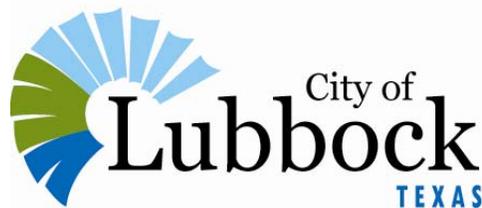


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## Annual Continuing Disclosure Filing



**City of Lubbock, Texas  
Lubbock County, Texas**

**Regarding CUSIPs:** Prefix – 549187  
Prefix – 549188  
Prefix – 549203

**Fiscal Year:** October 1, 2012 – September 30, 2013

**Date:** March 31, 2013

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**FINANCIAL INFORMATION REGARDING THE CITY**

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

<b>2013 Market Valuation Established by Lubbock Central Appraisal District</b>		<b>\$ 14,145,193,988</b>
<b>Less Exemptions/Reductions at 100% Market Value:</b>		
Over 65 Residential Homestead Exemptions	\$ 229,000,018	
Homestead Cap Adjustment	7,710,348	
Disabled Persons	15,290,955	
Disabled Veterans	56,568,566	
Prorated Exempt Property	1,030,153	
Agricultural/Open-Space Land Use Reductions	83,462,184	
Pollution Exemptions	2,568,532	
Energy	15,394,800	
Freeport Exemptions	85,945,317	
Tax Abatement Reductions <sup>(a)</sup>	40,736,121	
Low Income Housing	3,795,278	
Market Value Reduction for Protested Properties	68,018,459	609,520,731
<b>2013 Taxable Assessed Valuation</b>		<b>\$ 13,535,673,257</b>
<b>City Funded Debt Payable from Ad Valorem Taxes (as of 03/31/14)<sup>(b)</sup></b>		<b>\$ 923,985,000</b>
Less: Self Supporting Debt (as of 03/31/14) <sup>(c)</sup>		
Waterworks System General Obligation Debt	\$ 309,451,569	
Sewer System General Obligation Debt	150,875,997	
Solid Waste Disposal System General Obligation Debt	15,782,141	
Storm Water System General Obligation Debt	114,523,987	
Airport General Obligation Debt	9,309,970	
Tax Increment Financing General Obligation Debt	30,419,361	
Electric Light and Power System General Obligation Debt	49,319,772	
Gateway General Obligation Debt	86,646,954	
Cemetery General Obligation Debt	503,664	
Auditorium/Coliseum Debt	5,557,819	
Hotel Occupancy Tax Debt	921,714	
Internal Service Fund General Obligation Debt	2,828,829	776,141,777
<b>General Purpose Funded Debt Payable from Ad Valorem Taxes (as of 03/31/14)</b>		<b>\$ 147,843,223</b>
Audited General Obligation Interest and Sinking Fund (as of 09/30/13)		\$ 1,528,040
Ratio Total Funded Debt to Taxable Assessed Valuation		6.83%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		1.09%
2014 Estimated Population <sup>(d)</sup>		238,706
Per Capita Taxable Assessed Valuation		\$56,704
Per Capita Total Funded Debt Payable from Ad Valorem Taxes		\$3,871
Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes		\$619

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(a) See "AD VALOREM TAX INFORMATION - TAX ABATEMENT POLICIES."

(b) 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 Lubbock Power and Light System.

(c) Includes the Certificates. 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, Storm Water System, Tax Increment Finance Reinvestment Zone, Electric Light and Power System, Airport, Cemetery, Gateway Streets, Hotel Occupancy Tax projects, the Auditorium/Coliseum and the Internal Service Fund (see "TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION," "TABLE 9 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS," "TABLE 10 - DIVISION OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS," AND "TABLE 11 - 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 Storm Water System General Obligation Debt has been issued for Storm Water System improvements, and is being paid, or is expected to be paid, from revenues derived from Storm Water System fees. The City has no outstanding Storm Water System Revenue Bonds.

The City's Tax Increment Financing General Obligation Debt has been issued to finance or refinance 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 2014, the City anticipates that tax increment revenues will not be adequate to cover debt requirements on the Tax Increment Financing General Obligation Debt. In the instance that tax increment revenues are not sufficient to pay debt service on the Tax Increment Financing General Obligation Debt, 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, repay such loan from revenues received in future years. There could be years in which the TIF may not produce revenues in amounts sufficient to cover all debt issued for it, at least until the TIF has reached full build-out status. If revenues are insufficient and no interfund loan is made, the City is obligated to pay such obligations from ad valorem taxes.

The City's Electric Light and Power System General Obligation Debt has been issued to finance or refinance Electric Light and Power System improvements, and is being paid or is expected to be paid, from revenues derived from the Lubbock Power and Light System. The City has \$61,515,000 of outstanding Electric Light and Power System Revenue Bonds payable from a pledge of system revenues.

The City's Gateway General Obligation Debt has been issued to finance or refinance 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 Hotel Occupancy Tax Bonds.

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

The City's Internal Service Fund General Obligation debt has been issued to finance or refinance fleet and equipment purchased by the City that is utilized by specific departments and is being paid by departmental charges. The City has no outstanding Internal Service Fund Revenue Bonds.

(d) Source: the City.

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

Category	Appraised Value for Fiscal Year Ended September 30,					
	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 7,642,077,901	54.03	\$ 7,500,177,258	54.43	\$ 7,379,749,603	55.18
Real, Residential, Multi-Family	1,201,502,202	8.49	1,143,927,454	8.30	1,042,962,625	7.80
Real, Vacant Lots/Tracts	189,505,810	1.34	183,575,994	1.33	185,474,650	1.39
Real, Acreage (Land Only)	95,000,448	0.67	96,223,564	0.70	98,270,604	0.73
Real, Farm & Ranch Improvements	12,300,004	0.09	12,657,438	0.09	12,758,919	0.10
Real, Commercial and Industrial	3,093,885,226	21.87	2,935,102,992	21.30	2,849,907,566	21.31
Real, Oil, Gas & Other Minerals	54,184,620	0.38	65,116,450	0.47	52,087,440	0.39
Real & Tangible Personal, Utilities	171,948,750	1.22	164,327,945	1.19	173,808,380	1.30
Tangible Personal, Business	1,547,884,576	10.94	1,554,470,273	11.28	1,465,860,057	10.96
Tangible Personal, Other	10,423,495	0.07	10,372,056	0.08	10,357,779	0.08
Real Property, Inventory	36,136,090	0.26	36,253,327	0.26	37,725,308	0.28
Special Inventory	90,344,866	0.64	76,332,064	0.55	64,639,928	0.48
Other/Adjustments	-	-	-	-	-	-
Total Appraised Value						
Before Exemptions/Reductions	14,145,193,988	100.00	13,778,536,815	100.00	13,373,602,859	100.00
Less: Total Exemptions/Reductions	(609,520,731)		(678,329,717)		(743,993,594)	
Taxable Assessed Value	<u>\$ 13,535,673,257</u>		<u>\$ 13,100,207,098</u>		<u>\$ 12,629,609,265</u>	

Category	Appraised Value for Fiscal Year Ended September 30,					
	2011		2010		2009	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 7,165,857,674	55.03	\$ 6,947,946,941	54.42	6,687,368,655	54.61
Real, Residential, Multi-Family	989,766,593	7.60	997,043,862	7.81	922,530,900	7.53
Real, Vacant Lots/Tracts	174,666,981	1.34	189,296,951	1.48	201,167,097	1.64
Real, Acreage (Land Only)	101,272,811	0.78	104,927,547	0.82	106,628,878	0.87
Real, Farm & Ranch Improvements	13,212,130	0.10	13,502,162	0.11	11,977,889	0.10
Real, Commercial and Industrial	2,735,738,473	21.01	2,686,373,355	21.04	2,476,922,746	20.23
Real, Oil, Gas & Other Minerals	43,067,370	0.33	32,632,310	0.26	39,976,390	0.33
Real & Tangible Personal, Utilities	177,400,625	1.36	168,123,979	1.32	173,239,955	1.41
Tangible Personal, Business	1,511,990,690	11.61	1,502,932,704	11.77	1,494,921,128	12.21
Tangible Personal, Other	10,231,156	0.08	10,943,476	0.09	11,981,462	0.10
Real Property, Inventory	41,182,129	0.32	43,022,634	0.34	43,435,213	0.35
Special Inventory	58,111,352	0.45	69,422,082	0.54	76,063,260	0.62
Other/Adjustments	-	-	21,102	0.00	216,600	0.00
Total Appraised Value						
Before Exemptions/Reductions	13,022,497,984	100.00	12,766,189,105	100.00	12,246,430,173	100.00
Less: Total Exemptions/Reductions	(734,137,286)		(763,572,925)		(573,356,041)	
Taxable Assessed Value	<u>\$ 12,288,360,698</u>		<u>\$ 12,002,616,180</u>		<u>\$ 11,673,074,132</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.

