

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 SEVEN 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>	<u>2008</u>
Governmental Activities							
Invested in capital assets, net of related debt	\$ 29,190	\$ 32,838	\$ 35,708	\$ 38,879	\$ 43,174	\$ 37,214	\$ 50,394
Restricted	8,359	8,944	4,940	4,757	3,104	7,344	3,155
Unrestricted	13,848	9,897	13,757	14,687	14,040	14,651	11,788
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>	<u>\$ 65,337</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 33,534	\$ 32,879	\$ 35,624	\$ 34,552	\$ 36,829	\$ 40,063	\$ 44,884
Restricted	10,096	10,815	8,218	14,102	14,980	8,515	7,191
Unrestricted	5,642	7,814	10,150	8,622	5,630	12,698	8,362
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>	<u>\$ 60,437</u>
Primary government							
Invested in capital assets, net of related debt	\$ 62,724	\$ 65,717	\$ 71,332	\$ 73,431	\$ 80,003	\$ 77,277	\$ 95,278
Restricted	18,455	19,759	13,158	18,859	18,084	15,859	10,346
Unrestricted	19,490	17,711	23,907	23,309	19,670	27,349	20,150
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>	<u>\$ 125,774</u>

Note: The City implemented GASB 34 in 2002. Information for fiscal years 1999-2001 was reported using the prior reporting model.

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

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 1,633	\$ 1,759	\$ 1,760	\$ 1,747	\$ 1,786	\$ 2,457	\$ 3,572
Public safety	12,681	13,087	13,109	12,771	13,104	15,493	17,327
Cultural and recreation	3,960	3,994	4,123	4,367	4,575	4,757	4,960
Planning and community development	374	390	305	457	338	351	341
Public works	3,017	3,280	4,075	3,401	3,391	3,629	4,454
Non-departmental	216	195	300	181	239	-	-
Interest and fiscal charges	1,144	1,560	1,718	1,883	1,851	1,947	2,108
Total governmental activities expenses	23,025	24,265	25,390	24,807	25,284	28,634	32,762
Business-type activities:							
Water and sewer	10,631	10,318	11,381	12,811	12,166	13,151	12,844
Solid waste disposal	4,246	4,448	5,025	5,451	5,655	6,051	7,163
Total business-type activities expenses	14,877	14,766	16,406	18,262	17,821	19,202	20,007
Total primary government expenses	\$ 37,902	\$ 39,031	\$ 41,796	\$ 43,069	\$ 43,105	\$ 47,836	\$ 52,769
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 139	\$ 71	\$ 257	\$ 48	\$ 221	\$ 151	\$ 104
Public safety	2,345	2,253	3,267	268	819	2,494	3,222
Cultural and recreation	1,453	1,018	976	1,166	1,293	1,291	1,446
Planning and community development	3	2	1	4	4	4	2
Public works	(2)	47	112	32	112	107	51
Operating grants and contributions	488	1,078	369	1,122	807	292	1,936
Capital grants and contributions	1,900	541	809	1,748	671	18	3,395
Total governmental activities program revenues	6,326	5,010	5,791	4,388	3,927	4,357	10,156
Business-type activities:							
Charges for services:							
Water and sewer	16,646	12,141	12,982	13,975	13,712	13,379	14,114
Solid waste disposal	5,142	5,406	5,934	6,032	5,938	5,613	5,818
Capital grants and contributions	(1,900)	115	890	2,200	-	2	49
Total business-type activities program revenues	19,888	17,662	19,806	22,207	19,650	18,994	19,981
Total primary government program revenues	\$ 26,214	\$ 22,672	\$ 25,597	\$ 26,595	\$ 23,577	\$ 23,351	\$ 30,137

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

Fiscal Year	Property Tax	Sales Tax	Franchise Taxes	Mixed Beverage Tax	Other 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	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
2008	9,358	11,122	2,851	86	784	24,203

Source: City of Lufkin accounting records

Note: The City implemented GASB 34 in 2002. Information for fiscal years 1999 - 2001 was reported using the prior reporting model.

