

**CITY OF BORGER  
BORGER, TEXAS**

**YEAR ENDED SEPTEMBER 30, 2004**

**(With Auditor's Report Thereon)**

CITY OF BORGER  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2004

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UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION INCLUDING THE  
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

The Honorable Mayor Jeff Brain  
and City Council  
City of Borger  
Borger, Texas

Mayor and Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Borger (the City) as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administrators. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Borger as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise City of Borger's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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.

*Charles Gary Murrow, CPA, PLLC*

January 14, 2005

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, 2004. 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 \$410,140 less than the \$11,404,909 generated in tax and other revenues for governmental and business like operations.

The General Fund ended the year with a fund balance of \$1,175,643.

### 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 reports 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 13) 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 funding. 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 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 28) 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 10. 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, Criminal Justice Grants, Regional Solid Waste Management grants 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 13 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, Criminal Justice grants out of the Governor's office, etc. The City's administration establishes many other funds to help it control and manage money for particular purposes such as 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City implemented GASB Statement #34 in 2002 and 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 \$4,840,481 to \$5,402,273. 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 \$744,338 at September 30, 2004. This increase in governmental net assets was the result of three factors. First, the City's revenues exceeded the expenditures by about \$561,792. Second, the City paid bonds and other long-term debt in the amount of \$232,148 and acquired capital assets in the amount of \$76,688. Third, the City recorded depreciation in the amounts of \$203,052.

In 2004, net assets of our business-type activities decreased by \$151,652. 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 I  
CITY OF BORGER**

**NET ASSETS**

	Governmental Activities 2004	Business-type Activities 2004	Total 2004
Current and other assets	1,668,061	2,256,456	3,924,517
Capital assets – NET	5,275,356	21,865,616	27,140,972
Total assets	6,943,417	24,122,072	31,065,489
Long-term liabilities	994,223	10,942,634	11,936,857
Other liabilities	546,921	1,687,910	2,234,831
Total liabilities	1,541,144	12,630,544	14,171,688
Net Assets:			
Invested in capital assets net of related debt	4,022,897	10,922,982	14,945,879
Restricted	637,038	98,824	735,862
Unrestricted	742,338	469,225	1,211,563
Total net assets	5,402,273	1,491,528	6,893,801

**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

**Table II  
CITY OF BORGER**

**CHANGES IN NET ASSETS**

	Governmental Activities 2004	Business-type Activities 2004	Total 2004
Revenues:			
Program Revenues:			
Charges for Services	2,108,575	4,360,521	6,469,096
Operating grants and contributions	30,508		30,508
General Revenues:			
Maintenance and operations taxes	1,174,751		1,174,751
Debt service taxes	439,401		439,401
Motel Taxes	31,392		31,392
Sales and Use Taxes	1,968,434		1,968,434
Gross Receipts Tax	691,645		691,645
Grants and Contributions not restricted to specific functions	20,756		20,756
Industrial City Contracts	392,045		392,045
Investment Earnings – Unrestricted	19,558	18,911	19,558
Other Revenue	41,635	50,370	92,005
Special Items:			
Gain on Sale of Assets	0	1,400	1,400
Transfers-Internal Activity	56,477	( 56,477)	0
Transfers – Operating	0	0	0
Total Revenue	6,975,177	4,374,725	11,349,902

Expenses:

General Government	481,739		481,739
Public Safety and Judiciary	4,596,351		4,596,351
Transportation	398,920		398,920
Cultural, Parks and Recreation	612,423		612,423
Community Development	263,290		263,290
Unallocated Interest Expense	60,662		60,662
Other business-type activities		4,526,377	4,526,377
Total Expenses	6,413,385	4,526,377	10,939,762
Change in Net Assets	561,592	(151,582)	410,210
Net assets at 10/1/03	4,840,481	11,643,180	16,483,661
Net assets at 9/30/04	5,402,273	11,491,528	16,893,801

The cost of all governmental activities this year was \$6.6 million compared to \$6.3 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 \$1.2 million because some of the costs were paid by those who directly benefitted 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 \$5.40 million, which is an increase over last year's total of \$4.85 million. Included in this year's total change in fund balance is an increase of \$364,636 in the City's General Fund.

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 amendments were made from various departments for the purpose of accounting housekeeping.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the City had \$31,065,489 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:

Park Department	28,152
Steel Building with Concession	
Park Department	14,800
Custom Challenges Play Structure	

Park Department	24,111
Street Department	10,100
Rhino Mowing Deck	
	<hr/>
Totaling	<u>\$ 77,163</u>

#### Debt

At year-end, the City had \$13,389,103 in bonds and notes outstanding versus \$14,129,590 last year—a decrease of 5.2 percent.

More detailed information about the City's long-term liabilities is presented in Note III G 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 2004 budget, tax rates. One of those factors is the economy. The City's population during 1998–2004 has decreased approximately 4%. However, unemployment during that time has increased from 6.3 percent in September of 2000 to 8 percent in September of 2004. More recently, however, unemployment has decreased as of October 2004 and stands at 7.3 percent. This compares with the State's unemployment rate of 5.5 percent and the national rate of 5.1 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 3.2 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 2005. Amounts available for appropriation in the General Fund budget are \$6,716,869, an increase of 5.76 percent over the final 2004 budget of \$6,108,414. The City will use its revenues to finance programs we currently offer. Budgeted expenditures are expected to increase 5.9 percent; however, the 2005 budget will remain balanced. Administrative cutbacks pertaining to reorganizing departments and a hiring freeze implemented for non-public safety employees attribute to the ability to balance the budget. The City has neither added nor subtracted any major programs or initiatives to the 2005 budget.

The new budget also includes the Business-Like Fund and appropriates \$4,530,280 compared to the previous year of \$5,202,092. This is a decrease of \$671,812. Within this fund, we have a subcategory fund identified as the construction fund and will spend approximately \$50,000 for capital improvements such as the painting of a ground storage tank located in the Stinnett well field. Without the addition of the capital improvements funds, the appropriations would be \$4,480,280, which reflects an increase of 2.87 percent compared to the 2004 budget.

If these estimates are realized, the City's budgetary General Fund balance is expected to remain the same at the close of 2005. More importantly, however, this will have been accomplished in spite of unfunded mandates from 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

BASIC FINANCIAL STATEMENTS

CITY OF BORGER  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2004

EXHIBIT A-1

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Nonmajor Component Unit
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 708,706	\$ 800	\$ 709,506	\$ 303,874
Investments - Current	1,664,965	-	1,664,965	667,772
Receivables (net of allowance for uncollectibles)	107,007	397,684	504,691	49,877
Internal Balances	(1,389,937)	1,389,937	-	-
Inventories	39,106	-	39,106	-
Prepaid Items	-	-	-	6,712
Temporarily Restricted:				
Unamortized Discounts - Investments (credit)	-	369,211	369,211	-
Restricted Assets:				
Internal Balances	(98,824)	98,824	-	-
Cash and Cash Equivalents	637,038	-	637,038	-
Capital Assets:				
Land	1,053,095	225,263	1,278,358	90,772
Infrastructure, net	972,819	-	972,819	-
Buildings, net	2,071,435	294,489	2,365,924	2,244,220
Machinery and Equipment, net	1,178,007	196,310	1,374,317	-
Other Capital Assets, net	-	21,149,554	21,149,554	38,692
Total Assets	6,943,417	24,122,072	31,065,489	3,401,919
<b>LIABILITIES</b>				
Accounts Payable and other current liabilities	230,320	96,035	326,355	27,319
Intergovernmental Payable	17,932	-	17,932	-
Due to Agency Fund	18,919	-	18,919	-
Accrued Interest Payable	19,018	28,654	47,672	-
Unamortized Charge-Refunding Bonds	-	112,145	112,145	-
Notes Payable-Current	-	2,535	2,535	-
Other Current Liabilities	2,496	-	2,496	-
Noncurrent Liabilities				
Due Within One Year	258,236	720,000	978,236	-
Due in More Than One Year	994,223	11,671,175	12,665,398	-
Total Liabilities	1,541,144	12,630,544	14,171,688	27,319
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	4,022,897	9,843,652	13,866,549	2,373,684
Restricted for Debt Service	10,331	97,763	108,094	-
Restricted for Construction	-	1,061	1,061	-
Restricted for Youth Facilities & Park	415,868	-	415,868	-
Restricted for Police	167,763	-	167,763	-
Restricted for Other Purposes	43,076	-	43,076	-
Unrestricted Net Assets	742,338	1,549,052	2,291,390	1,000,916
Total Net Assets	\$ 5,402,273	\$ 11,491,528	\$ 16,893,801	\$ 3,374,600

