

STATISTICAL SECTION

(Unaudited)

This part of the City of Lufkin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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CITY OF LUFKIN, TEXAS
NET ASSETS BY COMPONENT
LAST FOUR FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 29,190	\$ 32,838	\$ 35,708	\$ 38,880
Restricted	8,359	8,944	4,940	4,757
Unrestricted	<u>13,848</u>	<u>9,897</u>	<u>13,757</u>	<u>14,687</u>
Total governmental activities net assets	<u><u>\$ 51,397</u></u>	<u><u>\$ 51,679</u></u>	<u><u>\$ 54,405</u></u>	<u><u>\$ 58,324</u></u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 33,534	\$ 32,879	\$ 35,624	\$ 34,552
Restricted	10,096	10,815	8,218	14,102
Unrestricted	<u>5,642</u>	<u>7,814</u>	<u>10,150</u>	<u>8,622</u>
Total business-type activities net assets	<u><u>\$ 49,272</u></u>	<u><u>\$ 51,508</u></u>	<u><u>\$ 53,992</u></u>	<u><u>\$ 57,276</u></u>
Primary government				
Invested in capital assets, net of related debt	\$ 62,724	\$ 65,717	\$ 71,332	\$ 73,432
Restricted	18,455	19,759	13,158	18,859
Unrestricted	<u>19,490</u>	<u>17,711</u>	<u>23,907</u>	<u>23,309</u>
Total primary government net assets	<u><u>\$ 100,669</u></u>	<u><u>\$ 103,187</u></u>	<u><u>\$ 108,397</u></u>	<u><u>\$ 115,600</u></u>

**CITY OF LUFKIN, TEXAS
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(amounts expressed in thousands)**

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses				
Governmental activities:				
General government	\$ 1,633	\$ 1,759	\$ 1,760	\$ 1,747
Public Safety	12,681	13,087	13,109	12,771
Culture and recreation	3,960	3,994	4,123	4,367
Planning and community development	374	390	305	457
Public works	3,017	3,280	4,075	3,401
Non-departmental	216	195	300	181
Interest and fiscal charges	1,144	1,560	1,718	1,883
Total governmental activities expenses	<u>23,025</u>	<u>24,265</u>	<u>25,390</u>	<u>24,807</u>
Business-type activities:				
Water and Sewer	10,631	10,318	11,381	12,811
Solid Waste Disposal	4,246	4,448	5,025	5,451
Total Business-type activities expenses	<u>14,877</u>	<u>14,766</u>	<u>16,406</u>	<u>18,262</u>
Total primary government expenses	<u>\$ 37,902</u>	<u>\$ 39,031</u>	<u>\$ 41,796</u>	<u>\$ 43,069</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 139	\$ 71	\$ 257	\$ 48
Public safety	2,345	2,253	3,267	268
Culture and recreation	1,453	1,018	976	1,166
Planning and community development	3	2	1	4
Public works	(2)	47	112	32
Operating grants and contributions	488	1,078	369	1,122
Capital grants and contributions	1,900	541	809	1,748
Total governmental activities program revenues	<u>6,326</u>	<u>5,010</u>	<u>5,791</u>	<u>4,388</u>
Business-type activities:				
Charges for services:				
Water and Sewer	16,646	12,141	12,982	13,975
Solid Waste Disposal	5,142	5,406	5,934	6,032
Operating grants and contributions	-	-	-	-
Capital grants and contributions	(1,900)	115	890	2,200
Total business-type activities program revenues	<u>19,888</u>	<u>17,662</u>	<u>19,806</u>	<u>22,207</u>
Total primary government program revenues	<u>\$ 26,214</u>	<u>\$ 22,672</u>	<u>\$ 25,597</u>	<u>\$ 26,595</u>
Net (expense)/revenue				
Governmental activities	\$ (16,699)	\$ (19,255)	\$ (19,599)	\$ (20,419)
Business-type activities	5,011	2,896	3,400	3,945
Total primary government net expense	<u>\$ (11,688)</u>	<u>\$ (16,359)</u>	<u>\$ (16,199)</u>	<u>\$ (16,474)</u>

(Continued)

