,469	5,717,151
Financial Services	-	-	2,139,492	2,333,469	1,969,413
Cultural and Recreation	15,251,742	13,986,576	-	-	-
Economic & Business Development	1,122,880	1,146,267	-	-	-
Non-departmental	-	1,882,255	445,251	214,562	175,499
Admin/General Government	11,560,733	9,356,059	18,330,508	18,156,455	17,837,076
Police	40,448,254	37,463,740	33,919,626	32,400,371	30,321,182
Fire	26,690,350	24,638,814	21,943,267	20,613,077	19,511,797
Health	4,004,913	3,738,790	-	-	-
Other Public Safety	4,508,394	4,287,806	-	-	-
Planning and Transportation	-	-	8,120,727	7,180,843	6,610,394
Streets and Traffic	7,663,278	7,439,045	2,214,291	2,185,286	2,078,277
Human Resources	-	-	740,826	754,225	780,529
Debt Service Principal	1,426,998	1,009,368	-	-	-
Debt Service Interest and Other Charges	267,846	144,858	-	-	-
Capital Outlay	4,256,705	7,184,866	5,277,100	475,585	378,059
Operating Transfers	-	-	3,912,645	4,212,915	13,555,338
<b>Total Expenditures</b>	<b><u>117,202,093</u></b>	<b><u>112,278,444</u></b>	<b><u>103,203,269</u></b>	<b><u>94,160,257</u></b>	<b><u>98,934,715</u></b>
Excess (Deficiency) of Revenues and Transfers over Expenditures	(14,681,440)	(14,460,237)	1,147,847	3,277,179	(7,180,906)
Capital Lease Issued	3,721,262	5,119,980	3,534,048	-	-
Transfer In	14,536,071	13,325,046	-	-	-
Transfer Out	(4,374,956)	(1,436,498)	-	-	-
Fund Balance at Beginning of Year	19,924,711	17,376,420	12,694,525	9,417,346	16,598,252 <sup>(4)</sup>
Fund Balance at End of Year	19,125,648	19,924,711	17,376,420	12,694,525	9,417,346
Less: Reserves and Designations <sup>(3)</sup>	-	-	-	-	-
Undesignated Fund Balance	<b><u>\$ 19,125,648</u></b>	<b><u>19,924,711</u></b>	<b><u>17,376,420</u></b>	<b><u>12,694,525</u></b>	<b><u>9,417,346</u></b>

<sup>(1)</sup> Audited. Prior years have been restated to reflect current organization.

<sup>(2)</sup> For fiscal year 2005/06, the water, solid waste, and wastewater funds transferred an amount sufficient to cover the pro rata share of the City's general and administrative expenses and an amount representing a payment in lieu of ad valorem taxes. The water, solid waste, and wastewater funds transferred an amount representing a franchise payment equal to 6.0% of gross receipts. The Electric System was not required to make transfers to the General Fund for any of the foregoing purposes during the fiscal year.

<sup>(3)</sup> The City's financial policies target a General Fund undesignated balance of at least 20% of General Fund revenues. The undesignated fund balance is at 93.25% of the target established by the City's financial policies.

<sup>(4)</sup> The "Fund Balance at Beginning of Year" was restated.

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**TABLE 14 - MUNICIPAL SALES TAX HISTORY**

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds or other debt of the City. In addition, in January, 1995, the voters of the City approved the imposition of an additional sales and use tax of one-eighth of a cent as authorized by Chapter 323 Texas Tax Code, as amended. Collection for the additional tax commenced in October, 1995 with the proceeds from the one-eighth cent sales tax designated for the use and benefit of the City to replace property tax revenues lost as a result of the adoption of the tax. At an election held in the City on November 4, 2003, voters approved an additional one-quarter cent sales and use tax, with the proceeds to be dedicated to the reduction of ad valorem taxation, and an additional one-eighth cent sales and use tax under Section 4A of the Texas Development Corporation Act (Article 5190.6, Texas Revised Civil Statutes), to be used for economic development in the City.