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Data Processing	\$ 20,491	\$ -	\$ -	\$ -
Administration	206,091	22,692	-	-
Legal	9,225	-	-	-
Vehicle Service Center	199,779	-	-	-
City Hall Building Maintenance	9,187	-	-	-
General Contingencies	36,966	-	-	-
Police	1,427,120	44,592	30,508	-
Fire	1,045,118	23,750	-	-
Fire Prevention	58,133	-	-	-
Animal Control	139,865	5,568	-	-
Central Dispatching	227,692	-	-	-
Code Enforcement	56,179	-	-	-
Municipal Court	242,995	448,399	-	-
Building Standards & Facelift	62,423	-	-	-
Street & Alley Maintenance	322,504	-	-	-
Refuse Collection	451,708	1,233,207	-	-
Recycling Center	8,385	246,654	-	-
Transfer Station	739,378	-	-	-
Public Works Director	137,355	-	-	-
Traffic Engineering Maintenance	76,416	-	-	-
Culture and Recreation	65,897	-	-	-
Recreation	86,511	46,834	-	-
Parks	421,408	-	-	-
Swimming Pools	38,607	11,528	-	-
Planning & Zoning	263,290	25,351	-	-
Bond Interest	60,662	-	-	-
Total Governmental Activities:	6,413,385	2,108,575	30,508	-
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water & Sewer Operating Fund	4,581,384	4,360,520	-	-
Total Business-Type Activities:	4,581,384	4,360,520	-	-
	\$ 10,994,769	\$ 6,469,095	\$ 30,508	\$ -
<b>Component Unit:</b>				
Borger Economic Development Coproration	\$ 644,868	\$ 28,860	\$ -	\$ 50,000
	\$ 644,868	\$ 28,860	\$ -	\$ 50,000

**General Revenues:**

Taxes:

- Property Taxes, Levied for General Purposes
- Property Taxes, Levied for Debt Service
- Sales Taxes
- Gross Receipts Business Tax
- Franchise Taxes
- Penalty and Interest
- Grants and Contributions Not Restricted
- Miscellaneous Revenue
- Investment Earnings
- Loss Sale of Assets in Component Unit
- Transfers In (Out)

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		Component Unit	
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (20,491)	\$ -	\$ (20,491)	\$ -
(183,399)	-	(183,399)	-
(9,225)	-	(9,225)	-
(199,779)	-	(199,779)	-
(9,187)	-	(9,187)	-
(36,966)	-	(36,966)	-
(1,352,020)	-	(1,352,020)	-
(1,021,368)	-	(1,021,368)	-
(58,133)	-	(58,133)	-
(134,297)	-	(134,297)	-
(227,692)	-	(227,692)	-
(56,179)	-	(56,179)	-
205,404	-	205,404	-
(62,423)	-	(62,423)	-
(322,504)	-	(322,504)	-
781,499	-	781,499	-
238,269	-	238,269	-
(739,378)	-	(739,378)	-
(137,355)	-	(137,355)	-
(76,416)	-	(76,416)	-
(65,897)	-	(65,897)	-
(39,677)	-	(39,677)	-
(421,408)	-	(421,408)	-
(27,079)	-	(27,079)	-
(237,939)	-	(237,939)	-
(60,662)	-	(60,662)	-
(4,274,302)	-	(4,274,302)	-
-	(220,864)	(220,864)	-
-	(220,864)	(220,864)	-
(4,274,302)	(220,864)	(4,495,166)	-
-	-	-	(566,008)
-	-	-	(566,008)
1,174,751	-	1,174,751	-
439,401	-	439,401	-
1,968,434	-	1,968,434	654,712
116,450	-	116,450	-
575,195	-	575,195	-
31,392	-	31,392	-
412,801	-	412,801	-
41,635	106,778	148,413	139
19,558	18,911	38,469	8,444
-	-	-	(771,785)
56,477	(56,477)	-	-

CITY OF BORGER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Total General Revenues, Special Items, and Transfers			
Change in Net Assets			
Net Assets--Beginning			
Net Assets--Ending			

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Primary Government		Component Unit Component Unit
	Business-type Activities	Total	
4,836,094	69,212	4,905,306	(108,490)
561,792	(151,652)	410,140	(674,498)
4,840,481	11,643,180	16,483,661	4,049,098
<u>\$ 5,402,273</u>	<u>\$ 11,491,528</u>	<u>\$ 16,893,801</u>	<u>\$ 3,374,600</u>

CITY OF BORGER  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2004

	General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,336,695	\$ 9,039	\$ 1,345,734
Investments - Current	1,664,965	-	1,664,965
Interest Receivable - investments	1,190	45	1,235
Taxes Receivable	239,382	-	239,382
Allowance for Uncollectible Taxes (credit)	(239,382)	-	(239,382)
Receivables (net of allowance for uncollectibles)	105,772	-	105,772
Due from Other Funds	-	99,929	99,929
<b>Total Assets</b>	<b>\$ 3,108,622</b>	<b>\$ 109,013</b>	<b>\$ 3,217,635</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 79,256	\$ -	\$ 79,256
Wages and Salaries Payable	150,046	1,018	151,064
Intergovernmental Payable	17,932	-	17,932
Due to Other Funds	1,683,249	4,160	1,687,409
Other Current Liabilities	2,496	-	2,496
<b>Total Liabilities</b>	<b>\$ 1,932,979</b>	<b>\$ 5,178</b>	<b>\$ 1,938,157</b>
<b>Fund Balances:</b>			
<b>Unreserved and Undesignated:</b>			
Reported in the General Fund	\$ 1,175,643	\$ -	\$ 1,175,643
Reported in the Special Revenue Fund	-	93,504	93,504
Reported in the Debt Service Fund	-	10,331	10,331
<b>Total Fund Balances</b>	<b>\$ 1,175,643</b>	<b>\$ 103,835</b>	<b>\$ 1,279,478</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,108,622</b>	<b>\$ 109,013</b>	<b>\$ 3,217,635</b>

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET ASSETS  
 SEPTEMBER 30, 2004

<b>Total Fund Balances - Governmental Funds</b>	\$	1,279,478
<p>The City uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to Increase (decrease) net assets.</p>		
		118,916
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$23,304,921 and the accumulated depreciation was \$8,785,901. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.</p>		
		3,864,281
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2004 capital outlays and debt principal payments is to increase (decrease) net assets.</p>		
		342,650
<p>The 2004 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.</p>		
		(203,052)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.</p>		
		-0-
<b>Net Assets of Governmental Activities</b>	<u>\$</u>	<u>5,402,273</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-3

	General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 1,174,751	\$ 439,401	\$ 1,614,152
General Sales and Use Taxes	1,968,434	-	1,968,434
Gross Receipts Business Tax	-	116,450	116,450
Franchise Tax	575,195	-	575,195
Penalty and Interest on Taxes	25,413	5,979	31,392
Licenses and Permits	23,728	-	23,728
Intergovernmental Revenue and Grants	404,434	25,000	429,434
Charges for Services	1,766,288	-	1,766,288
Fines	310,826	7,734	318,560
Investment Earnings	18,074	1,484	19,558
Contributions & Donations from Private Sources	13,200	675	13,875
Other Revenue	27,383	-	27,383
<b>Total Revenues</b>	<b>6,307,726</b>	<b>596,723</b>	<b>6,904,449</b>
<b>EXPENDITURES:</b>			
Current:			
General Government:			
General Data Processing	20,491	-	20,491
Administration	170,702	-	170,702
Legal	9,225	-	9,225
Vehicle Service Center	198,150	-	198,150
City Hall Building Maintenance	9,187	-	9,187
General Contingencies	36,966	-	36,966
Public Safety:			
Police	1,442,787	-	1,442,787
Fire	1,056,253	-	1,056,253
Fire Prevention	56,680	-	56,680
Animal Control	136,693	-	136,693
Central Dispatching	227,692	-	227,692
Code Enforcement	55,218	-	55,218
Municipal Court	235,953	7,042	242,995
Building Standards & Facelift	61,937	-	61,937
Street & Alley Maintenance	328,716	-	328,716
Refuse Collection	454,952	-	454,952
Recycling Center	8,385	-	8,385
Transfer Station	705,358	-	705,358
Public Works Director	137,355	-	137,355
Traffic Engineering Maintenance	75,614	-	75,614
Culture and Recreation	-	65,897	65,897
Recreation	86,511	-	86,511
Parks	460,793	-	460,793
Swimming Pools	38,607	-	38,607
Conservation and Development:			
Planning & Zoning	263,116	-	263,116
Debt Service:			
Bond Principal	-	202,691	202,691
<b>Total Expenditures</b>	<b>6,277,341</b>	<b>275,630</b>	<b>6,552,971</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,385	321,093	351,478
<b>OTHER FINANCING SOURCES (USES):</b>			
Non-Current Loans	20,000	-	20,000
Transfers In	300,000	(243,523)	56,477
Other Resources	14,251	-	14,251
<b>Total Other Financing Sources (Uses)</b>	<b>334,251</b>	<b>(243,523)</b>	<b>90,728</b>

