

**STATISTICAL SECTION**  
**(Unaudited)**

**CITY OF LUFKIN, TEXAS**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**LAST THREE FISCAL YEARS**  
(amounts expressed in thousands)

<b>FISCAL YEAR</b>	<b>GENERAL GOVERNMENT</b>	<b>PUBLIC SAFETY</b>	<b>CULTURE &amp; RECREATION</b>	<b>COMMUNITY DEVELOPMENT</b>	<b>PUBLIC WORKS</b>	<b>NON DEPARTMENTAL</b>	<b>INTEREST ON LONG TERM DEBT</b>	<b>WATER AND SEWER</b>	<b>SOLID WASTE AND RECYCLING</b>	<b>TOTAL</b>
2002	\$ 1,633	\$ 12,681	\$ 3,960	\$ 374	\$ 3,017	\$ 216	\$ 1,144	\$ 10,630	\$ 4,216	\$ 37,902
2003	1,759	13,087	3,994	391	3,280	195	1,560	10,318	4,448	39,032
2004	1,760	13,109	4,124	305	4,075	300	1,718	11,381	5,025	41,797

**CITY OF LUFKIN, TEXAS  
GOVERNMENT-WIDE REVENUES  
LAST THREE FISCAL YEARS  
(amounts expressed in thousands)**

<b>FISCAL YEAR</b>	<b>PROGRAM REVENUES</b>			<b>GENERAL REVENUES</b>			<b>TOTAL</b>
	<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	<b>TAXES</b>	<b>UNRESTRICTED INVESTMENT EARNINGS</b>	<b>MISCELLANEOUS</b>	
2002	\$ 25,726	\$ 488	\$ -	\$ 19,348	\$ 928	\$ 16	46,506
2003	20,938	1,078	656	18,644	592	647	42,555
2004	23,529	369	1,699	19,712	358	1,228	46,895

Source: City of Lufkin accounting records

**CITY OF LUFKIN, TEXAS**  
**GENERAL FUND EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

<b>FISCAL YEAR</b>	<b>GENERAL GOVERNMENT</b>	<b>PUBLIC SAFETY</b>	<b>PUBLIC WORKS</b>	<b>CULTURE &amp; RECREATION</b>	<b>COMMUNITY DEVELOPMENT</b>	<b>NON DEPARTMENTAL</b>	<b>DEBT SERVICE</b>	<b>TOTAL</b>
1995	\$ 1,913	\$ 7,760	\$ 3,665	\$ 1,273	\$ 114	\$ 572	\$ 1,614	16,911
1996	2,129	8,820	3,983	1,368	195	1,014	1,517	19,026
1997	2,165	9,855	3,801	1,390	227	530	1,793	19,761
1998	2,263	9,337	4,609	1,580	213	840	1,892	20,734
1999	2,511	10,426	3,760	1,501	326	414	2,245	21,183
2000	2,888	10,674	4,049	1,731	403	282	2,490	22,518
2001	2,570	10,965	4,163	2,287	389	200	594	21,168
2002	2,721	11,778	3,862	2,638	354	119	527	21,999
2003	2,686	12,090	4,031	2,870	379	113	453	22,622
2004	2,593	12,007	3,304	2,586	287	98	365	21,240

Source: City of Lufkin accounting records.

**CITY OF LUFKIN, TEXAS**  
**GENERAL FUND REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

<b>FISCAL YEAR</b>	<b>TAXES</b>	<b>LICENSES &amp; PERMITS</b>	<b>FINES &amp; FORFEITURES</b>	<b>CHARGES FOR SERVICES</b>	<b>INVESTMENT INCOME</b>	<b>INTER GOVERNMENTAL</b>	<b>OTHER REVENUES</b>	<b>TOTAL</b>
1995	\$ 11,715	\$ 158	\$ 264	\$ 1,607	\$ 155	\$ 282	\$ 1,611	\$ 15,792
1996	12,298	236	357	2,011	189	438	1,664	17,193
1997	13,093	404	383	1,773	249	187	1,843	17,932
1998	13,555	259	371	1,950	759	93	2,030	19,017
1999	14,636	294	502	1,364	266	2,460	587	20,109
2000	15,342	299	702	1,067	501	2,761	318	20,990
2001	15,728	217	724	1,025	1,254	2,822	296	22,066
2002	16,518	200	846	981	277	2,693	433	21,948
2003	16,270	277	709	1,047	169	2,547	322	21,341
2004	16,868	264	758	1,142	86	2,547	580	22,245

Source: City of Lufkin accounting records.

