

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 SIX FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities						
Invested in capital assets, net of related debt	\$ 29,190	\$ 32,838	\$ 35,708	\$ 38,879	\$ 43,174	\$ 37,214
Restricted	8,359	8,944	4,940	4,757	3,104	7,344
Unrestricted	<u>13,848</u>	<u>9,897</u>	<u>13,757</u>	<u>14,687</u>	<u>14,040</u>	<u>14,651</u>
Total governmental activities net assets	<u>\$ 51,397</u>	<u>\$ 51,679</u>	<u>\$ 54,405</u>	<u>\$ 58,323</u>	<u>\$ 60,318</u>	<u>\$ 59,209</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 33,534	\$ 32,879	\$ 35,624	\$ 34,552	\$ 36,829	\$ 40,063
Restricted	10,096	10,815	8,218	14,102	14,980	8,515
Unrestricted	<u>5,642</u>	<u>7,814</u>	<u>10,150</u>	<u>8,622</u>	<u>5,630</u>	<u>12,698</u>
Total business-type activities net assets	<u>\$ 49,272</u>	<u>\$ 51,508</u>	<u>\$ 53,992</u>	<u>\$ 57,276</u>	<u>\$ 57,439</u>	<u>\$ 61,276</u>
Primary government						
Invested in capital assets, net of related debt	\$ 62,724	\$ 65,717	\$ 71,332	\$ 73,431	\$ 80,003	\$ 77,277
Restricted	18,455	19,759	13,158	18,859	18,084	15,859
Unrestricted	<u>19,490</u>	<u>17,711</u>	<u>23,907</u>	<u>23,309</u>	<u>19,670</u>	<u>27,349</u>
Total primary government net assets	<u>\$ 100,669</u>	<u>\$ 103,187</u>	<u>\$ 108,397</u>	<u>\$ 115,599</u>	<u>\$ 117,757</u>	<u>\$ 120,485</u>

Note: The City implemented GASB 34 in 2002. Information for fiscal years 1998-2001 was reported using the prior reporting model.

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government	\$ 1,633	\$ 1,759	\$ 1,760	\$ 1,747	\$ 1,786	\$ 2,457
Public safety	12,681	13,087	13,109	12,771	13,104	15,493
Cultural and recreation	3,960	3,994	4,123	4,367	4,575	4,757
Planning and community development	374	390	305	457	338	351
Public works	3,017	3,280	4,075	3,401	3,391	3,629
Non-departmental	216	195	300	181	239	-
Interest and fiscal charges	1,144	1,560	1,718	1,883	1,851	1,947
Total governmental activities expenses	<u>23,025</u>	<u>24,265</u>	<u>25,390</u>	<u>24,807</u>	<u>25,284</u>	<u>28,634</u>
Business-type activities:						
Water and sewer	10,631	10,318	11,381	12,811	12,166	13,151
Solid waste disposal	4,246	4,448	5,025	5,451	5,655	6,051
Total Business-type activities expenses	<u>14,877</u>	<u>14,766</u>	<u>16,406</u>	<u>18,262</u>	<u>17,821</u>	<u>19,202</u>
Total primary government expenses	<u>\$ 37,902</u>	<u>\$ 39,031</u>	<u>\$ 41,796</u>	<u>\$ 43,069</u>	<u>\$ 43,105</u>	<u>\$ 47,836</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 139	\$ 71	\$ 257	\$ 48	\$ 221	\$ 151
Public safety	2,345	2,253	3,267	268	819	2,494
Cultural and recreation	1,453	1,018	976	1,166	1,293	1,291
Planning and community development	3	2	1	4	4	4
Public works	(2)	47	112	32	112	107
Operating grants and contributions	488	1,078	369	1,122	807	292
Capital grants and contributions	1,900	541	809	1,748	671	18
Total governmental activities program revenues	<u>6,326</u>	<u>5,010</u>	<u>5,791</u>	<u>4,388</u>	<u>3,927</u>	<u>4,357</u>
Business-type activities:						
Charges for services:						
Water and sewer	16,646	12,141	12,982	13,975	13,712	13,379
Solid waste disposal	5,142	5,406	5,934	6,032	5,938	5,613
Capital grants and contributions	(1,900)	115	890	2,200	-	2
Total business-type activities program revenues	<u>19,888</u>	<u>17,662</u>	<u>19,806</u>	<u>22,207</u>	<u>19,650</u>	<u>18,994</u>
Total primary government program revenues	<u>\$ 26,214</u>	<u>\$ 22,672</u>	<u>\$ 25,597</u>	<u>\$ 26,595</u>	<u>\$ 23,577</u>	<u>\$ 23,351</u>