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-3 (Cont'd)

	General Fund	Other Funds	Total Governmental Funds
Net Change in Fund Balances	364,636	77,570	442,206
Fund Balance - October 1 (Beginning)	811,007	26,265	837,272
Fund Balance - September 30 (Ending)	\$ 1,175,643	\$ 103,835	\$ 1,279,478

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	442,206
<p>The city uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net assets.</p>		
		(20,012)
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2004 capital outlays and debt principal payments is to increase (decrease) net assets.</p>		
		342,650
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.</p>		
		(203,052)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.</p>		
		-0-
<b>Change in Net Assets of Governmental Activities</b>	<u>\$</u>	<u>561,792</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT C-5

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,200,150	\$ 1,200,150	\$ 1,174,751	\$ (25,399)
General Sales and Use Taxes	1,775,000	1,775,000	1,968,434	193,434
Franchise Tax	495,500	495,500	575,195	79,695
Penalty and Interest on Taxes	23,500	23,500	25,413	1,913
Licenses and Permits	21,525	21,525	23,728	2,203
Intergovernmental Revenue and Grants	534,282	534,282	704,434	170,152
Charges for Services	1,693,044	1,693,044	1,766,288	73,244
Fines	255,150	255,150	310,826	55,676
Investment Earnings	15,500	15,500	18,074	2,574
Contributions & Donations from Private Sources	36,828	36,828	13,200	(23,628)
Other Revenue	-	-	27,383	27,383
Total Revenues	6,050,479	6,050,479	6,607,726	557,247
<b>EXPENDITURES:</b>				
Current:				
General Government:				
General Data Processing	21,982	21,982	20,491	1,491
Administration	156,524	160,024	170,702	(10,678)
Legal	10,000	10,000	9,225	775
Vehicle Service Center	206,215	213,715	198,150	15,565
City Hall Building Maintenance	8,000	8,000	9,187	(1,187)
General Contingencies	258,665	255,165	36,966	218,199
Public Safety:				
Police	1,479,988	1,454,092	1,442,787	11,305
Fire	1,108,338	1,108,338	1,056,253	52,085
Fire Prevention	57,194	57,194	56,680	514
Animal Control	141,813	141,813	136,693	5,120
Central Dispatching	230,055	236,555	227,692	8,863
Code Enforcement	55,186	55,186	55,218	(32)
Municipal Court	159,905	187,736	235,953	(48,217)
Building Standards & Facelift	64,800	64,800	61,937	2,863
Street & Alley Maintenance	380,302	392,325	328,716	63,609
Refuse Collection	415,259	427,259	454,952	(27,693)
Recycling Center	9,800	9,800	8,385	1,415
Transfer Station	656,220	656,220	705,358	(49,138)
Public Works Director	164,667	164,667	137,355	27,312
Traffic Engineering Maintenance	78,731	78,731	75,614	3,117
Culture and Recreation:				
Recreation	120,721	88,390	86,511	1,879
Parks	448,460	385,437	460,793	(75,356)
Swimming Pools	45,685	45,685	38,607	7,078
Conservation and Development:				
Planning & Zoning	265,617	265,617	263,116	2,501
Total Expenditures	6,544,127	6,488,731	6,277,341	211,390
Excess (Deficiency) of Revenues Over (Under) Expenditures	(493,648)	(438,252)	330,385	768,637
<b>OTHER FINANCING SOURCES (USES):</b>				
Non-Current Loans	-	-	20,000	20,000
Transfers In	300,000	300,000	-	(300,000)
Total Other Financing Sources (Uses)	300,000	300,000	20,000	(280,000)

The accompanying notes are an integral part of this statement.

CITY OF BORGER EXHIBIT C-5 (Cont'd)  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
Net Change in Fund Balances	(193,648)	(138,252)	350,385	488,637
Fund Balance - October 1 (Beginning)	811,007	811,007	391,459	(419,548)
Fund Balance - September 30 (Ending)	\$ 617,359	\$ 672,755	\$ 741,844	\$ 69,089

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2004

	Business-Type Activities -	
	Water & Sewer Operating Fund	Internal Service Fund
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 800	\$ 10
Interest Receivable - Investments	1,087	-
Accounts Receivable-Net of Uncollectible Allowance	396,597	-
Due from Other Funds	1,389,937	79,800
Inventories	-	39,106
Total Current Assets	1,788,421	118,916
Noncurrent Assets:		
Unamortized Discounts - Investments (credit)	369,211	-
Restricted Assets:		
Restricted Due From Other Funds	98,824	-
Capital Assets:		
Land Purchase and Improvements	225,263	-
Buildings	294,489	-
Machinery and Equipment	1,087,960	-
Accumulated Depreciation - Machinery & Equipment	(891,650)	-
Capital Assets	37,317,869	-
Accumulated Depreciation - Capital Assets	(16,168,315)	-
Total Noncurrent Assets	22,333,651	-
Total Assets	24,122,072	118,916

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2004

	Business-Type Activities -	
	Water & Sewer Operating Fund	Internal Service Fund
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	47,927	-
Wages and Salaries Payable	48,108	-
Accrued Interest Payable	28,654	-
Unamortized Charge - Refunding Bonds	112,145	-
Notes Payable - Current	2,535	-
Revenue Bonds Payable	445,000	-
Other Bonds Payable	275,000	-
Total Current Liabilities	959,369	-
NonCurrent Liabilities:		
Bonds Payable - Non-Current:		
Revenue Bonds Payable	4,880,000	-
Other Bonds Payable	5,040,688	-
Unamortized Charge - Refunding Bonds	1,448,541	-
Other Noncurrent Liabilities	301,946	-
Total Noncurrent Liabilities	11,671,175	-
Total Liabilities	12,630,544	-
<b>NET ASSETS</b>		
Investments in Capital Assets, Net of Debt	10,357,477	-
Restricted for Debt Retirement	97,763	-
Restricted for Construction	1,061	-
Unrestricted Net Assets	1,035,227	118,916
Total Net Assets	\$ 11,491,528	\$ 118,916

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT D-2

	Business-Type Activities -	
	Water & Sewer Operating Fund	Internal Service Fund
<b>OPERATING REVENUES:</b>		
Charges for Water Services	\$ 2,974,219	\$ -
Charges for Sewerage Service	1,386,301	-
Other Revenue	50,370	(20,012)
Total Operating Revenues	4,410,890	(20,012)
<b>OPERATING EXPENSES:</b>		
Personal Services - Salaries and Wages	1,022,307	-
Personal Services - Employee Benefits	427,654	-
Purchased Professional & Technical Services	6,694	-
Purchased Property Services	857,572	-
Other Operating Expenses	552,660	-
Supplies	534,781	-
Depreciation	997,187	-
Total Operating Expenses	4,398,855	-
Operating Income (Loss)	12,035	(20,012)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Gain in Sale of Property	56,405	-
Investment Earnings	18,911	-
Interest Expense - Non-Operating	(182,529)	-
Total Nonoperating Revenue (Expenses)	(107,213)	-
Income (Loss) Before Transfers	(95,178)	(20,012)
Non-Operating Transfer In	243,523	-
Transfers Out	(300,000)	-
Change in Net Assets	(151,655)	(20,012)
Total Net Assets - October 1 (Beginning)	11,643,183	138,928
Total Net Assets - September 30 (Ending)	\$ 11,491,528	\$ 118,916