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

<b>Fiscal Year Ended 30-Sep</b>	<b>Estimated City Population <sup>(a)</sup></b>	<b>Taxable Assessed Valuation</b>	<b>Per Capita Taxable Assessed Valuation</b>	<b>General Purpose Funded Tax Debt <sup>(b)</sup></b>	<b>Ratio Tax Debt to Assessed Valuation <sup>(b)</sup></b>	<b>Tax Debt Per Capita</b>	<b>Tax Year</b>
2009	218,327	\$ 11,673,074,132	\$ 53,466	\$ 106,303,936	0.91%	\$ 486.90	2008
2010	229,573	12,002,616,180	52,282	108,479,132	0.90%	472.53	2009
2011	231,937	12,629,609,265	54,453	112,922,591	0.89%	486.87	2010
2012	233,651	13,100,207,098	56,067	125,598,049	0.96%	537.55	2011
2013	235,398	13,100,207,098	55,651	161,118,926	1.23%	684.45	2012
2014	238,706	13,535,673,257	56,704	147,843,223	1.09%	619.35	2013

<sup>(a)</sup> Source: Population estimates as provided by the City, except for 2010, which reflects U.S. Census figures.

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

**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. The City is revising its capital improvement plan, but the City expects to issue additional general purpose and self-supporting general obligation debt within the year. See "Anticipated Issuance of General Obligation Debt" below.

<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>
2009	\$683,305,000	\$577,001,064	\$106,303,936
2010	837,410,000	728,930,868	108,479,132
2011	961,165,000	848,242,409	112,922,591
2012	988,950,000	863,351,951	125,598,049
2013	983,415,000	822,296,074	161,118,926
2014 <sup>(a)</sup>	923,985,000	776,141,777	147,843,223

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

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

<b>Fiscal YE 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>	
2009	\$ 0.32540	\$ 0.03000	\$ 0.09100	\$ 0.44640	\$ 51,616,589	97.8%	99.7%	2008
2010	0.33240	0.03000	0.08400	0.44640	53,455,322	98.2%	99.7%	2009
2011	0.33240	0.03000	0.09377	0.45617	55,783,339	98.3%	99.6%	2010
2012	0.34200	0.03000	0.10200	0.47400	59,220,369	98.4%	99.4%	2011
2013	0.35683	0.02937	0.10591	0.49211	63,279,229	98.6%	98.7%	2012
2014 <sup>(a)</sup>	0.36080	0.02705	0.11656	0.50441	66,684,667	94.8% <sup>(a)</sup>	94.8% <sup>(a)</sup>	2013

<sup>(a)</sup> Partial collections as of January 31, 2014.

**TABLE 5 - TEN LARGEST TAXPAYERS**

<u>Name</u>	<b>2013 Taxable Assessed Valuation</b>	<b>% of Total Taxable Assessed Valuation</b>
Macerich South Plains LP	\$ 131,424,945	0.97%
United Supermarkets LLC	73,637,214	0.54%
PYCO Industries Inc.	49,204,266	0.36%
Atmos Energy	45,148,440	0.33%
Texland Petroleum LP	36,420,887	0.27%
Wal-Mart Real Estate Business Trust	34,340,000	0.25%
Southwestern Bell Telephone LP	33,217,624	0.25%
1859 Management Partners LP	33,092,375	0.24%
TTUC, LLC	30,694,645	0.23%
Southwestern, Public Service	<u>29,897,770</u>	<u>0.22%</u>
Total	\$ 497,078,166	3.67%

**TABLE 6 - 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 03/31/14)<sup>(a)</sup></u>	<u>Estimated % Overlapping</u>	<u>Overlapping Debt</u>
Frenship ISD	\$ 168,569,389	73.50%	\$ 123,898,501
Idalou ISD	14,195,000	3.81%	540,830
Lubbock County	58,490,000	81.39%	47,605,011
Lubbock ISD	245,615,000	96.35%	236,650,053
Lubbock-Cooper ISD	120,134,785	62.98%	75,660,888
Roosevelt ISD	10,570,000	3.71%	<u>392,147</u>
Estimated Overlapping Debt			\$ 484,747,429
City of Lubbock	\$ 147,843,223 <sup>(b)</sup>	100.00%	<u>147,843,223</u> <sup>(a)</sup>
Total Direct & Estimated Overlapping Debt			\$ 632,590,651
As a % of 2013 Taxable Assessed Valuation			4.67%
Per Capita Total Direct & Estimated Overlapping Debt			\$ 2,650

<sup>(a)</sup> Source of overlapping issuer debt - Texas Municipal Reports.

<sup>(b)</sup> Net of self-supporting debt.

**TABLE 7 - TAX ADEQUACY**

Average Annual Debt Service Requirements (2013-2034):	\$ 63,441,500
\$0.4735 per \$100 AV against the 2013 Taxable AV, at 99% collection, produces	\$ 63,450,499
Maximum Annual Debt Service Requirements (2013/14):	\$ 101,043,747
\$0.7542 per \$100 AV against the 2013 Taxable AV, at 99% collection, produces	\$ 101,065,187

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

General Obligation Debt Service Requirements, tax supported FY 2014	\$ 15,112,468	(a)
General Purpose Debt Service Requirements, non-tax supported FY 2014	17,104,203	
Bond Sale Charges	100,572	
Fiscal Agent Fees	15,500	
Interest and Sinking Fund Balance, Sept. 30, 2013	\$ 1,528,040	
Interest and Sinking Fund Tax Levy @ 99.0% FY 2014	14,930,725	
Revenues from Sources Other Than Tax Levy	16,948,846	
Federal Subsidy on BABs FY 2014	418,975	
Estimated Interest Earnings FY 2014	<u>33,055</u>	<u>33,859,641</u>
 Projected Interest & Sinking Fund Balance, Sept. 30, 2014	 \$ 1,526,898	

(a) Reflects debt service net of self-supported debt and net of the expected Federal Subsidy on the City's Series 2010B Bonds (BABs) and Series 2010B Certificates of Obligation (BABs). See "EFFECTS OF SEQUESTRATION ON CERTAIN OBLIGATIONS" in the Official Statement. Includes the Obligations. Excludes the Refunded Obligations.

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

FYE 30-Sep	Outstanding Debt <sup>(a)</sup>			
	Principal	Interest	Less: Federal Subsidy <sup>(b)</sup>	Total Debt Service
2014	\$ 61,055,000	\$ 41,981,153	\$ (1,992,406)	\$ 101,043,747
2015	60,875,000	39,140,928	(2,146,989)	97,868,939
2016	61,370,000	36,669,714	(2,146,989)	95,892,724
2017	62,860,000	34,237,423	(2,146,989)	94,950,434
2018	64,650,000	31,840,091	(2,091,059)	94,399,032
2019	63,620,000	29,488,690	(1,976,230)	91,132,460
2020	61,390,000	27,075,880	(1,853,973)	86,611,908
2021	59,965,000	24,534,644	(1,725,679)	82,773,966
2022	56,120,000	21,946,754	(1,592,297)	76,474,457
2023	55,685,000	19,355,697	(1,449,499)	73,591,198
2024	54,635,000	16,747,814	(1,296,761)	70,086,053
2025	56,055,000	14,098,719	(1,126,536)	69,027,182
2026	54,470,000	11,409,722	(939,167)	64,940,555
2027	50,465,000	8,848,427	(744,304)	58,569,124
2028	46,905,000	6,486,828	(541,681)	52,850,147
2029	38,065,000	4,434,372	(330,931)	42,168,442
2030	35,735,000	2,651,480	(111,735)	38,274,745
2031	21,565,000	1,288,197	-	22,853,197
2032	10,165,000	559,459	-	10,724,459
2033	5,365,000	219,725	-	5,584,725
2034	2,400,000	54,000	-	2,454,000
	<b>\$ 983,415,000</b>	<b>\$ 373,069,719</b>	<b>\$ (24,213,226)</b>	<b>\$ 1,332,271,493</b>

Average Annual Debt Service Requirements (2013-2034): \$ 63,441,500  
 Maximum Annual Debt Service Requirements (2013/14): \$ 101,043,747

<sup>(a)</sup> Does not include lease/purchase obligations. Includes the City's self-supporting debt and the Refunded Obligations. See "Table 1 - Valuation, Exemptions and General Obligation Debt" and "Table 10 - Division of General Obligation Debt Service Requirements."