Net (expense)/revenue:										
Governmental activities	\$	(16,699)	\$	(19,255)	\$	(20,419)	\$	(21,357)	\$	(24,277)
Business-type activities		5,011		2,896		3,945		1,829		(208)
Total primary government net expense	\$	(11,688)	\$	(16,359)	\$	(16,474)	\$	(19,528)	\$	(24,485)

General Revenues and Other Changes in

Net Assets

Governmental Activities:

Taxes:

Property taxes	\$	6,746	\$	7,280	\$	8,480	\$	8,882	\$	8,874
Sales taxes		8,910		8,717		9,845		10,301		10,975
Franchise taxes		2,879		2,586		2,738		2,989		2,748
Mixed beverage tax		56		61		65		70		82
Other		758		647		1,480		516		1,763
Unrestricted investment earnings		581		338		559		897		1,623
Gain on retirement of capital assets		15		(139)		-		-		-
Capital contributions		-		-		-		-		(4,816)
Transfers		202		513		1,170		2,530		1,918
Total governmental activities	\$	20,147	\$	20,003	\$	24,337	\$	26,185	\$	23,167

Business-type activities:

Unrestricted investment earnings		347		254		479		864		1,055
Gain on retirement of capital assets		1		(400)		30		-		93
Capital contributions		-		-		-		-		4,816
Transfers		(202)		(513)		(1,170)		(2,530)		(1,918)
Total business-type activities		146		(659)		(661)		(1,666)		4,046
Total primary government	\$	20,293	\$	19,344	\$	23,676	\$	24,519	\$	27,213

Change in Net Assets

Governmental activities	\$	3,448	\$	748	\$	3,918	\$	4,829	\$	(1,109)
Business-type activities		5,157		2,237		3,284		163		3,837
Total primary government	\$	8,605	\$	2,985	\$	7,202	\$	4,992	\$	2,728

Note: The City implemented GASB 34 in 2002. Information for fiscal years 1998-2001 was reported using the prior reporting model.

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Taxes</u>	<u>Mixed Beverage Tax</u>	<u>Other Taxes</u>	<u>Total</u>
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	19,711
2005	8,480	9,845	2,737	65	1	21,128
2006	8,882	10,301	2,989	70	516	22,758
2007	8,874	10,975	2,748	81	690	23,368

Source: City of Lufkin accounting records

Note: The City implemented GASB 34 in 2002. Information for fiscal years 1998 - 2001 was reported using the prior reporting model.