**CITY OF LUFKIN, TEXAS**  
**GENERAL FUND TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

<b>FISCAL YEAR</b>		<b>TOTAL</b>	<b>AD VALOREM TAXES</b>		<b>SALES TAX</b>		<b>FRANCHISE TAXES</b>		<b>MIXED BEVERAGE TAXES</b>		<b>BUSINESS TAXES</b>
1995	\$	11,716	\$	2,899	\$	6,826	\$	1,950	\$	39	2
1996		12,297		2,898		7,333		2,023		41	2
1997		13,093		3,507		7,412		2,129		43	2
1998		13,510		3,143		8,058		2,249		57	3
1999		14,636		4,309		8,119		2,161		44	3
2000		15,341		4,411		8,584		2,294		50	2
2001		15,728		4,473		8,721		2,473		59	2
2002		16,518		4,674		8,910		2,875		56	3
2003		16,270		4,904		8,717		2,586		61	2
2004		16,867		5,056		9,161		2,585		63	2

Source: City of Lufkin accounting records

**CITY OF LUFKIN, TEXAS**  
**AD VALOREM TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

<b>FISCAL YEAR</b>	<b>TOTAL TAX LEVY</b>	<b>CURRENT TAX LEVY</b>	<b>PERCENT OF CURRENT TAX LEVY</b>	<b>DELINQUENT TAX COLLECTIONS</b>	<b>TOTAL TAX COLLECTIONS</b>	<b>RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY</b>	<b>OUTSTANDING DELINQUENT TAXES</b>	<b>RATIO OF DELINQUENT TAXES TO TOTAL TAX LEVY</b>
1995	\$ 4,174	\$ 4,049	97.01%	\$ 168	\$ 4,217	101.03%	\$ 454	10.88%
1996	4,526	4,395	97.11%	202	4,597	101.57%	618	13.65%
1997	4,716	4,599	97.52%	193	4,792	101.61%	761	16.14%
1998	4,982	4,858	97.51%	181	5,039	101.14%	713	14.31%
1999	5,517	5,398	97.84%	207	5,605	101.60%	579	10.49%
2000	5,966	5,810	97.39%	223	6,033	101.12%	569	9.54%
2001	6,159	5,986	97.19%	175	6,161	100.03%	611	9.92%
2002	6,709	6,513	97.08%	130	6,643	99.02%	456	6.80%
2003	7,381	7,161	97.02%	132	7,293	98.81%	519	7.03%
2004	7,783	7,584	97.44%	182	7,766	99.78%	547	7.03%

Source: Angelina County Tax Assessor's Office

**CITY OF LUFKIN, TEXAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY (1)**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

<b>FISCAL YEAR</b>	<b>REAL PROPERTY</b>		<b>PERSONAL PROPERTY</b>		<b>EXEMPTIONS</b>	<b>TOTAL</b>		<b>RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE</b>
	<b>ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	<b>ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	<b>REAL PROPERTY</b>	<b>ASSESSED VALUE</b>	<b>ESTIMATED ACTUAL VALUE</b>	
1995	\$ 731,470	\$ 737,838	\$ 239,991	\$ 239,991	\$ 77,432	\$ 971,461	\$ 977,829	99.35%
1996	771,022	778,775	244,690	244,690	85,201	1,015,712	1,023,465	99.24%
1997	795,923	804,220	273,522	273,522	99,988	1,069,445	1,077,742	99.23%
1998	871,626	881,761	286,886	286,886	133,557	1,158,512	1,168,647	99.13%
1999	895,514	928,127	306,895	306,895	129,650	1,202,409	1,235,022	97.36%
2000	1,031,934	1,050,641	334,716	334,716	149,894	1,366,650	1,385,357	98.65%
2001	1,062,622	1,077,438	295,164	295,164	135,815	1,357,786	1,372,602	98.92%
2002	1,155,744	1,172,540	330,624	330,624	113,149	1,486,368	1,503,164	98.88%
2003	1,044,605	1,066,292	414,542	414,542	109,151	1,459,147	1,480,834	98.54%
2004	1,146,101	1,171,987	452,772	452,772	111,087	1,598,873	1,624,759	98.41%

(1) Total assessed value based on approximately 90% of estimated actual until 1998.