<sup>(b)</sup> For fiscal year 2014, the Federal Subsidy reflects expected subsidy payments from the federal government equal to 32.48% of the interest payments on the City's Series 2010B Bonds (Build America Bonds, or "BABs") and Series 2010B Certificates of Obligation (BABs). Future expected Federal Subsidy payments are projected at a rate of 35% of the interest payments on said bonds. Reductions to the Federal Subsidy are expected to continue as long as sequestration is in effect. Projections on the Federal Subsidy are subject to change as described under "EFFECTS OF SEQUESTRATION ON CERTAIN OBLIGATIONS" in the Official Statement.

**TABLE 10 - DIVISION OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS<sup>(a)(b)</sup>**

FYE 9/30	Waterworks	Sewer	Solid Waste	Storm	Tax	Electric Light	Cemetery	Gateway	HOT	Airport	Internal	General	Total
	System Debt Service	System Debt Service	Disposal System Debt Service	Water System Debt Service	Increment Financing Debt Service	& Power System Debt Service							
2014	\$ 32,045,810	\$ 17,144,566	\$ 1,787,897	\$ 9,591,935	\$ 3,344,405	\$ 6,270,567	\$ 53,940	\$ 8,205,848	\$ 97,280	\$ 2,010,157	\$ 348,062	\$ 20,143,280	\$ 101,043,747
2015	31,879,749	15,394,785	1,766,254	9,619,404	3,331,543	6,232,070	52,948	8,191,453	97,328	2,006,285	347,465	18,949,655	97,868,939
2016	32,807,612	14,727,692	1,805,838	9,903,734	3,335,172	4,812,685	56,810	8,191,875	97,248	1,117,521	345,483	18,691,055	95,892,724
2017	32,561,363	14,626,569	1,775,688	9,860,981	3,280,079	4,963,591	55,560	8,110,610	97,248	1,101,166	345,850	18,171,728	94,950,434
2018	30,979,753	14,008,075	1,752,453	9,827,081	3,279,047	6,178,192	54,321	8,133,004	97,317	1,105,114	347,174	18,637,502	94,399,032
2019	29,858,295	13,928,132	1,538,101	9,610,131	3,305,610	5,728,192	53,067	8,174,202	97,290	1,106,897	345,713	17,386,829	91,132,460
2020	27,618,756	13,829,094	1,497,508	9,277,378	3,291,796	5,340,821	56,684	8,152,723	97,242	1,102,928	346,412	16,000,567	86,611,908
2021	26,419,720	13,619,805	1,481,083	8,992,563	3,288,681	5,029,868	55,198	8,128,486	97,327	1,107,603	345,417	14,208,217	82,773,966
2022	22,943,963	13,277,996	1,417,591	9,705,211	3,293,881	4,283,873	53,700	8,127,475	97,339	524,172	345,462	12,403,795	76,474,457
2023	22,169,702	13,000,848	1,421,975	9,700,764	3,296,246	4,270,292	57,062	8,126,326	97,258	527,206	350,027	10,573,491	73,591,198
2024	22,191,046	12,739,443	1,418,862	9,673,674	3,291,710	3,284,344	55,317	8,127,853	97,289	524,318	38,920	8,643,276	70,086,053
2025	21,540,150	12,751,712	1,156,257	9,675,792	3,093,009	3,265,620	53,570	8,237,741	97,308	545,700	38,912	8,571,412	69,027,182
2026	21,267,868	12,164,599	1,158,837	9,683,306	2,380,914	3,054,959	56,694	7,102,075	97,305	321,381	38,908	7,613,708	64,940,555
2027	19,965,478	11,001,601	794,932	9,035,947	1,872,149	2,569,484	15,689	6,879,216	97,270	121,536	38,917	6,176,905	58,569,124
2028	18,557,415	10,782,997	687,905	8,572,058	502,659	1,514,001	-	6,876,857	-	88,715	38,915	5,228,625	52,850,147
2029	15,638,051	6,398,878	585,889	8,009,105	347,127	994,071	-	5,191,902	-	88,723	38,905	4,875,790	42,168,442
2030	15,254,981	6,395,326	550,914	7,866,497	270,070	442,353	-	2,784,608	-	88,751	38,912	4,582,332	38,274,745
2031	3,239,334	6,167,617	504,061	7,752,767	111,910	-	-	2,110,874	-	88,689	38,908	2,839,037	22,853,197
2032	944,122	2,820,676	-	5,249,528	-	-	-	-	-	88,733	18,975	1,602,425	10,724,459
2033	-	2,162,400	-	2,806,525	-	-	-	-	-	-	-	615,800	5,584,725
2034	-	-	-	2,454,000	-	-	-	-	-	-	-	-	2,454,000
	<u>\$ 427,883,169</u>	<u>\$ 226,942,810</u>	<u>\$ 23,102,045</u>	<u>\$ 176,868,380</u>	<u>\$ 44,916,008</u>	<u>\$ 68,234,983</u>	<u>\$ 730,560</u>	<u>\$ 128,853,128</u>	<u>\$ 1,362,047</u>	<u>\$ 13,665,596</u>	<u>\$ 3,797,337</u>	<u>\$ 215,915,430</u>	<u>\$ 1,332,271,493</u>

<sup>(a)</sup> Includes the Obligations.

<sup>(b)</sup> For fiscal year 2014, the Federal Subsidy reflects expected subsidy payments from the federal government equal to 32.48% of the interest payments on the City's Series 2010B Bonds (Build America Bonds, or "BABs") and Series 2010B Certificates of Obligation (BABs). Future expected Federal Subsidy payments are projected at a rate of 35% of the interest payments on said bonds. Reductions to the Federal Subsidy are expected to continue as long as sequestration is in effect. Projections on the Federal Subsidy are subject to change.

**TABLE 11 - COMPUTATION OF SELF-SUPPORTING DEBT**

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

Net System Revenue Available, Fiscal Year Ended 9-30-13	\$ 53,593,715
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-14	-
Balance Available for Other Purposes	<u>53,593,715</u>
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-14	32,045,810
Percentage of Fund General Obligation Debt Self-Supporting	100.00%

<sup>(a)</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>(a)</sup>**

Net System Revenue Available, Fiscal Year Ended 9-30-13	\$ 17,659,966
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-14	-
Balance Available for Other Purposes	<u>17,659,966</u>
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-14	17,144,566
Percentage of Fund General Obligation Debt Self-Supporting	100.00%

<sup>(a)</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. FY 2014 revenue includes a planned transfer of \$149,465 from general sewer fund balance.

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

Net System Revenue Available, Fiscal Year Ended 9-30-13	\$ 7,317,894
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-14	-
Balance Available for Other Purposes	<u>7,317,894</u>
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-14	1,787,897
Percentage of Fund General Obligation Debt Self-Supporting	100.00%

<sup>(a)</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. FY 2014 revenue includes a planned transfer of \$2,379,529 from general solid waste fund balance.

**THE STORM WATER FUND <sup>(a)</sup>**

Net System Revenue Available, Fiscal Year Ended 9-30-13	\$ 14,605,009
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-14	-
Balance Available for Other Purposes	<u>14,605,009</u>
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-14	9,591,935
Percentage of Fund General Obligation Debt Self-Supporting	100.00%

<sup>(a)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Storm Water Fund general obligation debt to a segregated account in the Storm Water Fund. FY 2014 revenue includes a planned transfer of \$28,188 from general storm water fund balance.

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

Net System Revenue Available, Fiscal Year Ended 9-30-13	\$ 43,462,397
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-14	9,754,440
Balance Available for Other Purposes	<u>33,707,957</u>
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-14	6,270,567
Percentage of Fund General Obligation Debt Self-Supporting	100.00%

<sup>(a)</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.

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

Net System Revenue Available, Fiscal Year Ended 9-30-13	\$	7,392,177
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-14		-
Balance Available for Other Purposes		<u>7,392,177</u>
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-14		8,205,848
Percentage of Fund General Obligation Debt Self-Supporting		90.08%

<sup>(a)</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. FY 2014 budget includes the planned utilization of net assets totaling \$934,933.

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

Net System Revenue Available, Fiscal Year Ended 9-30-13	\$	5,142,382
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-14		-
Balance Available for Other Purposes		<u>5,142,382</u>
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-14		2,010,157
Percentage of Fund General Obligation Debt Self-Supporting		100.00%

<sup>(a)</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. FY 2014 revenue includes a planned transfer of \$1,476,291 from the Airport Passenger Facility Charge Fund.