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

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$ -	\$ 62	\$ 29	\$ 30	\$ 30	\$ 54	\$ 63	\$ 57	\$ 64	\$ 114
Unreserved	5,341	7,308	8,094	8,756	8,564	7,528	8,371	9,632	11,201	11,349
Total general fund	<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>	<u>\$ 11,265</u>	<u>\$ 11,463</u>
All other governmental funds										
Reserved - debt service	\$ 1,017	\$ 192	\$ 556	\$ 1,125	\$ 1,871	\$ 1,882	\$ 2,089	\$ 2,219	\$ 2,395	\$ 2,364
Unreserved, reported in:										
Special revenue funds	2,161	1,335	1,669	1,407	1,398	1,744	1,867	2,477	2,121	2,765
Capital projects funds	5,215	2,902	4,983	2,850	6,488	7,062	2,850	2,538	710	4,980
Total all other governmental funds	<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>	<u>\$ 5,226</u>	<u>\$ 10,109</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>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues										
Taxes	\$ 15,905	\$ 16,490	\$ 17,675	\$ 17,984	\$ 19,089	\$ 19,310	\$ 20,248	\$ 21,578	\$ 22,853	\$ 23,397
Licenses and permits	259	294	299	217	200	277	264	198	284	253
Fines and forfeitures	371	502	702	724	846	709	759	667	767	728
Charges for services	2,260	1,680	1,389	1,331	1,335	1,476	1,536	1,841	1,822	2,184
Interest income	1,144	620	1,075	1,574	542	313	181	551	789	1,172
Intergovernmental	729	2,460	3,041	3,376	2,962	4,027	3,427	5,395	4,289	2,611
Other revenues	3,080	2,094	651	951	1,117	578	1,025	601	952	755
Total revenues	<u>23,748</u>	<u>24,140</u>	<u>24,832</u>	<u>26,157</u>	<u>26,091</u>	<u>26,690</u>	<u>27,440</u>	<u>30,831</u>	<u>31,756</u>	<u>31,100</u>
Expenditures										
General government	2,413	2,511	2,641	2,570	2,721	2,686	2,593	2,859	2,992	3,464
Public safety	9,629	10,439	10,062	11,047	12,188	12,589	12,501	13,662	13,654	14,075
Cultural and recreation	2,483	3,060	2,471	3,809	3,958	3,799	4,888	3,774	4,190	4,181
Planning and community development	384	326	401	389	354	379	287	428	319	334
Public works	7,598	3,760	3,514	4,163	3,892	4,400	7,042	3,875	4,155	4,135
Non-departmental	1,026	744	585	779	201	195	332	192	239	-
Debt service:										
Principal	1,265	1,410	2,366	1,645	1,631	1,830	2,487	2,609	2,899	3,206
Interest and fiscal charges	628	839	1,018	958	1,166	1,788	1,645	1,890	1,815	1,746
Bond Issuance Costs	-	-	-	-	-	-	-	-	-	90
Capital outlay	-	4,696	3,591	4,208	4,779	5,611	-	7,602	2,313	2,633
Total expenditures	<u>25,426</u>	<u>27,785</u>	<u>26,649</u>	<u>29,568</u>	<u>30,890</u>	<u>33,277</u>	<u>31,775</u>	<u>36,891</u>	<u>32,576</u>	<u>33,864</u>
Excess of revenues over (under) expenditures	(1,678)	(3,645)	(1,817)	(3,411)	(4,799)	(6,587)	(4,335)	(6,060)	(820)	(2,764)

Other financing sources (uses)

Capital lease proceeds	5,265	-	417	242	543	120	302	258	-
Refunding bonds issued	-	-	-	8,796	-	-	-	-	9,591
Bond proceeds	-	830	4,462	11,650	5,450	-	6,000	-	7,610
Payment to refunded bond escrow agent	-	-	-	(8,619)	-	-	-	-	(9,580)
Capital contributions	-	-	-	(1,900)	-	-	-	-	(1,195)
Gain on sale of assets	-	-	-	-	-	-	-	-	-
Transfers in	665	881	1,640	657	787	1,459	1,289	1,981	2,563
Transfers out	-	-	(755)	(454)	(274)	(273)	(119)	(948)	(1,143)
Total other financing sources (uses)	5,930	1,711	5,347	10,372	6,506	1,306	7,472	1,291	7,846
Net change in fund balances	\$ 4,252	\$ (1,934)	\$ 3,530	\$ (2,553)	\$ (81)	\$ (3,029)	\$ 1,412	\$ 471	\$ 5,082