In 1998 the appraisal district adjusted assessed values to approximately 100% of actual values.

Source: Angelina County Appraisal District.

**CITY OF LUFKIN, TEXAS  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING DEBT  
LAST TEN FISCAL YEARS**

<u>CITY OF LUFKIN</u>				<u>LUFKIN INDEPENDENT SCHOOL DISTRICT</u>			
<u>FISCAL YEAR</u>	<u>OPERATING MILLAGE</u>	<u>DEBT SERVICE MILLAGE</u>	<u>TOTAL CITY MILLAGE</u>	<u>OPERATING MILLAGE</u>	<u>DEBT SERVICE MILLAGE</u>	<u>TOTAL SCHOOL MILLAGE</u>	
1995	0.34461	0.14237	0.48698	1.16250	0.19530	1.35780	
1996	0.35509	0.13189	0.48698	1.16420	0.19000	1.35420	
1997	0.36631	0.12067	0.48698	1.41557	0.17387	1.58944	
1998	0.36631	0.12067	0.48698	1.33008	0.16992	1.50000	
1999	0.35630	0.13820	0.49450	1.39320	0.08460	1.47780	
2000	0.35630	0.13820	0.49450	1.46500	0.07500	1.54000	
2001	0.35630	0.13820	0.49450	1.50000	0.08000	1.58000	
2002	0.35630	0.16020	0.51650	1.50000	0.08110	1.58110	
2003	0.35630	0.18220	0.53850	1.50000	0.08000	1.58000	
2004	0.35630	0.20220	0.55850	1.50000	0.08000	1.58000	
<u>ANGELINA COUNTY</u>				<u>ANGELINA COLLEGE DISTRICT</u>			
<u>FISCAL YEAR</u>	<u>OPERATING MILLAGE</u>	<u>DEBT SERVICE MILLAGE</u>	<u>TOTAL COUNTY MILLAGE</u>	<u>OPERATING MILLAGE</u>	<u>DEBT SERVICE MILLAGE</u>	<u>TOTAL COLLEGE MILLAGE</u>	<u>TOTAL ESTIMATED MILLAGE</u>
1995	0.28320	-	0.28320	0.07550	0.02350	0.09900	2.22698
1996	0.28320	-	0.28320	0.07600	0.04020	0.11620	2.24058
1997	0.28077	-	0.28077	0.07620	0.03860	0.11480	2.47199
1998	0.25615	-	0.25615	0.07050	0.03570	0.10620	2.34933
1999	0.27660	-	0.27660	0.07200	0.03320	0.10520	2.35410
2000	0.31840	-	0.31840	0.07470	0.03050	0.10520	2.45810
2001	0.28918	0.05812	0.34730	0.07590	0.03150	0.10740	2.52920
2002	0.34690	-	0.34690	0.07870	0.02930	0.10800	2.55250
2003	0.38250	-	0.38250	0.08450	0.02960	0.11410	2.61510
2004	0.41170	-	0.41170	0.08940	0.02600	0.11540	2.66560

Source: City of Lufkin tax records and Angelina County Tax Assessor's Office

**CITY OF LUFKIN, TEXAS  
PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2004**  
(amounts expressed in thousands)

<u>TAX PAYER</u>	<u>TYPE OF BUSINESS</u>	<u>2004 ASSESSED VALUES</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
Lufkin Industries	Manufacturing	\$ 68,246	4.27%
Texas Foundries LTD	Manufacturing	\$ 53,846	3.37%
TXU Communications Co.	Communications Utility	\$ 32,677	2.04%
Brookshire Brothers, Inc.	Retail Grocery	\$ 24,565	1.54%
ONCOR	Electric Utility	\$ 18,566	1.16%
Georgia Pacific Corp.	Resin Manufacturing	\$ 15,131	0.95%
Pilgrim Industries, Inc.	Processing	\$ 14,418	0.90%
Brookshire Bros. LTD	Grocery	\$ 13,916	0.87%
Weingarten/Lufkin, Inc.	Retail	\$ 12,739	0.80%
Pineywoods Health Care Systems	Healthcare	\$ 14,494	0.91%

Source: Angelina County Appraisal District

**CITY OF LUFKIN, TEXAS  
COMPUATION OF LEGAL DEBT MARGIN  
SEPTEMBER 30, 2004**

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As a Home Rule City, the City of Lufkin is not limited by law in the amount of debt it may issue.