The City began receiving proceeds of these taxes in October 2004. Collections and enforcements of the City's sales tax are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, to the City monthly, after deduction of a 2% service fee. Historical collections of the City's 1.125% local Sales and Use Tax are shown below:

<b>FYE 30-Sep</b>	<b>Total Collected <sup>(1)</sup></b>	<b>% of Ad Valorem Tax Levy</b>	<b>Equivalent of Ad Valorem Tax Rate</b>	<b>Per Capita <sup>(2)</sup></b>
2002	\$ 28,902,648	73.45	\$ 0.4183	143.08
2003	29,092,032	68.80	0.3962	142.09
2004	30,554,632	69.98	0.3857	148.11
2005	41,803,092	105.09	0.4825	199.90
2006	45,576,582	109.10	0.4556	214.61
2007	47,780,448	114.37	0.4385	224.99

<sup>(1)</sup> Excludes bingo tax receipts and mixed beverage tax.

<sup>(2)</sup> Based on population estimates of the City.

Effective as of October 1, 2006, the sales tax allocation for the City is as follows:

	<b>Sales Tax Allocation %</b>
City Sales & Use Tax	1.000
City Sales & Use Tax for Property Tax Relief	0.375
City Sales & Use Tax for Economic Development	0.125
County Sales & Use Tax	0.500
State Sales & Use Tax	6.250
Total	8.250

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**TABLE 15 - CURRENT INVESTMENTS**

As of February 29, 2008, City funds were invested in the following categories:

<u>Type</u>	<u>Par Value</u>	<u>Book Value</u>		<u>Estimated Market Value <sup>(1)</sup></u>	
		<u>Value</u>	<u>% of Total Book Value</u>	<u>Value</u>	<u>% of Total Market Value</u>
United States Agency Obligations	\$ 124,764,000	125,395,710	35.93	\$ 126,806,283	36.19
United States Treasury Bills	225,000	224,234	0.06	224,336	0.06
Money Market Mutual Funds <sup>(2)</sup>	37,071,692	37,071,692	10.62	37,071,692	10.58
Local Government Investment Pools <sup>(3)</sup>	186,307,646	186,307,646	53.38	186,307,646	53.17
	<u>\$ 348,368,338</u>	<u>348,999,281</u>	<u>100.00</u>	<u>\$ 350,409,958</u>	<u>100.00</u>

<sup>(1)</sup> Market prices are obtained from Wells Fargo Brokerage. No funds are invested in mortgage backed securities. The City holds all investments to maturity to minimize the risk of market price volatility.

<sup>(2)</sup> Money Market Funds are held at Wells Fargo Bank, Texas N.A.

<sup>(3)</sup> Local government investment pools consist of entities whose investment objectives are preservation and safety of principal, liquidity, and yield. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act.

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**Table 16 - Monthly Water Rates**

On September 26, 2001 the Lubbock City Council adopted a four year 12% total increase in water rates. On September 26, 2002, the Lubbock City Council added a fifth year rate increase of 3%. On September 13, 2006, the Lubbock City Council adopted a roughly 11% increase in water rates, effective October 1, 2006. The previous rate increases were used mainly to fund the North Panhandle Project.

On February 28, 2008, the Lubbock City Council adopted a roughly 16% increase in water rates, effective March 1, 2008. It is anticipated that a 16% increase will be necessary in 2009, 2010 and 2011 to finance the alternative water supply for the City, the Lake Alan Henry Project. The new water rates are set forth below:

<u>Base Rate <sup>(1)</sup></u>	<u>Old Rate</u>	<u>Effective 03/01/2008</u>
3/4" meter	\$ 7.66	8.89
1" meter (single family residential)	12.79	14.84
1" meter (other than residential)	12.79	14.84
 <u>Flow Rate Charge per 1,000 Gallons</u>		
Single Family Residential	2.09	2.42
Multi-Family Residential	2.09	2.42
Commercial	2.09	2.42
Schools	1.73	2.42
Sprinkler Systems	2.61	3.03

<sup>(1)</sup> The Base Rate is for water service; higher Base Rates apply to meters ranging from 1.5" to 10".