Debt service as a percentage of noncapital expenditures

7.45%	9.74%	14.68%	10.26%	13.08%	13.00%	15.36%	15.58%	16.14%
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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
1998	\$ 5,044	\$ 8,058	\$ 2,294	\$ 57	\$ 452	\$ 15,905
1999	5,699	8,119	2,161	44	467	16,490
2000	6,087	8,584	2,294	50	660	17,675
2001	6,203	8,721	2,473	60	527	17,984
2002	6,737	8,910	2,875	56	511	19,089
2003	7,280	8,717	2,586	61	666	19,310
2004	7,900	9,161	2,585	63	537	20,246
2005	8,391	9,099	2,737	65	539	20,831
2006	8,801	10,301	2,989	70	692	22,853
2007	8,903	10,975	2,748	81	690	23,397

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						
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%
2006	666,850	555,810	497,374	26	-	140,701	1,579,359	0.55850	1,721,800	91.73%
2007	648,564	615,039	472,677	-	-	144,018	1,592,262	0.05554	1,736,280	91.71%

(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**

FISCAL YEAR	CITY OF LUFKIN			LUFKIN INDEPENDENT SCHOOL DISTRICT			TOTAL ESTIMATED MILLAGE
	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL CITY MILLAGE	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL SCHOOL MILLAGE	
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	
2006	0.35630	0.20220	0.55850	1.37000	0.07750	1.44750	
2007	0.35320	0.20220	0.55540	1.11000	0.07000	1.04000	
FISCAL YEAR	ANGELINA COUNTY			ANGELINA COLLEGE DISTRICT			TOTAL ESTIMATED MILLAGE
	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL COUNTY MILLAGE	OPERATING MILLAGE	DEBT SERVICE MILLAGE	TOTAL COLLEGE MILLAGE	
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
2006	0.44120	-	0.44120	0.09470	0.02430	0.11900	2.56620
2007	0.45120	-	0.45120	0.09690	0.02260	0.11950	2.16610

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

**CITY OF LUFKIN, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2007
(amounts expressed in thousands)**

<u>Taxpayer</u>	<u>2007</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	\$ 52,423	1	3.29%	\$ 62,139	1	4.98%
Consolidated Communications of Texas	32,569	2	2.05%	-		
Brookshire Brothers, Inc.	25,086	3	1.58%	24,994	4	2.00%
TXU Electric Delivery	21,752	4	1.37%	17,846	5	1.43%
Pilgrim Industries, Inc.	21,478	5	1.35%	12,637	7	1.01%
Texas Foundries LTD	20,895	6	1.31%	42,995	2	3.44%
Pineywoods Health Care Systems	17,319	7	1.09%	-		
Georgia Pacific Corp	15,191	8	0.95%	12,220	8	98.00%
Piney Woods Healthcare System LP	13,385	9	0.84%	-		
American Color Graphics, Inc.	12,640	10	0.80%	-		
Brookshire Bros. LTD	-			15,916	6	1.27%
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
Information prior to FY 2000 not available.

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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 4,982	\$ 4,858	97.51%	\$ 107	\$ 4,965	99.66%
1999	5,517	5,398	97.84%	99	5,497	99.64%
2000	5,966	5,810	97.39%	115	5,925	99.31%
2001	6,159	5,986	97.19%	138	6,124	99.43%
2002	6,709	6,513	97.08%	143	6,656	99.21%
2003	7,381	7,161	97.02%	157	7,318	99.15%
2004	7,783	7,597	97.61%	107	7,704	98.98%
2005	8,310	8,111	97.61%	111	8,222	98.94%
2006	8,777	8,558	97.50%	71	8,629	98.31%
2007	8,803	8,615	97.86%	-	8,615	97.86%