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

Net System Revenue Available, Fiscal Year Ended 9-30-13	\$	3,303,803
Less: Requirements for Revenue Bonds, Fiscal Year Ended 9-30-14		-
Balance Available for Other Purposes		<u>3,303,803</u>
Requirements for Fund General Obligation Debt, Fiscal Year Ending 9-30-14		3,344,405
Percentage of Fund General Obligation Debt Self-Supporting		98.79%

<sup>(a)</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. FY 2014 revenue includes a planned transfer of \$580,000 from the Hotel Occupancy Tax Special Revenue Fund.

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**TABLE 12 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS<sup>(a)</sup>**

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Issued To Date</u>	<u>Unissued</u>
Street Improvements	05/15/04	\$ 9,210,000	\$ 8,764,000	\$ 446,000
Police/Municipal Court Facilities	05/15/04	3,350,000	945,000	2,405,000
Animal Shelter Renovations & Improvements	05/15/04	1,045,000	160,000	885,000
		<u>\$ 13,605,000</u>	<u>\$ 9,869,000</u>	<u>\$ 3,736,000</u>

<sup>(a)</sup> In addition to the authorized but unissued general obligation bonds described in Table 12, approximately \$3,742,000 of general obligation bonds approved by voters at elections held on May 21, 1977, October 17, 1987 and May 1, 1993 remain unissued; however, the City does not currently expect to issue general obligation bonds pursuant to such elections.

**ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . .** The City Council adopted a resolution during the 1984-85 budget process establishing capital maintenance funds for capital projects. A capital improvement plan is made for planning purposes and may identify projects that will be deferred or omitted entirely in future years. In addition, as conditions change, new projects may be added that are not currently identified. Under current City policy, for a project to be funded as a capital project it must have a cost of \$25,000 or more and a life of seven or more years. For FY 2013-14, the City Council approved \$138.0 million in total expenditures for capital projects for all general purpose projects, as well as projects for the electric fund, water fund, sewer fund, solid waste fund, stormwater funds and airport fund. The Capital Projects Fund budget for FY 2013-14 also included an additional \$645.9 million in future improvements for all City departments over the five succeeding fiscal years. The improvements included in the City's capital improvement plan are generally funded from a blend of bond proceeds, reserves or current year revenue sources.

As shown in Table 12, the City currently has \$3,736,000 of authorized but unissued from the election on May 15, 2004. The City typically issues voted bonds for general purpose City projects, such as streets, parks, libraries, civic centers public safety improvements. However, the City has incurred substantial non-voted tax supported debt to fund portions of the capital budget of the Electric Fund, Water Fund, Sewer Fund, Solid Waste Fund, Storm Water Fund, Tax Increment Fund, Gateway Fund, and Airport Fund. As described elsewhere in this Official Statement, such enterprise fund indebtedness is generally anticipated to be self-supporting from enterprise fund revenues. In addition to the authorized but unissued general obligation bonds described in Table 12, approximately \$3,742,000 of general obligation bonds approved by voters at elections held on May 21, 1977, October 17, 1987 and May 1, 1993 remain unissued; however, the City does not currently expect to issue general obligation bonds pursuant to such elections.

The City does not plan to issue any additional general obligation debt that is not anticipated to be self-supporting within the next twelve months. On June 13, 2013, the Lubbock City Council created a Citizen Advisory Committee (CAC) to study and to make recommendations to Council for capital improvement needs of the City of Lubbock, including recommendations on bond elections or other methods of financing such projects. The CAC is studying the need for capital improvements in the operational areas of streets, municipal facilities, and parks, as well as other areas the CAC may deem relevant. It is expected that the CAC will conclude with a report to Council identifying capital improvement projects most needed by the City, including recommended financing. The goal it is complete the study and make recommendations, if any, to the City Council for a proposed November 2014 bond election.

**TABLE 13 - OTHER OBLIGATIONS**

The City has various capital leases outstanding. The debt service of the leases is detailed below.

<b>FYE 30-Sep</b>	<b>Governmental Capital Lease Minimum Payment</b>	<b>Business-Type Capital Lease Minimum Payment</b>	<b>Total Capital Lease Minimum Payment</b>
2014	\$ 5,928,916	\$ 5,712,552	\$ 11,641,468
2015	4,776,158	4,591,752	9,367,910
2016	3,762,664	3,444,098	7,206,762
2017	3,127,344	2,336,939	5,464,283
2018	2,471,715	2,154,671	4,626,386
2019-2023	3,524,652	5,151,374	8,676,026
Less Interest	(1,892,462)	(1,929,409)	(3,821,871)
	<b>\$ 21,698,987</b>	<b>\$ 21,461,977</b>	<b>\$ 43,160,964</b>

The City also has obligations to pay various contract revenue bonds issued through the Department of Housing and Urban Development and the Canadian Municipal River Authority. All Contract Revenue Bonds are payable from water revenues. The debt service requirements of the contract revenue bonds are detailed below.

<b>FYE 30-Sep</b>	<b>Contract Revenue Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 2,967,149	\$ 3,025,011	\$ 5,992,160
2015	3,106,709	2,885,229	5,991,938
2016	3,256,887	2,731,713	5,988,600
2017	3,422,081	2,567,217	5,989,298
2018-2031	50,910,659	15,822,980	66,733,639
	<b>\$ 63,663,485</b>	<b>\$ 27,032,150</b>	<b>\$ 90,695,635</b>

*[Remainder of page left intentionally blank]*

**TABLE 14 - CHANGES IN NET POSITION**

	<b>Fiscal Year Ended September 30</b>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>					
Program Revenues					
Changes for Services	\$ 10,535,278	\$ 9,700,508	\$ 9,405,110	\$ 9,989,833	\$ 9,665,449
Operating Grants and Contributions	28,480,276	21,056,415	22,231,742	20,803,413	20,291,850
General Revenues					
Property Taxes	65,361,484	60,935,080	57,534,225	55,064,777	52,598,485
Sales Taxes	62,250,140	57,303,792	53,672,769	51,008,384	50,705,301
Occupancy Taxes	6,147,539	5,209,971	4,860,489	4,238,675	4,179,036
Other Taxes	1,266,378	1,160,654	1,305,151	1,219,092	1,272,278
Franchise Taxes	9,126,818	9,727,782	8,307,268	11,702,985	10,765,289
Investments/Misc.	6,048,068	10,031,764	5,854,394	5,726,310	5,398,433
<b>Total Revenues</b>	<b>\$ 189,215,981</b>	<b>\$ 175,125,966</b>	<b>\$ 163,171,148</b>	<b>\$ 159,753,469</b>	<b>\$ 154,876,121</b>
<b>EXPENDITURES</b>					
Administrative Services	\$ 13,287,438	\$ 11,564,122	\$ 11,786,924	\$ 12,005,910	\$ 11,078,376
Community Services	6,983,062	5,493,264	10,707,989	12,231,817	7,037,569
Cultural and Recreation	17,581,835	16,968,404	16,832,528	16,590,119	15,039,074
Economic/Bus. Development	16,258,386	15,100,595	15,944,038	15,335,806	37,221,152
Fire	42,646,239	41,335,751	39,619,927	36,803,080	33,097,947
Health	4,409,889	5,437,035	6,332,178	5,599,276	5,818,547
Police	59,261,383	58,549,406	56,537,522	54,171,638	48,342,376
Other Public Safety	6,803,117	6,881,024	5,919,681	6,343,372	6,325,692
Streets and Traffic	22,366,616	26,411,247	21,244,252	28,180,967	30,138,853
Interest on Long-Term Debt	13,058,063	13,653,174	13,290,050	12,207,377	9,840,431
<b>Total Expenditures</b>	<b>\$ 202,656,028</b>	<b>\$ 201,394,022</b>	<b>\$ 198,215,089</b>	<b>\$ 199,469,362</b>	<b>\$ 203,940,017</b>
Changes in net assets before special items & transfers	\$ (13,440,047)	\$ (26,268,056)	\$ (35,043,941)	\$ (39,715,893)	\$ (49,063,896)
Special items	-	-	-	-	-
Transfers	36,973,388	25,571,122	22,844,004	19,869,774	10,039,415
Changes in net position	\$ 23,533,341	\$ (696,934)	\$ (12,199,937)	\$ (19,846,119)	\$ (39,024,481)
Net Position - Beginning of Year	\$ 63,182,164	\$ 68,861,875	\$ 81,061,812	\$ 100,907,931	\$ 139,932,412
Restatement	-	(4,982,777)	-	-	-
<b>Net Position - End of Year</b>	<b>\$ 86,715,505</b>	<b>\$ 63,879,098</b>	<b>\$ 68,861,875</b>	<b>\$ 81,061,812</b>	<b>\$ 100,907,931</b>

Note: Data shown in Table 14 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. As of the date of this Official Statement, a copy of the FY2013 financial statement can be accessed through the City's website, <http://www.mylubbock.us/departmental-websites/departments/finance/home>.

