

CITY OF BORGER
BORGER, TEXAS
YEAR ENDED SEPTEMBER 30, 2003
(With Auditor's Report Thereon)

CITY OF BORGER, TEXAS
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SEPTEMBER 30, 2003

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FINANCIAL SECTION:

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Independent Auditor's Report

The Honorable Mayor Judy Flanders
and City Council
City of Borger
Borger, Texas

We have audited the accompanying basic financial statements of the City of Borger, Texas, as of and for the year ended September 30, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the City of Borger, Texas. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Borger, Texas, as of September 30, 2003, and the results of its operations and cash flows of its proprietary fund for the year then ended in conformity with accounting principles, generally accepted in the United States of America.

It is further our opinion that the accounting and insurance requirements of the bond ordinance, under which the City's various revenue bonds were issued, have been met.

As described in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments: Omnibus; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial statements, as of October 1, 2001. This results in a change in the format and content of the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of City of Borger, Texas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Charles Gary Murrow, CPA, PLLC

December 4, 2003

Required Supplementary Information:

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, I, the city manager of the City of Borger, discuss and analyze the City's financial performance for the fiscal year ended September 30, 2003. The independent auditors' report on page 1, and the City's Basic Financial Statements that begin on page 10.

FINANCIAL HIGHLIGHTS

During the year, the City had expenses that were \$46,667 less than the \$10,776,483 generated in tax and other revenues for governmental and business like operations.

The General Fund ended the year with a fund balance of \$811,077.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the City of Borger as a whole and present a longer-term view of the City's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the City were sold to departments within the City or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the City.

The notes to the financial statements (starting on page 21) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the City's individual funds.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the City's overall financial condition and operations begins on page 2. Its primary purpose is to show whether the City is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the City's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the City's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The City's revenues are divided into those provided by outside parties who share the costs of some programs, such as school resource officers, DARE officers, Regional Solid Waste Management grant and other such programs. All the City's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the City's net assets and changes in them. The City's net assets (the difference between assets and liabilities) provide one measure of the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the City, however, you should consider non-financial factors as well, such as changes in the City's property tax base, strength of the local economy and the condition of the City's facilities.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two types of activities:

- **Governmental activities**—Most of the City's basic services are reported here, including general government, fire protection, policing, solid waste management, administrative functions and municipal court. Property taxes, sales and hotel taxes, fees, industrial district contracts, investment earnings and state and federal grants finance most of these activities.
- **Business-type activities**—The City charges a fee to "customers" to help it cover all or most of the cost of such services as water and wastewater services.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the City as a whole. Laws and contracts require the City to establish some funds, such as funds received under the Municipal Court Security Fees, Court Technology Fees, TX Dot grants and for grants such as the Regional Task Force program. The City's administration establishes many other funds to help it control and manage money for particular purposes (like park improvement activities). The City's two kinds of funds—governmental and business type—use different accounting approaches.

- **Governmental funds**—Most of the City's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- **Business type funds**—The City reports the activities for which it charges users (whether outside customers or other units of the City) in business type funds using the same accounting methods employed in the Statement of Net Assets and the Statement of Activities. These are business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for money raised by citizen donations for the park programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 20. We exclude these resources from the City's other financial statements because the City cannot use these assets to finance its operations. The City is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City implemented GASB Statement #34 in the previous year. In future years, we will present both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the City's governmental and business-type activities.

Net assets of the City's governmental activities increased from \$16,436,994 to \$16,483,661. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$1,551,941 at September 30, 2003. This increase in governmental net assets was the result of three factors. First, the City's revenues exceeded the expenditures by about \$46,667. Second, the City paid bonds and other long-term debt in the amount of \$354,515 and acquired capital assets in the amount of \$445,715. Third, the City recorded depreciation in the amounts of \$338,915.

In 2003, net assets of our business-type activities increased by \$57,582. This is relatively insignificant to the overall operations of the City.

Table I
CITY OF BORGER

NET ASSETS

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Current and other assets	1,592,677	1,336,324	2,929,001
Capital assets – NET	5,401,720	23,745,502	29,147,312
Total assets	6,994,397	25,081,916	32,076,313
Long-term liabilities	1,226,371	12,513,358	13,739,729
Other liabilities	927,545	925,378	1,852,923
Total liabilities	2,153,916	13,438,736	15,592,652
Net Assets:			
Invested in capital assets net of related debt	3,880,328	9,439,578	13,319,906
Restricted	507,852	1,103,962	1,611,814
Unrestricted	452,301	1,099,640	1,551,941
Total net assets	4,840,481	11,643,180	16,483,661

Table II
CITY OF BORGER

CHANGES IN NET ASSETS

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Revenues:			
Program Revenues:			
Charges for Services	2,009,187	4,445,869	6,455,056
Operating grants and contributions	155,953		155,953
General Revenues:			
Maintenance and operations taxes	1,233,065		1,233,065
Debt service taxes	202,572		202,572
Motel Taxes	66,446		66,446
Sales and Use Taxes	1,882,869		1,882,869
Gross Receipts Tax	528,253		528,253
Grants and Contributions not restricted to specific functions	12,466		12,466
Industrial City Contracts	375,534		375,534
Investment Earnings – Unrestricted	17,868		17,868
Special Items:			
Gain on Sale of Assets	1,177	1,177	2,354
Transfers-Internal Activity	300,000	(300,000)	0
Transfers – Operating	0	0	0
Total Revenue	6,785,390	4,147,046	10,932,436
Expenses:			
General Government	568,925		568,925
Public Safety and Judiciary	4,512,350		4,512,350
Transportation	630,734		630,734
Cultural, Parks and Recreation	604,594		604,594
Community Development	382,633		382,633
Unallocated Interest Expense	97,069		97,069
Other business-type activities		4,089,464	4,089,464
Total Expenses	6,796,305	4,089,464	10,885,769
Change in Net Assets	(10,915)	57,582	46,667
Net assets at 10/1/02	4,851,396	11,585,598	16,436,994
Net assets at 9/30/03	4,840,481	11,643,180	16,483,661

The cost of all governmental activities this year was \$6.8 million compared to \$6.5 million last year. However, as shown in the Statement of Activities on pages 11, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$1.4 million because some of the costs were paid by those who directly benefited from the programs (\$6.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$.156 million).

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$4.84 million, which is slightly above last year's total of \$4.85 million. Included in this year's total change in fund balance is a decrease of \$10,000 in the City's General Fund. The primary reasons for the General Fund's loss mirror the governmental activities analysis highlighted on page 11.

Over the course of the year, the City did amend the City's budget. These amendments were primarily for the Parks Department and Street Department for the swimming pool repairs and completion of the animal control facility construction. A few minor amendment were made from various departments for the purpose of accounting housekeeping.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2003, the City had \$32,076,313 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, recreation, administration, and maintenance.

This year's major additions included:

Fire Department	237,115
Pumper Fire Truck – Paid with Loan Proceeds	
Street Department	49,910
Dump Truck – Paid for with Loan Proceeds	
Police Department	67,450
Two patrol vehicles – Paid for with Loan Proceeds	
Copier – Paid with Capital Lease Program	
Animal Control Department	17,378
Animal Shelter Construction completion	
Paid for with general funds	
	<hr/>
Totaling	\$371,853

The City's fiscal year 2003 capital budget calls for additional expenditures of \$1.25 million for various water and wastewater projects. The additional debt to finance these projects is provided for by the refinancing of the current bonds with the addition of this \$1.25 million. Please note that this refinancing is at a lower interest rate and has extended the maturity dates but has lowered the annual payment amount by approximately \$300,000 annually. Detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Debt

At year-end, the City had \$14,181,695 in bonds and notes outstanding versus \$13,963,108 last year—an increase of 2 percent. \$1.25 million was issued during the year.

More detailed information about the City's long-term liabilities is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2003 budget, tax rates. One of those factors is the economy. The City's population during 1998–2003 has decreased approximately 3%. However, unemployment during that time has decreased from 9.9 percent in September of 2000 to 7.3 percent in September of 2003. More recently, however, unemployment has decreased as of October 2003 and stands at 6.6 percent. This compares with the State's unemployment rate of 6.1 percent and the national rate of 5.6 percent for the end of the fiscal year. In regard to the Amarillo MSA, the unemployment rates for the same period of time were at 3.6 percent reflecting an increase of .1 percent. This reflects that the economy is stronger in the region than in the City.

These indicators were taken into account when adopting the new budget for 2004. Amounts available for appropriation in the General Fund budget are \$6,350,479, a decrease of 4.6 percent over the final 2003 budget of \$6,659,074. The City will use its revenues to finance programs we currently offer. Budgeted expenditures are expected to decrease 4.6 percent and balance the 2004 budget. Administrative cutbacks pertaining to reorganizing departments and a hiring freeze implemented for non-public safety employees attribute to the decrease in expenditures. The City has neither added nor subtracted any major programs or initiatives to the 2004 budget.

The new budget also includes the Business-Like Fund and appropriates \$5,395,740 compared to the previous year of \$4,934,944. This is an increase of \$460,796. Within this fund, we have a subcategory fund identified as the construction fund and will spend approximately \$847,119 for capital improvements such as a new lift station to be located on highway 136, the renovation of another lift station located near Yucca Park and the painting of a ground storage tank located at the water treatment facility. These construction funds were secured during the refinancing project that took place in late September 2002. Without the addition of the capital improvements funds, the appropriations would be \$4,548,621, which reflects a decrease of 11.9 percent compared to the 2003 budget. This is a substantial decrease within the Business-Like Fund.

If these estimates are realized, the City's budgetary General Fund balance is expected to remain the same at the close of 2004. More importantly, however, this will have been accomplished in spite of unfunded mandates for the Federal and State government. Some of these mandates affect the planning and zoning departments in reference to building codes, storm water permits, mandatory staffing requirements for firefighting and asbestos abatement for condemned property. In the event of any national, state, economic or natural catastrophe, management will adjust and maintain necessary services while cutting expenditures and capital projects.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager, at The City of Borger, 600 N. Main, PO Box 5250 Borger, Texas.
806-273-0905

CITY OF BORGER, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 548,539	\$ 800	\$ 549,339
Investments	886,806	496,685	1,383,491
Interest Receivable	1,634	1,137	2,771
Accounts Receivable-Net	87,686	837,702	925,388
Inventory	68,012	0	68,012
Total Current Assets	<u>1,592,677</u>	<u>1,336,324</u>	<u>2,929,001</u>
NonCurrent Assets:			
Restricted Assets:			
Investments	0	845,116	845,116
Unamortized Bond Issued Costs	0	426,350	426,350
Capital Assets-Net	5,401,720	22,474,126	27,875,846
Total Noncurrent Assets	<u>5,401,720</u>	<u>23,745,592</u>	<u>29,147,312</u>
TOTAL ASSETS	\$ <u>6,994,397</u>	\$ <u>25,081,916</u>	\$ <u>32,076,313</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 538,076	\$ 49,613	\$ 587,689
Accrued Salaries	76,368	25,655	102,023
Accrued Interest Payable	16,047	30,656	46,703
Certificates of Obligation	0	75,000	75,000
Capital Lease Obligation	27,145	0	27,145
Notes Payable	124,909	15,209	140,118
Bonds Payable	145,000	355,000	500,000
Deferred Gain on Debt Retirement	0	112,145	112,145
CRMWA Bonds Payable	0	262,100	262,100
Total Current Liabilities	<u>927,545</u>	<u>925,378</u>	<u>1,852,923</u>
Noncurrent Liabilities:			
Customer Deposits Payable	2,033	298,264	300,297
Certificate of Obligations	0	1,120,000	1,120,000
Capital Lease Obligations	0	0	0
Notes Payable	209,338	2,535	211,873
Bonds Payable	1,015,000	4,205,000	5,220,000
Deferred Gain on Debt Retirement	0	1,560,686	1,560,686
CRMW Bonds Payable	0	5,326,873	5,326,873
Total Noncurrent Liabilities	<u>1,226,371</u>	<u>12,513,358</u>	<u>13,739,729</u>
TOTAL LIABILITIES	\$ <u>2,153,916</u>	\$ <u>13,438,736</u>	\$ <u>15,592,652</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt Restricted For:	\$ 3,880,328	\$ 9,439,578	\$ 13,319,906
Construction	73,159	0	73,159
Debt Service	9,902	805,698	815,600
Youth Facilities Projects	336,400	0	336,400
Other	88,391	298,264	386,655
Unrestricted	<u>452,301</u>	<u>1,099,640</u>	<u>1,551,941</u>
TOTAL NET ASSETS	\$ <u>4,840,481</u>	\$ <u>11,643,180</u>	\$ <u>16,483,661</u>

See accompanying notes to the basic financial statements.

CITY OF BORGER, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2003

FUNCTIONS/PROGRAM	PROGRAM REVENUES				NET (EXPENSE)/ REVENUE
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES:					
General Government:					
Vehicle Service Center	\$ 226,808	\$ 0	\$ 0	\$ 0	\$ (226,808)
Administration	197,682	87,714	0	0	(109,968)
Public Works Director	121,358	0	0	0	(121,358)
Data Processing	23,077	0	0	0	(23,077)
Total General Government	<u>568,925</u>	<u>87,714</u>	<u>0</u>	<u>0</u>	<u>(481,211)</u>
Public Safety and Judiciary:					
Legal	9,000	0	0	0	(9,000)
Police	1,693,706	216,165	115,906	0	(1,361,635)
Municipal Court	233,474	123,802	0	0	(109,672)
Fire	1,092,139	25,000	1,750	0	(1,065,389)
Animal Control	138,878	6,691	0	0	(132,187)
Code Enforcement	56,145	0	0	0	(56,145)
Refuse Collection	447,543	1,240,715	0	0	793,172
Recycling Center	8,981	0	0	0	(8,981)
Transfer Station	752,570	244,596	0	0	(507,974)
Building Standards	79,914	0	0	0	(79,914)
Total Public Safety and Judiciary	<u>4,512,350</u>	<u>1,856,969</u>	<u>117,656</u>	<u>0</u>	<u>(2,537,725)</u>
Transportation:					
Street and Alley Maintenance	554,651	4,318	0	0	(550,333)
Traffic Engineering	76,083	0	0	0	(76,083)
Total Transportation	<u>630,734</u>	<u>4,318</u>	<u>0</u>	<u>0</u>	<u>(626,416)</u>
Cultural, Parks and Recreation					
Parks	424,758	20,760	36,047	0	(367,951)
Swimming Pool	69,829	10,450	2,250	0	(57,129)
Recreation	110,007	0	0	0	(110,007)
Total Cultural, Parks and Recreation	<u>604,594</u>	<u>31,210</u>	<u>38,297</u>	<u>0</u>	<u>(535,087)</u>
Community Development:					
Planning and Zoning	273,341	28,976	0	0	(244,365)
Community Development	109,292	0	0	0	(109,292)
Total Community Development	<u>382,633</u>	<u>28,976</u>	<u>0</u>	<u>0</u>	<u>(353,657)</u>
Unallocated Interest Expense	97,069	0	0	0	(97,069)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 6,796,305	\$ 2,009,187	\$ 155,953	\$ 0	\$ (4,631,165)
BUSINESS--TYPE ACTIVITIES:					
Water and Sewer	\$ 4,089,464	\$ 4,445,869	\$ 0	\$ 0	\$ 356,405
Total Business--Type Activities	<u>\$ 4,089,464</u>	<u>\$ 4,445,869</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 356,405</u>
TOTAL	\$ 10,885,769	\$ 6,455,056	\$ 155,953	\$ 0	\$ (4,274,760)
NET (EXPENSE) REVENUE					
			\$ (4,631,165)	\$ 356,405	\$ (4,274,760)
GENERAL REVENUES:					
Taxes:					
Property Taxes, Levied for General Purposes			1,233,065	0	1,233,065
Property Taxes, Levied for Debt Service			202,572	0	202,572
Motel Taxes			66,446	0	66,446
Sales and Use Taxes			1,882,869	0	1,882,869
Gross Receipts Tax			528,253	0	528,253
Grants and Contributions Not Restricted to Specific Programs					
Industrial District Contract			12,466	0	12,466
Unrestricted Investment Earnings			375,534	0	375,534
Special Items:			17,868	0	17,868
Gain on Sale of Assets			1,177	1,177	2,354
Transfers--Internal Activity			300,000	(300,000)	0
Transfers--Operating			0	0	0
Total General Revenues and Transfers			<u>4,620,250</u>	<u>(298,823)</u>	<u>4,321,427</u>
Change in Net Assets			(10,915)	57,582	46,667
NET ASSETS, OCTOBER 1, 2002			<u>4,851,396</u>	<u>11,585,598</u>	<u>16,436,994</u>
NET ASSETS, SEPTEMBER 30, 2003			<u>\$ 4,840,481</u>	<u>\$ 11,643,180</u>	<u>\$ 16,483,661</u>

See accompanying notes to basic financial statements.