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	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Certificates of Obligation	Capital Leases	Water Works and Sewer System Bonds	Notes Payable	Capital Leases			
1998	\$ 11,290	\$ 4,650	\$ 1,016	\$ 13,495	\$ 287	\$ 309	\$ 31,047	n/a	n/a
1999	9,905	4,625	1,366	13,175	275	109	29,455	n/a	n/a
2000	8,325	9,000	767	12,955	263	-	31,310	5.71%	957.29
2001	7,525	8,800	639	12,990	250	-	30,204	5.26%	918.59
2002	14,830	18,050	375	8,000	236	-	41,491	6.89%	1,255.17
2003	17,760	19,275	483	11,615	223	-	49,356	7.83%	1,485.24
2004	16,275	18,625	231	11,985	209	-	47,325	7.18%	1,416.62
2005	14,600	26,150	238	11,950	194	-	53,132	7.71%	1,582.06
2006	12,900	25,175	272	12,070	180	-	50,597	7.14%	1,498.64
2007	20,445	26,245	86	11,330	165	-	58,271	8.25%	1,716.83

¹ See the Schedule of Demographic and Economic Statistics on page 118 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
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%	237.53
2001	7,525	1,125	6,400	0.47%	194.64
2002	14,830	1,871	12,959	0.90%	392.03
2003	17,760	1,882	15,878	1.06%	477.81
2004	16,275	2,089	14,186	0.96%	424.64
2005	14,600	2,219	12,381	0.76%	368.66
2006	12,900	2,395	10,505	0.61%	311.15
2007	20,445	2,364	18,081	1.04%	532.72

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 109 for property value data.

² See the Schedule of Demographic and Economic Statistics on page 118 for personal income and population data.

CITY OF LUFKIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2007
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
City of Lufkin	\$ 38,075	100.00%	\$ 38,075
Overlapping:			
Angelina County	12,450	52.23%	6,503
Angelina County Junior College District	7,349	52.23%	3,838
Hudson Independent School District	878	15.95%	140
Lufkin Independent School District	<u>17,853</u>	69.24%	<u>12,361</u>
Total	<u>\$ 76,605</u>		<u>\$ 60,917</u>

Sources: Angelina County Auditor, Angelina College, Hudson ISD and Lufkin ISD

**CITY OF LUFKIN, TEXAS
LEGAL DEBT MARGIN INFORMATION
SEPTEMBER 30, 2007**

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, 2007 is \$ 0.5554 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
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
2006	14,160	9,563	4,597	965	500	3.14
2007	13,985	10,895	3,090	715	404	2.76

¹ Excludes depreciation

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

Fiscal Year	Population¹	Personal Income¹ (amounts expressed in thousands)	Per Capita Personal Income	Median Age¹	Education Level in Years of Formal Schooling¹	School Enrollment²	Unemployment Rate¹
2000	32,707	\$ 548,170	\$ 16.76	34.1	13.1	8,027	4.8
2001	32,881	574,611	17.48	n/a	n/a	8,140	n/a
2002	33,056	601,889	18.21	n/a	n/a	8,257	n/a
2003	33,231	630,039	18.96	n/a	n/a	8,283	n/a
2004	33,407	659,064	19.73	n/a	n/a	8,243	n/a
2005	33,584	688,928	20.51	34.3	13.1	8,577	5.6
2006	33,762	708,337	20.98	34.5	13.1	8,631	4.9
2007	33,941	706,720	20.82	35.3	13.1	8,390	4.3

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.

Note: Demographic and economic statistics were not available for 1998 and 1999.

**CITY OF LUFKIN, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND ONE YEAR PREVIOUS**

Employer	2007			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lufkin Industries	1000+	1	4.68%	1000+	1	4.89%
Lufkin ISD	1000+	2	4.64%	1000+	3	4.67%
Pilgrim's Pride	1000+	3	4.27%	1000+	2	4.82%
Memorial Health Systems	1000+	4	3.24%	1000+	5	3.94%
Lufkin State School	1000+	5	3.16%	1000+	6	2.65%
Temple-Inland Forest Products	1000+	6	3.11%	500-999	7	2.57%
Angelina College	500-999	7	2.72%			
Burke Center	500-999	8	2.21%	500-999	8	2.46%
Woodland Heights Medical Center	500-999	9	1.91%	500-999	9	1.97%
Citation Corporation	500-999	10	1.71%	500-999	10	1.85%
Brookshire Bros				500-999	4	4.13%