**TABLE 15 - GENERAL FUND REVENUES AND EXPENDITURES HISTORY**

	Fiscal Year Ended September 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>					
Taxes	\$ 103,075,174	\$ 95,329,895	\$ 90,355,175	\$ 86,888,762	\$ 84,711,760
Franchise Taxes	5,155,471	5,820,803	4,986,937	7,025,122	6,459,207
Fees and Fines	3,703,307	3,447,931	2,996,315	3,047,293	3,315,472
Licenses and Permits	2,625,478	2,396,476	2,076,776	2,493,594	2,213,041
Intergovernmental	528,725	489,332	451,684	484,543	503,889
Charges for Services	3,129,948	2,993,191	3,114,280	2,964,001	2,930,335
Interest	29,389	96,249	25,379	48,895	327,401
Miscellaneous	2,176,468	2,787,312	2,311,429	2,158,723	1,757,534
<b>Total Revenues &amp; Transfers</b>	<b>\$ 120,423,960</b>	<b>\$ 113,361,189</b>	<b>\$ 106,317,975</b>	<b>\$ 105,110,933</b>	<b>\$ 102,218,639</b>
<b>EXPENDITURES</b>					
Admin/General Government	\$ 12,041,031	\$ 10,383,779	\$ 10,214,049	\$ 10,572,200	\$ 9,611,385
Cultural and Recreation	13,310,080	12,581,932	11,835,432	11,859,275	11,515,865
Economic & Bus. Development	561,593	458,816	911,739	982,508	966,068
Health	2,618,467	2,758,566	3,568,300	3,217,069	4,069,411
Police	40,017,335	51,853,715	47,799,452	45,018,594	43,539,601
Fire	54,113,978	37,157,096	33,831,932	31,874,544	30,479,464
Other Public Safety	5,310,003	5,164,942	4,291,114	4,690,621	4,872,418
Streets and Traffic	6,504,464	6,624,079	6,162,640	8,904,450	8,013,700
General Obligation Debt	4,886,989	4,462,313	4,284,852	4,299,215	2,840,461
Capital Outlay	5,543,846	4,668,303	5,749,537	4,135,290	8,412,831
<b>Total Expenditures</b>	<b>\$ 144,907,786</b>	<b>\$ 136,113,541</b>	<b>\$ 128,649,047</b>	<b>\$ 125,553,766</b>	<b>\$ 124,321,204</b>
Excess (Deficiency) of Revenues and Transfers over Expenditures	\$ (24,483,826)	\$ (22,752,352)	\$ (22,331,072)	\$ (20,442,833)	\$ (22,102,565)
Capital Leases	\$ 5,778,891	\$ 5,537,998	\$ 3,588,154	\$ 4,015,386	\$ 8,714,556
Transfer In	28,305,596	26,161,287	24,741,193	19,805,805	19,303,155
Transfer Out	(3,925,473)	(2,655,369)	(3,938,993)	(3,449,174)	(5,996,006)
Net Change in Fund Balance	5,675,188	6,291,564	2,059,282	(70,816)	(80,860)
Fund Balances -					
Beginning of Year	\$ 28,161,445	\$ 21,869,881	\$ 19,810,599	\$ 19,881,415	\$ 19,962,275
End of Year	\$ 33,836,633	\$ 28,161,445	\$ 21,869,881	\$ 19,810,599	\$ 19,881,415
Less: Nonspendable	(115,585)	(105,079)	(155,079)	(128,880)	(124,955)
Unassigned Fund Balance <sup>(a),(b)</sup>	<b>\$ 33,721,048</b>	<b>\$ 28,056,366</b>	<b>\$ 21,714,802</b>	<b>\$ 19,681,719</b>	<b>\$ 19,756,460</b>

<sup>(a)</sup> The City changed its method of accounting for fund balances per GASB Statement No. 54 as of FY 2011. Historical fund balance figures have not been restated.

<sup>(b)</sup> The City's financial policies target a General Fund unassigned balance of at least 20% of operating revenues. The FY 2013 unassigned fund balance is at 140.01% of the target established by the City's financial policies.

**TABLE 16 - 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 Obligations or other debt of the City. In addition, in January, 1995, 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 Chapter 504 of the Texas Local Government Code to be used for economic development in Lubbock. The City began to receive proceeds of these taxes in October 2004. Collection and enforcement of the City's sales tax are effected through the offices of the Comptroller of Public Accounts, State of Texas. The Comptroller remits the proceeds of the tax to the City on a monthly basis after the deduction of a 2% service fee. Historical collections of the City's local Sales and Use Tax are shown below:

<b>FYE 30-Sep</b>	<b>Total Collected <sup>(a)</sup></b>	<b>% of Ad Valorem Tax Levy</b>	<b>Equivalent of Ad Valorem Tax Rate</b>	<b>Per Capita <sup>(b)</sup></b>
2009	\$ 50,705,301	98.23%	\$ 0.4344	\$ 232.24
2010	51,008,384	95.42%	0.4250	222.19
2011	53,672,769	96.22%	0.4250	231.41
2012	60,935,080	109.24%	0.4825	262.72
2013	62,250,140	105.12%	0.4752	266.42

<sup>(a)</sup> Excludes bingo tax receipts.

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

Effective as of October 1, 2006, the sales tax breakdown 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
<b>Total</b>	<b>\$ 8.250</b>

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**TABLE 17 - CURRENT INVESTMENTS**

As of January 31, 2014, the City's investable funds were invested in the following categories:

<u>Type</u>	<u>Par</u>	<u>Book Value</u>		<u>Estimated Market Value<sup>(a)</sup></u>	
	<u>Value</u>	<u>Value</u>	<u>% of Total Book Value</u>	<u>Value</u>	<u>% of Total Market Value</u>
United States Agency Obligations	\$ 72,750,000	\$ 72,718,422	15.32%	\$ 72,335,014	15.25%
Money Market Mutual Funds <sup>(b)</sup>	69,910	69,910	0.01%	69,910	0.01%
Bank Accounts	15,272,038	15,272,038	3.22%	15,272,038	3.22%
Local Government Investment Pools <sup>(c)</sup>	386,558,251	386,558,251	81.45%	386,558,251	81.51%
	<b><u>\$ 474,650,199</u></b>	<b><u>\$ 474,618,621</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 474,235,213</u></b>	<b><u>100.00%</u></b>

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

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

<sup>(c)</sup> Local government investment pools consist of entities whoses investment objectives are preservation and safety of principal, liquidity, and yield. The pool seeks to maintain a 1.00 value per share as required by the PFIA.

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**TABLE 18 - MONTHLY WATER RATES**

Lubbock City Council adopted water rate changes, effective December 1, 2013. Rates are designed to cover water expenses of the fiscal year and to fully fund the debt service for water supply projects.

<u>Base Rate <sup>(a)</sup></u>	<u>Effective 12/01/13</u>		
3/4" meter			18.00
1" meter (single family residential)			30.05
1" meter (other than residential)			30.05
<u>Flow Rate Charge per 1,000 Gallons</u>	<u>Block 1</u>	<u>Block 2</u>	<u>Block 3</u>
Single Family Residential	4.31	5.88	7.06
Single Family Residential Irrigation	n/a	5.88	7.06
Multi-Family Residential, Commercial and Public	4.31	5.88	7.06
Non-Residential Irrigation	n/a	5.88	7.06
Schools	4.31	n/a	n/a
Wholesale	6.465	8.820	10.590

<sup>(a)</sup> The Base Rate is for water service; Base Rates shown are for a 3/4" water meter and a 1" meter for residential and commercial customers; higher Base Rates apply to meters ranging from 1.5" to 10".