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

EXHIBIT D-3

	Business-Type Activities	
	Water & Sewer Operating Fund	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 4,882,753	\$ 27,205
Cash Payments to Employees for Services	(1,427,508)	-
Cash Payments for Suppliers	(1,953,393)	(20,311)
Net Cash Provided by Operating Activities	<u>1,501,852</u>	<u>6,894</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer Out	(300,000)	-
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>		
Acquisition of Capital Assets	(388,677)	-
Capital Contributed by Other Funds	243,523	-
Interest Paid on Debts	(184,621)	-
Principal Payments on Debt	(745,478)	-
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(1,075,253)</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>		
Increase in Cash Pool and Investment Pool	(146,960)	(6,894)
Proceeds from Sale & Maturities of Securities	1,400	-
Interest and Dividends on Investments	18,961	-
Net Cash Provided by (Used for) Investing Activities	<u>(126,599)</u>	<u>(6,894)</u>
Net Increase in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents at Beginning of the Year:	800	10
Cash and Cash Equivalents at the End of the Year:	<u>\$ 800</u>	<u>\$ 10</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</u>		
Operating Income (Loss):	\$ 12,035	\$ (20,012)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	997,187	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	468,541	-
Decrease (increase) in Inventories	-	28,906
Increase (decrease) in Accounts Payable	(1,686)	(2,000)
Increase (decrease) in Accrued Salaries	22,453	-
Increase (decrease) in Customer Meter Deposits	3,322	-
Net Cash Provided by Operating Activities	<u>\$ 1,501,852</u>	<u>\$ 6,894</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2004

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	Agency Funds
<hr/>	
ASSETS	
Due from Other Funds	\$ 18,919
Total Assets	<u>\$ 18,919</u>
LIABILITIES	
Wages and Salaries Payable	\$ 18,919
Total Liabilities	<u>\$ 18,919</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	BALANCE OCTOBER 1 2003	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2004
<b>GROUP HOSPITALIZATION FUND</b>				
Assets:				
Due From Other Funds	\$ 16,237	\$ 18,919	\$ 16,237	\$ 18,919
Liabilities:				
Payroll Deductions & Withholdings	\$ 16,237	\$ 18,919	\$ 16,237	\$ 18,919
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Due From Other Funds	\$ 16,237	\$ 18,919	\$ 16,237	\$ 18,919
Liabilities:				
Payroll Deductions & Withholdings	\$ 16,237	\$ 18,919	\$ 16,237	\$ 18,919

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2004

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

City of Borger (the "City") was incorporated October 28, 1926, under the provision of Article II Section 4 of the Texas Constitution. It is governed by a five member City Council (the Council") elected by registered voters of the City. The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants.

**A. REPORTING ENTITY**

The City Council (the "Council") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." 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 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 discreetly reports those of the City of Borger (the primary government).

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the City of Borger and it's component units nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, charges for services and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates how other people or entities that participate in programs the City operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. Examples include refuse charges, water and sewer charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as

other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for City operations, they are not included in the government-wide statements. The City considers some governmental and enterprise funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The City considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The City considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the City to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

#### **D. FUND ACCOUNTING**

The City reports the following major governmental funds:

1. **The General Fund** – The general fund is the City's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise fund(s):

1. **The Water and Sewer Fund** - The water and sewer fund is the City's enterprise fund. It accounts for all the operations of the water and sewer activities.

Additionally, the City reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the City or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** – The City accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Proprietary Funds:

3. **Enterprise Funds** – The City's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The City has no non-major enterprise funds.

Fiduciary Funds:

4. **Private Purpose Trust Funds** – The City accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the City. The City has no Private Purpose Trust Funds.
5. **Pension (and Other Employee Benefit) Trust Funds** – These funds are used to account for local pension and other employee benefit funds that are provided by the City in lieu of or in addition to the Texas Municipal Retirement System. The City has no Pension Trust Funds.

6. **Investment Trust Fund** - This fund is one in which the City holds assets in trust for other entities participating in an investment program managed by the district. The City has no Investment Trust Funds.
7. **Agency Funds** – The City accounts for resources held for others in a custodial capacity in agency funds. The City has no Agency Funds.

#### **E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary funds, the City considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased
2. The City reports inventories of supplies 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.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. It is the City's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the city. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Infrastructure	5-50
Vehicles	5-10
Equipment	2-15
Computer Equipment	5

6. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
7. When the City incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in</u> <u>Net Assets</u>
Land	\$ 1,053,095	\$ 0	\$ 1,053,095	
Buildings	3,180,398	1,050,304	2,130,094	
Furniture & Equipment	5,070,321	3,857,389	1,212,932	
Infrastructure	4,883,807	3,878,208	1,005,599	
Change in Net Assets				\$ 5,401,720
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>			<u>Payable at the</u> <u>Beginning of</u> <u>the Year</u>	
Bonds Payable			1,160,000	
Loans Payable			332,089	
Capital Leases Payable			29,303	
Other			16,047	
Change in Net Assets				(1,537,439)
Net Adjustment to Net Assets				\$ 3,864,281

**B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Current Year Capital Outlay</u>			
Furniture & Equipment	\$ 76,688		
Total Capital Outlay	<u>76,688</u>	<u>\$ 76,688</u>	<u>\$ 76,688</u>
<u>Debt Principal Payments</u>			
Bond Principal	150,000		
Loan Principal	86,659		
Capital Lease Payments	29,303		
Total Principal Payments	<u>265,962</u>	<u>265,962</u>	<u>265,962</u>
Total Adjustment to Net Assets		<u>\$ 342,650</u>	<u>\$ 342,650</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	\$ 35,896	<u>\$ (35,896)</u>	\$ -0-
Uncollected taxes (assumed collectible) from Current Year	-0-	<u>-0-</u>	-0-
Uncollected Taxes (assumed uncollectible) from Prior Year, Collected in Current Year	<u>(35,896)</u>	<u>35,896</u>	<u>-0-</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -0-</u>

### III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### **A. BUDGETARY DATA**

The City Council adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Enterprise Funds. The City is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The City compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J1 and J2.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to September 15, the City prepares a budget for the next succeeding fiscal year beginning October 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Council is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to October 1, the budget is legally enacted through passage of a resolution by the Council.
4. All budget appropriations lapse at year end.

### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

#### **A. DEPOSITS AND INVESTMENTS**

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the City's agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2004, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,337,664 and the bank balance was \$ 1,472,562. The City's cash deposits at September 30, 2004 and during the year ended September 30, 2004 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: Wells Fargo Bank Texas
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$2,720,000.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$1,971,584 and occurred during the month of July, 2004.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$100,000.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

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

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

Category 2 - Cash or Investments that are uninsured and unregistered held by the counter-party's trust department or agent in the City's name.

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

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

The City's investments at September 30, 2004, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Category</u>
Texpool	\$1,664,965	\$1,667,286	1

## **B. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. The taxes 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. All uncollected taxes therefore are at least eight months past due as of September 30.

**C. DELINQUENT TAXES RECEIVABLE**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**D. INTERFUND BALANCES AND TRANSFERS**

Interfund balances at September 30, 2004, consisted of the following amounts:

<b>Due to Nonmajor Governmental Funds from:</b>	
General Fund	\$ 98,855
Enterprise Fund	<u>1,074</u>
Total Due to General Fund From Other Funds	<u>\$ 99,929</u>
<b>Due to Fiduciary Funds From:</b>	
General Fund	\$ 18,919
Total Due to Nonmajor Governmental Funds	<u>\$ 18,919</u>
<b>Due to Internal Service Funds From:</b>	
General Fund	\$ 79,800
Total Due to Internal Service Funds	<u>\$ 79,800</u>
<b>Due to Enterprise Funds From:</b>	
General Fund	\$ 1,488,761
Total Due to All Other Funds	<u>\$ 1,488,761</u>

Interfund transfers for the year ended September 30, 2004, consisted of the following individual amounts:

<b>Transfers to General Fund from:</b>	
Enterprise Funds	<u>\$ 300,000</u>
Total Transferred to General Fund	<u>\$ 300,000</u>
<b>Transfers to Enterprise Fund from:</b>	
Debt Service Funds	<u>\$ 243,523</u>
Total Transferred to General Fund	<u>\$ 243,523</u>

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables at September 30, 2004, were as follows:

	<u>Property</u> <u>Taxes</u>	<u>Other</u> <u>Governments</u>	<u>Due From</u> <u>Other Funds</u>	<u>Other</u>	<u>Total</u> <u>Receivables</u>
<b>Governmental Activities:</b>					
General Fund	\$ 239,382	\$ 0	\$ 0	\$ 172,461	\$ 411,843
Nonmajor Governmental Funds	0	0	60,202	45	60,247
Internal Service Funds	<u>0</u>	<u>0</u>	<u>79,800</u>	<u>0</u>	<u>79,800</u>
Total - Governmental Activities	<u>\$ 239,382</u>	<u>\$ 0</u>	<u>\$ 140,002</u>	<u>\$ 172,506</u>	<u>\$ 307,010</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 239,382</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 239,382</u>