Fund Financial Statements:

CITY OF BORGER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003

	<u>GENERAL</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 474	\$ 4,874	\$ 5,348
Investments	782,399	9,407	791,806
Receivables – Net	87,678	8	87,686
Due From Other Funds	103,406	11,976	115,382
Total Assets	<u>\$ 973,957</u>	<u>\$ 26,265</u>	<u>\$ 1,000,222</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 67,619	\$ 0	\$ 67,619
Accrued Salaries Payable	76,368	0	76,368
Payable to Other Governments	16,930	0	16,930
Due to Other Funds	0	0	0
Escrow Deposits	2,033	0	2,033
Total Liabilities	<u>162,950</u>	<u>0</u>	<u>162,950</u>
Fund Balances:			
Reserved for:			
Construction	409,559	0	409,559
Debt Service	0	9,902	9,902
Other	104,403	16,363	120,766
Unreserved	297,045	0	297,045
Total Fund Balances	<u>811,007</u>	<u>26,265</u>	<u>837,272</u>
Total Liabilities and Fund Balances	<u>\$ 973,957</u>	<u>\$ 26,265</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$8,785,901.	\$ 5,401,720
Internal Service Funds, are used by management to charge the costs of certain activities, such as supplies and payroll, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	138,928
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,537,439)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,840,481</u>

See accompanying notes to the basic financial statements.

CITY OF BORGER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED SEPTEMBER 30, 2003

	GENERAL	OTHER GOVERNMENT FUNDS	TOTAL GOVERNMENT FUNDS
REVENUES			
Property Taxes	\$ 1,233,065	\$ 202,572	\$ 1,435,637
Sales Tax/Motel Tax	1,882,869	66,446	1,949,315
Gross Receipts Tax	528,253	0	528,253
Fees and Fines	329,168	9,629	338,797
License and Permits	35,667	0	35,667
Charges for Services	1,615,014	0	1,615,014
Intergovernmental	120,744	0	120,744
Investment Earnings	16,464	1,404	17,868
Water and Sewer Fund— Services Rendered	300,000	0	300,000
Industrial District Contract	375,534	0	375,534
Miscellaneous	41,861	0	41,861
Total Revenue	6,478,639	280,051	6,758,690
EXPENDITURES			
Current:			
Administration	162,410	0	162,410
Animal control	136,713	0	136,713
Data Processing	19,953	0	19,953
Fire	1,007,517	0	1,007,517
Fire Prevention	55,821	0	55,821
Code Enforcement	55,025	0	55,025
Legal	9,000	0	9,000
Park	389,895	0	389,895
Planning & Zoning	273,131	0	273,131
Police	1,660,423	0	1,660,423
Public Works Director	121,358	0	121,358
Recreation	110,007	0	110,007
Refuse Collection	403,532	0	403,532
Street & Alley Maintenance	498,417	0	498,417
Swimming Pool	69,829	0	69,829
Recycling Center	8,981	0	8,981
Traffic Engineering	75,087	0	75,087
Municipal Court	224,071	9,403	233,474
Vehicle Service Center	226,075	0	226,075
Transfer Station	724,162	0	724,162
Building Standards & Facelift	72,131	0	72,131
Community Development	0	63,253	63,253
Reserve Section	36,904	0	36,904
Debt Service:			
Principal	192,189	140,000	332,189
Interest & Other Charges	22,326	63,976	86,302
Capital Outlay	445,715	0	445,715

See accompanying notes to the basic financial statements.

CITY OF BORGER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED SEPTEMBER 30, 2003

	<u>GENERAL</u>	<u>OTHER GOVERNMENT FUNDS</u>	<u>TOTAL GOVERNMENT FUNDS</u>
Total Expenditures	\$ 7,000,672	\$ 276,632	\$ 7,277,304
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(522,033)	3,419	(518,614)
OTHER FINANCING SOURCES (USES)			
Capital Related Debt Issued	354,475	0	354,475
Transfers In	0	0	0
Transfers Out	0	0	0
Total Other Financing Sources and Uses	<u>354,475</u>	<u>0</u>	<u>354,475</u>
Special Items			
Proceeds from Sale of Assets	1,177	0	1,177
Insurance Claims	83,476	0	83,476
Operating Subsidies—Component Unit	(9,135)	0	(9,135)
Total Special Items	<u>75,518</u>	<u>0</u>	<u>75,518</u>
Net Change in Fund Balances	(92,040)	3,419	(88,621)
FUND BALANCE, OCTOBER 1, 2002	<u>903,047</u>	<u>22,846</u>	<u>925,893</u>
FUND BALANCE, SEPTEMBER 30, 2003	\$ <u>811,007</u>	\$ <u>26,265</u>	\$ <u>837,272</u>
Reconciliation of the change in fund balances—total governmental funds to the change in net assets of governmental activities;			
Net change in fund balances—total governmental funds amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:			
Capital asset purchases capitalized			445,715
Depreciation Expense			<u>(338,915)</u>
			106,800
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:			
Debt Proceeds			(354,475)
Debt Repayments			<u>332,189</u>
			\$ <u>(22,286)</u>

See accompanying notes to the basic financial statements

CITY OF BORGER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
YEAR ENDED SEPTEMBER 30, 2003

<u>GENERAL</u>	<u>OTHER GOVERNMENT FUNDS</u>	<u>TOTAL GOVERNMENT FUNDS</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental activities.</p>		\$ (10,767)
<p>Internal Service Funds are used by management to charge the costs of certain activities, such as supplies and payroll, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.</p>		<u>3,959</u>
<p>CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</p>		\$ <u><u>(10,915)</u></u>

See accompanying notes to the basic financial statements.

CITY OF BORGER, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
SEPTEMBER 30, 2003

	WATER & SEWER ENTERPIRSE FUND
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 800
Investments	496,685
Interest Receivable	1,137
Accounts Receivable – Net	837,702
Total Current Assets	<u>1,336,324</u>
Noncurrent Assets:	
Restricted Assets:	
Investments	845,116
Unamortized Bond Issued Costs	426,350
Capital Assets – Net	22,474,126
Total Noncurrent Assets	<u>23,745,592</u>
TOTAL ASSETS	\$ <u>25,081,916</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 49,613
Accrued Salaries	25,655
Accrued Interest Payable	30,656
Certificates of Obligation	75,000
Notes Payable	15,209
Bonds Payable	355,000
CRMWA Bonds Payable	262,100
Deferred Gain on Debt Retirement	112,145
Total Current Liabilities	<u>925,378</u>
Noncurrent Liabilities:	
Customer Deposits Payable	298,264
Certificates of Obligation	1,120,000
Notes Payable	2,535
Bonds Payable	4,205,000
CRMWA Bonds Payable	5,326,873
Deferred Gain on Debt Retirement	1,560,686
Total Noncurrent Liabilities	<u>12,513,358</u>
TOTAL LIABILITIES	\$ <u>13,438,736</u>

See accompanying notes to the basic financial statements.

CITY OF BORGER, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
SEPTEMBER 30, 2003

	WATER & SEWER ENTERPIRSE FUND
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	\$ 9,439,578
Restricted For:	
Debt Retirement	805,698
Customer Deposits	298,264
Unrestricted	1,099,640
Total Current Assets	<u>\$ 11,643,180</u>

See accompanying notes to the basic financial statements.

CITY OF BORGER, TEXAS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUND
 YEAR ENDED SEPTEMBER 30, 2003

	WATER & SEWER ENTERPRISE FUND
OPERATING REVENUES:	
Charges for Services:	
Water Charges	\$ 2,956,808
Sewer Charges	1,421,074
Plumbing Permits and Taps	3,761
Total Charges for Services	4,381,643
Miscellaneous	41,124
Total Operating Revenue	4,422,767
OPERATING EXPENSES:	
Cost of Goods Sold	349,451
Personal Services	1,490,226
Materials and Supplies	166,130
Other Services and Charges	607,419
Repairs and Maintenance	180,275
Depreciation and Amortization	781,657
Total Operating Expenses	3,575,158
NET OPERATING INCOME	847,609
NONOPERATING REVENUE (EXPENSE):	
Investment Income	23,102
Gain (Loss) on Disposal of Fixed Assets	1,177
Interest Expense	(514,306)
Total Nonoperating Revenue (Expense)	(490,027)
NET INCOME BEFORE TRANSFERS	357,582
OPERATING TRANSFERS OUT	(300,000)
NET INCOME (LOSS)	57,582
NET ASSETS, OCTOBER 1, 2002	11,585,598
NET ASSETS, SEPTEMBER 30, 2003	\$ 11,643,180

See accompanying notes to the basic financial statements.

CITY OF BORGER
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2003

	<u>WATER & SEWER ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 4,327,529
Payments to Suppliers	(1,473,433)
Payments to Employees	(1,488,027)
Receipts of Customer Meter Deposits	49,930
Refunds of Customer Meter Deposits	(44,777)
Net Cash provided (Used) by Operating Activities	<u>1,371,222</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating subsidies and Transfers to Other Funds	<u>(300,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from sale of Capital Assets	1,117
Purchases of Capital Assets	(476,296)
Principal Paid on Capital Debt	(677,309)
Interest Paid on Capital Debt	(534,975)
Proceeds from Certificates of Obligation	1,250,000
Net cash Provided (Used) by Capital and Related Financing Activities	<u>(437,463)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Investments	(656,777)
Interest on Investments	23,018
Net Cash Provided (Used) by Investing Activities	<u>(633,759)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	0
BALANCES, OCTOBER 30, 2002	<u>800</u>
BALANCES, SEPTEMBER 30, 2003	<u><u>\$ 800</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 847,609
Adjustments to Reconcile Operating Income to Net Cash:	
Cash Flows reported in Other Categories:	
Depreciation and Amortization	781,657
Change in Assets and Liabilities:	
Receivables – Net	(95,238)
Receivables from Other Funds	(162,087)
Accounts and Other Payables	(8,071)
Customer Meter Deposits Payables	5,153
Accrued Salaries	2,199
NET CASH PROVIDED OPERATING ACTIVITIES	<u><u>\$ 1,371,222</u></u>

See accompanying notes to the basic financial statements.

CITY OF BORGER
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2003

	<u>AGENCY FUNDS</u>
ASSETS	
Investments	\$ 144,639
Accounts Receivable	16,237
Total Assets	<u>\$ 160,876</u>
LIABILITIES	
Due to Other Funds	\$ 16,237
Deferred Compensation	144,639
Total Liabilities	<u>\$ 160,876</u>

See accompanying notes to basic financial statements.

CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The City of Borger was incorporated October 28, 1926, under the provision of Article II Section 4 of the Texas Constitution. The City operates under a Commission-Manager form of government and provides the following services as authorized: public safety (police and fire), streets and sanitation, health and social services, parks-recreation, education, public improvements, planning and zoning, and general administrative services.

Management, in determining what potential component entities should be included for financial reporting purposes, considered accountability for fiscal matters, other manifestations of oversight responsibility, scope of public service, and special financing relationships. Fiscal accountability, the most significant of all the criteria, refers to conditions of financial interdependency between two entities including budgetary adoption, taxing authority, responsibility for debt, control over or responsibility for financial management. Other manifestations of oversight responsibility encompass the ability to select governing authority, designate management or significantly influence operations.

The scope of public service evaluates the benefits derived in terms of the citizenry service or the geographic boundaries included. These are based upon and consistent with those set forth in National Council on Governmental Accounting Statement No. 3 "Defining the Governmental Reporting Entity," and Interpretation No. 7, there of. As required by generally accepted accounting principles, the financial reporting entity include those of the City of Borger (the primary government).

Component Units

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as discretely presented component units.

B: Basis of Presentation and Accounting-Fund Accounting

The accounts of the City are organized and operated on the fund basis each of which is considered a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and three broad fund categories.

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

C. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of activities) report information on all of the non-fiduciary activities of the primary government. Government Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued):

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

FUND FINANCIAL STATEMENTS

Fund Financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

- General Fund-This is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund-Established for the purpose of accumulating resources for the payment of long-term general obligation debt and related costs other than those payable from enterprise funds.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations of the current period). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued):

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility receivables are recorded at each year-end. Proprietary funds have selected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Accounting Standards Board Statement No. 20.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The major proprietary fund is the water and sewer fund and supports, through permanent transfer, the interest and sinking funds.

INTERNAL SERVICE FUNDS

The Payroll Fund is employed as an imprest account. The total of all payrolls is accumulated into the Payroll Fund. Various funds, incurring payroll, transfer cash into the Payroll fund in an amount equal to their respective payrolls for a period. The fund making the cash transfer records the payroll expense at this time. The Payroll Fund generates no revenue and incurs no expenses.

The accounts payable fund is a pooled cash account. All deposits are recorded in the accounts payable fund and allocated to the proper fund's revenues.

Invoices from vendors are accumulated in the Accounts Payable fund so only one check to each vendor may be issued. The expenditures are allocated to the proper fund's classification. The accounts payable fund has no revenue and incurs no expense.

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued):

Stores Fund makes purchases for materials and enters them to inventory. Other funds requisition materials from Stores as required for operations. The Store also acts as a clearing account for items such as insurance claims for which repairs are to be made. The repairs are paid from Stores. If the cost of repairs exceeds insurance proceeds, the Stores is reimbursed by the appropriate fund. Should insurance proceeds exceed cost of repairs, Stores will refund the excess to the appropriate fund.

FIDUCIARY FUNDS

The City currently has two agency fiduciary funds. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Therefore agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Equity in city treasury cash in all funds.

Investments

Governmental Accounting Standards board Statement No. 31, "Accounting and financial Reporting for Certain Investments" was implemented during 1997. In accordance with this statement, investments held at September 30, 2003 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Receivables

Water and Sewer Fund accounts receivable is stated at billed charges and net of allowance for doubtful accounts. The \$136,779 allowance for uncollectibles represents estimates of uncollectible customer receivables in the accounts (user charge) classification.

Other receivables at September 30, 2003 consist of property tax, accounts (billings for user charged services, including unbilled utility services), special assessments, and accrued interest on investments. Special assessments and accrued interest are deemed collectible in full.

