

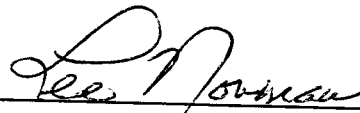
BUDGET CERTIFICATION

Budget of GARZA COUNTY, TEXAS

Budget year from October 1, 2011 through September 30, 2012

THE STATE OF TEXAS }
COUNTY OF GARZA }

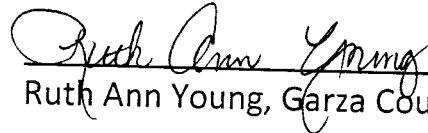
We, County Judge Lee Norman, County Clerk Jim Plummer, and County Treasurer Ruth Ann Young, of Garza County, Texas, do hereby certify that the attached budget is a true and correct copy of the budget of Garza County, Texas as passed and approved by the Commissioners' Court of Garza County, Texas, on the 16th day of September, 2011, as the same appears on file in the office of the County Clerk of said County.



Lee Norman, Garza County Judge

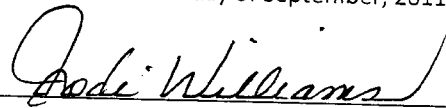


Jim Plummer, Garza County Clerk



Ruth Ann Young, Garza County Treasurer

Subscribed and sworn to before me, the undersigned authority, this the sixteenth day of September, 2011.



Jodi Williams
Notary Public in and for the State of Texas

“This budget will raise more total property taxes than last year’s budget by \$241,864 (8.19%), and of that amount \$8,984.00 is tax revenue to be raised from new property added to the tax roll this year.”

GARZA COUNTY BUDGET

FISCAL YEAR 2011-2012

Lee Norman.....County Judge
Gary McDaniel.....Commissioner, Precinct #1
Charles Morris.....Commissioner, Precinct #2
Ted Brannon.....Commissioner, Precinct #3
Jerry Benham.....Commissioner, Precinct #4
Jim Plummer.....County and District Clerk
Judy Bush.....County Tax Assessor, Collector
Ruth Ann Young.....County Treasurer
Mike Munk.....County Attorney
Cliff Laws.....County Sheriff
Gordon Terry.....Justice of the Peace #1
Dee Justice.....Justice of the Peace #2
Daniel Yarbro.....Constable, Precinct #1 & #2
Eric Cravy.....Constable, Precinct # & #4

Garza County, Texas
County Office Building
P.O. Box 1000
Garza, Texas 79048
Phone: (940) 665-1234
Fax: (940) 665-5678
www.garza-texas.com

**STATISTICAL DATA
FISCAL YEAR 2011-2012**

In presenting this budget to the Commissioners' Court of Garza County and to the taxpayers of Garza County, Texas, the following statistics are set out.

The proposed budget was submitted in Commissioners' Court on September 16, 2011. A motion was made by Commissioner Precinct #4, Jerry Benham, that the budget be adopted; motion was seconded by Commissioner Precinct #2, Charles Morris. The budget was approved unanimously as attached.

TAX INFORMATION

ESTIMATED TOTAL COLLECTIBLE VALUATION-----845,192,357
The assessed valuation above shows an increase of 14,124,008 from that of the preceding year. Total assessed valuation in Garza County for 2011 is based on 100% of the true market value of property assessed.

The 2011 Effective Tax Rate is .35472 and the 2011 Rollback Rate is .37823. The adopted rate of .37809 is .02337 above the effective rate, or .00014 below the rollback rate. The adopted tax rate of .37809 is a 5.02% increase over last year's tax rate of .36%.

Commissioners Court met Friday, September 16, 2011 to adopt a tax rate of .37809 for the fiscal 2011-2012 budget to fund Maintenance and Operations. Commissioner Jerry Benham, Precinct #4 moved that the .37809 rate be accepted; it was seconded by Commissioner Gary McDaniel, Precinct #1. The vote was unanimous.

The total county levy for M&O, based on the rate of .37809, is \$3,196,046. Of the total county collectible levy, 85% is allocated to the General Fund and 15% to Special Road and Bridge Funds. In order to assist the General Fund meet the obligations anticipated for 2011-2012, each County Precinct opted to return the amount of tax revenue it would have received above the amount received in the 2010-2011 budget to the General Fund. Special Road and Bridge Funds are divided as follows and the amount to be returned by each precinct is also shown:

Road & Bridge #1	33%	\$7,591.
Road & Bridge #2	30%	\$6,901.
Road & Bridge #3	19%	\$4,370.
Road & Bridge #4	18%	\$4,141.

SHORT TERM DEBT/NOTES PAYABLE:

The total net outstanding short-term debt of Garza County, Texas on October 1, 2011 is \$233,961..