**TABLE 19 - HISTORICAL WATER CONSUMPTION (MILLIONS GALLONS)**

<u>Calendar Year</u>	<u>Average Daily Consumption</u>	<u>Maximum Consumption Day/Year</u>
2008	32.947	57.176
2009	32.180	54.240
2010	32.690	50.400
2011	41.207	64.117
2012	36.200	58.100
2013	37.097	57.960

**TABLE 20 - WATERWORKS SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	<b>Fiscal Year Ended September 30,</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>REVENUE</b>					
Operating Revenues	\$ 80,899,076	\$ 73,013,404	\$ 74,184,937	\$ 59,474,560	\$ 51,989,393
Non-Operating Revenues	519,627	473,408	428,632	319,290	580,276
Gross Revenues	<u>81,418,703</u>	<u>73,486,812</u>	<u>74,613,569</u>	<u>59,793,850</u>	<u>52,569,669</u>
<b>EXPENSE</b>					
Operating Expense <sup>(a)</sup>	<u>27,824,918</u>	<u>24,767,762</u>	<u>24,019,142</u>	<u>22,582,295</u>	<u>23,034,101</u>
Net Revenues	<u><b>\$ 53,593,785</b></u>	<u><b>\$ 48,719,050</b></u>	<u><b>\$ 50,594,427</b></u>	<u><b>\$ 37,211,555</b></u>	<u><b>\$ 29,535,568</b></u>
Number of Water Meters	81,054	80,164	80,479	79,762	79,200

<sup>(a)</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.

**TABLE 21 - HISTORICAL 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>
2006	21.0 mgd
2007	23.0 mgd
2008	22.8 mgd
2009	20.7 mgd
2010	20.7 mgd
2011	19.2 mgd
2012	20.8 mgd
2013	18.0 mgd

**TABLE 22 - 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.

The Lubbock City Council adopted a rate increase for the wastewater rates that went into effect on December 1, 2012. Those rates remain in effect and are shown below.

	<u>12/01/12</u>
<u>Residential</u>	
Base Rate <sup>(a)</sup>	\$14.00
Flow Rate (Water Consumption)	2.25
<u>Commercial/Industrial <sup>(b)</sup></u>	
Base Rate <sup>(a)</sup>	\$24.66
Flow Rate (Water Consumption)	2.25

<sup>(a)</sup> The Base Rate is for wastewater 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>(b)</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 \$0.1973/lb. and for T.S.S. is \$0.1837/lb.

**TABLE 23 - WASTEWATER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	<u>Fiscal Year Ended September 30</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>REVENUE</b>					
Operating	\$ 33,578,597	\$ 31,626,539	\$ 29,942,844	\$ 26,720,757	\$ 24,479,551
Non-Operating Revenues	123,692	198,298	253,664	149,122	1,155,952
Gross Revenues	<u>33,702,289</u>	<u>31,824,837</u>	<u>30,196,508</u>	<u>26,869,879</u>	<u>25,635,503</u>
<b>EXPENSE</b>					
Operating Expense <sup>(a)</sup>	<u>11,774,273</u>	<u>14,070,990</u>	<u>11,248,152</u>	<u>11,180,968</u>	<u>11,138,683</u>
Net Revenues	<u><b>\$ 21,928,016</b></u>	<u><b>\$ 17,753,847</b></u>	<u><b>\$ 18,948,356</b></u>	<u><b>\$ 15,688,911</b></u>	<u><b>\$ 14,496,820</b></u>
Number of Wastewater Records	75,806	74,976	74,230	72,539	73,213

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

**TABLE 24 - MONTHLY SOLID WASTE RATES**

Summarized below are the current solid waste rates of the City effective as of October 1, 2012.\*

<u>Residential Garbage Rate</u>	
Monthly Rate	\$ 15.25
<u>Commercial Garbage Rate</u>	
<u>Container Size</u>	<u>Monthly Rate</u>
2 cubic yards	\$ 40.57
3 cubic yards	60.14
4 cubic yards	79.70
6 cubic yards	115.38
8 cubic yards	151.06
<u>Landfill Fees</u>	
Tipping Fees	\$ 28.25/ton

\*Rates do not include state surcharge fees or sales tax.

**TABLE 25 - SOLID WASTE SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	<u>Fiscal Year Ended September 30</u>				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Operating Revenues	\$ 19,538,678	\$ 19,483,045	\$ 18,807,531	\$ 17,037,506	\$ 16,979,975
Non-Operating Revenues	568,045	1,080,198	536,771	407,711	358,381
Gross Revenues	<u>20,106,723</u>	<u>20,563,243</u>	<u>19,344,302</u>	<u>17,445,217</u>	<u>17,338,356</u>
Operating Expense <sup>(a)</sup> (excluding depreciation)	<u>12,788,829</u>	<u>12,369,491</u>	<u>11,664,568</u>	<u>13,645,668</u>	<u>12,353,610</u>
Net Revenues	<u><u>\$ 7,317,894</u></u>	<u><u>\$ 8,193,752</u></u>	<u><u>\$ 7,679,734</u></u>	<u><u>\$ 3,799,549</u></u>	<u><u>\$ 4,984,746</u></u>

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

**TABLE 26 - MONTHLY MUNICIPAL DRAINAGE RATES**

The Lubbock City Council adopted a Drainage System rate ordinance, which became effective on October 1, 2011. Those rates remain in effect and are shown below.

	<b>Current Rates</b>
<u>Residential Property:</u>	
Single Family Residential	\$ 14.00
Multi-Family Residential B duplex, triplex and quadraplex (per unit):	14.00
Residential Water Sprinklers	Exempt
Mobile Homes and Mobile Home Parks	14.00
Construction - Residential	14.00
<u>Non-residential Property:</u>	
Multi-Family Commercial (per unit):	\$ 14.00
Apartment Complex <sup>(a)</sup>	92.92
Private Schools, Churches, Federal Government	92.92
Commercial - Retail, Service, Industrial	92.92
Construction - Commercial	92.92
All Non-Residential Water Sprinklers	92.92

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

**TABLE 27 - STORM WATER SYSTEM CONDENSED STATEMENT OF OPERATIONS**

	<b>Fiscal Year Ended September 30</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Operating Revenues	\$ 19,285,819	\$ 19,043,611	\$ 16,195,959	\$ 12,118,701	8,108,040
Non-Operating Revenues	83,331	135,203	115,841	68,125	317,750
Gross Revenues	19,369,150	19,178,814	16,311,800	12,186,826	8,425,790
Operating Expense <sup>(a)</sup> (excluding depreciation)	4,764,141	4,153,300	3,611,232	3,112,898	3,968,722
Net Revenues	<b>\$ 14,605,009</b>	<b>\$ 15,025,514</b>	<b>\$ 12,700,568</b>	<b>\$ 9,073,928</b>	<b>4,457,068</b>

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

**TABLE 28 - GENERATING STATIONS**

<u>Manufacturer</u>	<u>Year Installed</u>	<u>Station</u>	<u>Prime Mover</u>	<u>Fuel</u>	<u>Generator Capacity (in MW)</u>	<u>Dependable Capacity (in MW)</u>
Westinghouse	1957	J.R. Massengale No. 6	Steam Turbine	Gas	22	20
Westinghouse	1958	J.R. Massengale No. 7	Steam Turbine	Gas	22	17
Westinghouse	1964	Cooke GT 1	Gas Turbine	Gas	13	-
General Electric	1965	<b>Cooke Steam 1</b>	Steam Turbine	Gas or Oil	46	43
Worthington	1971	Cooke GT 2	Gas Turbine	Gas	21	15
General Electric	1974	Cooke GT 3	Gas Turbine	Gas	24	16
General Electric	1978	<b>Cooke Steam 2</b>	Steam Turbine	Gas or Oil	54	41
General Electric	1990	<b>TX Tech (Brandon 1)</b>	Gas Turbine	Gas	20	21
General Electric	2000	<b>J.R. Massengale No. 8</b>	Gas Turbine	Gas	42	42
					264	214

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

**TABLE 29 - HISTORICAL POWER SUPPLY REQUIREMENTS**

LP&L's historical peak demand and energy requirements are set forth below. Many factors, such as weather and changes in population, affect electric sales and should be considered when evaluating the power supply requirements of the electric system over the period since 2009 reported below.

For the ten year period ended December 31, 2013, LP&L's average annual demand growth was 7.0%, system energy growth averaged 8.8%, and energy sales grew by an average of 7.1% annually. The increases were due, in large part, to the purchase of the Xcel Lubbock assets.