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**Table 17 - Historical Water Consumption (Million Gallons)**

<u>Calendar Year</u>	<u>Average Daily Consumption</u>	<u>Maximum Consumption Day/Year</u>
2002	37.401	63.911
2003	38.119	73.605
2004	34.421	65.994
2005	35.057	62.539
2006	38.300	68.770
2007	31.220	51.769

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**Table 18 - Waterworks System Condensed Statement of Operations**

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
<b>REVENUE</b>					
Operating Revenues	\$ 35,454,426	37,330,953	33,306,786	31,907,893	32,770,781
Non-Operating Revenues	1,746,843	1,678,056	883,824	539,413	1,337,330
Gross Revenues	<u>37,201,269</u>	<u>39,009,009</u>	<u>34,190,610</u>	<u>32,447,306</u>	<u>34,108,111</u>
<b>EXPENSE</b>					
Operating Expense <sup>(1)</sup>	<u>18,781,580</u>	<u>20,720,395</u>	<u>17,619,668</u>	<u>20,550,379</u>	<u>20,137,448</u>
Net Revenues	<u>\$ 18,419,689</u>	<u>18,288,614</u>	<u>16,570,942</u>	<u>11,896,927</u>	<u>13,970,663</u>
Number of Water Meters	77,388	77,147	75,876	72,500	72,505

<sup>(1)</sup> Operating expense includes construction repayment costs and operation and maintenance charges paid to Canadian River Municipal Water Authority and excludes depreciation and capital expenditures.

Note: The City has no outstanding or authorized Waterworks System Revenue Bonds, however, there is \$130,186,650 of general obligation debt outstanding which was issued for water system purposes on which annual debt service is provided from revenues of the System.

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**Table 19 - Historic Wastewater Plant Treatment**

The table below sets forth the average daily influent treated in million gallons per day, at the City's Southwest Water Reclamation Plant for each of the last seven calendar years.

<u>Calendar Year</u>	<u>Average Treatment</u>
2001	17.5 mgd
2002	18.1 mgd
2003	19.0 mgd
2004	21.6 mgd
2005	21.2 mgd
2006	21.0 mgd
2007	23.0 mgd

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**Table 20 - Monthly Wastewater Rates**

In providing adequate wastewater service to its customers, the utility must receive sufficient total revenue to ensure proper operation and maintenance, development and perpetuation of the system, and preservation of the utility's financial integrity. Nearly all of total revenue requirements for the utility is met from revenues derived from wastewater residential and commercial fees.

The goal in setting wastewater rates is to generate enough revenue to fund operating costs, debt payments, utility billing charges, indirect allocation, and transfers to the general fund; to adequately fund system improvements and maintenance programs; and to build and/or maintain target balances in both working capital and rate stabilization funds.

On October 1, 2002, a 20% rate increase implemented over a four-year period was approved to meet the goals stated above. On February 28, 2008, the Lubbock City Council adopted a roughly 8% increase in wastewater rates, effective March 1, 2008. In July 2007, the City adopted the Strategic Water Supply Plan. The Plan recommends the Southeast Water Reclamation Plant be improved to treat all wastewater to stream discharge quality standards. The Lubbock Water Advisory Commission requested wastewater rate increases to be implemented evenly over the next six years to avoid a major single-year rate increase. the 8% wastewater rate increase over a six-year period accomplishes this goal.

<u>Residential</u>	<u>As of 3/01/08 Current Rates</u>
Base Rate <sup>(1)</sup>	\$4.99
Flow Rate (Water Consumption)	1.83
<u>Commercial/Industrial<sup>(2)</sup></u>	
Base Rate <sup>(1)</sup>	8.79
Flow Rate (Water Consumption)	1.83

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<sup>(1)</sup> The Base Rate is for sewer service; Base Rates shown are for a 3/4" water meter for residential consumers and a 1 1/2" water meter for commercial consumers; higher Base Rates apply to larger meters ranging from 2" to 10".

<sup>(2)</sup> Industrial waste that exceeds allowable limits is subject to surcharge for treating biochemical oxygen demand ("B.O.D.") and total suspended solids ("T.S.S."). Present surcharge rate for B.O.D. is \$0.2333/lb. and for T.S.S. is \$0.1687/lb.

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**Table 21 - Wastewater System Condensed Statement of Operations**

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
<b>REVENUE</b>					
Operating	\$ 19,841,503	21,087,364	19,829,430	18,889,095	17,894,203
Non-Operating Revenues	1,541,445	1,064,241	377,660	(490,811)	369,500
Gross Revenues	<u>21,382,948</u>	<u>22,151,605</u>	<u>20,207,090</u>	<u>18,398,284</u>	<u>18,263,703</u>
<b>EXPENSE</b>					
Operating Expense <sup>(1)</sup>	<u>10,703,532</u>	<u>13,778,357</u>	<u>10,864,515</u>	<u>9,677,781</u>	<u>9,500,909</u>
Net Revenues	<u>\$ 10,679,416</u>	<u>8,373,248</u>	<u>9,342,575</u>	<u>8,720,503</u>	<u>8,762,794</u>
Number of Wastewater Records	71,616	70,490	69,222	66,000	66,930

<sup>(1)</sup> Operating expense excludes depreciation and capital expenditures.