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

	Fiscal Year									
	<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>	<u>2008</u>
General Fund										
Reserved	\$ 62	\$ 29	\$ 30	\$ 30	\$ 54	\$ 63	\$ 57	\$ 64	\$ 114	\$ 145
Unreserved	7,308	8,094	8,756	8,564	7,528	8,371	9,632	11,201	11,349	11,156
Total general fund	<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>	<u>\$ 11,301</u>
All other governmental funds										
Reserved - debt service	\$ 192	\$ 556	\$ 1,125	\$ 1,871	\$ 1,882	\$ 2,089	\$ 2,219	\$ 2,395	\$ 2,364	\$ 1,582
Unreserved, reported in:										
Special revenue funds	1,335	1,669	1,407	1,398	1,744	1,867	2,477	2,121	2,765	2,097
Capital projects funds	2,902	4,983	2,850	6,488	7,062	2,850	2,538	710	4,980	1,573
Total all other governmental funds	<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>	<u>\$ 5,252</u>

Source: City of Lufkin accounting records

CITY OF LUFKIN, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<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>	<u>2008</u>
Revenues										
Taxes	\$ 16,490	\$ 17,675	\$ 17,984	\$ 19,089	\$ 19,310	\$ 20,248	\$ 21,578	\$ 22,853	\$ 23,397	\$ 24,203
Licenses and permits	294	299	217	200	277	264	198	284	253	387
Fines and forfeitures	502	702	724	846	709	759	667	767	728	1,018
Charges for services	1,680	1,389	1,331	1,335	1,476	1,536	1,841	1,822	2,184	2,710
Interest income	620	1,075	1,574	542	313	181	551	789	1,172	796
Intergovernmental	2,460	3,041	3,376	2,962	4,027	3,427	5,395	4,289	2,611	7,099
Other revenues	2,094	651	951	1,117	578	1,025	601	952	755	1,472
Total revenues	24,140	24,832	26,157	26,091	26,690	27,440	30,831	31,756	31,100	37,685
Expenditures										
General government	2,511	2,641	2,570	2,721	2,686	2,593	2,859	2,992	3,464	4,686
Public safety	10,439	10,062	11,047	12,188	12,589	12,501	13,662	13,654	14,075	17,357
Cultural and recreation	3,060	2,471	3,809	3,958	3,799	4,888	3,774	4,190	4,181	4,480
Planning and community development	326	401	389	354	379	287	428	319	334	324
Public works	3,760	3,514	4,163	3,892	4,400	7,042	3,875	4,155	4,135	5,889
Non-departmental	744	585	779	201	195	332	192	239	-	-
Debt service:										
Principal	1,410	2,366	1,645	1,631	1,830	2,487	2,609	2,899	3,206	4,141
Interest and fiscal charges	839	1,018	958	1,166	1,788	1,645	1,890	1,815	1,746	2,002
Bond issuance costs	-	-	-	-	-	-	-	-	90	-
Capital outlay	4,696	3,591	4,208	4,779	5,611	-	7,602	2,313	2,633	7,177
Total expenditures	27,785	26,649	29,568	30,890	33,277	31,775	36,891	32,576	33,864	46,056
Excess of revenues over (under) expenditures	(3,645)	(1,817)	(3,411)	(4,799)	(6,587)	(4,335)	(6,060)	(820)	(2,764)	(8,371)

Other financing sources (uses)

Capital lease proceeds	-	-	417	242	543	120	302	258	-	-
Note proceeds	-	-	-	-	-	-	-	-	-	746
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)	1,087
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Transfers in	881	1,640	1,600	657	787	1,459	1,289	1,981	2,563	3,735
Transfers out	-	(755)	(1,159)	(454)	(274)	(273)	(119)	(948)	(1,143)	(2,216)
Total other financing sources (uses)	1,711	5,347	858	10,372	6,506	1,306	7,472	1,291	7,846	3,352
Net change in fund balances	\$ (1,934)	\$ 3,530	\$ (2,553)	\$ 5,573	\$ (81)	\$ (3,029)	\$ 1,412	\$ 471	\$ 5,082	\$ (5,019)