Source: Angelina County Chamber of Commerce

**CITY OF LUFKIN, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST NINE 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>	<u>2006</u>	<u>2007</u>
General government	22	23	23	23	24	21	21	22	22
Public Safety									
Police									
Officers	68	72	79	79	79	78	78	77	77
Civilians	39	39	39	38	38	36	35	34	34
Fire									
Officers	85	75	75	75	83	80	80	75	75
Civilians	5	5	5	5	5	5	5	5	5
Cultural and recreation	48	45	53	54	56	54	55	57	57
Community development	7	7	6	6	6	6	6	8	8
Public works	56	60	60	60	59	57	57	57	57
Water	30	33	33	34	34	32	32	28	28
Sewer	42	42	42	43	41	40	40	34	34
Solid waste	29	30	31	31	31	36	36	32	32
Total	431	431	446	448	456	445	445	429	429

Source: City of Lufkin accounting records

Note: Full -time equivalent City government employees by function was not available for 1998.

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

Function	Fiscal Year							
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police								
Physical arrests	2,020	2,108	2,813	2,404	1,920	1,720	1,695	1,935
Parking violations	2,460	2,841	1,002	983	768	615	2,229	2,087
Traffic violations	15,755	15,755	15,463	14,115	12,476	10,744	13,180	9,390
Fire								
Number of calls answered	1,367	1,378	1,242	1,242	1,131	1,392	1,074	1,227
Inspections	824	807	922	922	1,517	1,116	1,253	1,055
Highways and streets								
Street resurfacing (miles)	9	9	9	9	9	9	5	3
Potholes repaired	n/a	n/a	n/a	n/a	n/a	1,755	1,955	1,402
Sanitation								
Refuse collected (tons/day)	707	706	718	772	829	870	264	276
Recyclables collected (tons/day)	4	4	4	4	4	4	37	12
Cultural and recreation								
Community center rentals	571	521	704	686	604	426	273	385
Water								
New connections	n/a	34	0	256	308	28	166	156
Water mains breaks	1,200	1,150	1,250	1,100	1,100	1,000	1,000	682
Average daily consumption (thousands of gallons)	8,890	8,890	8,890	7,606	8,274	8,274	9,183	8,097
Wastewater								
Average daily sewage treatment (thousands of gallons)	5,530	6,212	6,151	5,961	6,672	6,452	6,158	6,491

Source: Various city departments

Note: Operating indicators by function were not available for 1998 and 1999.

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

Function	Fiscal Year							
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety:								
Police								
Stations	2	2	2	2	2	2	2	2
Patrol Units	17	21	19	19	18	19	19	19
Fire								
Fire Stations	5	5	5	5	5	5	5	5
Sanitation								
Collection trucks	21	21	21	21	21	21	20	21
Highways and streets								
Streets (miles)	258	258	258	258	258	270	270.5	280.3
Streetlights	3,297	3,297	3,297	3,297	3,297	3,568	3,568	3,568
Traffic signals	2	2	2	2	2	2	2	2
Cultural and recreation								
Parks acreage	668.4	668.4	668.4	668.4	684.6	684.6	653.0	653.0
Parks	16	16	16	16	17	17	16	16
Swimming pools	2	2	2	2	2	2	2	1
Tennis courts	13	13	13	13	13	13	11	11
Community centers	2	2	2	2	2	2	2	3
Water								
Water mains (miles)	291	291	673	678	678	678	678	679
Fire hydrants	812	830	1,200	1,250	1,298	1,321	1,416	1,479
Maximum daily capacity in thousands of gallons	17,000	17,000	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	266.5	267.4
Storm sewers (miles)	12.4	12.4	12.4	13.5	13.5	13.5	13.5	15.3
Maximum daily treatment capacity in thousands of gallons	11,300	11,300	11,300	11,300	11,300	11,300	11,300	11,300

Sources: Various city departments.