The City's Charter (Section 6) states:

“The city shall have the power to borrow money on the credit of the city and to issue general obligation bonds for permanent public improvements or for any other public purpose not prohibited by the constitution of the State of Texas and to issue refunding bonds to refund outstanding bonds of the city previously issued. All such bonds shall be issued in conformity with the laws of the State of Texas.”

Article 11, Section 5 of the State of Texas constitution states in part:

“... but no tax for any purpose shall ever be lawful for one year, which exceeds two and one-half percent of the taxable property of such city.”

The tax rate at September 30, 2004 is \$0.55850 per \$100 of assessed valuation with assessed valuation being 100% of appraised value.

**CITY OF LUFKIN, TEXAS**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT**  
**TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>POPULATION (1)</b>	<b>ASSESSED VALUE (2)</b>	<b>GROSS BONDED DEBT (2)</b>	<b>LESS DEBT SERVICE FUND (2)</b>	<b>DEBT PAYABLE</b>		<b>NET BONDED DEBT (2)</b>	<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	<b>NET BONDED DEBT PER CAPITA</b>
					<b>FROM ENTERPRISE FUNDS (2)</b>				
1995	31,548	\$ 971,461	\$ 10,970	\$ 684	\$ 3,063	\$ 7,223	0.74%	\$ 229	
1996	31,739	1,015,712	13,660	915	2,719	10,026	0.99%	316	
1997	31,931	1,069,446	12,555	965	2,337	9,253	0.87%	290	
1998	32,124	1,158,512	15,940	1,017	1,762	13,161	1.14%	410	
1999	32,318	1,202,409	14,530	192	2,013	12,325	1.03%	381	
2000	32,514	1,366,650	17,325	556	1,292	15,477	1.13%	476	
2001	32,709	1,357,786	16,325	1,125	973	14,227	1.05%	435	
2002	34,030	1,486,368	32,880	1,871	8,607	22,402	1.51%	658	
2003	34,711	1,459,147	37,035	1,882	8,534	26,619	1.82%	767	
2004	35,405	1,598,873	34,900	2,089	7,841	24,970	1.56%	705	

(1) Estimated  
(2) Amounts expressed in thousands

**CITY OF LUFKIN, TEXAS**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL OBLIGATION BONDED DEBT**  
**TO TOTAL GENERAL FUND EXPENDITURES**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL FUND EXPENDITURES</u>	<u>RATIO OF DEBT SERVICE TO GENERAL FUND EXPENDITURES</u>
1995	995	619	1,614	16,911	9.54%
1996	960	557	1,517	19,026	7.97%
1997	1,105	688	1,793	19,761	9.07%
1998	1,265	627	1,892	20,734	9.13%
1999	1,410	835	2,245	21,183	10.60%
2000	1,605	883	2,488	22,518	11.05%
2001	1,000	890	1,890	21,168	8.93%
2002	1,025	843	1,868	21,999	8.49%
2003	1,295	1,678	2,973	22,622	13.14%
2004	2,135	1,632	3,767	21,240	17.74%

**CITY OF LUFKIN, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**GENERAL OBLIGATION BONDS**  
**SEPTEMBER 30, 2004**  
(amounts expressed in thousands)

<u>JURISDICTION</u>	<u>NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING</u>	<u>PERCENT APPLICABLE TO CITY OF LUFKIN</u>	<u>AMOUNT APPLICABLE TO CITY OF LUFKIN</u>
Direct:			
City of Lufkin	\$ 34,900	100.00%	\$ 34,900
Overlapping:			
Angelina County	14,453	52.23%	7,549
Angelina County Junior College District	8,275	52.23%	4,322
Hudson Independent School District	907	15.95%	145
Lufkin Independent School District	<u>24,523</u>	69.24%	<u>16,980</u>
Total	<u>\$ 83,058</u>		<u>\$ 63,895</u>