Debt service as a percentage of noncapital expenditures

9.74%	14.68%	10.26%	10.71%	13.08%	13.00%	15.36%	15.58%	16.58%	16.44%
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Source: City of Lufkin Accounting records

CITY OF LUFKIN, TEXAS
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
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
2008	9,360	11,122	2,851	86	784	24,203

Source: City of Lufkin Accounting records

**CITY OF LUFKIN, TEXAS
SALES TAX HISTORICAL INFORMATION
LAST SIX FISCAL YEARS**

Fiscal Year	Tax Rate			# of Outlets		Sales Information				
	Regular Rate	Property Tax Relief Rate	Economic/Industrial Dev Sec 4B Rate	Total Rate	Average Outlets	% Chg Prior yr	Gross Sales (000's)	Taxable Sales (000's)	% Chg Prior yr Tax Sales	Taxable Sales as % of Gross Sales
2003	1.000%	0.500%	0.000%	1.500%	1,381		2,117,159	559,745		26.44%
2004	1.000%	0.500%	0.000%	1.500%	1,387	0.45%	2,124,121	584,473	4.42%	27.52%
2005	1.000%	0.375%	0.125%	1.500%	1,428	2.99%	2,384,016	614,231	5.09%	25.76%
2006	1.000%	0.375%	0.125%	1.500%	1,412	-1.17%	2,509,814	699,632	13.90%	27.88%
2007	1.000%	0.375%	0.125%	1.500%	1,402	-0.67%	2,515,675	777,475	11.13%	30.91%
2008	1.000%	0.375%	0.125%	1.500%	1,427	1.78%	2,783,423	771,106	-0.82%	27.70%

**TAXABLE SALES BY INDUSTRY
LAST SIX FISCAL YEARS**

Fiscal Year	Taxable Sales by Industry					
	Manufacturing (000's)	Retail Trade (000's)	Accommodation (000's)	Food Service (000's)	Wholesale Trade (000's)	Misc (1) (000's)
2003	35,030	263,053	66,231	29,715	102,472	63,244
2004	33,731	281,936	70,951	31,349	99,277	67,229
2005	33,372	305,687	78,468	34,024	92,689	69,991
2006	44,796	381,312	85,737	46,504	84,684	56,599
2007	41,487	425,475	91,902	43,337	80,881	94,392
2008	37,719	430,941	95,650	53,825	68,809	84,162

(1) Miscellaneous includes construction, transportation/warehousing, education, finance/insurance, and other industries
Source: Texas Comptroller Public Accounts website

(2) Third Quarter 2008 is estimated because data is not available until March 2009

Note: Information prior to FY 2003 is not available

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	Property	Property					
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%
2008	658,775	692,076	505,176	15	-	-	151,349	1,704,693	0.05554	1,856,042	91.85%

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	
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	1.04000	0.07000	1.11000	
2008	0.35320	0.20220	0.55540	1.04000	0.11300	1.15300	

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	
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	2.23610
2008	0.46120	-	0.46120	0.10180	0.03570	0.13750	2.30710

Source: Angelina County Tax Assessor's Office

CITY OF LUFKIN, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
SEPTEMBER 30, 2008
(amounts expressed in thousands)

<u>Taxpayer</u>	<u>2008</u>			<u>2000</u>		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lufkin Industries	\$ 62,961	1	3.69%	\$ 62,139	1	4.98%
Consolidated Communications of Texas	29,087	2	1.71%	-		
Brookshire Brothers, Inc.	28,427	3	1.67%	24,994	4	2.00%
Oncor Electric Delivery Co	22,997	4	1.35%			
Pilgrim Industries, Inc.	20,925	5	1.23%	12,637	7	1.01%
Pineywoods Health Care Systems	20,236	6	1.19%	-		
Piney Woods Healthcare System LP	18,750	7	1.10%	-		
Texas Foundries LTD	17,350	8	1.02%	42,995	2	3.44%
Lufkin GKD Partners LP	15,244	9	0.89%	-		
Georgia Pacific Corp	14,192	10	0.83%	12,220	8	98.00%
TXU Communications Co.	-			30,487	3	2.44%
TXU Electric Delivery	-			17,846	5	1.43%
Brookshire Bros. LTD	-			15,916	6	1.27%
Lowe's 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)