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
<b>Business-type Activities:</b>					
Enterprise Fund	\$ 0	\$ 0	\$ 1,488,761	\$ 247,666	\$ 1,736,427

Payables at September 30, 2004, were as follows:

	<u>Accounts Payable - Current Year</u>	<u>Loans, Leases and Bonds Payable - Current Year</u>	<u>Salaries and Benefits</u>	<u>Due To Other Funds</u>	<u>Due to Other Governments</u>	<u>Other</u>	<u>Total Payables</u>
<b>Governmental Activities:</b>							
General Fund	\$ 79,256	\$ 258,236	\$ 150,046	\$ 1,683,249	\$ 17,932	\$ 2,496	\$ 2,191,215
Nonmajor Gov. Funds	0	0	1,018	4,160	0	0	5,178
Internal Service Funds	0	0	0	0	0	0	0
Total - Gov. Activities	<u>\$ 79,256</u>	<u>\$ 258,236</u>	<u>\$ 151,064</u>	<u>\$ 1,687,409</u>	<u>\$ 17,932</u>	<u>\$ 2,496</u>	<u>\$ 2,196,393</u>
Amounts not scheduled for payment during the subsequent year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

<b>Business-Type Activities:</b>							
Enterprise Fund	\$ 47,927	\$ 720,000	\$ 48,108	\$ 0	\$ 0	\$ 301,946	\$ 1,117,981

## F. CAPITAL ASSET ACTIVITY

Capital asset activity for the City for the year ended September 30, 2004, was as follows:

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Land	\$ 1,053,095	\$ 0	\$( 0)	\$ 1,053,095
Construction in Progress	17,378	0	( 17,378)	0
Buildings and Improvements	3,163,020	17,378	( 0)	3,180,398
Furniture and Equipment	5,070,322	77,163	( 11,215)	5,136,270
Infrastructure	4,883,807	0	( 0)	4,883,807
Totals at Historic Cost	<u>\$ 14,187,622</u>	<u>\$ 94,541</u>	<u>\$( 28,593)</u>	<u>\$ 14,253,570</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ (1,050,304)	\$ ( 58,659)	\$ 0	\$ (1,108,963)
Furniture and Equipment	(3,878,208)	(111,613)	10,740	(3,979,081)
Infrastructure	(3,857,389)	( 32,780)	0	(3,890,169)
Total Accumulated Depreciation	<u>(8,785,901)</u>	<u>(203,052)</u>	<u>10,740</u>	<u>(8,978,213)</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,401,721</u>	<u>\$ (108,511)</u>	<u>\$( 17,853)</u>	<u>\$ 5,275,357</u>

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Business-type Activities:</b>				
Land	\$ 200,263	\$ 25,000	\$ ( 0)	\$ 228,263
Buildings and Improvements	294,489	0	( 0)	294,489
Furniture and Equipment	1,087,961	0	( 0)	1,087,961
Improvements/Infrastructure	36,954,191	363,677	( 0)	37,317,868
Totals at Historic Cost	<u>\$ 38,536,904</u>	<u>\$ 388,677</u>	<u>\$ ( 0)</u>	<u>\$ 38,925,581</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ ( 242,990)	\$ ( 6,568)	\$ 0	( 249,558)
Furniture and Equipment	( 773,891)	( 46,527)	0	( 891,650)
Improvements/Infrastructure	(15,045,896)	( 944,092)	0	(15,918,756)
Total Accumulated Depreciation	<u>(16,062,777)</u>	<u>( 997,187)</u>	<u>0</u>	<u>(17,059,964)</u>
Business-type Activities Capital Assets, Net	<u>\$ 22,474,127</u>	<u>\$ (608,510)</u>	<u>\$ 0</u>	<u>\$ 21,865,617</u>

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 15,377
Vehicle Service Center	1,629
Police	24,080
Fire	34,210
Fire Prevention	978
Animal Control	3,172
Code Enforcement	961
Building Standards	486
Street and Alley Maintenance	26,821
Refuse Collection	30,020
Transfer Station	34,020
Traffic Engineering	802
Parks	30,322
Planning and Zoning	174
Total Depreciation Expense	<u>\$ 203,052</u>

## G. BONDS AND LONG-TERM NOTES PAYABLE

Bonded indebtedness of the City is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended September 30, 2004 is as follows:

DESCRIPTION	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable		Outstanding 9-30-2004
				Outstanding 10-01-2003	Issued Retired	
Refunding Series 1995	4.0% - 5.2%	\$ 2,110,000	\$ 57,055	\$ 1,160,000	\$ 0 \$ 145,000	\$ 1,015,000
Lease Obligations Payable	Var	194,192	599	34,699	0 29,303	5,396
Notes Payable	Var	454,468	10,415	326,694	20,000 114,630	232,064
TOTAL			<u>\$ 68,069</u>	<u>\$ 1,521,393</u>	<u>\$ 20,000</u> <u>\$ 288,933</u>	<u>\$ 1,252,460</u>

In prior years, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. 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.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the City is in compliance with all significant limitations and restrictions at September 30, 2004.

## H. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of September 30, 2004, as follows:

Year Ending September 30,	
2005	\$ 5,449
2006	5,449
2007	5,449
2008	<u>908</u>
Total Minimum Rentals	<u>\$ 17,255</u>
Rental Expenditures in Fiscal Year 2004	\$ 5,449

## I. DEBT SERVICE REQUIREMENTS - LONG-TERM DEBTS

Debt service requirements for long-term debt are as follows:

The annual requirements to amortize all debt outstanding as of September 30, 2004, including interest payments of \$1,455,180 for General Long-Term Debt and \$6,395,143 for Enterprise Fund Long-Term Debt, are as follows:

Fiscal Year Ended September 30,	Capital Leases	General Long-Term Debt		Enterprise Fund			Total
		Notes Payable	Bonds	Bonds	Certificate of Obligation	Notes Payable	
2005	\$ 2,159	\$ 106,077	\$ 200,385	\$ 499,578	\$ 117,341	\$ 2,535	\$ 928,075
2006	2,158	68,773	198,335	498,627	109,941	-0-	877,834
2007	1,079	56,214	200,895	502,378	112,691	-0-	873,257
2008	-0-	17,355	202,810	500,677	110,291	-0-	831,133
2009	-0-	-0-	199,060	498,678	112,891	-0-	810,629
2010 to 2014	-0-	-0-	199,880	2,504,020	576,495	-0-	3,280,395
2015	-0-	-0-	-0-	-0-	249,000	-0-	249,000
Totals	<u>\$ 5,396</u>	<u>\$ 248,419</u>	<u>\$1,201,365</u>	<u>\$5,003,958</u>	<u>\$1,388,650</u>	<u>\$ 2,535</u>	<u>\$ 7,850,323</u>

**J. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS**

All full time employees of the City are entitled to annual vacation and sick leave with pay. The employees are generally allowed vacation leave of up to 25 days depending on length of service and can carryover upto 40 hours into future years. Sick leave may be accumulated at 18 hours per year with a 6 month maximum; however, upon termination, the employee is not paid for any unused sick leave. Since vacation leave has upto 40 hours carried over to future years and sick leave is not paid upon termination, no reporting for commitments is required as the liability would be an insignificant amount.

**K. EMPLOYEES' RETIREMENT PLANS**

*Plan Description.* The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 794 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's 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 began 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%, or 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.

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. Plan provisions for the City were as follows as of April 1, 1004:

Deposit Rate:	7%
Matching Ratio (City to Employee)	2 to 1
A member is vested after	10 years

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the city, expressed as Age/Years if Service are: 10 years at age 60 or 20 years at any age.

**Contributions** - Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost 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 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. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year goes into effect. (i.e. December 31, 2003 valuation is effective for rates beginning January 2005).

**Schedule of Actuarial Liabilities and Funding Progress**

Actuarial Valuation Date:	December 31, 2003
Actuarial Value of Assets	\$ 10,885,622
Actuarial Accrued Liability	\$ 15,671,378
Percentage Funded	69.5 %
Unfunded (Overfunded) Actuarial Accrued Liability (UALL)	\$ 4,785,756
Annual Covered Payroll	\$ 3,666,314
UAAL as a Percentage of Covered Payroll	130.5 %
Net Pension Obligation (NPO) at the beginning of Period	\$ -0-
Annual Pension Cost:	
Annual Required Contribution (ARC)	\$ 578,998
Contributions Made	\$ (578,998)
NPO at the end of the period	\$ -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
Investment Rate of Return	7 %
Projected Salary Increases	None
Includes Inflation At	None
Cost of Living Adjustments	None

The City of Borger is one of 794 municipalities having the benefit plan administered by TMRS. Each of the 794 Municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2003 valuations are contained in the 2003 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, TX, 78714-9153.