**CITY OF LUFKIN, TEXAS  
REVENUE BOND COVERAGE  
WATER/WASTEWATER UTILITY  
LAST TEN FISCAL YEARS**  
(amounts expressed in thousands)

<b>FISCAL YEAR</b>	<b>GROSS REVENUES</b>	<b>OPERATING <sup>(1)</sup> EXPENSES</b>	<b>NET REVENUES</b>			<b>TOTAL</b>	<b>COVERAGE</b>
			<b>AVAILABLE FOR DEBT SERVICE</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>		
1995	\$ 8,102.6	\$ 5,341.6	\$ 2,761.0	\$ 480.0	\$ 610.1	\$ 1,090.1	2.53
1996	9,378.9	5,920.7	3,458.2	470.0	632.0	1,102.0	3.14
1997	9,788.7	5,898.7	3,890.0	470.0	657.5	1,127.5	3.45
1998	10,825.3	6,469.8	4,355.5	365.0	757.5	1,122.5	3.88
1999	10,817.5	7,417.3	3,400.2	320.0	963.9	1,283.9	2.65
2000	12,697.5	7,612.3	5,085.2	220.0	724.2	944.2	5.39
2001	11,717.0	7,443.6	4,273.4	725.0	688.6	1,413.6	3.02
2002	10,978.5	7,977.5	3,001.0	1,320.0	362.8	1,682.8	1.78
2003	11,883.2	7,946.0	3,937.2	840.0	459.8	1,299.8	3.03
2004	12,575.5	8,069.7	4,505.8	880.0	504.6	1,384.6	3.25

<sup>(1)</sup> Excludes depreciation

**CITY OF LUFKIN, TEXAS  
PROPERTY VALUES AND CONSTRUCTION  
LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>PROPERTY VALUE (1)</b>				<b>COMMERCIAL CONSTRUCTION</b>	
	<b>COMMERCIAL</b>	<b>RESIDENTIAL</b>	<b>EXEMPTIONS</b>	<b>TOTAL</b>	<b>NUMBER OF UNITS</b>	<b>VALUE (2)</b>
1993	\$ 454,885	\$ 415,462	\$ 76,506	\$ 793,841	15	\$ 4,749
1994	426,670	414,925	75,755	765,840	22	4,105
1995	399,980	414,833	77,432	737,381	23	6,891
1996	431,250	432,726	85,201	778,775	36	25,245
1997	453,614	450,594	99,988	804,220	22	18,404
1998	526,492	488,826	133,557	881,761	42	12,220
1999	507,825	549,952	129,650	928,127	38	17,452
2000	588,554	612,081	149,894	1,050,741	54	20,749
2001	581,567	631,686	135,815	1,077,438	62	27,690
2002	600,458	685,231	113,149	1,172,540	45	30,882
2003	(3) 414,801	652,444	138,024	929,221	49	24,186
2004	484,203	687,784	136,973	1,035,014	48	21,585

- (1) Amounts expressed in thousands  
Source: Angelina County Appraisal District
- (2) Amounts expressed in thousands  
Source: City of Lufkin Inspection Services Department
- (3) Corrected values for Property values listed for 2003

**CITY OF LUFKIN, TEXAS  
MISCELLANEOUS STATISTICS  
SEPTEMBER 30, 2004**

Date of Incorporation	1890
Form of Government	Council/Manager
Number of employees (excluding police and fire):	259
Area (square miles)	26.88
Miles of streets	258
Number of street lights	3,297

**Fire Protection:**

Number of stations	5
Number of fire personnel and officers	79
Number of calls answered	1,131
Number of inspections conducted	1517

**Police Protection:**

Number of stations	2
Number of police personnel and officers	98
Number of patrol units	18
Number of law violations:	
Physical arrests	1,920
Traffic violations	12,476
Parking violations	768

**Water System:**

Miles of water mains	678
Number of service connections	16,347
Number of fire hydrants	1,298
Daily average consumption in gallons	8,274,152
Maximum daily capacity of plant in gallons	17,000,000
Peak day demand	12,704,000

**Sewer System:**

Miles of sanitary sewers	266.5
Miles of force mains	13.5
Manholes	2,789
Number of service connections	12,293
Number of treatment Plants	1
Permitted annual average flow in gallons	11,300,000
Permitted 2 hour peak flow in gallons	1,425,000