**CITY OF LUFKIN, TEXAS
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(amounts expressed in thousands)**

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property taxes	\$ 6,746	\$ 7,280	\$ 7,900	\$ 8,480
Sales taxes	8,910	8,717	9,161	9,845
Franchise taxes	2,879	2,586	2,585	2,738
Mixed beverage tax	56	61	66	65
Other	758	647	1,228	1,480
Unrestricted investment earnings	581	338	200	559
Gain on retirement of capital assets	15	(139)	-	-
Transfers	202	513	1,186	1,170
Total governmental activities	<u>20,147</u>	<u>20,003</u>	<u>22,326</u>	<u>24,337</u>
Business-type activities:				
Unrestricted investment earnings	347	254	158	479
Gain on retirement of capital assets	1	(400)	112	30
Transfers	(202)	(513)	(1,186)	(1,170)
Total business-type activities	<u>146</u>	<u>(659)</u>	<u>(916)</u>	<u>(661)</u>
Total primary government	<u>\$ 20,293</u>	<u>\$ 19,344</u>	<u>\$ 21,410</u>	<u>\$ 23,676</u>
Change in Net Assets				
Governmental activities	\$ 3,448	\$ 748	\$ 2,727	\$ 3,918
Business-type activities	5,157	2,237	2,484	3,284
Total primary government	<u>\$ 8,605</u>	<u>\$ 2,985</u>	<u>\$ 5,211</u>	<u>\$ 7,202</u>

CITY OF LUFKIN, TEXAS
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST FOUR FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Taxes	Mixed Beverage Tax	Business Taxes	Total
2002	\$ 6,746	\$8,910	\$ 2,879	\$ 56	\$ 3	\$18,594
2003	7,280	8,717	2,586	61	2	18,646
2004	7,900	9,161	2,585	63	2	16,867
2005	8,480	9,845	2,737	65	1	17,267

Source: City of Lufkin accounting records

CITY OF LUFKIN
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund										
Reserved	\$ 294	\$ 499	\$ -	\$ 62	\$ 29	\$ 30	\$ 30	\$ 54	\$ 63	\$ 57
Unreserved	3,444	4,727	5,341	7,308	8,094	8,756	8,564	7,528	8,371	9,632
Total general fund	<u>\$ 3,738</u>	<u>\$ 5,226</u>	<u>\$ 5,341</u>	<u>\$ 7,370</u>	<u>\$ 8,123</u>	<u>\$ 8,786</u>	<u>\$ 8,594</u>	<u>\$ 7,582</u>	<u>\$ 8,434</u>	<u>\$ 9,689</u>
All other governmental funds										
Reserved - debt service	\$ 915	\$ 965	\$ 1,017	\$ 192	\$ 556	\$ 1,125	\$ 1,871	\$ 1,882	\$ 2,089	\$ 2,219
Unreserved, reported in:										
Special revenue funds	1,387	1,454	2,161	1,335	1,669	1,407	1,398	1,744	1,867	2,477
Capital projects funds	5,007	3,282	5,215	2,902	4,983	2,850	6,488	7,062	2,850	2,538
Total all other governmental funds	<u>\$ 7,309</u>	<u>\$ 5,701</u>	<u>\$ 8,393</u>	<u>\$ 4,429</u>	<u>\$ 7,208</u>	<u>\$ 5,382</u>	<u>\$ 9,757</u>	<u>\$ 10,688</u>	<u>\$ 6,806</u>	<u>\$ 7,234</u>