<u>Fiscal Year</u>	<u>Peak Demand</u>		<u>Energy Sales<sup>(a)</sup></u>		
	<u>MW</u>	<u>% Increase</u>	<u>MWh</u>	<u>% Increase</u>	<u>Load Factor (%)</u>
2009	399.8	4.44%	1,648,375	0.67%	47.07%
2010	399.6	-0.05%	1,728,641	4.87%	49.38%
2011	598.4	49.75%	2,587,518	49.69%	49.36%
2012	615.3	2.82%	2,587,604	0.00%	48.01%
2013	612.3	-0.49%	2,582,363	-0.20%	48.14%

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

<u>Fiscal Year</u>	<u>Net System Requirements</u>		
	<u>MWh</u>	<u>% Increase</u>	<u>Load Factor (%)</u>
2009	1,714,673	0.23%	48.96%
2010	1,796,485	4.77%	51.32%
2011	2,709,385	50.82%	51.69%
2012	2,690,495	-0.70%	49.92%
2013	2,691,664	0.04%	50.18%

**TABLE 30 - STATISTICAL DATA**

	<b>Fiscal Year Ended September 30</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
kWh TO SYSTEM	3,199,033,466	3,211,999,396	3,339,083,410	2,325,235,379	2,048,270,571
Sales of kWh					
Residential Service	990,464,737	1,009,384,484	1,022,156,076	747,762,741	695,875,402
Commercial Service	1,420,682,770	1,410,809,696	1,393,503,942	814,428,208	792,398,559
Municipal and Schools	171,116,400	167,410,131	171,858,259	166,450,331	160,101,440
Total Retail Sales	2,582,263,907	2,587,604,311	2,587,518,277	1,728,641,280	1,648,375,401
Wholesale Sales (Off System Sales)	507,171,261	521,504,130	629,698,458	528,750,343	333,598,000
Total Sales to All Customers	3,089,435,168	3,109,108,441	3,217,216,735	2,257,391,623	1,981,973,401
Loss and Unaccounted for	109,598,298	102,890,955	121,866,675	67,843,756	66,297,170
kWh To The System	3,199,033,466	3,211,999,396	3,339,083,410	2,325,235,379	2,048,270,571
EOFY Residential Meters	87,037	85,705	83,690	66,816	65,779
EOFY Commercial Meters	13,068	12,964	12,621	8,003	7,863
EOFY Municipal & School Meters	1,060	1,051	1,052	1,008	1,010
EOFY Total Meters	101,165	99,720	97,363	75,827	74,652
Total Plant Peak kW Demand <sup>(a)</sup>	612,309	615,300	598,400	399,600	399,800

<sup>(a)</sup> Deducts station power monthly peak (at time of total peak) from total plant peak to calculate net peak to load.

**TABLE 31 - TEN LARGEST CUSTOMERS (ANNUAL CONSUMPTION AND REVENUE)**

	<b>Fiscal Year Ended September 30, 2013</b>			
	<b>Megawatt Hours<sup>(a)</sup> Billed</b>	<b>% of Total</b>	<b>Revenues</b>	<b>% of Total</b>
Top 10 Customers	537,319	21.0	\$ 31,425,525	16.0
Top Two Customers <sup>(b)</sup>	227,628	9.0	\$ 14,334,615	7.0

<sup>(a)</sup> Megawatt Hours ("MWh"); MWh = 1,000 kWh.

<sup>(b)</sup> LP&L and Texas Tech University ("Texas Tech"), the largest single customer of LP&L, entered into a 10-year agreement on July 1, 2004 under which Texas Tech agreed to purchase electricity from LP&L at the rate as provided in the agreement. Neither the City, LP&L nor Texas Tech provided notice of termination 180 days before the end of the tenth year of the initial term, therefore the contract shall continue for an additional five year term. Texas Tech may suspend its obligations to purchase power under the agreement upon six months prior written notice, in which event LP&L will wheel energy to Texas Tech in accordance with an energy delivery charge.

**TABLE 32 - ANALYSIS OF ELECTRIC BILLS**

	<b>Fiscal Year Ended September 30</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<u>All Customer:</u>					
Average Monthly kWh Per Meter	2,137	2,162	2,214	1,899	1,840
Average Monthly Bill Per Meter	\$ 160.13	\$ 148.64	\$ 162.41	\$ 143.88	\$ 142.38
Average Monthly Revenue Per kWh	0.074944	0.068751	0.073356	0.075766	0.077380
<u>Residential Customer:</u>					
Average Monthly kWh Per Meter	953	981	1,018	933	882
Average Monthly Bill Per Meter	\$ 86.92	\$ 80.67	\$ 89.21	\$ 82.25	\$ 78.85
Average Monthly Revenue Per kWh	0.091203	0.082232	0.087633	0.088156	0.089399
<u>Commercial:</u>					
Average Monthly kWh Per Meter	8,217	9,069	9,201	8,480	8,398
Average Monthly Bill Per Meter	\$ 532.04	\$ 547.08	\$ 590.56	\$ 564.76	\$ 573.97
Average Monthly Revenue Per kWh	0.064747	0.060324	0.064184	0.066599	0.068346
<u>Municipal and School:</u>					
Average Monthly kWh Per Meter	13,415	13,269	13,620	13,760	13,213
Average Monthly Bill Per Meter	\$ 995.76	\$ 776.45	\$ 775.38	\$ 887.57	\$ 920.06
Average Monthly Revenue Per kWh	0.074229	0.058516	0.056930	0.064504	0.069633

**TABLE 33 - SIX-YEAR CAPITAL IMPROVEMENT PLAN**

<b>Fiscal Year Ending September 30</b>	<b>Total LP&amp;L Capital Improvements<sup>(a)</sup></b>
2014	\$ 24,970,250
2015	34,428,000
2016	38,781,000
2017	42,765,000
2018	33,451,000
2019	20,459,000
	<b>\$ 194,854,250</b>

<sup>(a)</sup> Excludes vehicle purchases which are \$1,500,000 for FY 2014 and are expected to be in the \$750,000 to \$1,500,000 range in future years. Vehicle purchases are typically funded from operations cash.

**TABLE 34 - REVENUE BOND DEBT SERVICE REQUIREMENTS**

FY Ending 30-Sep	Outstanding Revenue Debt		Total
	Principal <sup>(a)</sup>	Interest	Requirements
2014	\$ 8,250,000	\$ 2,890,312	\$ 11,140,312
2015	8,475,000	2,654,650	11,129,650
2016	8,775,000	2,325,050	11,100,050
2017	9,165,000	1,917,800	11,082,800
2018	9,550,000	1,511,650	11,061,650
2019	9,985,000	1,050,450	11,035,450
2020	10,340,000	676,300	11,016,300
2021	1,705,000	200,250	1,905,250
2022	1,345,000	149,100	1,494,100
2023	1,390,000	108,750	1,498,750
2024	785,000	39,250	824,250
	<b>\$ 69,765,000</b>	<b>\$ 13,523,562</b>	<b>\$ 83,288,562</b>
Average Annual Principal and Interest		2014-2024	\$ 7,571,687
Maximum Annual Principal and		2015	\$ 11,140,312

\* Does not include the portion of the City's General Obligation debt that is assigned to the System and paid by System revenues.

<sup>(a)</sup> Principal paid April 15th of each year.

**ANTICIPATED ISSUANCE OF SYSTEM REVENUE BONDS**

The City expects to issue additional System revenue bonds to provide funding for its LP&L Capital Improvement Plan - see Table 6. However, the City is in the process of evaluating the amount of such funding to be provided from System revenues and cash and the amount to be funded through the issuance of System revenue bonds. Accordingly, the City has not determined the amount of System revenue bonds that are expected to be issued for its LP&L Capital Improvement Plan.

**TABLE 35 - CONDENSED STATEMENT OF OPERATIONS**

	<b>Fiscal Year Ended September 30</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>REVENUE</b>					
Operating Revenues					
Charges for Services	\$ 213,215,773	\$ 189,882,643	\$ 202,584,345	\$ 143,894,317	\$ 133,280,859
Non-Operating					
Income/(Expense)	<u>(4,495,451)</u>	<u>(4,448,099)</u>	<u>(4,537,296)</u>	<u>(3,688,808)</u>	<u>(1,237,383)</u>
Gross Revenues	208,720,322	185,434,544	198,047,049	140,205,509	132,043,476
<b>OPERATING EXPENSE</b>					
Personnel Services	\$ 20,319,811	\$ 17,668,284	\$ 16,204,193	\$ 15,157,181	\$ 13,388,165
Supplies	1,690,974	1,529,028	1,452,099	1,116,411	971,049
Maintenance	3,591,927	4,732,419	3,773,873	2,775,986	2,157,774
Power Plant Fuel	118,472	139,345	330,522	571,299	767,717
Purchased Power	136,444,215	125,783,206	133,482,888	87,893,388	76,193,108
Uncollectible Accounts	559,665	674,121	1,125,087	671,973	549,429
Other Charges	7,450,505	4,543,992	7,581,748	4,461,060	4,006,516
Total Operating Expenses	<u>170,175,569</u>	<u>155,070,395</u>	<u>163,950,410</u>	<u>112,647,298</u>	<u>98,033,758</u>
Net Revenues <sup>(a)</sup>	<u><b>\$ 38,544,753</b></u>	<u><b>\$ 30,364,149</b></u>	<u><b>\$ 34,096,639</b></u>	<u><b>\$ 27,558,211</b></u>	<u><b>\$ 34,009,718</b></u>
Electric Connections	101,416	100,544	99,660	75,975	74,930

<sup>(a)</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.