<u>Fiscal Year</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1999	\$ 5,517	\$ 5,398	97.84%	\$ 101	\$ 5,499	99.67%
2000	5,966	5,810	97.39%	118	5,928	99.36%
2001	6,159	5,986	97.19%	142	6,128	99.50%
2002	6,709	6,513	97.08%	151	6,664	99.33%
2003	7,381	7,161	97.02%	166	7,327	99.27%
2004	7,783	7,597	97.61%	121	7,718	99.16%
2005	8,310	8,111	97.61%	102	8,213	98.83%
2006	8,777	8,558	97.50%	73	8,631	98.34%
2007	8,803	8,615	97.86%	39	8,654	98.31%
2008	9,292	9,125	98.20%	-	9,125	98.20%

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	Notes Payable	Water Works and Sewer System Bonds	Notes Payable	Capital Leases			
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
2008	18,185	24,450	-	746	11,690	527	-	55,598	7.70%	1,629.44

¹ See the Schedule of Demographic and Economic Statistics on page 115 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
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
2008	18,185	1,582	16,603	0.89%	486.59

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 106 for property value data.

² See the Schedule of Demographic and Economic Statistics on page 115 for personal income and population data.

CITY OF LUFKIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2008
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
City of Lufkin	\$ 42,635	100.00%	\$ 42,635
Overlapping:			
Angelina County	16,037	52.23%	8,376
Angelina County Junior College District	16,820	52.23%	8,785
Hudson Independent School District	23,280	15.95%	3,713
Lufkin Independent School District ⁽¹⁾	<u>30,970</u>	69.24%	<u>21,444</u>
Total	<u><u>\$ 129,742</u></u>		<u><u>\$ 84,953</u></u>

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

(1) Lufkin ISD audit has not been finalized, this is a preliminary amount.

CITY OF LUFKIN, TEXAS
LEGAL DEBT MARGIN INFORMATION
SEPTEMBER 30, 2008

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, 2008 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
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
2008	14,791	11,091	3,700	740	433	3.17

¹ Excludes depreciation

**CITY OF LUFKIN, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST NINE 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
2008	34,121	721,659	21.15	35.3	13.1	8,514	4.6

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.

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

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

Employer	2008			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lufkin Industries	1000+	1	4.56%	1000+	1	4.68%
Pilgrim's Pride	1000+	2	4.42%	1000+	3	4.27%
Lufkin ISD	1000+	3	3.91%	1000+	2	4.64%
Memorial Health Systems	1000+	4	3.53%	1000+	4	3.24%
Lufkin State School	1000+	5	2.84%	1000+	5	3.16%
Angelina College	500-999	6	2.72%	500-999	7	2.72%
Temple-Inland Forest Products	500-999	7	2.37%	1000+	6	3.11%
Woodland Heights Medical Center	500-999	8	1.83%	500-999	9	1.91%
Brookshire Brothers	500-999	9	1.80%			
Burke Center	500-999	10	1.62%	500-999	8	2.21%
Citation Corporation				500-999	10	1.71%

Source: Angelina County Chamber of Commerce

CITY OF LUFKIN, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN 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>	<u>2008</u>
General government	22	23	23	23	24	21	21	22	22	22
Public Safety										
Police										
Officers	68	72	79	79	79	78	78	77	77	76
Civilians	39	39	39	38	38	36	35	34	39	39
Fire										
Officers	85	75	75	75	83	80	80	75	77	77
Civilians	5	5	5	5	5	5	5	5	5	5
Cultural and recreation	48	45	53	54	56	54	55	57	58	58
Community development	7	7	6	6	6	6	6	8	7	7
Public works	56	60	60	60	59	57	57	57	56	56
Water	30	33	33	34	34	32	32	28	33	33
Sewer	42	42	42	43	41	40	40	34	42	42
Solid waste	29	30	31	31	31	36	36	32	36	36
Total	431	431	446	448	456	445	445	429	452	451