CITY OF LUFKIN
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues										
Taxes	\$14,440	\$14,798	\$15,905	\$16,490	\$17,675	\$17,984	\$19,089	\$19,310	\$20,248	\$21,578
Licenses and permits	236	404	259	294	299	217	200	277	264	198
Fines and forfeitures	357	383	371	502	702	724	846	709	759	667
Charges for services	2,300	2,095	2,260	1,680	1,389	1,331	1,335	1,476	1,536	1,841
Interest income	477	562	1,144	620	1,075	1,574	542	313	181	551
Intergovernmental	1,085	650	729	2,460	3,041	3,376	2,962	4,027	3,427	5,395
Other revenues	1,797	1,939	3,080	2,094	651	951	1,117	578	1,025	601
Total revenues	\$20,692	\$20,831	\$23,748	\$24,140	\$24,832	\$26,157	\$26,091	\$26,690	\$27,440	\$30,831
Expenditures										
General government	\$ 2,266	\$ 2,304	\$ 2,413	\$ 2,511	\$ 2,641	\$ 2,570	\$ 2,721	\$ 2,686	\$ 2,593	\$ 2,859
Public safety	8,707	9,981	9,629	10,439	10,062	11,047	12,188	12,589	12,501	13,662
Culture and recreation	2,712	2,521	2,483	3,060	2,471	3,809	3,958	3,799	4,888	3,774
Planning and community development	372	365	384	326	401	389	354	379	287	428
Public works	6,768	5,373	7,598	3,760	3,514	4,163	3,892	4,400	7,042	3,875
Non-departmental	1,153	639	1,026	744	585	779	201	195	332	192
Debt service:										
Principal	960	1,105	1,265	1,410	2,366	1,645	1,631	1,830	2,487	2,609
Interest and fiscal charges	558	690	628	839	1,018	958	1,166	1,788	1,645	1,890
Capital outlay	-	-	-	4,696	3,591	4,208	4,779	5,611	-	7,602
Total expenditures	\$23,496	\$22,978	\$25,426	\$27,785	\$26,649	\$29,568	\$30,890	\$33,277	\$31,775	\$36,891
Excess of revenues over (under) expenditures	(2,804)	(2,147)	(1,678)	(3,645)	(1,817)	(3,411)	(4,799)	(6,587)	(4,335)	(6,060)

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Other financing sources (uses)										
Capital lease proceeds	\$ -	\$ -	\$ 5,265	\$ -	\$ -	\$ 417	\$ 242	\$ 543	\$ 120	\$ 302
Refunding bonds issued	-	-	-	-	-	-	8,796	-	-	-
Bond proceeds	4,118	904	-	830	4,462	-	11,650	5,450	-	6,000
Payment to refunded bond escrow agent	-	-	-	-	-	-	(8,619)	-	-	-
Capital contributions	-	-	-	-	-	-	(1,900)	-	-	-
Gain on sale of assets	-	82	-	-	-	-	-	-	-	-
Transfers in	114	1,042	665	881	1,640	1,600	657	787	1,459	1,289
Transfers out	(114)	-	-	-	(755)	(1,159)	(454)	(274)	(273)	(119)
Total other financing sources (uses)	4,118	2,028	5,930	1,711	5,347	858	10,372	6,506	1,306	7,472
Net change in fund balances	\$ 1,314	\$ (119)	\$ 4,252	\$ (1,934)	\$ 3,530	\$ (2,553)	\$ 5,573	\$ (81)	\$ (3,029)	\$ 1,412

Debt service as a percentage of noncapital expenditures	6.91%	8.47%	8.04%	10.79%	17.20%	11.44%	12.00%	15.04%	14.95%	18.15%
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CITY OF LUFKIN
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Taxes	Mixed Beverage Tax	Business Taxes	Total
1996	\$ 4,602	\$ 7,333	\$ 2,023	\$ 41	\$ 2	\$ 14,001
1997	4,786	7,412	2,129	43	2	14,372
1998	5,044	8,058	2,294	57	3	15,456
1999	5,699	8,119	2,161	44	3	16,026
2000	6,087	8,584	2,294	50	2	17,017
2001	6,203	8,721	2,473	60	-	17,457
2002	6,737	8,910	2,875	56	3	18,581
2003	7,395	8,717	2,586	61	2	18,761
2004	7,900	9,161	2,585	63	2	19,711
2005	8,391	9,099	2,737	65	1	20,293