Inventory of Supplies

Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types and expenses in the proprietary fund types when used.

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:(continued)

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as street, traffic signals and signs are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets as follow; Buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

Due To And Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING

As set forth in the City Charter, the City council adopts an annual budget for the General Fund and Enterprise Fund. Budgets for the General and Enterprise Funds are adopted on a cash basis which is inconsistent with generally accepted accounting principles (GAAP) which requires accrual basis reporting. All budgeting comparisons presented in this report are on a Non-GAAP budgetary basis and are compared with an actual cash receipts and disbursements.

The City does not budget for the combined Special Revenue Funds, since budgetary control is maintained on an individual grant basis. Since grant period may differ from the City's fiscal year, a comparison of budgetary information for the total Special Revenue Fund would not be meaningful and has not been presented in the accompanying financial statements.

NOTE 3: CASH AND INVESTMENTS

The City's funds are to be deposited and invested under the terms of a depository contract with Wells Fargo Bank. Except for bond related transactions, the City conducts all its banking and investment transactions with its depository bank.

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 3: CASH AND INVESTMENTS(continued)

Deposits

At September 30, 2003, the carrying amount of the City's deposits was \$547,337 and the bank balance was \$775,137. Of the bank balance, \$100,000 was covered by federal depository insurance and \$903,394 was covered by collateral held at Chase Bank of Texas, Houston, Texas, the City's safekeeping bank agent. The City does not carry any bank balance over and above the insured and secured amounts. The following is the pledged assets and FDIC coverage provided by the depository bank:

<u>Description</u>	<u>1</u>	Category <u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Fed Res-Dallas CUSIP #31384VPQ9 Matures 3/01/29	\$ 1,400,000	\$ -0-	\$ -0-	\$ 1,400,000	\$ 400,807
Fed Res.-Dallas CUSIP #31384VPQ9 Matures 6/1/30	600,000	-0-	-0-	600,000	188,921
Fed Res-Dallas CUSIP #31384WNK2 Matures 6/1/31	250,000	-0-	-0-	250,000	73,855
Fed. Res-Dallas CUSIP #3137ILDH9 Matures 9/1/33	170,000	-0-	-0-	170,000	170,000
Fed Res-Dallas CUSIP#31385HXE7 Matures 11/1/31	200,000	-0-	-0-	200,000	69,811
FDIC Insurance	<u>100,000</u>	<u>-0-</u>	<u>-0-</u>	<u>100,000</u>	<u>100,000</u>
	<u>\$ 2,720,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,720,000</u>	<u>\$ 1,003,394</u>

Investments-

Statutes authorize the City to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposits, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842.a.-z Vernon's Civil Statutes), and Sections 23.80 and 20.42 of the Texas Education Code.

Similar to cash deposits, investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

Category 1-Investments that are insured, registered or held by the entity or by its agent in the entity's name.

Category 2-Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the entity's name.

Category 3-Uninsured and unregistered investments held by the counterpart, its trust department or its agent, but not in the entity's name.

Based on these three levels of risk, all of the City's investments are classified as category 1.

-continued-

CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 3: CASH AND INVESTMENTS(continued)

The City's temporary investments at September 30, 2003, is shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Category</u>
Texpool	\$ 2,228,607	\$ 2,230,496	1

NOTE 4: AD VALOREM TAXES

Revenue is recorded as income when the cash is collected. The accounts receivable reflected in the financial statements has no impact upon the statement of revenues and expenditures because those taxes not collected at year end have been accounted for as uncollectible. The receivable is presented to inform the users of the financial statements that all taxes currently due have not been collected. The Hutchinson County Appraisal District collects Ad Valorem taxes for the City of Borger, Texas, and is not part of the audit of the City of Borger.

Ad Valorem taxes are levied on all property within the corporate limits of the City as of January 1st, unless exempt. Taxes are payable on October 1st of each year, becoming delinquent on February 1st of the following year. All uncollected taxes therefore are at least eight months past due as of September 30.

NOTE 5: CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended September 30, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Not being depreciated:				
Land	\$ 1,053,095	\$ -0-	\$ -0-	\$ 1,053,095
Construction in Process	-0-	17,378	-0-	17,378
Subtotal	<u>\$ 1,053,095</u>	<u>\$ 17,378</u>	<u>\$ -0-</u>	<u>\$ 1,070,473</u>
Other capital assets:				
Buildings	\$ 3,163,020	\$ -0-	\$ -0-	\$ 3,163,020
Improvements/ Infrastructure	4,867,674	16,133	-0-	4,883,807
Equipment	4,669,873	\$ 412,204	\$(11,755)	\$ 5,070,322
Subtotal	<u>\$ 12,700,567</u>	<u>\$ 428,337</u>	<u>\$(11,755)</u>	<u>\$ 13,117,149</u>
Accumulated deprec.				
Buildings	\$(986,838)	\$(63,467)	\$ -0-	\$(1,050,304)
Improvements/ Infrastructure	(3,807,607)	\$(70,601)	\$ -0-	\$(3,878,208)
Equipment	(3,664,297)	(204,847)	11,755	(3,857,389)
Subtotal	<u>\$ 8,458,742</u>	<u>\$(338,915)</u>	<u>\$ 11,755</u>	<u>\$ 8,785,901</u>
Net Capital Assets	<u>\$ 5,294,920</u>	<u>\$(106,800)</u>	<u>\$ -0-</u>	<u>\$ 5,401,720</u>

-continued-

CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 5: CAPITAL ASSETS AND DEPRECIATION

Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 23,306
Public Safety and Judiciary	193,144
Transportation	75,933
Parks and recreation	46,254
Community Development	<u>278</u>
Total governmental Activities depreciation Expense	<u>\$338,915</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	\$ 200,263	\$ -0-	-0-	\$ 200,263
Construction in progress	-0-	-0-	-0-	-0-
Subtotal	<u>\$ 200,263</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 200,263</u>
Other capital assets:				
Buildings	\$ 294,489	\$ -0-	\$ -0-	\$ 294,489
Improvements/Infrastructure	36,541,695	412,496	-0-	36,954,191
Equipment	1,060,915	27,186	(140)	1,087,961
Subtotal	<u>\$37,897,099</u>	<u>\$ 439,682</u>	<u>\$ (140)</u>	<u>\$38,336,641</u>
Accumulated depreciation:				
Buildings	\$(233,704)	\$(9,286)	\$ -0-	\$(242,990)
Improvements/Infrastructure	(14,270,195)	(775,701)	-0-	(15,045,896)
Equipment	(721,403)	(52,488)	-0-	(773,891)
Subtotal	<u>(15,225,302)</u>	<u>(837,475)</u>	<u>-0-</u>	<u>(16,062,777)</u>
Net Capital Assets	<u>\$ 22,872,060</u>	<u>\$(397,793)</u>	<u>\$(140)</u>	<u>\$(22,474,127)</u>

Depreciation was charged to functions as follows:

Business-type activities:

Water and Sewer Fund	<u>\$ 837,475</u>
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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 6: LONG-TERM DEBT-ENTERPRISE FUND

The ordinance authorizing the issuance of Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds Series 1992 and Certificates of Obligation Series 1992 which are to provide for (i) to refund all of the City's outstanding revenue bond debt (ii) to renovate and expand the water treatment plant, (iii) to construct improvements to the system, and (iv) to pay the costs related to the issuance of the Series 1992 obligation. It empowered the issuance of \$6,875,000 special obligation bonds and \$2,000,000 certificates of obligation to mature no later than seventeen years from their date. The refunding was accomplished to eliminate cumbersome, expensive and unnecessary restrictions governing the disbursement and management of the funds of the system and the orderly and economical financing of capital improvements for said system and to accomplish such changes and modifications, regarding bonds should be issued in an amount sufficient to discharge and fully pay such obligations. These issues were refinanced with Series 2002 Bonds and Certificates of Obligation.

The ordinance authorizing the issuance of Tax and Waterworks and Sewer System Surplus Revenue Certificates of obligation Series 2002 and General Obligation Refunding Bonds Series 2002 which are to provide (i) to refund the City's 1992 revenue bond debt to achieve debt service savings, (ii) to pay costs related to the issuance of the bonds, (iii) to construct improvements and extensions to the water and sewer system and (iv) to pay professional services rendered in relation to the construction and financing of such projects.

NOTE 7: NOTES PAYABLE

During 2002 & 2003, the City entered into notes payable to purchase vehicles, trucks and equipment for the general fund and the enterprise fund. The transactions were reflected in the proper funds.

NOTE 8: CAPITAL LEASE OBLIGATIONS

During 2001 and prior years, the City entered into agreements for the lease purchase of vehicles, trucks and equipment for the General Fund. The transactions were reflected in the proper funds. Current lease payments are recorded in the related fund purchasing the equipment and incurring the obligation. The future minimum lease payments under these lease agreements are as follows:

	General <u>Fund</u>	Enterprise <u>Fund</u>	<u>Total</u>
September 30, 2003	\$ 35,370	\$ -0-	\$ 35,370
Total minimum lease payments	35,370	-0-	35,370
Add short term debt to be converted to			
Long-term debt	-0-	-0-	-0-
Less amount representing interest	<u>671</u>	<u>-0-</u>	<u>671</u>
Present value of net minimum lease payments	<u>\$ 34,699</u>	<u>\$ -0-</u>	<u>\$ 34,699</u>

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

-continued-

NOTE 9: ANNUAL DEBT REQUIREMENTS

The annual requirements to amortize all debt outstanding as of September 30, 2003, including interest payments of \$1,790,914 for General Long-Term Debt and \$7,024,283 for Enterprise Fund Long-Term Debt, are as follows:

Fiscal Year Ended September 30,	General Long-Term Debt			Enterprise Fund			Total
	Capital Leases	Notes Payable	Bonds	Bonds	Certificate of Obligation	Notes Payable	
2004	\$ 29,975	\$ 122,079	\$ 202,055	\$ 499,340	\$ 114,591	\$ 15,209	\$ 983,249
2005	2,158	98,964	200,385	499,578	117,341	2,535	920,961
2006	2,158	61,660	198,335	498,627	109,941	-0-	870,721
2007	1,079	52,066	200,895	502,378	112,691	-0-	869,109
2008	-0-	17,355	202,810	500,677	110,291	-0-	831,133
2009 to 2013	-0-	-0-	398,940	2,500,238	571,580	-0-	3,470,758
2014 to 2015	-0-	-0-	-0-	502,460	366,806	-0-	869,266
Totals	\$ 35,370	\$ 352,124	\$ 1,403,420	\$ 5,503,298	\$ 1,503,241	\$ 17,744	\$ 8,815,197

NOTE 10: COMMITMENT OF CANADIAN RIVER MUNICIPAL WATER AUTHORITY

The City is a member of the CRMWA which began regular delivery of surface water on April 1, 1968, to a number of area cities. The City is obligated to pay its share of the cost of constructing the dam and aqueduct over a 50 year period, which began September 1, 1969. The total cost to the City will be \$8,453,684, including interest of \$3,791,482. The Canadian River Municipal Authority issued Contract Revenue Refunding Bonds, Series 1999 for financing of the Bureau of Reclamation prepayment Project. The bond proceeds were used to retire the Bureau of Reclamation debt for construction of Sanford Dam, Lake Meredith, and the Canadian River Aqueduct System. Under the "Canadian River project Prepayment Act", HR 3687, the outstanding debt was retired with the issuance of the new bonds. The City of Borger had a profit on refunding bonds in the amount of \$2,164,133 to be amortized over the maturity date of the 1999 Bond issue. The City is also obligated to pay its share to certain fixed and variable expenses of operation each year. The balance owed at September 30, 2003 is \$1,148,757 plus interest. The surface water supply contract is stated at cost. Amortization is provided for using the straight line method on an estimated life of 85 years.

The City is a member of the CRMWA which purchased the conjunctive use ground water supply in Roberts County, Texas. The water from the project will be blended with water from Lake Meredith to improve the quality of water available to the City, and to increase the water supply available to the City. The City is obligated to pay its share of the cost of acquiring the water rights and construction of the water system. Total cost incurred as of September 30, 2003 is \$5,223,419. The City owes \$4,295,017 at September 30, 2003, plus interest. The project is stated at cost and will be amortized over an estimated useful life.

The City, as a member of CRMWA, participates in the Lake Meredith Salinity Control Project. The project, designed to reduce the amount of sodium-chloride brine seeping into Lake Meredith, will improve the quality of its water supplies to meet the secondary standards for drinking water. The city is obligated to pay its share of the cost of construction. The total cost of the project is \$291,324.

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 10: COMMITMENT OF CANADIAN RIVER MUNICIPAL WATER AUTHORITY(continued)

The bonds issued for this project are to mature on March 15, 2010. The monthly requirements to amortize the debt outstanding is estimated at \$2,100 to \$2,200. Payments will fluctuate and be recalculated in February of each year. The City will be obligated to pay its share of certain fixed and variable expenses of operation each year. The balance owed at September 30, 2003 including interest is \$145,199 plus interest. The project is stated at cost and is amortized over an estimated useful life of 53 years.

NOTE 11: CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended September 30, 2003:

Description & Purpose	Amount Of Original Issue (Bonds Only)	Range Of Final Maturity Date	Range Of Interest Rates	Balance 10-01-02	Issued	Retired	Balance 09-30-03
<u>General Long-Term Debt:</u>							
General Obligation Bonds:							
Refunding Issue- 1995	\$ 2,110,000	1996-2010	4.0%-5.2%	\$ 1,300,000	\$ -0-	\$ 140,000	\$ 1,160,000
Lease Obligations Payable		2004-2007	4.5%-6.5%	120,336	8,634	94,271	34,699
Notes Payable		2005	3.8%-4.8%	78,770	345,842	97,918	326,694
Total General Long-Term Debt				<u>\$ 1,499,106</u>	<u>\$ 354,476</u>	<u>\$ 332,189</u>	<u>\$ 1,521,393</u>
Enterprise Fund Debt:							
Water & Sewer Bonds-1992							
Notes Payable	\$ 6,875,000	1993-2009	5.0%-6.5%	\$ 3,400,000	\$ -0-	\$ 3,400,000	\$ -0-
Tax & water & Sewer Bonds 2002	4,905,000	2002-2014	2.75%-3.60%	-0-	4,905,000	345,000	4,560,000
Certificates of Obligation Series 2002	1,250,000	2002-2015	3.00%-3.75%	-0-	1,250,000	55,000	1,195,000
Certificates of Obligation-1992	2,000,000	1993-2010	4.9%-6.5%	1,395,000	-0-	1,395,000	-0-
Total Enterprise Fund Debt				<u>4,827,953</u>	<u>6,155,000</u>	<u>5,210,209</u>	<u>5,772,744</u>
Total Long-Term Debt				<u>\$ 6,327,059</u>	<u>\$ 6,509,476</u>	<u>\$ 5,542,398</u>	<u>\$ 7,294,137</u>

NOTE 12: DEFEASED DEBT

On December 1, 1995, the City of Borger issued general obligation bonds of \$2,110,000 (par value) with variable interest rates of 4.0% to 5.2% to advance refund term bonds with variable interest rates of 3.5% to 6.75% and a par of \$2,020,000. The term bonds mature on August 1, 2000 and are callable on August 1, 1998. The general obligations were issued at par and, after paying issuance costs of \$79,014, the net used to purchase U.S. Government Securities and those securities were deposit in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on August 1, 1998. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the City's General Long-Term Debt Account Group.