**Recreation and culture:**

Number of parks	17, Encompassing 684.6 acres
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**CITY OF LUFKIN, TEXAS  
WATER, SEWER AND SANITATION RATES  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**Approved Rates**

The monthly billing rates for water, sewer, and sanitation services as approved by the City Council effective October 1, 2004 were as follows:

**Water Rates**

Residential per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 9.25
Next 8,000 gallons	2.43 per thousand
Above 10,000 gallons	2.75 per thousand

Commercial per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 9.38
Next 8,000 gallons	2.42 per thousand
Next 10,000 gallons	2.12 per thousand
Next 30,000 gallons	1.89 per thousand
Above 50,000 gallons	1.58 per thousand

Residential per thousand gallons Burke Water:

First 2,000 gallons (minimum)	\$ 16.98
Next 8,000 gallons	4.34 per thousand
Above 10,000 gallons	4.99 per thousand

Commercial per thousand gallons Burke Water:

First 2,000 gallons (minimum)	\$ 16.98
Next 8,000 gallons	4.34 per thousand
Next 10,000 gallons	3.83 per thousand
Next 30,000 gallons	3.32 per thousand
Above 50,000 gallons	3.06 per thousand

Industrial per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 9.38
Next 18,000 gallons	2.75 per thousand
Next 30,000 gallons	2.50 per thousand
Next 50,000 gallons	2.17 per thousand
Above 100,000 gallons	1.33 per thousand

**CITY OF LUFKIN, TEXAS  
WATER, SEWER AND SANITATION RATES - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Water rates, including the minimum charge and gallonage cost, for other residential and commercial customers within the extraterritorial limits of the City of Lufkin, Texas shall be one and one-half (1 ½) times that rate inside the city limits.

Water rates, including the minimum charge and gallonage cost, for those residential and commercial customers outside the extraterritorial limits of the City of Lufkin, Texas shall be two (2) times that rate inside the city limits.

**Sewer Rates**

General Sewer Rates for Residential:

The Residential and Commercial rates are based on the following formulas:

User charge for water usage < 2,000 gallons = Cc  
 User charge for water useage >2,000 gallons = (V-2000 x Cv) + Cc  
 Where Cc = Customer charge, \$ 8.50  
 V = metered water use above 2,000 gallons, in 1,000 gallons  
 Cv = user charge for volume per 1,000 gallons

Residential:	Consumption in 1000 X	2.72	+8.50	Stops at 20,000
Commercial:	Consumption in 1000 X	2.60	+8.50	Does not stop

The following Commercial sewer rates are based on the following formula:

User charge = (V x Cv) + Cc  
 Where Cc = Customer charge, \$ 8.50  
 V = metered water use in 1,000 gallons  
 Cv = user charge for volume per 1,000 gallons

Service station:	Consumption in 1000 X	5.4031151	+8.50	Does not stop
Commissary:	Consumption in 1000 X	5.0515738	+8.50	Does not stop
Family laundry:	Consumption in 1000 X	4.8997227	+8.50	Does not stop
Pharmaceuticals	Consumption in 1000 X	6.1090029	+8.50	Does not stop
Restaurant:	Consumption in 1000 X	6.4027800	+8.50	Does not stop

Multi-unit dwellings shall be charged on a per unit basis by dividing the total water use on the master meter by the number of units in the dwelling. This average consumption per unit will be used to calculate the wastewater user charge for each unit. Then the average charge per unit, times the number of units, equals the total user charge for that meter.

Outside the city limits, the rate shall be equivalent to two (2) times that rate inside the city limits.

Outside the City's extraterritorial limits, the rate shall be equivalent to two and one-half (2 ½) times that rate inside the city limits.

Change in method of charging residential customers (single and double units) is to be based on an average of consumption taken for the months of December, January, and February on a yearly basis.

If the customer does not have all three months consumption, the sewer charge is to be based on monthly consumption until such average is attainable.