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

Fiscal Year	Real Property			Personal Property			Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Minerals	Personal Property	Commercial Property					
1996	\$ 387,770	\$ 391,004	\$ 244,690	\$ -	\$ -	\$ 92,953	\$ 930,511	\$ 0.48698	\$ 1,023,465	90.92%	
1997	404,086	400,134	273,522	-	-	108,285	969,457	0.48698	1,077,742	89.95%	
1998	441,114	440,648	286,886	-	-	143,691	1,024,957	0.48698	1,168,647	87.70%	
1999	501,737	426,389	306,895	-	-	162,262	1,072,759	0.49450	1,235,022	86.86%	
2000	562,366	488,275	334,716	-	-	168,601	1,216,756	0.49450	1,385,357	87.83%	
2001	581,562	495,875	295,164	-	-	150,631	1,221,970	0.49450	1,372,602	89.03%	
2002	599,505	516,129	321,375	-	-	134,831	1,302,178	0.51650	1,437,009	90.62%	
2003	633,660	538,848	330,600	-	-	128,390	1,374,718	0.53850	1,503,108	91.46%	
2004	652,373	413,921	414,542	-	-	130,839	1,349,997	0.55850	1,480,835	91.16%	
2005	687,784	484,203	452,579	193	-	136,973	1,487,786	0.55850	1,624,759	91.57%	

(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 GOVERNMENTS
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>
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
2005	0.35630	0.20220	0.55850	1.50000	0.07400	1.57400

<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>
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
2005	0.44120	-	0.44120	0.09090	0.02460	0.11550	2.68920

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

**CITY OF LUFKIN, TEXAS
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2005
(amounts expressed in thousands)**

<u>Taxpayer</u>	<u>2005</u>			<u>2000</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Lufkin Industries	\$ 65,278	1	4.39%	\$ 62,139	1	4.98%
Texas Foundries LTD	50,524	2	3.16%	42,995	2	3.44%
Brookshire Brothers, Inc.	26,795	3	1.68%	24,994	4	2.00%
Consolidated Communications of Texas	26,298	4	1.64%	-		
Pilgrim Industries, Inc.	24,944	5	1.56%	12,637	7	1.01%
TXU Electric Delivery	19,488	6	1.22%	17,846	5	1.43%
Georgia Pacific Corp	17,614	7	1.10%	12,220	8	98.00%
Brookshire Bros. LTD	13,886	8	0.87%	15,916	6	1.27%
Weingarten/Lufkin, Inc.	13,503	9	0.84%	-		
Pineywoods Health Care Systems	12,781	10	0.80%	-		
TXU Communications Co.	-			30,487	3	2.44%
Lowes Home Centers, Inc.	-			11,480	9	0.92%
Lufkin Mall	-			9,797	10	0.78%

Source: Angelina County Appraisal District

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year Amount	Fiscal Year Percentage of Levy		Amount	Percentage of Levy
1996	\$ 4,526	\$ 4,395	97.11%	\$ 104	\$ 4,499	99.40%
1997	4,716	4,599	97.52%	94	4,693	99.51%
1998	4,982	4,858	97.51%	102	4,960	99.56%
1999	5,517	5,398	97.84%	69	5,467	99.09%
2000	5,966	5,810	97.39%	106	5,916	99.16%
2001	6,159	5,986	97.19%	125	6,111	99.22%
2002	6,709	6,513	97.08%	118	6,631	98.84%
2003	7,381	7,161	97.02%	121	7,282	98.66%
2004	7,783	7,597	97.61%	52	7,649	98.28%
2005	8,310	8,111	97.61%	-	8,111	97.61%

Source: Angelina County Tax Assessor's Office

CITY OF LUFKIN, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government Income ¹	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Water	Sewer System Bonds	Capital Leases			
1996	\$ 13,660	\$ -	\$ 501	\$ 11,305	\$ 886	\$ 886	\$ 26,352	n/a	n/a
1997	12,555	-	896	13,860	492	492	27,803	n/a	n/a
1998	11,290	4,650	1,016	13,495	309	309	30,760	n/a	n/a
1999	9,905	4,625	1,366	13,175	109	109	29,180	n/a	n/a
2000	8,325	9,000	767	12,955	-	-	31,047	5.66%	949.19
2001	7,525	8,800	639	12,990	-	-	29,954	5.21%	897.82
2002	14,830	18,050	375	8,000	-	-	41,255	6.85%	1,212.31
2003	17,760	19,275	483	11,615	-	-	49,133	7.80%	1,415.49
2004	16,275	18,625	231	11,985	-	-	47,116	7.15%	1,330.77
2005	14,600	26,150	238	11,950	-	-	52,938	7.68%	1,465.90

¹ See the Schedule of Demographic and Economic Statistics on page 110 For income and population data