**L. HEALTH CARE COVERAGE**

During the year ended September 30, 2004 employees of the City of Borger were covered by a health insurance plan. The City paid premiums of \$ 304.72 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 2004.

**M. CHANGES IN LONG-TERM LIABILITIES**

Long-term activity for the year ended September 30, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 1,160,000	\$ 0	\$ (145,000)	\$ 1,015,000	\$ 150,000
Equipment Note	<u>326,694</u>	<u>20,000</u>	<u>(114,630)</u>	<u>232,064</u>	<u>106,077</u>
Total Bonds and Notes Payable	<u>1,486,694</u>	<u>20,000</u>	<u>(259,630)</u>	<u>1,247,064</u>	<u>256,077</u>
Other Liabilities:					
Capital Leases	<u>34,699</u>	<u>0</u>	<u>( 29,303)</u>	<u>5,396</u>	<u>5,396</u>
Total Other Liabilities	<u>34,669</u>	<u>0</u>	<u>( 29,303)</u>	<u>5,396</u>	<u>5,396</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 1,521,363</u>	<u>\$ 20,000</u>	<u>\$ (288,933)</u>	<u>\$ 1,252,460</u>	<u>\$ 61,473</u>
<b>Business-type Activities:</b>					
Bonds and Notes Payable:					
GO Refunding Bond Series 2002	\$ 4,560,000	\$ 0	\$ (355,000)	\$ 4,205,000	\$ 365,000
Certificate of Obligation 2002	<u>1,195,000</u>	<u>0</u>	<u>( 75,000)</u>	<u>1,120,000</u>	<u>80,000</u>
Total Bonds and Notes Payable	<u>5,755,000</u>	<u>0</u>	<u>(430,000)</u>	<u>5,325,000</u>	<u>445,000</u>
Other Liabilities:					
Capital Leases	<u>17,744</u>	<u>0</u>	<u>( 15,209)</u>	<u>2,535</u>	<u>2,535</u>
Total Other Liabilities	<u>17,744</u>	<u>0</u>	<u>( 15,209)</u>	<u>2,535</u>	<u>2,535</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 5,772,744</u>	<u>\$ 0</u>	<u>\$ (445,209)</u>	<u>\$ 5,327,535</u>	<u>\$ 447,535</u>

**N. 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 Obligations 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 were financed with Seriew 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.

**O. NOTES PAYABLE**

During the Fiscal Year ended September 30, 2004, the City entered into notes payable to purchase equipment for the general fund. The transactions were reflected in the proper funds.

**P. 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 and Enterprise 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.

**Q. 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, 2004 is \$1,092,148 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 bligated to pay its share of the cost of construction. The total cost of the project is \$291,324. The bonds issued for this project are to mature on March 15, 2010. The monthly requirements to amortize the debt outstanding is estimated at \$2,200. 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, 2004 including interest is \$124,655 plus interest. The project is stated at cost and is amortized overan estimated useful life of 53 years.

**R. LITIGATION**

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

**S. 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 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 deferred compensation plans are reported in the Agency Fund. The plans are presented at fair market 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 of dealer, or by its trust department or agent but not in the City's name. All investments in deferred compensation plans are Category 1 and held in the City's account and recorded at market value.

	Category			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Market Value</u>
NATIONWIDE	\$ 148,757	\$ -0-	\$ -0-	\$ 148,757
ICMA PLAN	<u>18,491</u>	<u>-0-</u>	<u>-0-</u>	<u>18,491</u>
	<u>\$ 16,248</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 167,248</u>

#### T. 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, 2004 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.

#### U. CONTRACTS WITH CHAMBER OF COMMERCE

The City entered into one contract with the Borger Chamber of Commerce to promote tourism in Borger. The tourism contract comes from hotel and motel occupancy tax which amounte to \$ 34,784 for the fiscal year ended September 30, 2004. The Chamber of Commerce complied with the contract regarding the records being made available to the City's independent auditor for inspection.

#### V. 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. The City of Borger is the owner of the MSW #40015, 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.

#### W. 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 Texas State Fund for actual benefits paid to their former employees. As of the present time, the liability for reimbursement is an insignificant amount.

#### X. 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:

##### CONDENSED STATEMENT OF NET ASSETS

ASSETS:	
Cash, investments and other assets	\$ 1,028,235
Capital Assets-net	<u>2,373,684</u>
Total Assets	<u>\$ 3,401,919</u>

##### NOTE 23: DISCREETLY PRESENTED MAJOR COMPONENT UNIT(continued)

LIABILITIES:	
Accounts payable and other current liabilities	\$ 27,319
Long-Term Debt	<u>-0-</u>
Total Liabilities	<u>\$ 27,319</u>

NET ASSETS:	
Invested in capital, net of related debt	\$ 2,373,684
Restricted	100,000
Unrestricted	<u>900,000</u>
Total Net Assets	<u>\$ 3,374,916</u>

##### CONDENSED STATEMENT OF ACTIVITIES

	<u>EXPENSES</u>	<u>CHARGE FOR SERVICES</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>NET (EXPENSE)REVENUES AND CHANGES IN NET ASSETS</u>
Economic				
Development	\$ <u>644,868</u>	\$ <u>28,860</u>	\$ <u>50,000</u>	\$( 566,008)
General revenues:				
Sales Tax				654,712
Other				<u>8,583</u>
Change in Net Assets				97,287
Net assets, October 1, 2003				<u>3,277,313</u>
Net assets, September 30, 2004				\$ <u>3,374,600</u>

COMBINING STATEMENTS

CITY OF BORGER  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2004

	Court Technology Fund	Texas Plains Trails Fund	City Tourism Fund	Police Computer Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Interest Receivable - investments	8	-	30	-
Due from Other Funds	9,110	13,345	31,627	675
Total Assets	<u>\$ 9,118</u>	<u>\$ 13,345</u>	<u>\$ 31,657</u>	<u>\$ 675</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Wages and Salaries Payable	\$ -	\$ 1,018	\$ -	\$ -
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,018</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
<b>Unreserved and Undesignated:</b>				
Reported in the Special Revenue Fund	9,118	12,327	31,657	675
Reported in the Debt Service Fund	-	-	-	-
Total Fund Balances	<u>9,118</u>	<u>12,327</u>	<u>31,657</u>	<u>675</u>
Total Liabilities and Fund Balances	<u>\$ 9,118</u>	<u>\$ 13,345</u>	<u>\$ 31,657</u>	<u>\$ 675</u>

The accompanying notes are an integral part of this statement.

Hotel/Motel Occupancy Tax	Total Nonmajor Special Revenue Funds	G.O. Bonds- 1995 Series	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 9,039	\$ 9,039
-	38	7	45
39,727	94,484	5,445	99,929
<u>\$ 39,727</u>	<u>\$ 94,522</u>	<u>\$ 14,491</u>	<u>\$ 109,013</u>
\$ -	\$ 1,018	\$ -	\$ 1,018
-	-	4,160	4,160
-	1,018	4,160	5,178
39,727	93,504	-	93,504
-	-	10,331	10,331
39,727	93,504	10,331	103,835
<u>\$ 39,727</u>	<u>\$ 94,522</u>	<u>\$ 14,491</u>	<u>\$ 109,013</u>

CITY OF BORGER  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Court Technology Fund	Texas Plains Trails Fund	City Tourism Fund	Police Computer Fund
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts Business Tax	-	-	34,784	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	25,000	-	-
Fines	7,734	-	-	-
Investment Earnings	58	-	163	-
Contributions & Donations from Private Sources	-	-	-	675
Total Revenues	7,792	25,000	34,947	675
<b>EXPENDITURES:</b>				
Current:				
Public Safety:				
Municipal Court	7,042	-	-	-
Culture and Recreation	-	12,673	10,710	-
Debt Service:				
Bond Principal	-	-	-	-
Total Expenditures	7,042	12,673	10,710	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	750	12,327	24,237	675
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	750	12,327	24,237	675
Fund Balance - October 1 (Beginning)	8,368	-	7,420	-
Fund Balance - September 30 (Ending)	\$ 9,118	\$ 12,327	\$ 31,657	\$ 675

The accompanying notes are an integral part of this statement.