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CITY OF BORGER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

NOTE 12: DEFEASED DEBT(continued)

The City advance refunded the 1994 Tax Notes to increase the pay out period in order to reduce the payments and increase cash flow. By reducing payments for the Lift Station, the City will be able to charge the customers a lower fee for usage. The effect of the advance refund will increase it's total payments by \$704,188 which results in an economic loss of \$7,456.

NOTE 13: EMPLOYEES' RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined contribution plan in the state-wide Texas Municipal Retirement System (TRMS), one of over 774 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employees' contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 10 or more years of service or with 20 years of service regardless of age. A member is vested after 10 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the City contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of

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CITY OF BORGER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

NOTE 13: EMPLOYEES' RETIREMENT PLAN(continued)

the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2001 valuation is effective for rates beginning January 2003)

Schedule of Actuarial Liabilities and Funding Progress

Actuarial

Valuation Date	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
Actuarial Value						
Of Assets	\$ 9,339,086	\$10,035,998	\$ 11,278,148	\$ 12,237,619	\$12,637,015	\$ 12,172,696
Actuarial Accrued Liability	13,490,439	13,490,439	14,821,561	15,959,282	16,537,009	16,418,438
Percentage Funded	72.00%	74.4%	76.1%	76.70%	76.40%	74.10%
Unfunded (Over Funded) Actuarial Accrued Liability (UAAL)	3,607,605	3,454,441	3,543,413	3,721,663	3,899,994	4,245,742
Annual Covered Payroll	3,349,222	3,627,225	3,649,172	3,803,280	3,771,909	3,798,931
UAAL as a Percentage of Covered Payroll	107.7%	95.2%	97.1%	97.9%	103.4%	111.8%
Net Pension Obligation (NPO) at the Beginning Of Period	-0-	-0-	-0-	-0-	-0-	-0-
Annual Pension Cost:						
Annual Required Contribution (ARC)	556,458	540,191	523,674	532,014	552,323	589,765
Contributions Made	556,458	540,191	523,674	532,014	552,323	589,765
NPO at the End of the Period	-0-	-0-	-0-	-0-	-0-	-0-

Actuarial Assumptions

Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years-Open Period
Asset Valuation Method	Amortized Cost
	(To accurately reflect the requirements of GASB Statement, No. 25, Paragraph 36e and 138)
Investment Rate of	8%

CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 13: EMPLOYEES' RETIREMENT PLAN (continued)

The City of Borger is one of 774 municipalities having the benefit plan administered by TMRS. Each of the 774 municipalities have an annual, individual actuarial valuation performed. All assumptions for the 12-31-02 valuations are contained in the 2002 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas - 78714-9153.

NOTE 14: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments in fixed and variable rate annuity contracts underwritten by International City Manager Association (ICMA) Retirement Corporation and nationwide.

All amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The deferred compensation plans are reported in the Agency Fund. The plans assets are presented at fair value and captioned as "investments" with corresponding liabilities captioned "deferred compensation benefits".

The investments for deferred compensation plans are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes plans that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

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CITY OF BORGER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

-continued-

NOTE 14: DEFERRED COMPENSATION PLAN(continued)

All investments in deferred compensation plans are held in the City's account and recorded at market value.

	<u>1</u>	Category <u>2</u>	<u>3</u>	<u>Market Value</u>
NATIONWIDE	\$ 127,188	\$ -0-	\$ -0-	\$ 127,188
ICMA Plan	<u>17,452</u>	<u>-0-</u>	<u>-0-</u>	<u>17,452</u>
	<u>\$ 144,640</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 144,640</u>

NOTE 15: CONTRACTS WITH CHAMBER OF COMMERCE

The City entered into one contract with the Chamber of Commerce to promote tourism in Borger. The tourism contract comes from Hotel & Motel occupancy tax which amounted to \$53,971 for the fiscal year ended September 30, 2003. The Chamber of Commerce complied with the contract regarding the records being made available to the City's independent auditor for inspection.

NOTE 16: HEALTH CARE COVERAGE

During the year ended September 30, 2003 employees of the City of Borger were covered by a health insurance plan. The City paid premiums of \$286.16 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. The City pays 65% of health insurance for the employee's family and dependent coverage. All premiums were paid to the Texas Municipal League Group Benefits Risk Pool. The City purchases commercial insurance for claims in excess of coverage provided by the Fund. Settled claims have not exceeded the commercial coverage in fiscal year 2003.

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at September 30, 2003, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>		
Internal Service Funds	\$ 103,406	\$ -0-

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES(continued)

<u>Enterprise Fund</u>		
Internal Service Funds	521,042	85,752
<u>Special Revenue Fund</u>		
Internal Service Fund	<u>11,952</u>	<u>-0-</u>
<u>Debt Service Fund</u>		
Internal Service Fund	<u>24</u>	<u>-0-</u>
<u>Trust and Agency Fund</u>		
Internal Service Fund	<u>16,237</u>	<u>-0-</u>
<u>Internal Service Funds</u>		
General Fund	\$ -0-	\$ 103,406
Enterprise Fund	85,752	521,042
Special Revenue Fund	-0-	11,952
Debt Service Fund	-0-	24
Trust and Agency Fund	<u>-0-</u>	<u>16,237</u>
	<u>\$ 85,752</u>	<u>\$ 652,661</u>
Totals	<u>\$ 738,413</u>	<u>\$ 738,413</u>

NOTE 18: TRANSFER STATION COMPLIANCE STATEMENT

The City of Borger meets the Local Government Financial Test and Government Guarantee as specified in Texas Administrative Code Chapter 37.

This local government is the owner of the MSW #40015, City of Borger Transfer Station for which financial assurance for closure, post-closure care, and/or corrective action is demonstrated through the financial tests specified in Texas Administrative Code, Paragraph 37.271.

NOTE 19: OPERATING LEASES

The City is obligated under certain Leases accounted for as operating Leases. Operating Leases do not give rise to property rights or lease obligations, and therefore the results of the Lease agreements are not reflected in the City's account groups.

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CITY OF BORGER, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2003

NOTE 19: OPERATING LEASES(continued)

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of September 30, 2003:

<u>Year Ending</u> <u>September 30</u>	<u>Amounts</u>
2004	\$ 5,449
2005	5,449
2006	5,449
2007	5,449
2008	<u>908</u>
Total minimum payments required	<u>\$ 22,704</u>

NOTE 20: GRANT PROGRAMS

The City participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at September 30, 2003 may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 21: LITIGATION

The City is not in litigations or lawsuits at this time.

NOTE 22: CONTINGENCIES

Effective January 1, 1978, the City of Borger became a covered employer for Texas and Federal Unemployment, and the City has elected to become a reimbursing employer thereby reimbursing the State Fund for actual benefits paid to their former employees. As of the present time, the liability for reimbursement is an insignificant amount.

NOTE 23: DISCREETLY PRESENTED MAJOR COMPONENT UNIT

Component unit information for the City's major component unit, Borger Economic Development Corporation, is provided in the following condensed financial statements:

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CITY OF BORGER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003

NOTE 23: DISCREETLY PRESENTED MAJOR COMPONENT UNIT(continued)

CONDENSED STATEMENT OF NET ASSETS

ASSETS:

Cash, investments and other assets	\$ 884,862
Capital Assets-net	<u>2,795,977</u>
Total Assets	<u>3,680,839</u>

LIABILITIES:

Accounts payable and other current liabilities	52,873
Long-Term Debt	<u>409,000</u>
Total Liabilities	<u>\$ 461,873</u>

NET ASSETS:

Invested in capital, net of related debt	\$2,365,977
Restricted	970,941
Unrestricted	<u>117,952</u>
Total Net Assets	<u>\$3,218,966</u>

CONDENSED STATEMENT OF ACTIVITIES

	<u>EXPENSES</u>	CHARGE FOR <u>SERVICES</u>	NET(EXPENSE) REVENUES AND CHANGES <u>IN NET ASSETS</u>
Economic development	<u>\$ 708,180</u>	<u>\$ 43,490</u>	\$(664,690)
General revenues:			
Sales Tax			<u>627,623</u>
Change in Net Assets			(37,067)
Net assets, October 1, 2002			<u>3,256,033</u>
Net assets, September 30, 2003			\$ <u>3,218,966</u>

REQUIRED SUPPLEMENTARY INFORMATION:

CITY OF BORGER, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2003

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE(NEGATIVE)
	ORIGINAL	FINAL		
Beginning Budgetary Fund Balance	\$ 903,047	\$ 903,047	\$ 903,047	\$ 0
Resources (inflows):				
Taxes:				
Ad Valorem	1,249,475	1,249,475	1,233,065	(16,410)
Sales and Use Taxes	1,900,000	1,900,000	1,882,860	(17,140)
Telecommunications Franchise	127,500	127,500	122,182	(5,318)
Electric Franchise	210,500	210,500	213,007	2,507
Gas Franchise	75,000	75,000	89,675	14,675
Cable TV Franchise	95,000	95,000	103,389	8,389
FHA in Lieu of Taxes	7,000	7,000	6,652	(348)
Industrial Contract Abatements	373,000	373,000	375,534	2,534
Total Taxes	<u>4,037,475</u>	<u>4,037,475</u>	<u>4,026,364</u>	<u>(11,111)</u>
Intergovernmental:				
BISD DARE Program	11,000	11,000	11,000	0
City of Amarillo TASK Force	0	0	47,332	47,332
Underage Alcohol Grant	16,509	16,509	19,770	3,261
Police Education Grant	2,501	2,501	2,545	44
Tobacco Grant	5,000	5,000	0	(5,000)
School Resource Officer	27,985	27,985	16,706	(11,279)
Middle School SRO	32,043	32,043	0	(32,043)
Police Grants	19,396	19,396	4,900	(14,496)
Compost Turner Grant	0	0	22,839	22,839
Total Intergovernmental	<u>114,434</u>	<u>114,434</u>	<u>125,092</u>	<u>10,658</u>
Charges for services:				
Outside City Limits Fire Run Fees	25,000	25,000	25,000	0
Swimming Pool Admissions	10,500	10,500	10,450	(50)
Refuse Collections	1,241,000	1,241,000	1,485,311	244,311
Vector Control	17,000	17,000	20,760	3,760
Vital Statistics	11,200	11,200	11,969	769
Total Charges for Services	<u>1,304,700</u>	<u>1,304,700</u>	<u>1,553,490</u>	<u>248,790</u>
Fines and Forfeitures:				
Municipal Court	225,200	225,200	329,168	103,968
Pound Fees	6,000	6,000	6,691	691
Total Fines and Forfeitures	<u>231,200</u>	<u>231,200</u>	<u>335,859</u>	<u>104,659</u>
Licenses and Permits:				
Building Permits	6,000	6,000	15,252	9,252
Alcoholic Beverage Permits	7,000	7,000	8,555	1,555
Electrical Permits	2,500	2,500	2,830	330
Mechanical Permits	1,300	1,300	629	(671)
Zoning and Planning Permits	825	825	1,710	885
Occupational License	10	10	0	(10)
Total License and Permits	<u>17,635</u>	<u>17,635</u>	<u>28,976</u>	<u>11,341</u>
Invest Income	<u>12,500</u>	<u>12,500</u>	<u>16,464</u>	<u>3,964</u>

CITY OF BORGER, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Miscellaneous:	\$	\$	\$	\$
Miscellaneous	89,113	89,113	50,533	(38,580)
Parks Voluntary Donations	38,500	38,500	36,047	(2,453)
Sale of Assets	0	0	1,177	1,177
Insurance Claims	0	0	83,476	83,476
Donations	0	0	5,814	5,814
Total Miscellaneous	<u>127,613</u>	<u>127,613</u>	<u>177,047</u>	<u>49,434</u>
Other Financing Sources:				
Other Sources	0	0	354,475	354,475
Operating Transfers In	683,313	683,313	300,000	(383,313)
Amounts available for Appropriations	<u>7,431,917</u>	<u>7,431,917</u>	<u>7,820,814</u>	<u>388,897</u>
Charges to appropriations (Outflows):				
Data Processing:				
Personal Services	8,358	8,358	8,412	(54)
Materials and Supplies	1,005	1,005	682	323
Other Services and charges	12,554	12,554	10,859	1,695
Total Data Processing	<u>21,917</u>	<u>21,917</u>	<u>19,953</u>	<u>1,964</u>
Administration:				
Personal Services	104,001	104,001	81,246	22,755
Materials and Supplies	16,350	17,350	17,334	16
Other Services and Charges	40,452	40,452	63,830	(23,378)
Total Administration	<u>160,803</u>	<u>161,803</u>	<u>162,410</u>	<u>(607)</u>
Animal Control:				
Personal Services	108,501	108,501	117,892	(9,391)
Materials and Supplies	6,700	6,700	6,754	(54)
Other Services and Charges	14,413	14,413	12,067	2,346
Capital Outlay	4,300	21,678	17,378	4,300
Total Animal Control	<u>133,914</u>	<u>151,292</u>	<u>154,091</u>	<u>(2,799)</u>
Building Standards and Facelift:				
Personal Services	35,921	35,921	35,409	512
Materials and Supplies	6,900	6,900	6,544	356
Other Services and Charges	23,217	23,217	30,178	(6,961)
Total Building Standards and Facelift	<u>66,038</u>	<u>66,038</u>	<u>72,131</u>	<u>(6,093)</u>
Fire:				
Personal Services	930,050	930,050	919,283	10,767
Materials and Supplies	28,000	28,000	28,589	(589)
Other Services and Charges	70,672	70,672	59,645	11,027
Capital Outlay	52,000	52,000	240,386	(188,386)
Total Fire	<u>1,080,722</u>	<u>1,080,722</u>	<u>1,247,903</u>	<u>(167,181)</u>
Fire Prevention:				
Personal Services	53,311	53,311	54,397	(1,086)
Materials and Supplies	1,625	1,625	380	1,245
Other Services and Charges	4,197	4,197	1,044	3,153
Total Fire Prevention	<u>59,133</u>	<u>59,133</u>	<u>55,821</u>	<u>3,312</u>