**TABLE 36 - COVERAGE AND FUND BALANCES\***

Electric Light and Power System Revenue Available, September 30, 2013 .....	\$ 38,544,753
Electric Light and Power System Revenue Bonds Outstanding <sup>(a)</sup> .....	\$ 69,765,000
Average Annual Principal and Interest Requirements, 2014-2024.....	\$ 7,571,687
Coverage by Net Revenues, Fiscal Year Ended September 30, 2013 .....	5.09 x
Maximum Principal and Interest Requirements, 2013/14.....	\$ 11,140,312
Coverage by Net Revenues, Fiscal Year Ended September 30, 2013 .....	\$ 3.46 x
Interest and Sinking Fund, September 30, 2013 .....	\$ 2,586,510
Reserve Fund <sup>(a)</sup> , September 30, 2013 .....	\$ 7,697,751

\* Does not include the portion of the City's General Obligation debt that is assigned to the System and paid by System revenues.

<sup>(a)</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 Debt Service requirements of all Bonds Similarly Secured, which will be calculated each fiscal year.

**TABLE 37 - THE CITY'S EQUITY IN THE ELECTRIC LIGHT & POWER SYSTEM**

	<b>Fiscal Year Ended September 30</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Property, Plant and Equipment	\$ 394,370,241	\$ 391,085,575	\$ 373,642,061	\$ 281,632,769	\$ 265,953,287
Less: Allowance for depreciation	(181,924,750)	(170,432,509)	(153,479,169)	(137,884,565)	(126,733,351)
	<u>212,445,491</u>	<u>220,653,066</u>	<u>220,162,892</u>	<u>143,748,204</u>	<u>139,219,936</u>
Construction in Progress	18,804,138	13,498,536	9,067,641	9,586,902	15,766,414
Net Fixed Asset Value	<u>231,249,629</u>	<u>234,151,602</u>	<u>229,230,533</u>	<u>153,335,106</u>	<u>154,986,350</u>
Plus:					
Capital Projects Fund					
Permanent Capital Maint. Fund	4,608,099	2,513,954	3,137,148	3,027,763	4,213,325
System Improvement Fund	-	-	-	-	-
Economic Development Fund	-	-	-	-	-
Rate Stabilization	-	-	-	-	-
Advance to Other Funds	-	-	-	-	-
Deferred Charge	2,169,443	2,277,776	2,411,110	2,544,443	2,677,777
Working Capital	44,926,037 <sup>(b)</sup>	35,709,192	58,836,211	74,503,477	72,104,336
Value of the System	<u>282,953,208</u>	<u>274,652,524</u>	<u>293,615,002</u>	<u>233,410,789</u>	<u>233,981,788</u>
<u>Net Bond Debt</u>					
Bonds Outstanding <sup>(a)</sup>	129,439,665	131,025,147	142,460,036	82,761,209	81,840,943
Less: Interest and Sinking Fund & Reserve Fund	(10,284,261)	(11,183,220)	(11,039,987)	(5,877,634)	(6,073,904)
	<u>119,155,404</u>	<u>119,841,927</u>	<u>131,420,049</u>	<u>76,883,575</u>	<u>75,767,039</u>
Plus:					
Accrued Revenue Bond Interest	1,661,760	1,989,272	2,168,721	1,100,316	1,189,639
Accrued Vacation and Sick Leave	6,675,369	5,251,199	3,812,625	3,186,775	2,316,966
Arbitrage Rebate Liability	-	-	-	20,428	38,455
Net Outstanding Bonds	127,492,533	127,082,398	137,401,395	81,191,094	79,312,099
City's Equity in System	<u><b>\$ 155,460,675</b></u>	<u><b>\$ 147,570,126</b></u>	<u><b>\$ 156,213,607</b></u>	<u><b>\$ 152,240,123</b></u>	<u><b>\$ 154,708,144</b></u>
Percentage City's Equity in System	54.94%	53.73%	53.20%	65.22%	66.12%

<sup>(a)</sup> Bonds outstanding include principal and premium associated with the outstanding System revenue bonds and the general obligation debt issued by the City to fund improvements in the System. As a matter of policy and after making the required transfers to the Bond Fund for the benefit of the Bonds Similarly Secured and satisfying the other covenants and conditions contained in the ordinances authorizing the issuance of the Bonds Similarly Secured, available revenues of the System are applied to the City to provide debt service on the general obligation debt issued by the City to fund improvements in the System. Such self-supporting general obligation debt comprised a principal amount of \$51,740,478 of the City's \$983,415,000 in General Obligation Bonds Outstanding as of September 30, 2013.

**TABLE 38 - MONTHLY ELECTRIC RATES**

Electric rates in the City are approved by the Electric Utility Board and then set by an ordinance adopted by the City Council.

Approximately 57% of LP&L customers are billed under the Standard Residential rate schedule shown below with another 29% qualifying for a discounted winter residential rate by having whole house electric heating. Approximately 6.88% of LP&L customers are billed under the Small General Service rate schedule shown below. Other rate schedules are available for customers including School, Secondary General Service, Primary General Service, Municipal, Street Light, Church and Small Municipal/School.

**Residential**

Service Availability Charge \$ 6.50 per month

All kilowatt hours ("kWh") per month @ \$0.03244 per kWh used during summer months.

All kWh per month @ \$0.02244 per kWh used during winter months (Standard Residential Rate)

All kWh per month @ \$0.01230 per kWh used during winter months (Space Heating Discount Residential Rate)

Summer Months: June - September

Winter Months: October - May

Plus: Fuel/Power Cost Adjustment Factor (a)

**Small General Service**

Service Availability Charge \$ 10.91 per month

All kWh per month @ \$0.01600 per kWh used during summer months.

All kWh per month @ \$0.01600 per kWh used during winter months.

Summer Months: June - September

Winter Months: October - May

Plus: Fuel/Power Cost Adjustment Factor (a)

<sup>(a)</sup> **Purchased Power Cost Recover Factor** - The Purchased Power Cost Recovery Factor (PPRF), provides for the recovery of all purchased power costs incurred by LP&L in serving system demand and energy requirements. The PPRF shall be adjusted a minimum of two times per year, once during the non-summer season of October through May and once during the summer season of June through September. The PPRF will have a demand (PPRF-D) and energy (PPRF-E) component or rate. The PPRF rates shall be established with the intention of matching PPRF revenues with actual purchased power costs over the course of a fiscal year, giving consideration to seasonal fluctuations in load and in purchased power prices.

The PPRF may be adjusted more frequently if any over or under recovery exceeds the maximum variance as defined below.

For a particular customer class, the PPRF-E shall be adjusted by the following voltage level factors:

Primary Voltage: 1.0409

Secondary Voltage: 1.06340

On a monthly basis, LP&L shall track actual revenues collected from the PPRF and compare these revenues to actual total purchased power costs incurred. The cumulative balance representing the difference between total PPRF revenues collected less total purchased power costs incurred over the period shall be reported to the LPL&L Board on a monthly basis.

A PPRF balancing account will be established with a cap equal to five percent of total annual budgeted or forecasted purchased power costs to manage the monthly over/under collection of, or differences in, the monthly PPRF revenues and monthly purchased power costs. If at any time, the reported cumulative balance of the difference between total PPRF revenues collected and purchased power costs is greater than the PPRF balancing account cap, an adjustment may be made to the PPRF rates with the intention of refunding the over recovery amount. In addition, if at any time the reported cumulative balance of the difference between total PPRF revenues collected and purchased power costs is approaching or less than zero, an adjustment may be made to the PPRF rates with the intention of replenishing the PPRF stabilization fund.

All adjustments to the PPRF shall be approved by the LP&L Board.

**Purchased Power Cost Recovery Factor** Rev: 12/01/2013