Hotel/Motel Occupancy Tax	Total Nonmajor Special Revenue Funds	G.O. Bonds- 1995 Series	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 439,401	\$ 439,401
81,666	116,450	-	116,450
-	-	5,979	5,979
-	25,000	-	25,000
-	7,734	-	7,734
-	221	1,263	1,484
-	675	-	675
<u>81,666</u>	<u>150,080</u>	<u>446,643</u>	<u>596,723</u>
-	7,042	-	7,042
42,514	65,897	-	65,897
-	-	202,691	202,691
<u>42,514</u>	<u>72,939</u>	<u>202,691</u>	<u>275,630</u>
<u>39,152</u>	<u>77,141</u>	<u>243,952</u>	<u>321,093</u>
-	-	(243,523)	(243,523)
-	-	(243,523)	(243,523)
39,152	77,141	429	77,570
<u>575</u>	<u>16,363</u>	<u>9,902</u>	<u>26,265</u>
<u>\$ 39,727</u>	<u>\$ 93,504</u>	<u>\$ 10,331</u>	<u>\$ 103,835</u>

**OTHER SUPPLEMENTARY INFORMATION**

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

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash On Hand	\$ 455	\$ 455
Cash In Bank	20	19
Investments	816,650	782,399
Ad Valorem Taxes Receivable	239,382	213,913
Less Estimated Uncollectible-Ad Valorem Taxes	(239,382)	(213,913)
Accounts Receivable	174,995	135,001
Less Estimated Uncollectible-Refuse & Vector Control	(70,634)	(48,067)
Sundry Receivables	0	0
Interest Receivable	1,190	744
Due From Other Funds	503,373	103,406
	\$ 1,426,049	\$ 973,957
<b>TOTAL ASSETS</b>	<b>\$ 1,426,049</b>	<b>\$ 973,957</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts Payable	\$ 122,782	\$ 67,619
Accrued Salaries Payable	106,521	76,368
Sales Tax Payable	17,932	16,930
Escrow Deposits	2,496	2,033
Due To Other Funds	0	0
	249,731	162,950
Total Liabilities	249,731	162,950
Fund Balance-Unreserved	585,855	319,518
Reserved	590,463	491,489
	\$ 1,426,049	\$ 973,957
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,426,049</b>	<b>\$ 973,957</b>

CITY OF BORGER, TEXAS  
 COMBINED GENERAL FUND  
 BALANCE SHEET  
 SEPTEMBER 30, 2004

<u>ASSETS</u>	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
<b>Cash &amp; Investments:</b>						
Cash On Hand	\$ 455	\$ 455	\$ 0	\$ 0	\$ 0	\$ 0
Cash In Bank	20	0	0	0	0	20
Investments	816,650	300,000	16,500	60,000	338,100	510
Total Cash & Investments	817,125	300,455	16,500	60,000	338,100	530
<b>Receivables:</b>						
Sundry Receivables	0	0	0	0	0	0
Interest Receivable	1,190	469	23	84	471	1
Ad Valorem Taxes	239,382	239,382	0	0	0	0
Less Allowance For Uncollectible	(239,382)	(239,382)	0	0	0	0
Accounts Receivable	174,995	171,271	0	3,724	0	0
Less Allowance For Uncollectible	(70,634)	(67,628)	0	(3,006)	0	0
Total Receivables	105,551	104,112	23	802	471	1
<b>Other Assets:</b>						
Due From Accounts Payable	501,882	393,284	1,071	14,777	1,718	81,314
Due From Payroll Fund	1,491	1,491	0	0	0	0
Total Other Assets	503,373	394,775	1,071	14,777	1,718	81,314
<b>TOTAL ASSETS</b>	<b>\$ 1,426,049</b>	<b>\$ 799,342</b>	<b>\$ 17,594</b>	<b>\$ 75,579</b>	<b>\$ 340,289</b>	<b>\$ 81,845</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 122,782	\$ 122,782	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Salaries Payable	106,521	106,521	0	0	0	0
Sales Tax Payable	17,932	17,932	0	0	0	0
Deferred Revenue-Paving Projects	2,496	2,496	0	0	0	0
Total Liabilities	249,731	249,731	0	0	0	0
Fund Balance-Unreserved	585,855	549,611	0	0	0	0
Reserved	590,463	0	17,594	75,579	340,289	81,845
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 1,426,049</b>	<b>\$ 799,342</b>	<b>\$ 17,594</b>	<b>\$ 75,579</b>	<b>\$ 340,289</b>	<b>\$ 81,845</b>

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	CONCEALED HANDGUN	POLICE COMPUTER FUND	POOL RENOVATION PROJECT
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
64,600	0	20,500	12,895	1,295	0	2,250
64,600	0	20,500	12,895	1,295	0	2,250
0	0	0	0	0	0	0
90	0	29	18	2	0	3
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
90	0	29	18	2	0	3
3,634	4,560	(933)	1,753	10	675	19
0	0	0	0	0	0	0
3,634	4,560	(933)	1,753	10	675	19
\$ 68,324	\$ 4,560	\$ 19,596	\$ 14,666	\$ 1,307	\$ 675	\$ 2,272
\$ 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	19,596	14,666	1,307	675	0
68,324	4,560	0	0	0	0	2,272
\$ 68,324	\$ 4,560	\$ 19,596	\$ 14,666	\$ 1,307	\$ 675	\$ 2,272

CITY OF BORGER, TEXAS  
 COMBINED GENERAL FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 September 30, 2004

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
Fund Balance October 1, 2003	\$ 811,007	\$ 282,678	\$ 16,793	\$ 70,909	\$ 336,400	\$ 1,032
Revenue Over (Under) Expenditures	365,311	266,933	801	4,670	3,889	80,813
Interfund Transfers	0	0	0	0	0	0
Fund Balance September 30, 2004	<u>\$ 1,176,318</u>	<u>\$ 549,611</u>	<u>\$ 17,594</u>	<u>\$ 75,579</u>	<u>\$ 340,289</u>	<u>\$ 81,845</u>

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	CONCEALED HANDGUN	POLICE COMPUTER FUND	POOL RENOVATION PROJECT
\$ 63,475	\$ 630	\$ 22,473	\$ 13,073	\$ 1,294	\$ 0	\$ 2,250
4,849	3,930	(2,877)	1,593	13	675	22
0	0	0	0	0	0	0
<u>\$ 68,324</u>	<u>\$ 4,560</u>	<u>\$ 19,596</u>	<u>\$ 14,666</u>	<u>\$ 1,307</u>	<u>\$ 675</u>	<u>\$ 2,272</u>

CITY OF BORGER, TEXAS  
 COMBINED GENERAL FUND  
 STATEMENT OF REVENUE, EXPENDITURES, AND TRANSFERS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITES FUND	SPECIAL CRIME FUND
<b>REVENUE:</b>						
Ad Valorem, Sales & Use Taxes	\$ 3,168,598	\$ 3,168,598	\$ 0	\$ 0	\$ 0	\$ 0
Gross Receipts Tax	575,194	575,194	0	0	0	0
Licenses And Permits	30,919	30,919	0	0	0	0
Fines And Forfeits	359,364	353,575	0	0	0	0
Refuse Collections	1,233,207	1,233,207	0	0	0	0
Solidwaste Tipping Fees	189,553	180,819	0	0	0	0
Vector Control	65,836	65,836	0	0	0	0
Swimming Pool And Concessions	11,528	11,528	0	0	0	0
Interest On Investments	18,074	12,067	188	789	3,889	10
W/S Fund-Services Rendered	300,000	300,000	0	0	0	0
Other Service Charges & Miscellaneous	71,979	71,979	0	0	0	0
State Grant	124,516	37,705	0	0	0	81,303
Federal Funds	6,881	6,881	0	0	0	0
Donations	60,709	0	4,950	46,834	0	0
Sources Of Financing	20,000	20,000	0	0	0	0
Sale Of City Assets	0	0	0	0	0	0
Insurance Claims	14,255	14,255	0	0	0	0
Received On Contracts	392,045	392,045	0	0	0	0
Transfers In	0	0	0	0	0	0
<b>Total Revenue And Transfers</b>	<b>6,642,658</b>	<b>6,474,608</b>	<b>5,138</b>	<b>47,623</b>	<b>3,889</b>	<b>81,313</b>
<b>EXPENDITURES:</b>						
Data Processing	20,491	20,491	0	0	0	0
Administration	170,702	170,702	0	0	0	0
Animal Control	136,693	136,693	0	0	0	0
Fire	1,056,253	1,051,933	0	0	0	0
Fire Prevention	56,680	56,680	0	0	0	0
Code Enforcement	55,218	55,218	0	0	0	0
Legal	9,225	9,225	0	0	0	0
Park	460,795	417,842	0	42,953	0	0
Planning And Zoning	263,116	263,116	0	0	0	0
Police	1,442,792	1,436,586	4,337	0	0	500
Public Works Director	137,355	137,355	0	0	0	0
Recreation	86,511	86,511	0	0	0	0
Refuse Collection	454,953	443,104	0	0	0	0
Street And Alley Maintenance	328,716	328,716	0	0	0	0
Swimming Pool	38,607	38,607	0	0	0	0
Recycling Center	8,385	8,385	0	0	0	0
Traffic Engineering	75,614	75,614	0	0	0	0
Municipal Court	235,952	231,608	0	0	0	0
Vehicle Service Center	198,150	198,150	0	0	0	0
Transfer Station	705,358	705,358	0	0	0	0
Reserve Section And Other	46,153	46,153	0	0	0	0
Building Standards & Facelift	61,937	61,937	0	0	0	0
Central Dispatching	227,691	227,691	0	0	0	0
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 6,277,347</b>	<b>\$ 6,207,675</b>	<b>\$ 4,337</b>	<b>\$ 42,953</b>	<b>\$ 0</b>	<b>\$ 500</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 365,311</b>	<b>\$ 266,933</b>	<b>\$ 801</b>	<b>\$ 4,670</b>	<b>\$ 3,889</b>	<b>\$ 80,813</b>