CITY OF BORGER, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Code Enforcement:				
Personal Services	\$ 38,304	\$ 38,304	\$ 38,393	\$ (89)
Materials and Supplies	1,150	1,150	1,450	(300)
Other Services and Charges	16,623	16,623	15,182	1,441
Total Code Enforcement	<u>56,077</u>	<u>56,077</u>	<u>55,025</u>	<u>1,052</u>
Legal:				
Other Services and Charges	<u>10,000</u>	<u>10,000</u>	<u>9,000</u>	<u>1,000</u>
Park:				
Personal Service	269,282	269,282	271,522	(2,240)
Materials and Supplies	38,400	38,400	32,980	5,420
Other Services and Charges	127,309	116,209	85,393	30,816
Capital Outlay	10,000	10,000	16,745	(6,745)
Total Park	<u>444,991</u>	<u>433,891</u>	<u>406,640</u>	<u>27,251</u>
Planning and Zoning:				
Personal Services	92,747	92,747	93,220	(473)
Materials and Supplies	2,250	2,250	2,966	(716)
Other Sources and Charges	168,260	182,460	176,945	5,515
Total Planing and Zoning	<u>263,257</u>	<u>277,457</u>	<u>273,131</u>	<u>4,326</u>
Police:				
Personal Services	1,452,563	1,452,563	1,428,083	24,480
Materials and Supplies	60,075	60,075	63,037	(2,962)
Other Services and Charges	146,552	146,552	169,303	(22,751)
Capital Outlay	85,895	85,895	101,557	(15,662)
Total Police	<u>1,745,085</u>	<u>1,745,085</u>	<u>1,761,980</u>	<u>(16,895)</u>
Public Works Director:				
Personal Services	139,307	139,307	112,431	26,876
Materials and Supplies	6,950	6,950	4,247	2,703
Other Services and Charges	6,094	6,094	4,680	1,414
Total Public Works Director	<u>152,351</u>	<u>152,351</u>	<u>121,358</u>	<u>30,993</u>
Recreation:				
Personal Services	84,962	84,962	88,234	(3,272)
Materials and Supplies	2,700	2,700	1,383	1,317
Other Services and Charges	28,189	25,089	20,390	4,699
Total Recreation	<u>115,851</u>	<u>112,751</u>	<u>110,007</u>	<u>2,744</u>
Refuse Collection:				
Personal Services	272,699	272,699	299,536	(26,837)
Materials and Supplies	32,700	32,700	29,552	3,148
Other Services and Charges	57,118	57,118	74,445	(17,327)
Capital Outlay	67,569	67,569	19,739	47,830
Total Refuse Collection	<u>430,086</u>	<u>430,086</u>	<u>423,272</u>	<u>6,814</u>
Street and Alley Maintenance:				
Personal Services	249,864	249,864	280,743	(30,879)
Materials and Supplies	22,550	22,550	123,988	(101,438)
Other Services and Charges	165,227	120,964	93,685	27,279
Capital Outlay	43,331	43,331	49,910	(6,579)
Total Street and Alley Maintenance	<u>480,972</u>	<u>436,709</u>	<u>548,326</u>	<u>(111,617)</u>

CITY OF BORGER, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2003

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE(NEGATIVE)
	ORIGINAL	FINAL		
Swimming Pool:				
Personal Services	\$ 25,076	\$ 25,076	\$ 27,741	\$ (2,665)
Materials and Supplies	8,770	8,770	5,095	3,675
Other Services and Charges	10,901	37,786	36,993	793
Total Swimming Pool	<u>44,747</u>	<u>71,632</u>	<u>69,829</u>	<u>1,803</u>
Recycling Center:				
Other Services and Charges	10,300	10,300	8,981	1,319
Traffic Engineering:				
Personal Service	65,795	65,795	65,370	425
Materials and Supplies	11,375	11,375	6,966	4,409
Other Services and Charges	4,513	4,513	2,751	1,762
Total Recycling Center	<u>81,683</u>	<u>81,683</u>	<u>75,087</u>	<u>6,596</u>
Municipal Court:				
Personal Services	66,502	66,502	70,944	(4,442)
Materials and Supplies	3,300	3,300	2,220	1,080
Other Sources and Charges	88,850	88,850	150,907	(62,057)
Total Municipal Court	<u>158,652</u>	<u>158,652</u>	<u>224,071</u>	<u>(65,419)</u>
Transfer Station:				
Personal Services	185,592	185,592	183,192	2,400
Materials and Supplies	26,100	26,100	26,239	(139)
Other Services and Charges	412,372	412,372	514,731	(102,359)
Total Transfer Station	<u>624,064</u>	<u>624,064</u>	<u>724,162</u>	<u>(100,098)</u>
Vehicle Service Center:				
Personal Services	193,379	193,379	185,098	8,281
Materials and Supplies	18,275	18,275	19,083	(808)
Other Services and Charges	28,425	28,425	21,894	6,531
Capital Outlay	0	0	0	0
Total Vehicle Service Center	<u>240,079</u>	<u>240,079</u>	<u>226,075</u>	<u>14,004</u>
Reserve Section:				
Borger Youth Center	10,135	10,135	9,135	1,000
Opportunities Inc.d	7,875	7,875	7,875	0
The House of Friends	3,600	3,600	3,350	250
General Contingencies	42,500	41,500	25,679	15,821
Debt Service	203,355	203,355	214,515	(11,160)
Total Reserve Section	<u>267,465</u>	<u>266,465</u>	<u>260,554</u>	<u>5,911</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>6,648,187</u>	<u>6,648,187</u>	<u>7,009,807</u>	<u>(361,620)</u>
ENDING BUDGETARY FUND BALANCE	\$ <u>783,730</u>	\$ <u>783,730</u>	\$ <u>811,007</u>	\$ <u>27,277</u>

OTHER SUPPLEMENTARY INFORMATION:

CITY OF BORGER, TEXAS
COMBINED GENERAL FUND
COMPARATIVE BALANCE SHEET
SEPTEMBER 30,

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash On Hand	\$ 455	\$ 455
Cash In Bank	19	1,019
Investments	782,399	859,131
Ad Valorem Taxes Receivable	213,913	204,054
Less Estimated Uncollectible - Ad Valorem Taxes	(213,913)	(204,054)
Accounts Receivable	135,001	158,788
Less Estimated Uncollectible - Refuse & Vector Control	(48,067)	(41,044)
Sundry Receivables	0	0
Interest Receivable	744	1,442
Due From Other Funds	103,406	155,171
	<hr/>	<hr/>
TOTAL ASSETS	\$ 973,957	\$ 1,134,962
	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 67,619	\$ 63,344
Accrued Salaries Payable	76,368	74,564
Sales Tax Payable	16,930	13,417
Escrow Deposits	2,033	4,025
Due To Other Funds	0	76,565
	<hr/>	<hr/>
Total Liabilities	162,950	231,915
Fund Balance--Unreserved	319,518	340,210
Reserved	491,489	562,837
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 973,957	\$ 1,134,962
	<hr/>	<hr/>

CITY OF BORGER, TEXAS
 COMBINED GENERAL FUND
 BALANCE SHEET
 SEPTEMBER 30, 2003

<u>ASSETS</u>	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
Cash & Investments:						
Cash On Hand	\$ 455	\$ 455	\$ 0	\$ 0	\$ 0	\$ 0
Cash In Bank	19	0	0	0	0	19
Investments	782,399	300,000	15,990	55,000	333,688	1,000
Total Cash & Investments	782,873	300,455	15,990	55,000	333,688	1,019
Receivables:						
Sundry Receivables	0	0	0	0	0	0
Interest Receivable	744	335	14	47	283	1
Ad Valorem Taxes	213,913	213,913	0	0	0	0
Less Allowance For Uncollectibles	(213,913)	(213,913)	0	0	0	0
Accounts Receivable	135,001	131,415	0	3,586	0	0
Less Allowance For Uncollectibles	(48,067)	(45,088)	0	(2,979)	0	0
Total Receivables	87,678	86,662	14	654	283	1
Other Assets:						
Due From Accounts Payable	101,919	57,024	789	15,255	2,429	12
Due From Payroll Fund	1,487	1,487	0	0	0	0
Total Other Assets	103,406	58,511	789	15,255	2,429	12
TOTAL ASSETS	\$ 973,957	\$ 445,628	\$ 16,793	\$ 70,909	\$ 336,400	\$ 1,032
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 67,619	\$ 67,619	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Salaries Payable	76,368	76,368	0	0	0	0
Sales Tax Payable	16,930	16,930	0	0	0	0
Deferred Revenue—Paving Projects	2,033	2,033	0	0	0	0
Total Liabilities	162,950	162,950	0	0	0	0
Fund Balance—Unreserved	319,518	282,678	0	0	0	0
Reserved	491,489	0	16,793	70,909	336,400	1,032
TOTAL LIABILITIES & FUND BALANCE	\$ 973,957	\$ 445,628	\$ 16,793	\$ 70,909	\$ 336,400	\$ 1,032

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	CONCEALED HANDGUN	WILSON STREET IMPROVEMENTS	POOL RENOVATION PROJECT
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
50,000	0	18,152	8,569	0	0	0
50,000	0	18,152	8,569	0	0	0
0	0	0	0	0	0	0
42	0	15	7	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
42	0	15	7	0	0	0
13,433	630	4,306	4,497	1,294	0	2,250
0	0	0	0	0	0	0
13,433	630	4,306	4,497	1,294	0	2,250
\$ 63,475	\$ 630	\$ 22,473	\$ 13,073	\$ 1,294	\$ 0	\$ 2,250
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	22,473	13,073	1,294	0	0
63,475	630	0	0	0	0	2,250
\$ 63,475	\$ 630	\$ 22,473	\$ 13,073	\$ 1,294	\$ 0	\$ 2,250

CITY OF BORGER, TEXAS
 COMBINED GENERAL FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 SEPTEMBER 30, 2003

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
Fund Balance October 1, 2002	\$ 903,047	\$ 334,437	\$ 37,368	\$ 52,907	\$ 332,096	\$ 1,019
Revenue Over (Under) Expenditures	(92,040)	(51,759)	(20,575)	18,002	4,304	13
Interfund Transfers	0	0	0	0	0	0
Fund Balance September 30, 2003	\$ 811,007	\$ 282,678	\$ 16,793	\$ 70,909	\$ 336,400	\$ 1,032

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	CONCEALED HANDGUN	WILSON STREET IMPROVEMENT	POOL RENOVATION PROJECT
\$ 26,339	\$ 300	\$ 12,808	\$ 5,773	\$ 0	\$ 100,000	\$ 0
37,136	330	9,665	7,300	1,294	(100,000)	2,250
0	0	0	0	0	0	0
<u>\$ 63,475</u>	<u>\$ 630</u>	<u>\$ 22,473</u>	<u>\$ 13,073</u>	<u>\$ 1,294</u>	<u>\$ 0</u>	<u>\$ 2,250</u>

CITY OF BORGER, TEXAS
 COMBINED GENERAL FUND
 STATEMENT OF REVENUE, EXPENDITURES, AND TRANSFERS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITES FUND	SPECIAL CRIME FUND
REVENUE:						
Ad Valorem, Sales & Use Taxes	\$ 3,115,934	\$ 3,115,934	\$ 0	\$ 0	\$ 0	\$ 0
Gross Receipts Tax	528,253	528,253	0	0	0	0
Licenses And Permits	35,667	35,667	0	0	0	0
Fines And Forfeits	329,168	321,967	0	0	0	0
Refuse Collections	1,240,715	1,240,715	0	0	0	0
Solidwaste Tipping Fees	244,596	225,853	0	0	0	0
Vector Control	20,760	20,760	0	0	0	0
Swimming Pool And Concessions	10,450	10,450	0	0	0	0
Interest On Investments	16,464	9,686	381	706	4,304	13
W/S Fund—Services Rendered	300,000	300,000	0	0	0	0
Other Service Charges & Miscellaneous	98,493	97,199	0	0	0	0
State Grant	114,092	47,332	0	0	0	0
Federal Funds	6,652	6,652	0	0	0	0
Donations	41,861	0	1,814	36,047	0	0
Sources Of Financing	354,475	354,475	0	0	0	0
Sale Of City Assets	1,177	1,177	0	0	0	0
Insurance Claims	83,476	83,476	0	0	0	0
Received On Contracts	375,534	375,534	0	0	0	0
Transfers In	0	0	0	0	0	0
Total Revenue And Transfers	6,917,767	6,775,130	2,195	36,753	4,304	13
EXPENDITURES:						
Data Processing	19,953	19,953	0	0	0	0
Administration	162,410	162,410	0	0	0	0
Animal Control	158,390	158,390	0	0	0	0
Fire	1,282,613	1,281,193	0	0	0	0
Fire Prevention	55,821	55,821	0	0	0	0
Code Enforcement	55,025	55,025	0	0	0	0
Legal	9,000	9,000	0	0	0	0
Park	400,045	381,294	0	18,751	0	0
Planning And Zoning	273,131	273,131	0	0	0	0
Police	1,832,059	1,801,948	22,770	0	0	0
Public Works Director	121,358	121,358	0	0	0	0
Recreation	110,007	110,007	0	0	0	0
Refuse Collection	477,679	445,522	0	0	0	0
Street And Alley Maintenance	599,345	498,866	0	0	0	0
Swimming Pool	69,829	69,829	0	0	0	0
Recycling Center	8,981	8,981	0	0	0	0
Traffic Engineering	75,087	75,087	0	0	0	0
Municipal Court	224,071	224,071	0	0	0	0
Vehicle Service Center	226,075	226,075	0	0	0	0
Transfer Station	724,162	724,162	0	0	0	0
Reserve Section And Other	52,635	52,635	0	0	0	0
Building Standards & Facelift	72,131	72,131	0	0	0	0
Transfers out	0	0	0	0	0	0
Total Expenditures & Transfers	\$ 7,009,807	\$ 6,826,889	\$ 22,770	\$ 18,751	\$ 0	\$ 0
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ (92,040)	\$ (51,759)	\$ (20,575)	\$ 18,002	\$ 4,304	\$ 13

City of Borger, Texas
General Fund
Comparison of Revenue With Budget
For the Fiscal Year Ended September 30, 2003

Revenue	Budget	Revenue	Variance Favorable (Unfavorable)	Actual Prior Year
Taxes:				
Ad Valorem Taxes	\$ 1,226,975	\$ 1,206,470	\$ (20,505)	\$ 1,206,575
Pentalty And Interest	22,500	26,595	4,095	24,648
Property Sold For Delinquent Taxes	0	0	0	8,590
Sales And Use Tax	1,900,000	1,882,869	(17,131)	1,946,006
Total Taxes	3,149,475	3,115,934	(33,541)	3,185,819
Gross Receipts Tax:				
Telecommunications	127,500	122,182	(5,318)	125,819
Southwestern Public Service	210,500	213,007	2,507	235,940
Southern Union Gas Company	75,000	89,675	14,675	145,989
Borger Cable Vision	95,000	103,389	8,389	105,005
Total Gross Receipts Tax	508,000	528,253	20,253	612,753
Licenses And Permits:				
Zoning And Plat Fees	750	1,660	910	700
Mechanical Permits	1,300	629	(671)	945
Pound Fees	6,000	6,691	691	3,884
Alcoholic Beverages	7,000	8,555	1,555	6,326
Building Permits	6,000	15,252	9,252	12,458
Electrical Permits	2,500	2,830	330	2,849
Occupational License	10	0	(10)	4
Moving Permits	75	50	(25)	100
Total Licenses And Permits	23,635	35,667	12,032	27,266
Fines And Forfeits—Municipal Court	225,200	329,168	103,968	288,702
Service Charge:				
Vital Statistics	11,200	11,969	769	12,436
Swimming Pool Admissions	10,500	10,450	(50)	12,062
Refuse Collections	1,140,500	1,240,715	100,215	1,102,258
Vector Control	17,000	20,760	3,760	16,783
Solidwaste Tipping Fees	100,500	244,596	144,096	246,939
Paving Assessments	8,000	4,318	(3,682)	0
Miscellaneous Revenue	39,113	39,206	93	21,730
Interest From Investment	12,500	16,464	3,964	21,438
W/S Fund—Services Rendered	683,313	300,000	(383,313)	529,000
Parks, Rec. & Special Project	38,500	36,047	(2,453)	37,564
Housing Authority in Lieu of Taxes	7,000	6,652	(348)	7,569
Total Service Charges	2,068,126	1,931,177	(136,949)	2,007,779
Other Sources:				
BISD DARE Reimbursement	11,000	11,000	0	11,000
Hutchinson County Fire Contract	25,000	25,000	0	25,000
Donations	0	5,814	5,814	4,921
Sale of City Assets	0	1,177	1,177	31,919
Insurance Claims	0	83,476	83,476	5,332
Financing Sources—Lease/Notes	0	354,475	354,475	111,885
Radio Dispatching Contract	0	7,000	7,000	0
State Grant	143,434	114,092	(29,342)	81,167
Received on Contract	373,000	375,534	2,534	370,367
Transfers In	0	0	0	20,000
Total Other Sources	552,434	977,568	425,134	661,591
TOTAL REVENUE	\$ 6,526,870	\$ 6,917,767	\$ 390,897	\$ 6,783,910