Note: Capital asset statistics by function were not available for 1998 and 1999.

**CITY OF LUFKIN, TEXAS
WATER, SEWER AND SANITATION RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Approved Rates

The monthly billing rates for water, sewer, and sanitation services as approved by the City Council effective October 1, 2007 were as follows:

Water Rates

Residential per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 10.50
Next 8,000 gallons	2.70 per thousand
Above 10,000 gallons	3.11 per thousand

Commercial per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 10.50
Next 48,000 gallons	2.70 per thousand
Above 50,000 gallons	3.11 per thousand

Irrigation per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 10.50
Next 48,000 gallons	2.70 per thousand
Above 50,000 gallons	3.11 per thousand

Residential per thousand gallons outside City Limits:

First 2,000 gallons (minimum)	\$ 15.75
Next 8,000 gallons	4.05 per thousand
Above 10,000 gallons	4.67 per thousand

Commercial per thousand gallons outside City Limits:

First 2,000 gallons (minimum)	\$ 15.75
Next 48,000 gallons	4.05 per thousand
Above 50,000 gallons	4.67 per thousand

Irrigation per thousand gallons outside City Limits:

First 2,000 gallons (minimum)	\$ 15.75
Next 48,000 gallons	4.05 per thousand
Above 50,000 gallons	4.67 per thousand

**CITY OF LUFKIN, TEXAS
WATER, SEWER AND SANITATION RATES - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Residential per thousand gallons Burke Water:

First 2,000 gallons (minimum)	\$ 17.85
Next 8,000 gallons	4.59 per thousand
Above 10,000 gallons	5.28 per thousand

Commercial per thousand gallons Burke Water:

First 2,000 gallons (minimum)	\$ 17.85
Next 48,000 gallons	4.59 per thousand
Above 50,000 gallons	5.28 per thousand

Irrigation per thousand gallons Burke Water:

First 2,000 gallons (minimum)	\$ 17.85
Next 48,000 gallons	4.59 per thousand
Above 50,000 gallons	5.28 per thousand

Industrial per thousand gallons inside City Limits:

First 2,000 gallons (minimum)	\$ 250.00
Above 2,000 gallons	1.75 per thousand

Industrial per thousand gallons outside City Limits:

First 2,000 gallons (minimum)	\$ 375.00
Above 2,000 gallons	2.63 per thousand

Wholesale per thousand gallons:

First 2,000 gallons (minimum)	\$ 10.00
Above 2,000 gallons	2.19 per thousand

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.

**CITY OF LUFKIN, TEXAS
 WATER, SEWER AND SANITATION RATES - CONTINUED
 FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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, \$ 9.50
 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	3.07	+9.50	Stops at 20,000
Commercial:	Consumption in 1000 X	3.40	+9.50	Does not stop

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

User charge = (V x Cv) + Cc
 Where Cc = Customer charge, \$ 9.50
 V = metered water use in 1,000 gallons
 Cv = user charge for volume per 1,000 gallons

General:	Consumption in 1000 X	3.4000000	+9.50	Does not stop
Restaurant:	Consumption in 1000 X	6.7000000	+9.50	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, 2007**

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, \$ 9.50

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

$$\text{Formula: } 9.50 + V (1.87 + (.003224 \times \text{BOD}) + (.001760 \times \text{TSS}))$$

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, 2007:</u>	<u>Water</u>	<u>Sewer</u>
Number of metered customers	14,954	12,265
Gallons of water pumped	2,955,372,222	-
Gallons of water sold	2,374,919,330	-