Source: City of Lufkin Budget Document

**CITY OF LUFKIN, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST NINE 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>	<u>2008</u>
Police									
Physical arrests	2,020	2,108	2,813	2,404	1,920	1,720	1,695	1,935	2,210
Parking violations	2,460	2,841	1,002	983	768	615	2,229	2,087	1,319
Traffic violations	15,755	15,755	15,463	14,115	12,476	10,744	13,180	9,390	10,208
Fire									
Number of calls answered	1,367	1,378	1,242	1,242	1,131	1,392	1,074	1,227	1,322
Inspections	824	807	922	922	1,517	1,116	1,253	1,055	578
Highways and streets									
Street resurfacing (miles)	9	9	9	9	9	9	5	3	5
Potholes repaired	n/a	n/a	n/a	n/a	n/a	1,755	1,955	1,402	1,385
Sanitation									
Refuse collected (cu yd/day) ⁽¹⁾	707	706	718	772	829	870	264	276	972
Recyclables collected (tons/day)	4	4	4	4	4	4	37	12	7
Cultural and recreation									
Community center rentals	571	521	704	686	604	426	273	385	413
Water									
New connections	n/a	34	0	256	308	28	166	156	176
Water mains breaks	1,200	1,150	1,250	1,100	1,100	1,000	1,000	682	650
Average daily consumption (thousands of gallons)	8,890	8,890	8,890	7,606	8,274	8,274	9,183	8,097	7,806
Wastewater									
Average daily sewage treatment (thousands of gallons)	5,530	6,212	6,151	5,961	6,672	6,452	6,158	6,491	8,353

Source: Various city departments

(1) Methodology for measuring changed in 2006 and 2007 to tons/day and reverted back to cubic yards/day in 2008.

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

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

Function	Fiscal Year								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety:									
Police									
Stations	2	2	2	2	2	2	2	2	2
Patrol Units	17	21	19	19	18	19	19	19	19
Fire									
Fire Stations	5	5	5	5	5	5	5	5	5
Sanitation									
Collection trucks	21	21	21	21	21	21	20	21	19
Highways and streets									
Streets (miles)	258	258	258	258	258	270	270.5	280.3	281.6
Streetlights	3,297	3,297	3,297	3,297	3,297	3,568	3,568	3,568	3,642
Traffic signals	2	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	653.0
Parks	16	16	16	16	17	17	16	16	16
Swimming pools	2	2	2	2	2	2	2	1	1
Tennis courts	13	13	13	13	13	13	11	11	13
Community centers	2	2	2	2	2	2	2	3	3
Water									
Water mains (miles)	291	291	673	678	678	678	678	679	679
Fire hydrants	812	830	1,200	1,250	1,298	1,321	1,416	1,479	1,536
Maximum daily capacity in thousands of gallons	17,000	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	268.7
Storm sewers (miles)	12.4	12.4	12.4	13.5	13.5	13.5	13.5	15.3	16.5
Maximum daily treatment capacity in thousands of gallons	11,300	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 1999.

**CITY OF LUFKIN, TEXAS
WATER, SEWER AND SANITATION RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Approved Rates

The monthly billing rates for water, sewer, and sanitation services as approved by the City Council effective October 1, 2008 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, 2008**

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, 2008**

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 usage > 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, 2008**

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, \$ 9.50

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

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

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, 2008:</u>	<u>Water</u>	<u>Sewer</u>
Number of metered customers	15,067	12,324
Gallons of water pumped	3,176,178,687	-
Gallons of water sold	2,362,340,760	-