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2003

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
Data Processing:				
Personal Services	\$ 8,358	\$ 8,412	\$ (54)	\$ 7,714
Contractual & Misc. Services	5,954	6,133	(179)	4,964
General Services	1,005	682	323	580
Machinery & Equipment Maintenance	6,600	4,726	1,874	7,069
Capital Outlay	0	0	0	0
	21,917	19,953	1,964	20,327
Administration				
Personal Services	104,001	81,246	22,755	88,709
Contractual & Misc. Services	39,102	62,619	(23,517)	62,601
General Services	17,350	17,334	16	19,830
Machinery & Equipment Maintenance	1,350	1,211	139	1,361
Capital Outlay	0	0	0	0
Total Administration & Purchasing	161,803	162,410	(607)	172,501
Animal Control:				
Personal Services	108,501	117,892	(9,391)	110,333
Contractual & Misc. Services	10,863	9,602	1,261	8,543
General Services	6,700	6,754	(54)	7,574
Machinery & Equipment Maintenance	3,550	2,465	1,085	5,265
Capital Outlay	21,678	21,677	1	33,136
Total Animal Control	151,292	158,390	(7,098)	164,851
Building Standards & Facelift:				
Personal Services	35,921	35,409	512	33,695
Contractual & Misc. Services	15,717	19,814	(4,097)	17,190
General Services	6,900	6,544	356	7,429
Machinery & Equip. Maintenance	7,500	10,364	(2,864)	17,026
Capital Outlay	0	0	0	0
Total Bldg. Standards & Facelift	66,038	72,131	(6,093)	75,340
Fire:				
Personal Services	930,050	919,283	10,767	891,377
Contractual & Misc. Services	39,022	33,419	5,603	38,986
General Services	28,000	28,589	(589)	42,188
Machinery & Equipment Maint.	31,650	26,226	5,424	36,725
Capital Outlay	52,000	275,096	(223,096)	41,999
Total Fire	1,080,722	1,282,613	(201,891)	1,051,275
Fire Prevention:				
Personal Services	53,311	54,397	(1,086)	52,695
Contractual & Misc. Services	3,347	1,044	2,303	1,649
General Services	1,625	380	1,245	704
Machinery & Equipment Maintenance	850	0	850	1,137
Capital Outlay	0	0	0	0
Total Fire Prevention	59,133	55,821	3,312	56,185

-Continued-

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2003

-Continued-

Expenditures	Budget	Expenditures	Variance Favorable (Unfavorable)	Actual Prior Year
Code Enforcement:				
Personal Services	\$ 38,304	\$ 38,393	\$ (89)	\$ 36,972
Contractual & Misc. Services	16,023	15,062	961	20,899
General Services	1,150	1,450	(300)	1,125
Machinery & Equipment Maintenance	600	120	480	73
Capital Outlay	0	0	0	0
Total Health	56,077	55,025	1,052	59,069
Legal:				
Contractual & Misc. Services	10,000	9,000	1,000	9,750
General Services	0	0	0	0
Total Legal	10,000	9,000	1,000	9,750
Park:				
Personal Services	269,282	271,522	(2,240)	247,332
Contractual & Misc. Services	65,809	56,244	9,565	71,128
General Services	38,400	32,980	5,420	64,146
Machinery & Equipment Maintenance	50,400	29,149	21,251	46,901
Capital Outlay	10,000	10,150	(150)	600
Total Park	433,891	400,045	33,846	430,107
Planning & Zoning:				
Personal Services	92,747	93,220	(473)	88,342
Contractual & Misc. Services	180,385	175,840	4,545	160,339
General Services	2,250	2,966	(716)	4,960
Machinery & Equip. Maintenance	2,075	1,105	970	2,498
Capital Outlay	0	0	0	0
Total Planning & Zoning	277,457	273,131	4,326	256,139
Police:				
Personal Services	1,452,563	1,428,083	24,480	1,380,053
Contractual & Misc. Services	104,502	93,101	11,401	89,322
General Services	60,075	63,037	(2,962)	91,985
Machinery & Equipment Maint.	42,050	76,202	(34,152)	48,415
Capital Outlay	85,895	171,636	(85,741)	175,075
Total Police	1,745,085	1,832,059	(86,974)	1,784,850
Public Works Director:				
Personal Services	139,307	112,431	26,876	95,287
Contractual & Misc. Services	4,194	3,668	526	3,247
General Services	6,950	4,247	2,703	10,976
Machinery & Equipment Maintenance	1,900	1,012	888	1,426
Capital Outlay	0	0	0	0
Total Public Works Director	152,351	121,358	30,993	110,936

-Continued-

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2003

--Continued--

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
Recreation				
Personal Services	\$ 84,962	\$ 88,234	\$ (3,272)	\$ 80,162
Contractual & Misc. Services	21,089	20,114	975	22,923
General Services	2,700	1,383	1,317	1,883
Machinery & Equipment Maintenance	4,000	276	3,724	2,807
Capital Outlay	0	0	0	0
Total Recreation	112,751	110,007	2,744	107,775
Refuse Collection:				
Personal Services	272,699	299,536	(26,837)	266,394
Contractual & Misc. Services	12,768	16,375	(3,607)	12,529
General Services	32,700	29,552	3,148	52,757
Machinery & Equipment Maintenance	44,350	58,070	(13,720)	38,973
Capital Outlay	67,569	74,146	(6,577)	101,393
Total Refuse Collection	430,086	477,679	(47,593)	472,046
Street & Alley Maintenance:				
Personal Services	249,864	280,743	(30,879)	259,464
Contractual & Misc. Services	10,227	12,199	(1,972)	7,174
General Services	22,550	123,988	(101,438)	19,645
Machinery & Equipment Maintenance	110,737	81,487	29,250	70,533
Capital Outlay	43,331	100,928	(57,597)	62,281
Total Street & Alley Maintenance	436,709	599,345	(162,636)	419,097
Swimming Pool:				
Personal Services	25,076	27,741	(2,665)	29,900
Contractual & Misc. Services	6,401	5,485	916	2,298
General Services	8,770	5,095	3,675	10,011
Machinery & Equip. Maintenance	31,385	31,508	(123)	3,066
Capital Outlay	0	0	0	0
Total Swimming Pool	71,632	69,829	1,803	45,275
Recycling Center				
Contractual & Misc. Services	10,100	8,981	1,119	9,899
General Services	200	0	200	267
Total Recycling Center	10,300	8,981	1,319	10,166
Traffic Engineering:				
Personal Services	65,795	65,370	425	60,964
Contractual & Misc. Services	1,763	2,143	(380)	1,320
General Services	11,375	6,966	4,409	7,521
Machinery & Equipment Maint.	2,750	608	2,142	785
Capital Outlay	0	0	0	0
Total Traffic Eng. & Bldg. Maint.	81,683	75,087	6,596	70,590

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City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2003

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
Municipal Court:				
Personal Services	\$ 66,502	\$ 70,944	\$ (4,442)	\$ 60,899
Contractual & Miscellaneous Services	88,650	150,822	(62,172)	87,031
General Services	3,300	2,220	1,080	3,043
Machinery & Equipment Maintenance	200	85	115	9
Capital Outlay	0	0	0	0
Total Capital Outlay	158,652	224,071	(65,419)	150,982
Transfer Station:				
Personal Services	185,592	183,192	2,400	180,045
Contractual & Misc. Services	385,372	474,792	(89,420)	462,095
General Services	26,100	26,239	(139)	26,089
Machinery & Equipment Maintenance	27,000	39,939	(12,939)	56,285
Capital Outlay	0	0	0	6,373
Total Transfer Station	624,064	724,162	(100,098)	730,887
Vehicle Service Center:				
Personal Services	193,379	185,098	8,281	176,319
Contractual & Misc. Services	16,925	18,708	(1,783)	13,500
General Services	18,275	19,083	(808)	24,441
Machinery & Equipment Maintenance	11,500	3,186	8,314	9,640
Capital Outlay	0	0	0	20,000
Total Vehicle Service Center	240,079	226,075	14,004	243,900
Reserve Section:				
Borger Youth Center	9,135	9,135	0	9,896
Washington Youth Center	1,000	0	1,000	0
Opportunities, Inc.	7,875	7,875	0	8,531
The House of Friends	3,600	3,350	250	2,559
General Contingencies	34,000	15,031	18,969	6,914
City Hall Maintenance	7,500	17,244	(9,744)	3,216
Transfers Out	0	0	0	0
Total Reserve Section	63,110	52,635	10,475	31,116
TOTAL EXPENDITURES	\$ 6,444,832	\$ 7,009,807	\$ (564,975)	\$ 6,473,164

CITY OF BORGER, TEXAS
SCHEDULE OF TAXES RECEIVABLE
SEPTEMBER 30, 2003

TAX ROLL	BALANCE			BALANCE 9-30-03
	10-1-02 PLUS CURRENT YEAR	COLLECTIONS	ADJUSTMENTS	
1991 & Prior	\$ 61,676	\$ (180)	\$ (3,417)	\$ 58,079
1992	4,915	(40)	(503)	4,372
1993	6,421	(40)	(247)	6,134
1994	4,177	(110)	(267)	3,800
1995	5,791	(255)	(909)	4,627
1996	5,156	(235)	0	4,921
1997	6,069	(276)	(222)	5,571
1998	8,129	(1,206)	(319)	6,604
1999	13,634	(2,120)	12	11,526
2000	22,358	(7,123)	979	16,214
2001	65,728	(26,367)	(547)	38,814
	204,054	(37,952)	(5,440)	160,662
2002 Taxes Assessed	1,452,887	(1,391,318)	(8,318)	53,251
Totals	\$ 1,656,941	\$ (1,429,270)	\$ (13,758)	\$ 213,913

	Totals	INTEREST & SINKING FUND	
		General Fund	
Current Year	\$ 1,391,318	\$ 1,196,416	\$ 194,902
Prior Years	37,952	35,451	2,501
Total Collections	1,429,270	1,231,867	197,403
Penalty And Interest Discounts	31,764	26,595	5,169
	(25,397)	(25,397)	0
Net Collections	\$ 1,435,637	\$ 1,233,065	\$ 202,572

CITY OF BORGER, TEXAS
GENERAL FUND
SCHEDULE OF ASSET VALUATION, TAX RATE, LEVY, AND
COLLECTIONS FOR THE PAST TEN FISCAL YEARS

<u>FISCAL YEAR</u>	<u>ASSESSED VALUATION</u>	<u>TAX RATE</u>	<u>TAX LEVY</u>	<u>CURRENT TAXES COLLECTED</u>	<u>PER CENT COLLECTED</u>
September 30, 1993	\$ 309,871,492	.30500	\$ 945,401	\$ 902,661	95.48
September 30, 1994	315,161,550	.30500	960,366	918,143	95.60
September 30, 1995	314,290,872	.31000	974,531	938,963	96.35
September 30, 1996	311,767,404	.31000	966,587	933,691	96.60
September 30, 1997	315,310,774	.33000	1,040,464	1,002,746	96.37
September 30, 1998	317,308,043	.33000	1,047,117	1,013,538	96.79
September 30, 1999	319,718,174	.36000	1,150,937	1,112,472	96.66
September 30, 2000	341,186,164	.36000	1,228,168	1,175,834	95.73
September 30, 2001	342,306,850	.36000	1,232,274	1,176,516	95.48
September 30, 2002	345,250,089	.41883	1,449,963	1,381,566	95.28
September 30, 2003	346,891,818	.41883	1,452,887	1,391,318	95.77

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 SEPTEMBER 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Investments	\$ 4,407	\$ 7,075
Interest Receivable	4	11
Due From Other Funds	<u>11,952</u>	<u>5,797</u>
 Total Assets	 \$ <u>16,363</u>	 \$ <u>12,883</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 0	\$ 0
Due To Other Funds	<u>0</u>	<u>0</u>
 TOTAL LIABILITIES	 <u>0</u>	 <u>0</u>
 Fund Balance--Restricted	 <u>16,363</u>	 <u>12,883</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u>16,363</u>	 \$ <u>12,883</u>

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 BALANCE SHEET
 SEPTEMBER 30, 2003

	<u>COMBINED SPECIAL REVENUE FUND</u>	<u>CITY TOURISM</u>	<u>HOTEL & MOTEL ROOM OCCUPANCY TAX FUND</u>	<u>COURT TECHNOLOGY FUND</u>
ASSETS				
Interest Receivable	\$ 4	\$ 0	\$ 0	\$ 4
Investments	4,407	0	0	4,407
Due From Other Funds	11,952	7,420	575	3,957
TOTAL ASSETS	\$ 16,363	\$ 7,420	\$ 575	\$ 8,368
LIABILITIES AND FUND BALANCES				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Due To Other Funds	0	0	0	0
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance--Restricted	\$ 16,363	\$ 7,420	\$ 575	\$ 8,368
Fund Balance--Unrestricted	0	0	0	0
TOTAL LIABILITIES & FUND BALANCE	\$ 16,363	\$ 7,420	\$ 575	\$ 8,368

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	<u>COMBINED SPECIAL REVENUE FUND</u>		<u>CITY TOURISM</u>		<u>HOTEL & MOTEL ROOM OCCUPANCY TAX FUND</u>		<u>COURT TECHNOLOGY FUND</u>
Fund Balance October 1, 2002	\$ 12,883	\$	0	\$	4,802	\$	8,081
Excess Revenues Over (Under) Expenditures	<u>3,480</u>		<u>7,420</u>		<u>(4,227)</u>		<u>287</u>
Fund Balance September 30, 2003	<u>\$ 16,363</u>	\$	<u>7,420</u>	\$	<u>575</u>	\$	<u>8,368</u>

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 STATEMENT OF REVENUES AND EXPENDITURES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	COMBINED SPECIAL REVENUE FUND	CITY TOURISM	HOTEL & MOTEL ROOM OCCUPANCY TAX FUND	COURT TECHNOLOGY FUND
REVENUE				
Investments Interest	\$ 61	\$ 0	\$ 0	\$ 61
Court Fees	9,629	0	0	9,629
Hotel & Motel Occupancy Tax	66,446	7,420	59,026	0
Total Revenue	\$ 76,136	\$ 7,420	\$ 59,026	\$ 9,690
Transfers & Other:				
Interfund Transfers	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues & Transfers	\$ 76,136	\$ 7,420	\$ 59,026	\$ 9,690
EXPENDITURES				
Municipal Court	\$ 9,403	\$ 0	\$ 0	\$ 9,403
Hutchinson County Museum	6,243	0	6,243	0
Chamber of Commerce	53,971	0	53,971	0
Tri City Community Concert	3,039	0	3,039	0
Total Expenditures & Transfers	\$ 72,656	\$ 0	\$ 63,253	\$ 9,403
Transfers & Other:				
Transfers - General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures & Transfers	\$ 72,656	\$ 0	\$ 63,253	\$ 9,403
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ 3,480	\$ 7,420	\$ (4,227)	\$ 287