Constable #1 2008 Pickup	\$6,426.00
R&B #1 Motorgrader	\$68,120.00
R&B #2 Mack Truck/Trailer	\$40,455.00
R&B #3 Combined Equip Note	\$96,538.00.
Extension Agent 2011 GMC	\$22,422.00

TOTAL	\$233,961.00
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LONG TERM DEBT:

In 2009 Garza County, Texas issued \$9,240,000 Combination Tax And Revenue Certificates of Obligation, Series 2008. The Certificates are general obligations of the County payable from an annual ad valorem tax levied against all taxable property in the County, within the limits prescribed by law, and further secured by a pledge of net revenues derived from the operation of a 96-bed jail facility. The facility opened in January 2009. Attached is Exhibit "A"

NEW ISSUE-BOOK-ENTRY-ONLY

NOT RATED

BANK QUALIFIED

In the opinion of Hunton & Williams LLP, Bond Counsel, according to existing law, assuming compliance with certain covenants, interest on Certificates is not includable in gross income for federal income tax purposes and is not an item of tax preference in determining the federal alternative minimum tax applicable to individuals. (See "Tax Exemption and Related Considerations.")

\$9,240,000
GARZA COUNTY, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2008

Dated Date: January 31, 2008

Due: February 1, as shown below

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES
(Due February 1)

Year	Principal Amount	Interest Rate	Price	CUSIP	Year	Principal Amount	Interest Rate	Price	CUSIP
2009	\$245,000.00	4.20%	100.000%	367074 AC5	2020	\$ 400,000.00	5.00%	98.231%	367074 AP6
2010	255,000.00	4.30%	100.000%	367074 AD3	2021	420,000.00	5.10%	98.138%	367074 AQ4
2011	265,000.00	4.40%	100.000%	367074 AE1	2022	445,000.00	5.20%	98.052%	367074 AR2
2012	280,000.00	4.50%	100.000%	367074 AF8	2023	465,000.00	5.30%	97.975%	367074 AS0
2013	290,000.00	4.60%	100.000%	367074 AG6	2024	490,000.00	5.40%	97.904%	367074 AT8
2014	305,000.00	4.70%	100.000%	367074 AH4	2025	520,000.00	5.50%	97.840%	367074 AU5
2015	320,000.00	4.70%	99.411%	367074 AJ0	2026	545,000.00	5.60%	97.783%	367074 AV3
2016	335,000.00	4.75%	99.343%	367074 AK7	2027	580,000.00	5.65%	97.724%	367074 AW1
2017	350,000.00	4.80%	99.279%	367074 AL5	2028	610,000.00	5.70%	97.669%	367074 AX9
2018	365,000.00	4.90%	99.220%	367074 AM3	2029	1,370,000.00	5.75%	97.619%	367074 AY7
2019	385,000.00	5.00%	99.166%	367074 AN1					

Garza County, Texas (the "County") \$9,240,000 Combination Tax and Revenue Certificates of Obligation, Series 2008 (the "Certificates") are being issued, in lieu of voted general obligation bonds, pursuant to The Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Subchapter C of Chapter 271, as amended, the Public Security Procedures Act, Chapter 1201, Texas Government Code, Subchapter D of Chapter 361, Texas Local Government Code, and an order (the "Order") adopted by the Commissioners Court. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates are general obligations of the County payable from an annual ad valorem tax levied against all taxable property in the County, within the limits prescribed by law, and further secured by a pledge of net revenues derived from the operation of a 96-bed jail facility (the "Facility") to be constructed by the County as provided in the Order. (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from their dated date shown above and will be payable on each August 1 and February 1, beginning on August 1, 2008 and such interest will be calculated on the basis of a 360 day year of twelve 30-day months. The definitive Certificates will be issued in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Certificates will be made available for purchase in the principal amount denominations of \$5,000 or any integral multiple thereof

within a maturity. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. While DTC or its nominee is the registered owner of the Certificates, the payment of principal and interest on the Certificates will be payable by U.S. Bank National Association, Denver, Colorado, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such payments to its Participants, which will in turn remit such payments to the Beneficial Owners of the Certificates. (See "THE CERTIFICATES - Book-Entry-Only System" herein.)

Proceeds from the sale of the Certificates will be used (i) to provide the funds necessary to design, acquire, construct and equip the Facility, (ii) to make a deposit to a debt service reserve fund for the Certificates, (iii) to fund capitalized interest on the Certificates for eighteen months, (iv) to pay operating expenses during construction and for approximately six (6) months after completion of construction, and (v) to pay the costs of issuing the Certificates. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

The Certificates are subject to optional redemption prior to maturity as herein described. (See "THE CERTIFICATES - Redemption Provision" herein.)

The Certificates are offered subject to prior sale, when, as and if issued by the County and accepted by the Underwriters, subject to certain conditions, including the approval of the Attorney General of the State of Texas and the legal opinion of Hunton & Williams LLP, of Dallas, Texas, Bond Counsel, and by Dorsey & Whitney LLP, of Minneapolis, Minnesota, counsel for the Underwriters. It is expected that the Certificates in definitive form will be available for delivery through the facilities of DTC, on or about January 31, 2008.

The Underwriters intend to engage in secondary market trading in the Certificates, subject to applicable securities laws. However, the Underwriters are not obligated to repurchase any of the Certificates at the request of the holder thereof. For information with respect to the Underwriters, see "Underwriting" herein.

HERBERT J. SIMS & CO., INC.

MUNICIPAL CAPITAL MARKETS GROUP, INC.

Dated: January __, 2008