CITY OF LUFKIN, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value¹ of Property	Per Capita²
1996	\$ 13,660	\$ 915	\$ 12,745	1.25%	n/a
1997	12,555	965	11,590	1.08%	n/a
1998	11,290	1,017	10,273	0.88%	n/a
1999	9,905	192	9,713	0.79%	n/a
2000	8,325	556	7,769	0.56%	237.52
2001	7,525	1,125	6,400	0.47%	191.83
2002	14,830	1,871	12,959	0.90%	380.81
2003	17,760	1,882	15,878	1.06%	457.43
2004	16,275	2,089	14,186	0.96%	400.68
2005	14,600	2,219	12,381	0.76%	342.84

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 101 for property value data.

² See the Schedule of Demographic and Economic Statistics on page 110 for personal income and population data.

CITY OF LUFKIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2005
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
City of Lufkin	\$ 40,750	100.00%	\$ 40,750
Overlapping:			
Angelina County	13,819	52.23%	7,218
Angelina County Junior College District	7,935	52.23%	4,144
Hudson Independent School District	907	15.95%	145
Lufkin Independent School District	<u>22,552</u>	69.24%	<u>15,615</u>
Total	<u>\$ 85,963</u>		<u>\$ 67,872</u>

**CITY OF LUFKIN, TEXAS
LEGAL DEBT MARGIN INFORMATION
SEPTEMBER 30, 2005**

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 shall exceed two and one-half percent of the taxable property of such city."

The tax rate at September 30, 2005 is \$ 0.5585 per \$100 of assessed valuation with assessed valuation being 100% of appraised value.

**CITY OF LUFKIN, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(amounts expressed in thousands)**

Fiscal Year	Water and Sewer Charges and Other	Less: Operating Expenses¹	Net Available Revenue	Principal	Interest	Coverage
1996	\$ 9,379	\$ 5,921	\$ 3,458	\$ 470	\$ 632	3.14
1997	9,789	5,899	3,890	470	658	3.45
1998	10,825	6,470	4,356	365	758	3.88
1999	10,818	7,417	3,400	320	964	2.65
2000	12,698	7,612	5,085	220	724	5.39
2001	11,717	7,444	4,273	725	689	3.02
2002	10,979	7,978	3,001	1,320	363	1.78
2003	11,883	7,946	3,937	840	460	3.03
2004	12,576	8,070	4,506	880	505	3.25
2005	13,685	9,504	4,181	945	497	2.90

¹ Excludes depreciation

**CITY OF LUFKIN, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**

Fiscal Year	Population ¹	Personal Income ¹ (amounts expressed in thousands)	Per Capita Personal Income	Median Age ¹	Education Level in Years of Formal Schooling ¹	School Enrollment ²	Unemployment Rate ¹
2000	32,709	\$ 548,170	\$ 16.76	34.1	13.1	8,027	4.8
2001	33,363	574,611	17.22	n/a	n/a	8,140	n/a
2002	34,030	601,889	17.69	n/a	n/a	8,257	n/a
2003	34,711	630,039	18.15	n/a	n/a	8,283	n/a
2004	35,405	659,064	18.61	n/a	n/a	8,243	n/a
2005	36,113	688,928	19.08	34.7	13.1	8,577	5.6

Data Sources

¹ Angelina County Chamber of Commerce

² Lufkin Independent School District

Note: Population, median age, and education level information are estimates after Fiscal year 2000 and are based on growth estimates. School enrollment is based on the census at the start of the school year.

**CITY OF LUFKIN, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR**

Employer	2005		
	Employees	Rank	Percentage of Total City Employment
Lufkin Industries	1000+	1	4.98%
Pilgrim's Pride	1000+	2	3.32%
Lufkin ISD	1000+	3	3.05%
Brookshire Bros	1000+	4	2.91%
Memorial Health Systems	1000+	5	2.84%
Temple-Inland Forest Products	1000+	6	2.81%
Lufkin State School	1000+	7	2.77%
Woodland Heights Medical Center	500-999	8	2.49%
WalMart	500-999	9	2.22%
Citation Corporation	500-999	10	1.94%

Source: Angelina County Chamber of Commerce
Prior year's information not available

CITY OF LUFKIN, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST SEVEN FISCAL YEARS