CITY OF BORGER, TEXAS
 COMBINED DEBT SERVICE FUND
 COMPARATIVE BALANCE SHEET
 SEPTEMBER 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash In Bank	\$ 4,874	\$ 4,928
Accrued Interest	4	8
Investments	5,000	5,000
Due From Other Funds	24	27
	\$ 9,902	\$ 9,963
TOTAL ASSETS	\$ 9,902	\$ 9,963
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Fund Balance—Restricted	\$ 9,902	\$ 9,963
TOTAL LIABILITIES AND FUND BALANCE	\$ 9,902	\$ 9,963

CITY OF BORGER, TEXAS
 COMBINED DEBT SERVICE FUND
 BALANCE SHEET
 SEPTEMBER 30, 2003

<u>ASSETS</u>	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
Cash & Investments:		
Cash In Bank	\$ 4,874	\$ 4,874
Accrued Interest	4	4
Investments	5,000	5,000
Due From Other Funds	24	24
TOTAL ASSETS	<u>\$ 9,902</u>	<u>\$ 9,902</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Matured Coupons Unredeemed	\$ 0	\$ 0
Fund Balance:		
Unappropriated	0	0
Restricted	9,902	9,902
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 9,902</u>	<u>\$ 9,902</u>

CITY OF BORGER, TEXAS
 COMBINED DEBT SERVICE FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
Fund Balance October 1, 2002	\$ 9,963	\$ 9,963
Excess Of Revenue Over (Under) Expenditures	(61)	(61)
Fund Balance September 30, 2003	<u>\$ 9,902</u>	<u>\$ 9,902</u>

CITY OF BORGER, TEXAS
 COMBINED DEBT SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
<u>REVENUES</u>		
Interest	\$ 1,343	\$ 1,343
Ad Valorem Taxes	202,572	202,572
	203,915	203,915
<u>EXPENDITURES</u>		
Bond Principal	140,000	140,000
Bond Interest	63,355	63,355
Bond Fees	621	621
	203,976	203,976
<u>EXCESS OF REVENUE OVER EXPENDITURES</u>	\$ (61)	\$ (61)

CITY OF BORGER, TEXAS
 COMBINED TRUST AND AGENCY FUND
 COMPARATIVE BALANCE SHEET
 SEPTEMBER 30,

<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
Cash In Bank	\$ 0	\$ 0
Accounts Receivable – Group Hospitalization	0	37,176
Investments	144,639	148,566
Due From Other Funds	16,237	0
	<u>\$ 160,876</u>	<u>\$ 185,742</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Group Hospitalization	\$ 16,237	\$ 0
Deferred compensation	144,639	148,566
Due To Other Funds	0	37,176
	<u>\$ 160,876</u>	<u>\$ 185,742</u>

CITY OF BORGER, TEXAS
 COMBINED TRUST AND AGENCY FUND
 BALANCE SHEET
 SEPTEMBER 30, 2003

	COMBINED TRUST & AGENCY FUND	GROUP HOSPITALIZATION FUND	DEFERRED COMPENSATION FUND
<u>ASSETS</u>			
Cash In Bank	\$ 0	\$ 0	\$ 0
Accounts Receivable Group Hospitalization	0	0	0
Investments	144,639	0	144,639
Due From Other Funds	16,237	16,237	0
	<hr/>		
Total Assets	\$ 160,876	\$ 16,237	\$ 144,639
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Group Hospitalization	\$ 16,237	\$ 16,237	\$ 0
Deferred Compensation	144,639	0	144,639
Due To Other Funds	0	0	0
	<hr/>		
Total Liabilities	\$ 160,876	\$ 16,237	\$ 144,639

CITY OF BORGER, TEXAS
 COMBINED PROPRIETARY FUND
 COMPARATIVE BALANCE SHEET
 SEPTEMBER 30,

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash On Hand	\$ 800	\$ 800
Investments	1,341,801	685,024
Accounts Receivable	539,191	433,687
Less Estimated Uncollectible	(136,779)	(126,513)
Due From Other Funds	521,042	276,071
Interest Receivable	1,137	1,053
Cost Of Issuance Of Debt—Net Of Amortization	426,350	335,862
Land	200,263	200,263
Canadian River Water Supply Contract	13,907,868	13,907,868
Plant Assets And Equipment	24,428,773	23,989,231
Less Accumulated Depreciation & Amortization	<u>(16,062,778)</u>	<u>(15,225,302)</u>
 TOTAL ASSETS	 \$ <u>25,167,668</u>	 \$ <u>24,478,044</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Accounts Payable	\$ 49,613	\$ 57,684
Accrued Salaries Payable	25,655	23,456
Customer Meter Deposits	298,264	293,111
Due To Other Funds	85,752	2,868
Notes Payable—GMAC	17,744	32,953
Bonds Payable	4,560,000	3,400,000
Certificate Of Obligation Payable	1,195,000	1,395,000
Accrued Interest Payable	30,656	51,325
Roberts County Water Contract	4,295,017	4,482,780
Surface Water Supply Contract	1,148,757	1,203,477
Deferred Gain on Debt Retirement	1,672,831	1,784,976
Salinity Control Project Contract	<u>145,199</u>	<u>164,816</u>
 Total Liabilities	 13,524,488	 12,892,446
 Fund Balance	 <u>11,643,180</u>	 <u>11,585,598</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u>25,167,668</u>	 \$ <u>24,478,044</u>

Note: Intrafund loans were eliminated from the above balance sheet.

CITY OF BORGER, TEXAS
COMBINED PROPRIETARY FUND
BALANCE SHEET
SEPTEMBER 30, 2003

	Combined Proprietary Fund	Water And Sewer Fund	2002 Refunding Bonds I&S	1992 Interest & Sinking Fund	2002 Certificates of Oblig. I&S	Construction Fund	W/S Construction 2002
ASSETS							
Cash And Investments:							
Cash On Hand	\$ 800	\$ 800	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cash In Bank	0	0	0	0	0	0	0
Investments	1,341,801	496,685	65,116	0	780,000	0	0
Total Cash and Investments	1,342,601	497,485	65,116	0	780,000	0	0
Receivables:							
Interest Receivable	1,137	421	55	0	661	0	0
Water & Sewer Billings	539,191	539,191	0	0	0	0	0
Less Estimated Uncollectible	(136,779)	(136,779)	0	0	0	0	0
Total Receivables	403,549	402,833	55	0	661	0	0
Other Assets:							
Cost Of Issuance Of Debt-							
Net of Amortization	426,350	426,350	0	0	0	0	0
Due From Accounts Payable	519,979	494,918	0	24	25,037	0	0
Due From Stores Fund	0	0	0	0	0	0	0
Due From Payroll Fund	1,063	1,063	0	0	0	0	0
Due From General Fund	0	0	0	0	0	0	0
Total Other Assets	947,392	922,331	0	24	25,037	0	0
Plant And Equipment:							
Land	200,263	200,263	0	0	0	0	0
Fixed Assets	38,336,641	38,336,641	0	0	0	0	0
Less Accumulated Depreciation	(16,062,778)	(16,062,778)	0	0	0	0	0
Total Plant & Equipment	22,474,126	22,474,126	0	0	0	0	0
TOTAL ASSETS	\$ 25,167,668	\$ 24,296,775	65,171	\$ 24	805,698	\$ 0	\$ 0
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 49,613	\$ 49,613	0	\$ 0	0	0	0
Accrued Salaries Payable	25,655	25,655	0	0	0	0	0
Customer Meter Deposits	298,264	298,264	0	0	0	0	0
Due To Other Funds	85,752	0	82,068	0	0	0	3,684
Note Payable-GMAC	17,744	17,744	0	0	0	0	0
Bonds Payable-2002 Series	4,560,000	4,560,000	0	0	0	0	0
Certificates Of Obligation							
Payable - 2002 Series	1,195,000	1,195,000	0	0	0	0	0
Accrued Interest Payable	30,656	30,656	0	0	0	0	0
Roberts County Water Contract	4,295,017	4,295,017	0	0	0	0	0
Salinity Control Project Contract	145,199	145,199	0	0	0	0	0

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CITY OF BORGER, TEXAS
COMBINED PROPRIETARY FUND
BALANCE SHEET
SEPTEMBER 30, 2003

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	Combined Proprietary Fund	Water And Sewer Fund	2002 Refunding Bonds I&S	1992 Interest & Sinking Fund	2002 Certificates of Oblig. I&S	Construction Fund	W/S Construction 2002
Liabilities:							
Surface Water Supply Contract	\$ 1,148,757	\$ 1,148,757	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Gain on Debt Retirement	1,672,831	1,672,831	0	0	0	0	0
Total Liabilities	13,524,488	13,438,736	82,068	0	0	0	3,684
Fund Balance:							
Restricted--Customer Deposits	298,264	298,264	0	0	0	0	0
Reserve	805,698	0	0	0	805,698	0	0
Unreserved	10,539,218	10,559,775	(16,897)	24	0	0	(3,684)
Total Fund Balance	11,643,180	10,858,039	(16,897)	24	805,698	0	(3,684)
TOTAL LIABILITIES & FUND BALANCES	\$ 25,167,668	\$ 24,296,775	\$ 65,171	\$ 24	\$ 805,698	\$ 0	\$ 0

CITY OF BORGER, TEXAS
 COMBINED PROPRIETARY FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	1992 INTEREST & SINKING FUND	2002 Certificates of Oblig. I&S	CONSTRUCTION FUND	W/S Construction 2002
Fund Balance October 1, 2002	\$ 11,585,598	\$ 11,536,505	\$ 0	\$ (51,619)	\$ 0	\$ 100,712	\$ 0
Prior Year Adjustments	0	0	0	0	0	0	0
	11,585,598	11,536,505	0	(51,619)	0	100,712	0
Add: Excess of Revenue Over (Under) Expenditures	57,582	(678,466)	(16,897)	51,643	805,698	(100,712)	(3,684)
Fund Balance September 30, 2003	\$ 11,643,180	\$ 10,858,039	\$ (16,897)	\$ 24	\$ 805,698	\$ 0	\$ (3,684)

CITY OF BORGER, TEXAS
COMBINED PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	1992 INTEREST & SINKING FUND	2002 Certificate of Oblig. I&S	CONSTRUCTION FUND	W/S Construction 2002
REVENUE							
Water Sales	\$ 2,956,808	\$ 2,956,808	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sewer Sales	1,421,074	1,421,074	0	0	0	0	0
Plumbing Permits & Taps	3,761	3,761	0	0	0	0	0
Miscellaneous Revenue	41,124	27,464	13660	0	0	0	0
Interest On Investments	23,102	9,748	841	0	12,513	0	0
Total Revenue	4,445,869	4,418,855	14,501	0	12,513	0	0
Transfers And Other:							
Gain On Sale Of Assets	1,177	1,177	0	0	0	0	0
Bonds Retired From Int. & Sink	345,000	345,000	0	0	0	0	0
Assets Acquired/Construction Fund	412,496	412,496	0	0	0	0	0
Transfer From General Fund	0	0	0	0	0	0	0
Transfer From General Fixed Assets	0	0	0	0	0	0	0
Interfund Transfers	2,256,427	97,924	525000	318	1,213,185	0	420,000
Total Revenue & Transfers	7,460,969	5,275,452	539,501	318	1,225,698	0	420,000
EXPENDITURES							
Customer Service	462,152	462,152	0	0	0	0	0
Water Maintenance	435,328	435,328	0	0	0	0	0
Sewer Maintenance	416,574	416,574	0	0	0	0	0
Water Production & Treatment	888,843	465,159	0	0	0	0	423,684
Wastewater Collection & Treatment	439,227	439,227	0	0	0	0	0
Utility Director Section	138,437	138,437	0	0	0	0	0
Water Purchased For Resale	349,451	346,981	0	0	0	2,470	0
Data Processing	59,086	59,086	0	0	0	0	0
Purchased Services—General Fund	300,000	300,000	0	0	0	0	0
Contingencies	15,219	15,219	0	0	0	0	0
Interest CRMWA	292,631	292,631	0	0	0	0	0
Bonds Retired	345,000	0	345,000	0	0	0	0
Coupons Retired	190,729	30,856	211,398	(51,325)	0	0	0
Certificates Of Obligation—Retired	0	0	0	0	0	0	0
Interest—Certificates Of Obligation	30,946	30,946	0	0	0	0	0
Civil Defense	1,680	1,680	0	0	0	0	0
Bad Debt Expense	0	0	0	0	0	0	0
Depreciation & Amortization	781,657	781,657	0	0	0	0	0
Total Expenditures	5,146,960	4,215,733	556,398	(51,325)	0	2,470	423,684
Transfers And Other:							
Interfund Transfers	2,256,427	1,738,185	0	0	420,000	98,242	0
Loss On Sale Of Assets	0	0	0	0	0	0	0
Total Expenditures & Transfers	7,403,387	5,953,918	556,398	(51,325)	420,000	100,712	423,684
EXCESS OF REVENUE OVER EXPENDITURES	\$ 57,582	\$ (678,466)	\$ (16,897)	\$ 51,643	\$ 805,698	\$ (100,712)	\$ (3,684)

CITY OF BORGER, TEXAS
 WATER AND SEWER FUND
 COMPARISON OF REVENUE WITH BUDGET
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

	BUDGET	REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL PRIOR YEAR
REVENUE:				
Water Sales	\$ 3,394,200	\$ 2,956,808	\$ (437,392)	\$ 3,040,491
Sewer Charges	1,431,293	1,421,074	(10,219)	1,397,131
Plumbing Permits & Taps	7,200	3,761	(3,439)	12,411
Miscellaneous	6,000	27,464	21,464	36,420
Interest On Investments	25,000	9,748	(15,252)	14,863
Sale of Assets	0	1,177	1,177	8,104
TOTAL WATER & SEWER REVENUE	\$ 4,863,693	\$ 4,420,032	\$ (443,661)	\$ 4,509,420

CITY OF BORGER, TEXAS
WATER AND SEWER FUND
COMPARISON OF EXPENDITURES WITH BUDGET
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

<u>EXPENDITURES</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL PRIOR YEAR</u>
Customer Service:				
Personal Services	\$ 312,269	\$ 282,948	\$ 29,321	\$ 298,848
Contractual Services & Misc.	131,784	161,325	(29,541)	126,175
General Services	12,145	7,966	4,179	11,750
Machinery & Equipment Maintenance	28,050	9,913	18,137	21,135
Capital Outlay	0	0	0	13,400
Total Customer Service	484,248	462,152	22,096	471,308
Water Maintenance Section:				
Personal Services	330,762	345,989	(15,227)	290,272
Contractual Services & Misc.	13,934	11,279	2,655	11,318
General Services	18,125	22,837	(4,712)	17,389
Machinery & Equipment Maintenance	60,350	55,223	5,127	56,646
Capital Outlay	14,500	0	14,500	0
Total Water Maintenance Section	437,671	435,328	2,343	375,625
Sewer Maintenance Section:				
Personal Services	301,632	310,692	(9,060)	276,946
Contractual Services & Misc.	37,560	36,540	1,020	33,333
General Services	24,150	20,011	4,139	25,436
Machinery & Equipment Maintenance	72,750	49,331	23,419	86,708
Capital Lease Payments	15,209	15,209	0	12,674
Total Sewer Maint. Section	451,301	431,783	19,518	435,097
Water Production & Treatment:				
Personal Services	183,519	189,645	(6,126)	169,686
Contractual Services & Misc.	319,801	220,409	99,392	260,193
General Services	38,350	35,793	2,557	38,528
Machinery & Equipment Maintenance	49,450	19,312	30,138	32,669
Capital Outlay	3,000	0	3,000	0
Total Water Production & Water Treatment	594,120	465,159	128,961	501,076
Wastewater Collection & Treatment:				
Personal Services	210,617	206,978	3,639	198,974
Contractual Services & Misc.	146,065	192,361	(46,296)	156,614
General Services	49,350	25,347	24,003	29,890
Machinery & Equipment Maintenance	28,475	14,541	13,934	25,744
Capital Outlay	12,000	0	12,000	0
Total Wastewater Collection & Treatment	446,507	439,227	7,280	411,222