**CITY OF LUFKIN, TEXAS
INSURANCE COVERAGE
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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	
	Director of Finance		50,000	
	Mayor		50,000	
Texas Municipal League	Boiler and Machinery	10-1-06 to 9-30-07	3,000,000	
	Deductible		2,500	
	Auto Liability	10-1-06 to 9-30-07	1,000,000	
	Deductible		10,000	
	Law Enforcement Liability	10-1-06 to 9-30-07	1,000,000	
	Deductible		10,000	
	Errors and Omissions Liability	10-1-06 to 9-30-07	1,000,000	
	Deductible		10,000	
	General Liability	10-1-06 to 9-30-07	1,000,000	
	Deductible		10,000	
	Real and Personal	10-1-06 to 9-30-07		
	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		50,000
		Wastewater Administration Building		293,100
		Administration Building contents		50,000
		Wastewater Treatment Buildings		1,932,000
	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, 2007**

Insurer	Risk Covered	Period Covered	Amount of Insurance
	Real and Personal - continued		
Texas Municipal League	Police Radio Antenna		\$ 100,000
	Computer Equipment		1,366,088
	Community Center Building - Keltys		218,600
	Community Center Building - Keltys - contents		6,000
	Community Center Building - Pershing		211,500
	Community Center Building - Pershing contents		6,000
	Downtown Center contents		33,000
	Maintenance Garage contents		220,000
	Fire Station 1		552,300
	Fire Station 1 contents		115,000
	Fire Station 3		260,400
	Fire Station 3 contents		25,500
	Fire Station 4		251,500
	Fire Station 4 contents		102,000
	Fire Station 5		233,700
	Fire Station 5 contents		29,600
	Fire Station 6		2,802,100
	Fire Station 6 contents		29,600
	Goldstar EMS Building		216,300
	Goldstar EMS Building contents		61,300
	Southbase Police Office		160,000
	Small Animal Building - Zoo		280,500
	Entrance Gift/Food Concession Zoo		88,800
	Hippo Pool Zoo		692,800
	Large Cat Exhibit Zoo		250,000
	Office/Residence Zoo		107,600
	Clinic/Isolation Zoo		100,200
	Necropsy/Freezer Zoo		52,700
	Giraffe/Rhino Exhibit Zoo		138,800
	Admissions/Restroom		108,300
	Entrance Cover/Zoo Circle		3,200
	Hippoquarium Building		53,100
	Hippoquarium Shelter		1,900
	Hippoquarium Shelter		2,200
	Giraffe/Rhino Exhibit Shelter		3,400
	Giraffe/Rhino Exhibit Shelter		2,400
	Giraffe/Rhino Exhibit Shelter		2,300
	Old City Hall 210 E. Lufkin Ave.		599,400

**CITY OF LUFKIN, TEXAS
INSURANCE COVERAGE - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

Insurer	Risk Covered	Period Covered	Amount of Insurance	
Texas Municipal League	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	10-1-06 to 9-30-07	
		John Deere Excavator - 1994		132,295
		Wirtgen asphalt milling machine		210,000
		Gradall Excavator - 2000		178,421
		Alamo Mower - 2001		70,299
		John Deere Backhoe - 2003		61,294
		John Deere Backhoe		16,000
		New Holland Tractor		15,232
		New Holland Tractor		16,000
		Ford Tractor		27,000
		Kubota Tractor		20,450
		Volvo Wheel Loader		73,218
		Mustang Cat Motorgrader		151,064
		John Deere Tractor		11,238
		John Deere Tractor		23,415
		Graco Line Marker		6,024
		Ferris Mower		10,530
		Dura Grinder		417,120
		Gradall Excavator		223,536
		EZ-GO Golf Cart		6,792
		John Deere Tractor		13,449
		Kawasaki Utility Vehicle		7,837
		Kawasaki Utility Vehicle		7,762
		Deductible		2,500
		Auto Physical Damage	10-1-06 to 9-30-07	
	Deductible each vehicle		500	
	Deductible per occurrence		10,000	
Deep East Texas Self Insurance Fund	Workers' Compensation		Statutory	