Function	Full-time Equivalent Employees as of September 30						
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General government	22	23	23	23	24	21	21
Public Safety							
Police							
Officers	68	72	79	79	79	78	78
Civilians	39	39	39	38	38	36	35
Fire							
Officers	85	75	75	75	83	80	80
Civilians	5	5	5	5	5	5	5
Cultural and recreation	48	45	53	54	56	54	55
Community development	7	7	6	6	6	6	6
Public works	56	60	60	60	59	57	57
Water	30	33	33	34	34	32	32
Sewer	42	42	42	43	41	40	40
Solid waste	29	30	31	31	31	36	36
Total	431	431	446	448	456	445	445

Source: City of Lufkin accounting records

**CITY OF LUFKIN, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST SIX FISCAL YEARS**

Function	Fiscal Year					
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police						
Physical arrests	2,020	2,108	2,813	2,404	1,920	1,720
Parking violations	2,460	2,841	1,002	983	768	615
Traffic violations	15,755	15,755	15,463	14,115	12,476	10,744
Fire						
Number of calls answered	1,367	1,378	1,242	1,242	1,131	1,392
Inspections	824	807	922	922	1,517	1,116
Highways and streets						
Street resurfacing (miles)	9	9	9	9	9	9
Potholes repaired	n/a	n/a	n/a	n/a	n/a	1,755
Sanitation						
Refuse collected (tons/day)	707	706	718	772	829	870
Recyclables collected (tons/day)	4	4	4	4	4	4
Culture and recreation						
Community center rentals	571	521	704	686	604	426
Water						
New connections	n/a	34	-	256	308	28
Water mains breaks	1,200	1,150	1,250	1,100	1,100	1,000
Average daily consumption (thousands of gallons)	8,890	8,890	8,890	7,606	8,274	8,274
Wastewater						
Average daily sewage treatment (thousands of gallons)	5,530	6,212	6,151	5,961	6,672	6,452

Source: Various city departments

**CITY OF LUFKIN, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST SIX FISCAL YEARS**

Function	Fiscal Year					
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public safety:						
Police						
Stations	2	2	2	2	2	2
Patrol Units	17	21	19	19	18	19
Fire						
Fire Stations	5	5	5	5	5	5
Sanitation						
Collection trucks	21	21	21	21	21	21
Highways and streets						
Streets (miles)	258	258	258	258	258	270
Streetlights	3,297	3,297	3,297	3,297	3,297	3,568
Traffic signals	2	2	2	2	2	2
Culture and recreation						
Parks acreage	668.4	668.4	668.4	668.4	684.6	684.6
Parks	16	16	16	16	17	17
Swimming pools	2	2	2	2	2	2
Tennis courts	13	13	13	13	13	13
Community centers	2	2	2	2	2	2
Water						
Water mains (miles)	291	291	673	678	678	678
Fire hydrants	812	830	1,200	1,250	1,298	1,321
Maximum daily capacity in thousands of gallons	17,000	17,000	17,000	17,000	17,000	17,000
Sewer						
Sanitary sewers (miles)	219.0	219.0	256.0	266.0	266.5	266.5
Storm sewers (miles)	12.4	12.4	12.4	13.5	13.5	13.5
Maximum daily treatment capacity in thousands of gallons	11,300	11,300	11,300	11,300	11,300	11,300

Sources: Various city departments.

**CITY OF LUFKIN, TEXAS
WATER, SEWER AND SANITATION RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Approved Rates

The monthly billing rates for water, sewer, and sanitation services as approved by the City Council effective October 1, 2005 were as follows:

Water Rates

Residential per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 9.44
Next 8,000 gallons	2.48 per thousand
Above 10,000 gallons	2.81 per thousand

Commercial per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 9.57
Next 8,000 gallons	2.47 per thousand
Next 10,000 gallons	2.16 per thousand
Next 30,000 gallons	1.93 per thousand
Above 50,000 gallons	1.61 per thousand

Residential per thousand gallons Burke Water:

First 2,000 gallons (minimum)	\$ 17.32
Next 8,000 gallons	4.43 per thousand
Above 10,000 gallons	5.09 per thousand

Commercial per thousand gallons Burke Water:

First 2,000 gallons (minimum)	\$ 17.32
Next 8,000 gallons	4.43 per thousand
Next 10,000 gallons	3.91 per thousand
Next 30,000 gallons	3.39 per thousand
Above 50,000 gallons	3.12 per thousand

Industrial per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 9.57
Next 18,000 gallons	2.81 per thousand
Next 30,000 gallons	2.55 per thousand
Next 50,000 gallons	2.21 per thousand
Above 100,000 gallons	1.36 per thousand

**CITY OF LUFKIN, TEXAS
WATER, SEWER AND SANITATION RATES - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

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	2.98	+8.50	Stops at 20,000
Commercial:	Consumption in 1000 X	3.30	+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, 2005**

Commercial and Industrial Users Rates:

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

$$\text{User charge} = Cc + V (Cv = (Cb \times \text{BOD}) + (Cs \times \text{TSS}))$$

Where: Cc = Customer charge, \$ 8.50

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

Cv = User charge for volume per 1,000 gallons

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

BOD = Biochemical oxygen demand, mg/1

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

TSS = Total suspended solids, mg/1

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

$$\text{Formula: } 4.53 + V (1.70 + (.0030097 \times \text{BOD}) + (.0016436 \times \text{TSS})) \text{ with grease}$$

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, 2005:</u>	<u>Water</u>	<u>Sewer</u>
Number of metered customers	14,684	12,093
Gallons of water pumped	3,378,073,451	-
Gallons of water sold	2,614,485,850	-

**CITY OF LUFKIN, TEXAS
INSURANCE COVERAGE
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Insurer	Risk Covered	Period Covered	Amount of Insurance	
Ohio Casualty Insurance Company	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	
Texas Municipal League	Boiler and Machinery	10-1-04 to 9-30-05	3,000,000	
	Deductible		2,500	
	Auto Liability	10-1-04 to 9-30-05	1,000,000	
	Deductible		10,000	
	Law Enforcement Liability	10-1-04 to 9-30-05	1,000,000	
	Deductible		10,000	
	Errors and Omissions Liability	10-1-04 to 9-30-05	1,000,000	
	Deductible		10,000	
	General Liability	10-1-04 to 9-30-05	1,000,000	
	Deductible		10,000	
	Real and Personal	10-1-04 to 9-30-05		
	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		480,450
		Sewer Treatment Plant		790,144
		Recycling Building		393,300
		Recycling Building contents		200,000
		Wastewater Administration Building		293,100
		Administration Building contents		50,000
		Solid Handling Building		345,100
		Wastewater Treatment Buildings		1,293,800
		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, 2005**

Insurer	Risk Covered	Period Covered	Amount of Insurance	
Texas Municipal League	Real and Personal - continued			
	Police Radio Antenna		\$ 100,000	
	Computer Equipment		1,366,088	
	Community Center Building - Keltys - contents		6,000	
	Community Center Building - Pershing		230,000	
	Community Center Building - Pershing contents		6,000	
	Downtown Center contents		33,000	
	Maintenance Garage contents		220,000	
	Fire Station 1		75,000	
	Fire Station 1 contents		115,000	
	Fire Station 3		75,000	
	Fire Station 3 contents		25,500	
	Fire Station 4		75,000	
	Fire Station 4 contents		102,000	
	Fire Station 5		75,000	
	Fire Station 5 contents		29,600	
	Fire Station 6		600,000	
	Fire Station 6 contents		29,600	
	Goldstar EMS Building		50,000	
	Southbase Police Office		160,000	
		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	10-1-04 to 9-30-05	132,295	
	Asphalt milling machine		210,000	
	Excavator - 2000		178,421	
	Mower - 2001		70,299	
	Backhoe - 2003		61,294	
	John Deere Backhoe		16,000	
	New Holland Tractor		15,232	
	New Holland Tractor		16,000	
	Ford Tractor		27,000	
	Deductible		2,500	

**CITY OF LUFKIN, TEXAS
INSURANCE COVERAGE - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

Insurer	Risk Covered	Period Covered	Amount of Insurance
	Auto Physical Damage Lease purchase autos	10-1-04 to 9-30-05	97,875
	Deductible each vehicle		500
	Deductible per occurrence		10,000
Deep East Texas Self Insurance Fund	Workers' Compensation		Statutory