CITY OF BORGER, TEXAS
WATER AND SEWER FUND
COMPARISON OF EXPENDITURES WITH BUDGET
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

-continued-

EXPENDITURES	BUDGET	EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL PRIOR YEAR
Utility Director Section:				
Personal Services	\$ 130,978	\$ 128,944	\$ 2,034	\$ 123,629
Contractual Services & Misc.	22,917	5,451	17,466	13,848
General Services	6,825	2,763	4,062	5,043
Machinery & Equipment Maintenance	2,250	1,279	971	968
Capital Outlay	0	0	0	0
Total Utility Director Sect.	162,970	138,437	24,533	143,488
Data Processing Center:				
Personal Services	24,957	25,030	(73)	22,695
Contractual Services & Misc.	17,557	17,889	(332)	14,140
General Services	2,395	2,067	328	1,819
Machinery & Equipment Maintenance	20,200	14,100	6,100	21,207
Capital Outlay	0	0	0	0
Total Data Processing Center	65,109	59,086	6,023	59,861
Reserve Section:				
Annual Bond Requirements	0	0	0	800,418
Contingencies	50,000	9,830	40,170	9,670
Purchased Services--General Fund	683,313	300,000	383,313	529,000
Water Operation & Maintenance	386,000	346,981	39,019	321,648
Civil Defense	2,500	1,680	820	1,922
CRMWA Bond Payment	108,764	134,140	(25,376)	106,727
CRMWA Salinity Control	25,937	26,148	(211)	26,120
Roberts Co. Bond Payment	419,799	394,444	25,355	420,893
Youth Facility Transfer	0	0	0	0
Capital Equipment Transfer	25,000	0	25,000	20,000
City Hall Building Maint.	10,000	5,389	4,611	3,208
Total Reserve Section	1,711,313	1,218,612	492,701	2,239,606
Total Expenditures--Budgeted	\$ 4,353,239	\$ 3,649,784	\$ 703,455	\$ 4,637,283

CITY OF BORGER, TEXAS
 WATER AND SEWER FUND
 STATEMENT OF INCOME
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

INCOME:	
Water Sales	\$ 2,956,808
Sewer Charges	1,421,074
Plumbing Permits And Taps	3,761
Miscellaneous	41,124
	<hr/>
Total Income	4,422,767
	<hr/>
OPERATING EXPENSES:	
Salaries	1,047,580
Employee Retirement	148,919
Workmen's Compensation	37,170
Group Insurance	243,899
Medicare & Social Security	12,658
Postage	40,164
Communications	13,118
Printing & Public Notices	9,182
Travel And Auto Allowance	12,796
Insurance And Bonds	28,052
Dues And Subscriptions	3,166
Utilities	310,459
Outside Professional Services	94,450
Special Services And Contingencies	145,378
Chemicals And Pest Control	36,566
Supplies	49,746
Gas, Oil, And Lubrication	30,472
Machinery & Equipment Maintenance	44,283
Right of Ways	15,424
Water Facilities Maintenance	65,704
Sewer Facilities Maintenance	31,992
Lift Station Maintenance	8,162
Software & Maintenance	14,710
Water Purchased	349,451
Services Purchased – General Fund	300,000
Loss on Bad Accounts	0
Depreciation And Amoritzation	781,657
	<hr/>
Total Operating Expenses	3,875,158
	<hr/>
NET INCOME FROM OPERATIONS	547,609
	<hr/>
OTHER INCOME (EXPENSE)	
Interest Income	23,102
Gain from Sale of Equipment	1,177
Interest Expense	(514,306)
	<hr/>
Total Other Income (Expense)	(490,027)
	<hr/>
NET INCOME (LOSS)	\$ 57,582
	<hr/>

CITY OF BORGER, TEXAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002
 SEPTEMBER 30, 2003

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
September 30, 2004	\$ 355,000	\$ 144,340	\$ 499,340	2.750
September 30, 2005	365,000	134,578	499,578	3.000
September 30, 2006	375,000	123,627	498,627	3.000
September 30, 2007	390,000	112,378	502,378	3.000
September 30, 2008	400,000	100,677	500,677	3.000
September 30, 2009	410,000	88,678	498,678	3.000
September 30, 2010	425,000	76,377	501,377	3.150
September 30, 2011	440,000	62,990	502,990	3.250
September 30, 2012	450,000	48,690	498,690	3.375
September 30, 2013	465,000	33,503	498,503	3.450
September 30, 2014	485,000	17,460	502,460	3.600
	<u>\$ 4,560,000</u>	<u>\$ 943,298</u>	<u>\$ 5,503,298</u>	

Note: The bonds were issued on November 19, 2002. The bonds are scheduled to mature on August 1, with the interest payable semiannually on February 1, and August 1. The series was authorized for \$4,905,000 with an original issue of \$4,905,000.

On the bond maturity date of August 1, 2012, or any date thereafter, the rights are reserved to redeem bonds in the principal amount of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the fixed date of redemption.

The bonds are refunding water and sewer obligations and are to be paid from an ad valorem tax levied against all taxable property in the City, within the limits prescribed by law.

CITY OF BORGER, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM SURPLUS
REVENUE CERTIFICATES OF OBLIGATION, SERIES 2002
SEPTEMBER 30, 2003

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
September 30, 2004	\$ 75,000	\$ 39,591	\$ 114,591	3.000
September 30, 2005	80,000	37,341	117,341	3.000
September 30, 2006	75,000	34,941	109,941	3.000
September 30, 2007	80,000	32,691	112,691	3.000
September 30, 2008	80,000	30,291	110,291	3.000
September 30, 2009	85,000	27,891	112,891	3.000
September 30, 2010	90,000	25,341	115,341	3.150
September 30, 2011	90,000	22,506	112,506	3.300
September 30, 2012	95,000	19,536	114,536	3.400
September 30, 2013	100,000	16,306	116,306	3.500
September 30, 2014	105,000	12,806	117,806	3.625
September 30, 2015	240,000	9,000	249,000	3.750
	<u>\$ 1,195,000</u>	<u>\$ 308,241</u>	<u>\$ 1,503,241</u>	

Note: The certificates of obligation were issued on November 19, 2002. The obligations are scheduled to mature on August 1, with the interest payable semiannually on February 1, and August 1. The series was authorized for \$1,250,000 with an original issue of \$1,250,000.

On the certificates maturity date of August 1, 2012, or any date thereafter, the rights are reserved to redeem bonds in the principal amount of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the fixed date of redemption.

The certificates constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, levied within the limit prescribed by law, on all taxable property within the City. Additionally, the certificates are payable from and equally and ratably secured by a lien on and pledge of the Net Revenues of the Water and Sewer System.

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 COMPARATIVE BALANCE SHEET
 SEPTEMBER 30,

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash on Hand	\$ 10	\$ 10
Cash in Bank	543,181	295,323
Investments	95,000	80,000
Receivables:		
Others	1,634	6,440
Inventory	68,012	79,632
Due from Other Funds	85,752	63,268
TOTAL ASSETS	\$ 793,589	\$ 524,673
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 2,000	\$ 9,250
Due to Other Governments	0	0
Due to Other Funds	652,661	380,454
Total Liabilities	654,661	389,704
Fund Balance—Unappropriated	138,928	134,969
TOTAL LIABILITIES AND FUND BALANCE	\$ 793,589	\$ 524,673

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 BALANCE SHEET
 SEPTEMBER 30, 2003

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND	ACCOUNTS PAYABLE FUND	PAYROLL FUND
<u>ASSETS</u>				
Cash & Investments:				
Cash On Hand	\$ 10	\$ 10	\$ 0	\$ 0
Cash In Bank	543,181	0	542,254	927
Investments	95,000	95,000	0	0
Total Cash & Investments	<u>638,191</u>	<u>95,010</u>	<u>542,254</u>	<u>927</u>
Receivables:				
Sundry	1,634	0	0	1,634
Total Receivables	<u>1,634</u>	<u>0</u>	<u>0</u>	<u>1,634</u>
Other Assets:				
Due From Other Funds	85,752	(22,094)	107,857	(11)
Inventory	68,012	68,012	0	0
Total Other Assets	<u>153,764</u>	<u>45,918</u>	<u>107,857</u>	<u>(11)</u>
TOTAL ASSETS	<u>\$ 793,589</u>	<u>\$ 140,928</u>	<u>\$ 650,111</u>	<u>\$ 2,550</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 2,000	\$ 2,000	\$ 0	\$ 0
Due to Other Governments	0	0	0	0
Due To Water & Sewer Fund	1,063	0	0	1,063
Due To General Fund	1,487	0	0	1,487
Due To Other Funds	650,111	0	650,111	0
Total Liabilities	<u>654,661</u>	<u>2,000</u>	<u>650,111</u>	<u>2,550</u>
Fund Balance—Unappropriated	<u>138,928</u>	<u>138,928</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 793,589</u>	<u>\$ 140,928</u>	<u>\$ 650,111</u>	<u>\$ 2,550</u>

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 SEPTEMBER 30, 2003

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND	ACCOUNTS PAYABLE FUND	PAYROLL FUND
Fund Balance October 1, 2002	\$ 134,969	\$ 134,969	\$ 0	\$ 0
Excess of Revenues Over (Under) Expenditures	3,959	3,959	0	0
Fund Balance September 30, 2003	\$ 138,928	\$ 138,928	\$ 0	\$ 0

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 STATEMENT OF REVENUES AND EXPENDITURES
 SEPTEMBER 30, 2003

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND	ACCOUNTS PAYABLE FUND	PAYROLL FUND
<u>REVENUES</u>				
Stores Billings	\$ 25,523	\$ 25,523	\$ 0	\$ 0
Total Revenue	25,523	25,523	0	0
<u>EXPENDITURES</u>				
Store Purchases	21,564	21,564	0	0
Total Expenditures	21,564	21,564	0	0
Transfers				
Transfer to General Fund	0	0	0	0
Total Expenditures & Transfers	21,564	21,564	0	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 3,959	\$ 3,959	\$ 0	\$ 0

CITY OF BORGER, TEXAS
 GENERAL LONG-TERM DEBT ACCOUNT GROUPS
 COMPARATIVE BALANCE SHEET
 SEPTEMBER 30,

AMOUNT AVAILABLE AND TO BE PROVIDED
 FOR THE RETIREMENT OF GENERAL LONG-TERM
 DEBTS AND INTEREST

	<u>2003</u>	<u>2002</u>
Amount Available in Debt Service Fund	\$ 9,902	\$ 9,963
Principal Amount to be Provided in Future Years:		
General Obligation Refunding Bonds—Series 1995	1,150,098	1,290,037
Capital Lease Obligations	27,145	120,336
Notes Payable Obligations	334,248	78,770
Total Principal Available & to be Provided For	1,521,393	1,499,106
Interest to be Provided in Future Years	269,521	315,468
TOTAL AVAILABLE & TO BE PROVIDED FOR	\$ 1,790,914	\$ 1,814,574

GENERAL LONG-TERM DEBTS AND INTEREST
 PAYABLE IN FUTURE YEARS

Notes Payable Obligations	\$ 334,248	\$ 78,770
Capital Lease Obligations	27,145	120,336
General Obligation Refunding Bonds—Series 1995	1,160,000	1,300,000
Interest Payable—General Obligation Debt	243,420	306,775
Interest Payable—Capital Lease Obligations	671	6,019
Interest Payable—Note Payable Obligations	25,430	2,674
TOTAL CERTIFICATES OF OBLIGATION & INTEREST PAYABLE	\$ 1,790,914	\$ 1,814,574

CITY OF BORGER, TEXAS
 GENERAL LONG-TERM DEBT ACCOUNT GROUPS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 1995
 SEPTEMBER 30, 2003

Fiscal Year	Principal	Interest	Total Requirements	Interest Rate
2004	\$ 145,000	\$ 57,055	\$ 202,055	4.60%
2005	150,000	50,385	200,385	4.70%
2006	155,000	43,335	198,335	4.80%
2007	165,000	35,895	200,895	4.90%
2008	175,000	27,810	202,810	5.00%
2009	180,000	19,060	199,060	5.10%
2010	190,000	9,880	199,880	5.20%
	<u>\$ 1,160,000</u>	<u>\$ 243,420</u>	<u>\$ 1,403,420</u>	

Note: The bonds were issued on December 20, 1995. The obligations are scheduled to mature on August 1, with the interest payable semiannually on February 1, and August 1. The series was authorized for \$2,110,000 with an original issue of \$2,110,000.

On the note maturity date of August 1, 2005, or on any date thereafter, the rights are reserved to redeem principal amounts of \$5,000 or any integral multiple thereof on notes maturing in the years on or after August 1, 2006 at a price of par plus accrued interest.

CITY OF BORGER, TEXAS
WATER AND SEWER UTILITIES SYSTEM
CUSTOMER STATISTICS

<u>NUMBER OF CUSTOMERS AS OF:</u>	<u>WATER</u>	<u>SEWER</u>
September 30, 1994	6,128	5,692
September 30, 1995	6,120	5,702
September 30, 1996	6,113	5,717
September 30, 1997	6,206	5,685
September 30, 1998	6,100	5,697
September 30, 1999	5,917	5,625
September 30, 2000	5,995	5,621
September 30, 2001	5,739	5,547
September 30, 2002	5,816	5,549
September 30, 2003	5,830	5,445

**CITY OF BORGER
SCHEDULE OF INSURANCE COVERAGE
SEPTEMBER 30, 2003**

Liability

	<u>POLICY NUMBER</u>	<u>Limit</u>	<u>Deductible</u>
Texas Municipal League Intergovernmental Risk Pool:	420-TML-1001400-02		
Workmans Compensation		Standard	
General Liability	Each Occurrence	5,000,000	No Deductible
Sudden Events Involving Pollution	Each Occurrence	1,000,000	
	Annual Aggregate	2,000,000	
Auto Liability	Each Occurrence	1,000,000	No Deductible
Medical Payments Limit	Each Person	25,000	
Auto Physical Damage	Each Vehicle	Policy Schedule	1,000
	Each Occurrence		10,000
Crime			
Law Enforcement	Each Occurrence	3,000,000	1,000
	Annual Aggregate	6,000,000	
Public Officials - Errors & Omissions	Each Wrongful Act	1,000,000	5,000
	Annual Aggregate	2,000,000	

Property

	<u>POLICY NUMBER</u>	<u>Limit</u>	<u>Deductible</u>
	420-TML-1001400-02		
Valuable Paper & Records & EDP Media		10,000	
Accounts Receivable		10,000	
Loss of Revenues, Extra Expense and Rents		25,000	
Personal Effects		5,000	
Leasehold Interest		5,000	
Outdoor Trees & Shrubs (\$250 Each)		10,000	
Employee Honesty Bond-Blanket		25,000	250
Theft Disappearance & Destruction & Robbery and Safe Burglary		25,000	250
The Hartford Casualty Insurance Co	GIBSBAN9210	25,000	
Employee Honesty Bond - Specific Named: Chris Coffman-City Manager			