**CITY OF LUFKIN, TEXAS  
WATER, SEWER AND SANITATION RATES - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Commercial and Industrial Users Rates:

The rates for commercial and industrial customers shall be determined by the following equation:

$$\text{User charge} = C_c + V (C_v = (C_b \times \text{BOD}) + (C_s \times \text{TSS}))$$

Where:  $C_c$  = Customer charge, \$ 8.50

$V$  = Metered water use or measured wastewater discharge, 1,000 gallons

$C_v$  = User charge for volume per 1,000 gallons

$C_b$  = User charge for BOD per mg/1 X 1,000 gallons

BOD = Biochemical oxygen demand, mg/1

$C_s$  = User charge for TSS per mg/1 X 1,000 gallons

TSS = Total suspended solids, mg/1

$$\text{Formula: } 8.50 + V (2.90 + (.0030097 \times \text{BOD}) + (.0016436 \times \text{TSS}))$$

$$\text{Formula: } 8.50 + V (2.90 + (.0029509 \times \text{BOD}) + (.0016106 \times \text{TSS})) \text{ with grease}$$

**Sanitation Rates:**

Residential:	\$	14.48	plus sales tax
Commercial:		20.00	plus sales tax
2 container resident		19.68	+ 1.62 = 21.30
		5.20	each additional gray can
		5.94	per cubic yard
		10.26	per non-compacted cubic yard
		10.46	per compacted cubic yard
		2.64	per cubic yard recycling

**System Connections**

<u>At September 30, 2004:</u>	<u>Water</u>	<u>Sewer</u>
Number of metered customers	14,657	12,057
Gallons of water pumped	3,007,670,677	-
Gallons of water sold	2,509,727,790	-

**CITY OF LUFKIN, TEXAS  
INSURANCE COVERAGE  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

Insurer	Risk Covered	Period Covered	Amount of Insurance
<b>Ohio Casualty Insurance Company</b>	Employee Dishonesty		
	Each person		\$ 10,000
	Accounts Payable Clerk		15,000
	Accounts Receivable Clerk		15,000
	Ambulance Collection Clerk		10,000
	City Manager		50,000
	City Secretary		50,000
	Mayor		50,000
<b>Texas Municipal League</b>	Boiler and Machinery	10-1-03 to 9-30-04	3,000,000
	Deductible		2,500
	Auto Liability	10-1-03 to 9-30-04	1,000,000
	Deductible		10,000
	Law Enforcement Liability	10-1-03 to 9-30-04	1,000,000
	Deductible		10,000
	Errors and Omissions Liability	10-1-03 to 9-30-04	1,000,000
	Deductible		10,000
	General Liability	10-1-03 to 9-30-04	1,000,000
	Deductible		10,000
	Real and Personal	10-1-03 to 9-30-04	
	Deductible		2,500
	City Hall/Police		6,376,200
	City Hall/Police contents		729,004
	Civic Center		3,833,900
	Civic Center contents		350,000
	City Hall Annex		238,800
	City Hall Annex contents		25,000
	Fine Arts		247,000
	Sewer Treatment Plant		2,083,944
	Recycling Building		393,300
	Recycling Building contents		200,000
	Administration Building		293,100
	Administration Building contents		50,000
	Solid Handling Building		345,100
	Solid Waste Building		506,300
	Solid Waste Building contents		10,000
	Animal Control		736,300
	Animal Control contents		10,000
	Kurth Memorial Library		4,892,900
	Kurth Memorial Library contents		2,368,831

**CITY OF LUFKIN, TEXAS  
INSURANCE COVERAGE - CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

<b>Insurer</b>	<b>Risk Covered</b>	<b>Period Covered</b>	<b>Amount of Insurance</b>
<b>Texas Municipal League</b>	Real and Personal - continued		
	Police Radio Antenna		\$ 100,000
	Computer Equipment		1,366,088
	Deductible		2,500
	Coverage Extensions		
	Deductible		2,500
	Valuable Papers & Records		10,000
	Accounts Receivable		10,000
	Loss of Revenues		25,000
	Personal Property - Employees		5,000
	Leasehold Interest		5,000
	Outdoors Trees & Shrubs (\$250.00 each)		10,000
	Mobile Equipment		
	Excavator - 1994	10-1-03 to 9-30-04	132,295
	Asphalt milling machine		210,000
	Excavator - 2000		178,421
	Mower - 2001		70,299
Backhoe - 2003		61,294	
Deductible		2,500	
Auto Physical Damage	10-1-03 to 9-30-04		
Lease purchase autos		1,056,625	
Deductible		500	
<b>Deep East Texas Self Insurance Fund</b>	Workers' Compensation		Statutory