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**Table 22 - Monthly Solid Waste Rates**

Summarized below are the current solid waste rates of the City as of October 1, 2006.

<u>Residential Garbage Rate</u>	
Monthly Rate	\$ 13.25
<u>Commercial Garbage Rate</u>	
<u>Container Size</u>	<u>Monthly Rate</u>
2 cubic yards	\$ 35.25
3 cubic yards	52.25
4 cubic yards	69.25
6 cubic yards	100.25
8 cubic yards	131.25
<u>Landfill Fees</u>	
Tipping Fees	\$ 27.25/ton

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**Table 23 - Solid Waste System Condensed Statement of Operations**

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
Operating Revenues	\$ 16,885,042	13,948,861	12,420,499	11,641,316	14,948,379
Non-Operating Revenues	1,272,107	696,582	578,387	(1,024,525)	873,083
Gross Revenues	<u>18,157,149</u>	<u>14,645,443</u>	<u>12,998,886</u>	<u>10,616,791</u>	<u>15,821,462</u>
Operating Expense <sup>(1)</sup> (excluding depreciation)	<u>10,741,078</u>	<u>10,731,475</u>	<u>9,407,460</u>	<u>8,078,226</u>	<u>10,473,266</u>
Net Revenues	<u><u>\$ 7,416,071</u></u>	<u><u>3,913,968</u></u>	<u><u>3,591,426</u></u>	<u><u>2,538,565</u></u>	<u><u>5,348,196</u></u>

<sup>(1)</sup> Operating expense excludes depreciation and capital expenditures.

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**Table 24 - Monthly Municipal Drainage Rates**

On June 14, 2001, the City Council adopted a new Drainage System rate ordinance, which became effective on October 1, 2001. The current rates are shown below.

	Current Rates
<u>Residential Property:</u>	
Single Family Residential	\$ 4.99
Multi-Family Residential B duplex, triplex and quadraplex (per unit):	4.99
Residential Water Sprinklers	Exempt
Mobile Homes and Mobile Home Parks	4.99
Construction - Residential	4.99
 <u>Non-residential Property:</u>	
Multi-Family Commercial (per unit):	\$ 4.99
Apartment Complex <sup>(1)</sup>	33.12
Private Schools, Churches, Federal Government	33.12
Commercial - Retail, Service, Industrial	33.12
Construction - Commercial	33.12
All Non-Residential Water Sprinklers	33.12

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<sup>(1)</sup> Sprinkler meters for all apartment complexes are subject to the residential rate.

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**Table 25 - Drainage Utility System Condensed Statement of Operations**

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
Operating Revenues	\$ 6,519,658	6,348,461	6,239,436	6,019,490	5,988,651
Non-Operating Revenues	1,332,620	1,799,381	1,161,028	286,656	243,992
Gross Revenues	<u>7,852,278</u>	<u>8,147,842</u>	<u>7,400,464</u>	<u>6,306,146</u>	<u>6,232,643</u>
Operating Expense <sup>(1)</sup> (excluding depreciation)	<u>1,970,978</u>	<u>1,671,579</u>	<u>1,715,161</u>	<u>1,138,306</u>	<u>1,198,493</u>
Net Revenues	<u>\$ 5,881,300</u>	<u>6,476,263</u>	<u>5,685,303</u>	<u>5,167,840</u>	<u>5,034,150</u>

<sup>(1)</sup> Operating expense excludes depreciation and capital expenditures.