**CITY OF LUFKIN, TEXAS
INSURANCE COVERAGE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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	10-1-07 to 9-30-08	3,000,000	
	Deductible		2,500	
	Auto Liability	10-1-07 to 9-30-08	1,000,000	
	Deductible		10,000	
	Law Enforcement Liability	10-1-07 to 9-30-08	1,000,000	
	Deductible		10,000	
	Errors and Omissions Liability	10-1-07 to 9-30-08	1,000,000	
	Deductible		10,000	
	General Liability	10-1-07 to 9-30-08	1,000,000	
	Deductible		10,000	
	Real and Personal	10-1-07 to 9-30-08		
	Deductible		2,500	
		City Hall/Police		6,813,700
		City Hall/Police contents		729,004
		Civic Center		5,014,500
		Civic Center contents		350,000
		City Hall Annex		302,400
		City Hall Annex contents		25,000
		Fine Arts		480,450
		Sewer Treatment Plant		790,144
		Recycling Building		516,400
		Recycling Building contents		50,000
		Wastewater Administration Building		384,100
		Administration Building contents		50,000
		Wastewater Treatment Buildings		2,060,900
		Solid Waste Building		664,900
		Solid Waste Building contents		10,000
		Animal Control		930,200
		Animal Control contents		10,000
		Animal Control Barn		29,700
		Kurth Memorial Library		6,383,000

**CITY OF LUFKIN, TEXAS
INSURANCE COVERAGE - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Insurer	Risk Covered	Period Covered	Amount of Insurance
Texas Municipal League	Real and Personal - continued		
	Kurth Memorial Library contents		\$ 2,368,831
	Police Radio Antenna		100,000
	Computer Equipment		1,366,088
	Community Center Building - Keltys		227,400
	Community Center Building - Keltys - contents		6,000
	Community Center Building - Pershing		237,700
	Community Center Building - Pershing contents		6,000
	Downtown Center		1,141,100
	Downtown Center contents		33,000
	Maintenance Garage contents		220,000
	Fire Station 1		636,500
	Fire Station 1 contents		115,000
	Fire Station 3		300,000
	Fire Station 3 contents		25,500
	Fire Station 4		1,034,100
	Fire Station 4 contents		124,000
	Communication Tower		45,600
	Fire Station 2815 S. John Redditt		289,800
	Fire Station 2815 S. John Redditt contents		102,000
	Fire Station 5		269,300
	Fire Station 5 contents		29,600
	Fire Station 6		2,875,700
	Fire Station 6 contents		29,600
	Goldstar EMS Building		249,200
	Goldstar EMS Building contents		61,300
	Southbase Police Office		160,000
	Small Animal Building - Zoo		291,900
	Entrance Gift/Food Concession Zoo		92,600
	Hippo Pool Zoo		692,800
	Large Cat Exhibit Zoo		250,000
	Office/Residence Zoo		111,600
	Clinic/Isolation Zoo		104,200
	Necropsy/Freezer Zoo		55,300
Giraffe/Rhino Exhibit Zoo		143,200	
Admissions/Restroom		113,600	
Entrance Cover/Zoo Circle		3,300	
Hippoquarium Building		54,700	
Hippoquarium Shelter		2,000	

**CITY OF LUFKIN, TEXAS
INSURANCE COVERAGE - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Insurer	Risk Covered	Period Covered	Amount of Insurance	
Texas Municipal League	Real and Personal - continued			
	Hippoquarium Shelter		\$ 2,300	
	Giraffe/Rhino Exhibit Shelter		3,600	
	Giraffe/Rhino Exhibit Shelter		2,400	
	Giraffe/Rhino Exhibit Shelter		2,400	
	Old City Hall 210 E. Lufkin Ave.		628,900	
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		10,000	
	(\$250.00 each)			
	Mobile Equipment	10-1-07 to 9-30-08		
	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		

**CITY OF LUFKIN, TEXAS
INSURANCE COVERAGE - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Insurer	Risk Covered	Period Covered	Amount of Insurance
Texas Municipal League	Coverage Extensions - continued		
		Kawasaki Utility Vehicle	\$ 7,762
		John Deere Excavator	47,605
		John Deere Skid Steer Loader	27,600
		John Deere 2000 LC	156,308
		John Deere Backhoe	70,651
		John Deere Backhoe	61,888
		John Deere Backhoe	70,651
		Case Forklift	45,374
		John Deere Tractor Loader	18,065
		Deductible	2,500
	Auto Physical Damage	10-1-07 to 9-30-08	
	Deductible each vehicle		500
	Deductible per occurrence		10,000
Deep East Texas Self Insurance Fund	Workers' Compensation		Statutory