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**Table 26 - Generating Stations**

Manufacturer	Year Installed	Station	Prime Mover	Fuel	Generator Capacity (in MW)	Dependable Capacity (in MW)
Nordberg	1946	J.R. Massengale No. 1 <sup>(3)</sup>	Diesel	Dual Fuel	3	-
Nordberg	1947	J.R. Massengale No. 2 <sup>(3)</sup>	Diesel	Dual Fuel	3	-
Westinghouse	1952	J.R. Massengale No. 4 <sup>(3)</sup>	Steam Turbine	Gas	11	-
Westinghouse	1953	J.R. Massengale No. 5 <sup>(3)</sup>	Steam Turbine	Gas	11	-
Westinghouse	1957	J.R. Massengale No. 6 <sup>(1)</sup>	Steam Turbine	Gas	22	20
Westinghouse	1958	J.R. Massengale No. 7 <sup>(1)</sup>	Steam Turbine	Gas	22	20
Westinghouse	1964	Cooke GT 1	Gas Turbine	Gas	13	11
General Electric	1965	<b>Cooke Steam 1</b>	Steam Turbine	Gas or Oil	46	44
Worthington	1971	Cooke GT 2	Gas Turbine	Gas	21	15
General Electric	1974	Cooke GT 3	Gas Turbine	Gas	24	15
General Electric	1978	<b>Cooke Steam 2</b>	Steam Turbine	Gas or Oil	54	48
General Electric	1990	<b>TX Tech (Brandon 1)</b> <sup>(2)</sup>	Gas Turbine	Gas	20	21
General Electric	2000	<b>J.R. Massengale No. 8</b> <sup>(1)</sup>	Gas Turbine	Gas	40	39
					290	233

Note: **Bolded Units** reflect primary generation turbines.

<sup>(1)</sup> Renovation of four generating units at J.R. Massengale Plant was completed in 1997 adding approximately 38.5 MW usable generation to the LP&L system. LP&L, under contract with WTMPA, has constructed a new 43 MW generator and has repowered a 22 MW generation unit for WTMPA at LP&L's J.R. Massengale Plant (collectively, the "WTMPA Project"). At present, WTMPA has contractually dedicated the entire output of the "WTMPA Project" to LP&L for LP&L's use. In return, LP&L is obligated to pay for the operation, maintenance and upkeep of the WTMPA Project as well as the principal and interest payments on the outstanding indebtedness on the WTMPA Project. In February 2005, the City issued \$27.8 million to acquire the WTMPA Project. The facility was acquired with the proceeds of the bonds and WTMPA applied the bond proceeds to defease the bonds that were issued by WTPMA in 1998 that financed the WTMPA project.

<sup>(2)</sup> Cogeneration plant located at Texas Tech University; waste heat is used to produce steam which is sold to the University.

<sup>(3)</sup> Units 1, 2, 4, & 5 at J.R. Massengale Station are no longer economical to operate and have been decommissioned.

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**Table 27 - Historical Power Supply Requirements**

Fiscal Year	Peak Demand		Energy Sales <sup>(1)</sup>		
	MW	% Increase	MWh	% Increase	Load Factor (%)
2003	333.5	9.63	1,400,378	9.35	47.93
2004	317.1	(4.92)	1,335,317	(4.65)	48.07
2005	334.8	5.58	1,444,310	8.16	49.25
2006	363.7	8.63	1,525,062	5.59	47.87
2007	367.1	0.93	1,535,287	0.67	47.74

<sup>(1)</sup> Does not include Off System sales.

Fiscal Year	Systems Requirements		
	MWh	% Increase	Load Factor (%)
2003	1,448,923	2.10	49.60
2004	1,399,673	(3.40)	50.39
2005	1,516,543	8.35	51.71
2006	1,581,404	4.28	49.64
2007	1,621,836	2.56	50.43

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**Table 28 - Statistical Data**

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
<u>kWh TO SYSTEM</u>	1,998,002,499	2,058,034,000	1,921,072,692	1,569,082,404	1,485,908,962
	Includes generation for purposes of off-system sales.				
Sales of kWh					
Residential Service	648,762,856	645,806,895	608,425,779	571,452,412	611,452,450
Small Municipal/School <sup>(1)</sup>	15,882,163	-	-	-	-
Commercial and Industrial Service	768,467,851	774,925,425	733,023,891	663,050,493	681,528,474
Total General Consumers	1,433,112,870	1,420,732,320	1,341,449,670	1,234,502,905	1,292,980,924
Municipal and Street Lighting	102,174,151	104,329,501	102,860,772	100,813,872	107,397,038
Off System Sales	376,166,499	476,630,000	404,529,400	169,409,000	36,986,000
Total Sales to All Customers	1,911,453,520	2,001,691,821	1,848,839,842	1,504,725,777	1,437,363,962
Loss and Unaccounted for	86,548,979	56,342,179	72,232,850	64,356,627	48,545,000
<u>kWh TO SYSTEM</u>	1,998,002,499	2,058,034,000	1,921,072,692	1,569,082,404	1,485,908,962
Average Residential Meters	62,574	60,662	58,342	55,207	57,485
Average Commercial & Industrial Meters	7,910	7,424	7,130	6,687	6,989
Average Municipal & Street Light Meters	141	754	755	768	746
Average Sm. Municipal/School Meters <sup>(1)</sup>	745	-	-	-	-
Average Total	71,370	68,840	66,227	62,662	65,220
Total Plant Peak kW Demand	367,100	363,700	334,800	317,100	335,500
System Peak kW Demand <sup>(2)</sup>	360,522	345,977	328,691	310,624	325,982

<sup>(1)</sup> Began tracking separately in 2007.

<sup>(2)</sup> Deducts station power from total plant peak to calculate net peak to load.

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**Table 29 - Ten Largest Customers (Annual Consumption and Revenue)**

	Fiscal Year Ended September 30, 2007			
	Megawatt Hours Billed	% of Total	Revenues	% of Total
Top 10 Customers	397,485	30.0	\$ 28,456,853	23.0
Top Two Customers	206,136	15.6	14,505,801	11.7

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**Table 30 - Analysis of Electric Bills**

	Fiscal Year Ended September 30,				
	2007 <sup>(1)</sup>	2006	2005	2004	2003
<u>All Customer:</u>					
Average Monthly kWh Per Meter	1,822	1,876	1,863	1,776	1,789
Average Monthly Bill Per Meter	\$ 142.30	155.54	136.44	123.27	117.75
Average Monthly Revenue Per kWh	0.078101	0.082910	0.073237	0.069409	0.065819
<u>Residential Customer:</u>					
Average Monthly kWh Per Meter	875	901	890	863	886
Average Monthly Bill Per Meter	\$ 71.82	78.50	70.18	66.25	65.29
Average Monthly Revenue Per kWh	0.082080	0.087125	0.078854	0.076767	0.073691
<u>Commercial and Industrial:</u>					
Average Monthly kWh Per Meter	8,472	8,898	8,870	8,260	8,125
Average Monthly Bill Per Meter	\$ 619.45	704.59	607.58	518.49	480.32
Average Monthly Revenue Per kWh	0.073117	0.079185	0.068498	0.062771	0.059116
<u>Municipal and Street Lighting:</u>					
Average Monthly kWh Per Meter	15,282	11,524	11,321	10,941	12,001
Average Monthly Bill Per Meter	\$ 1,217.58	974.82	836.07	779.57	763.10
Average Monthly Revenue Per kWh	0.079674	0.084591	0.073851	0.071252	0.063586
<u>Small Municipal &amp; Schools <sup>(2)</sup></u>					
Average Monthly kWh Per Meter	4,227	-	-	-	-
Average Monthly Bill Per Meter	\$ 348.16	-	-	-	-
Average Monthly Revenue Per kWh	0	-	-	-	-

Note: Data is exclusive of sales taxes.

<sup>(1)</sup> Estimated. Actual data will be available Summer, 2008.

<sup>(2)</sup> Began tracking separately in 2007, previously reported in the Commercial and Industrial category.

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**Table 31 - Lubbock Power & Light 6-Year Capital Improvement Plan**

Fiscal Year Ending September 30,	Total LP&L Capital Improvements
2008	\$ 10,705,500
2009	8,550,000
2010	7,385,000
2011	10,050,000
2012	8,550,000
2013	7,050,000
	<u>\$ 52,290,500</u>

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**Table 32 - Electric Light and Power System Revenue Bond Debt Service Requirements**

Fiscal Year Ending September 30,	Outstanding Revenue Debt		
	Principal <sup>(1)</sup>	Interest	Total
2008	\$ 2,530,000	899,060	3,429,060
2009	1,720,000	781,655	2,501,655
2010	1,715,000	700,945	2,415,945
2011	1,705,000	624,848	2,329,848
2012	1,360,000	547,595	1,907,595
2013	1,360,000	484,450	1,844,450
2014	1,360,000	420,290	1,780,290
2015	1,360,000	355,000	1,715,000
2016	1,360,000	288,810	1,648,810
2017	1,360,000	224,700	1,584,700
2018	1,360,000	159,460	1,519,460
2019	900,000	94,220	994,220
2020	460,000	48,300	508,300
2021	460,000	24,150	484,150
	<u>\$ 19,010,000</u>	<u>5,653,483</u>	<u>24,663,483</u>

<sup>(1)</sup> Principal paid October 15th of each year.

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**Table 33 - Condensed Statement of Operations**

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
<b>REVENUE</b>					
Operating Revenues					
Charges for Services	\$ 145,953,649	212,074,481	179,759,626	101,551,701	91,721,949
Non-Operating Income	6,465,340	2,642,333	372,892	(2,045,281)	(587,821)
Gross Revenues	<u>152,418,989</u>	<u>214,716,814</u>	<u>180,132,518</u>	<u>99,506,420</u>	<u>91,134,128</u>
<b>OPERATING EXPENSE</b>					
Personnel Services	13,763,044	10,718,282	9,921,315	8,294,785	9,459,693
Supplies	1,041,200	884,891	585,433	456,933	411,032
Maintenance	3,026,095	1,907,683	1,575,709	2,756,885	1,805,187
Power Plant Fuel	509,539	1,118,618	1,754,558	10,826,953	11,368,059
Gas Swap	12,813,521	72,572,034	62,143,072	-	-
Purchased Power	89,538,070	94,163,377	83,082,557	63,142,474	61,732,323
Uncollectible Accounts	-	589,728	-	-	958,102
Other Charges	5,210,063	4,072,409	5,007,907	3,758,830	4,695,889
Total Operating Expenses	<u>125,901,532</u>	<u>186,027,022</u>	<u>164,070,551</u>	<u>89,236,860</u>	<u>90,430,285</u>
Net Revenues <sup>(1)</sup>	<u>\$ 26,517,457</u>	<u>28,689,792</u>	<u>16,061,967</u>	<u>10,269,560</u>	<u>703,843</u>
Electric Connections	71,489	68,840	66,227	63,076	62,325

<sup>(1)</sup> The statement of operations shown above represents amounts legally available for the payment of LP&L debt service, but does not take into account all transfers from LP&L to the City's General Fund.

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**Table 34 - Coverage and Fund Balances**

Electric Light and Power System Revenue Bonds Outstanding.....	\$ 19,010,000	
Average Annual Principal and Interest Requirements, 2008-2021.....	1,761,677	
Coverage by Net Revenues, Fiscal Year Ended 9/30/07.....	10.79	X
Maximum Principal and Interest Requirements, 2008-2021.....	3,429,060	
Coverage by Net Revenues, Fiscal Year Ended 9/30/07.....	5.54	X
Interest and Sinking Fund, 9/30/07.....	2,688,130	
Reserve Fund <sup>(1)</sup> , 9/30/07.....	1,761,677	

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<sup>(1)</sup> For LP&L's revenue bonds, the City covenants to maintain in the Reserve Portion of the Bond Fund a Required Reserve of not less than the average annual principal and interest requirements of all Bonds Similarly Secured, which will be calculated each fiscal year. The calculation is \$24,663,483 divided by 14 years = \$1,761,677.

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**Table 35 - Lubbock's Equity in LP&L**

	Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
Property, Plant and Equipment	\$ 254,720,000	243,064,820	227,286,916	225,475,026	198,095,489
Less: Allowance for depreciation	(118,192,554)	(109,872,651)	(100,389,815)	(94,090,505)	(85,808,677)
	<u>136,527,446</u>	<u>133,192,169</u>	<u>126,897,101</u>	<u>131,384,521</u>	<u>112,286,812</u>
Construction in Progress	<u>10,295,363</u>	<u>8,814,299</u>	<u>12,248,738</u>	<u>9,488,738</u>	<u>7,753,192</u>
Net Fixed Asset Value	146,822,809	142,006,468	139,145,839	140,873,259	120,040,004
Plus:					
Capital Projects Fund	-	-	-	-	-
Permanent Capital Maintenance Fund	7,632,149	2,250,221	1,912,705	6,329,838	13,396,029
System Improvement Fund	-	-	-	-	-
Economic Development Fund	-	-	-	-	-
Rate Stabilization	-	-	-	-	-
Advance to Other Funds	-	-	-	-	-
Deferred Charge	2,944,444	3,077,777	3,211,110	3,344,444	3,477,777
Working Capital	44,324,568	25,590,904	7,770,009	422,602	(3,678,234)
Value of the System	<u>201,723,970</u>	<u>172,925,370</u>	<u>152,039,663</u>	<u>150,970,143</u>	<u>133,235,576</u>
<u>Net Bond Debt</u>					
Bonds Outstanding	78,779,903	70,993,110	70,126,763	47,871,094	52,314,479
Less: Interest and Sinking Fund & Reserve Fund	(4,449,807)	(3,950,141)	(4,819,983)	(4,108,855)	(4,759,445)
	<u>76,091,773</u>	<u>67,042,969</u>	<u>65,306,780</u>	<u>43,762,239</u>	<u>47,555,034</u>
Plus:					
Accrued Revenue Bond Interest	1,288,005	1,405,988	1,236,712	602,093	675,467
Accrued Vacation and Sick Leave	2,482,678	2,462,213	2,343,949	1,941,690	1,912,602
Arbitrage Rebate Liability	72,193	11,338	-	-	-
Net Revenue Bond Debt	79,934,649	70,922,508	68,887,441	46,306,022	50,143,103
City's Equity in System	<u>\$ 121,861,514</u>	<u>100,107,665</u>	<u>83,358,338</u>	<u>102,730,230</u>	<u>74,871,326</u>
Percentage City's Equity in System	60.41%	57.89%	54.83%	68.05%	56.19%

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**Table 36 - Monthly Electric Rates**

Electric rates in the City are set by an ordinance adopted by the City Council and were the same for LP&L and Xcel Energy except for church, school and municipal rates, and minor variations in billing policies until June, 2007. Beginning June, 2007, LP&L implemented new rate structures to accommodate a new billing system. The new rate structure was designed to approximate Xcel Energy rates.

Residential and General Service Rates (Effective June, 2007)

Approximately 68% of LP&L customers are billed under the Standard Residential and General Service rate schedules shown below. Other rate schedules are available for customers such as large general service, schools, churches, municipal facilities, city street lighting, etc. Discount Residential rates are available for customers using electric water heaters and / or electric space heating.

	<b>Standard Residential</b>	
Service Availability Charge		\$ 5.10 per month

All kilowatt hours ("kWh") per month @ \$0.04500 per kWh used during summer months.

All kWh per month @ \$0.03656 per kWh used during winter months.

Summer Months: June - September

Winter Months: October - May

Plus: Fuel/Power Cost Adjustment Factor<sup>(1)</sup>

	<b>General Service</b>	
Service Availability Charge		\$ 11.00 per month

All kilowatt hours ("kWh") per month @ \$0.04250 per kWh used during summer months.

All kWh per month @ \$0.03350 per kWh used during winter months.

Summer Months: June - September

Winter Months: October - May

Plus: Fuel/Power Cost Adjustment Factor<sup>(1)</sup>

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<sup>(1)</sup> Fuel/Power Cost Adjustment Factor - The charge per kilowatt-hour shall be increased by the applicable recovery factor per kilowatt hour as provided in the current Lubbock Power and Light "FUEL/POWER COST ADJUSTMENT FACTORS" as approved by the City Council of the City of Lubbock.

I. Primary Distribution Fuel Cost Recovery Factor (PFCA):

The Primary Distribution Fuel Cost Recovery Factor will be determined in accordance with the following formula for retail customers when service is metered at primary voltages of approximately 12kV:  $PFCA = 0.987440 \times SFCA$ .

II. Secondary Distribution Fuel Cost Recovery Factor (SFCA):

The Secondary Distribution Fuel/Power Cost Recovery Factor will be determined in accordance with the following formula for retail customers when service is metered at secondary voltages of approximately 600 volts and below:  $SFCA = (TGF + TWF +/- TA) / TES$

TGF = Estimated total generation fuel costs, inclusive of all costs incurred by LP&L in procuring fuel, used for the month in LP&L's power plants to provide power to retail customers.

TWF = Estimated total of all wholesale purchased power fuel costs, including the cost of any wind energy in excess of the average cost of energy purchased, to be passed on to LP&L for the month to provide power to retail customers.

TA = Total adjustment for any under or over collected amounts, including interest, based on the secondary fuel cost adjustment factor from previous months.

TES = Estimated total energy sales in kWhs to retail customers.

III. Transmission Fuel/Power Cost Recovery Factor (TFCA):

The Transmission Fuel/Power Cost Recovery Factor will be determined in accordance with the following formula for retail customers when service is metered at transmission voltages of approximately 69kV:  $TFCA = 0.941347 \times SFCA$