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	CONCEALED HANDGUN	POLICE COMPUTER FUND	POOL RENOVATION PROJECT
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	5,789	0	0	0
0	0	0	0	0	0	0
0	0	8,734	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
710	0	238	148	13	0	22
0	0	0	0	0	0	0
5,508	0	0	0	0	0	0
0	0	0	0	0	0	0
0	8,250	0	0	0	675	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
6,218	8,250	8,972	5,937	13	675	22
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	4,320	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	0	0	0
1,369	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	11,849	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	4,344	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	0
0	0	0	0	0	0	0
1,369	4,320	11,849	4,344	0	0	0
4,849	3,930	(2,877)	1,593	13	675	22

City of Borger, Texas  
General Fund  
Comparison of Revenue With Budget  
For the Fiscal Year Ended September 30, 2004

<u>Revenue</u>	<u>Budget</u>	<u>Revenue</u>	<u>Variance (Unfavorable)</u>	<u>Actual Year</u>
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 1,200,150	\$ 1,171,645	\$ (28,505)	\$ 1,206,470
Pentalty And Interest	23,500	25,413	1,913	26,595
Property Sold For Delinquent Taxes	0	3,106	3,106	0
Sales And Use Tax	1,775,000	1,968,434	193,434	1,882,869
<b>Total Taxes</b>	<b>2,998,650</b>	<b>3,168,598</b>	<b>169,948</b>	<b>3,115,934</b>
<b>Gross Receipts Tax:</b>				
Telecommunications	118,000	114,841	(3,159)	122,182
Southwestern Public Service	207,500	242,730	35,230	213,007
Texas Gas Service	75,000	111,371	36,371	89,675
Borger Cable Vision	95,000	106,252	11,252	103,389
<b>Total Gross Receipts Tax</b>	<b>495,500</b>	<b>575,194</b>	<b>79,694</b>	<b>528,253</b>
<b>Licenses And Permits:</b>				
Zoning And Plat Fees	500	1,623	1,123	1,660
Mechanical Permits	1,000	507	(493)	629
Pound Fees	6,000	5,568	(432)	6,691
Alcoholic Beverages	7,000	7,054	54	8,555
Building Permits	5,000	13,102	8,102	15,252
Electrical Permits	2,000	3,020	1,020	2,830
Occupational License	0	0	0	0
Moving Permits	25	45	20	50
<b>Total Licenses And Permits</b>	<b>21,525</b>	<b>30,919</b>	<b>9,394</b>	<b>35,667</b>
<b>Fines And Forfeits-Municipal Court</b>	<b>255,150</b>	<b>359,364</b>	<b>103,968</b>	<b>329,168</b>
<b>Service Charge:</b>				
Vital Statistics	11,200	13,958	2,758	11,969
Swimming Pool Admissions	11,000	11,528	528	10,450
Refuse Collections	1,235,000	1,233,207	(1,793)	1,240,715
Vector Control	66,809	65,836	(973)	20,760
Solidwaste Tipping Fees	110,000	189,553	79,553	244,596
Paving Assessments	8,000	0	(8,000)	4,318
Miscellaneous Revenue	47,000	27,271	(19,729)	39,206
Interest From Investment	10,500	18,074	7,574	16,464
W/S Fund-Services Rendered	300,000	300,000	0	300,000
Parks, Rec. & Special Project	36,828	46,834	10,006	36,047
Housing Authority in Lieu of Taxes	7,000	6,881	(119)	6,652
<b>Total Service Charges</b>	<b>1,843,337</b>	<b>1,913,142</b>	<b>69,805</b>	<b>1,931,177</b>
<b>Other Sources:</b>				
BISD DARE Reimbursement	11,000	0	(11,000)	11,000
Hutchinson County Fire Contract	25,000	23,750	(1,250)	25,000
Donations	8,000	13,875	5,875	5,814
City of Amarillo Task Force	35,000	37,705	2,705	1,177
Insurance Claims	0	14,255	14,255	83,476
Financing Sources-Lease/Notes	0	20,000	20,000	354,475
Radio Dispatching Contract	7,000	7,000	0	7,000
State Grant	67,829	86,811	18,982	114,092
Received on Contract	380,433	392,045	11,612	375,534
<b>Total Other Sources</b>	<b>534,262</b>	<b>595,441</b>	<b>61,179</b>	<b>977,568</b>
<b>TOTAL REVENUE</b>	<b>\$ 6,148,424</b>	<b>\$ 6,642,658</b>	<b>\$ 493,988</b>	<b>\$ 6,917,767</b>

City of Borger, Texas  
General Fund  
Comparison of Expenditures With Budget  
For the Fiscal Year Ended September 30, 2004

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Year</u>
<b>Data Processing:</b>				
Personal Services	\$ 8,427	\$ 8,445	\$ (18)	\$ 8,412
Contractual & Misc. Services	7,200	5,739	1,461	6,133
General Services	805	1,026	(221)	682
Machinery & Equipment Maintenance	5,550	5,281	269	4,726
Capital Outlay	0	0	0	0
	<hr/> 21,982	<hr/> 20,491	<hr/> 1,491	<hr/> 19,953
<b>Administration</b>				
Personal Services	57,816	52,804	5,012	81,246
Contractual & Misc. Services	78,458	91,513	(13,055)	62,619
General Services	22,050	21,391	659	17,334
Machinery & Equipment Maintenance	1,700	4,994	(3,294)	1,211
Capital Outlay	0	0	0	0
Total Administration & Purchasing	<hr/> 160,024	<hr/> 170,702	<hr/> (10,678)	<hr/> 162,410
<b>Animal Control:</b>				
Personal Services	115,423	118,204	(2,781)	117,892
Contractual & Misc. Services	10,890	10,531	359	9,602
General Services	7,150	5,826	1,324	6,754
Machinery & Equipment Maintenance	2,350	2,132	218	2,465
Capital Outlay	6,000	0	6,000	21,677
Total Animal Control	<hr/> 141,813	<hr/> 136,693	<hr/> 5,120	<hr/> 158,390
<b>Building Standards &amp; Facelift:</b>				
Personal Services	35,950	35,710	240	35,409
Contractual & Misc. Services	14,450	17,345	(2,895)	19,814
General Services	6,900	6,142	758	6,544
Machinery & Equip. Maintenance	7,500	2,740	4,760	10,364
Capital Outlay	0	0	0	0
Total Bldg. Standards & Facelift	<hr/> 64,800	<hr/> 61,937	<hr/> 2,863	<hr/> 72,131
<b>Fire:</b>				
Personal Services	947,532	913,390	34,142	919,283
Contractual & Misc. Services	35,675	27,214	8,461	33,419
General Services	34,365	29,752	4,613	28,589
Machinery & Equipment Maint.	32,950	33,832	(882)	26,226
Capital Outlay	57,816	52,065	5,751	275,096
Total Fire	<hr/> 1,108,338	<hr/> 1,056,253	<hr/> 52,085	<hr/> 1,282,613
<b>Fire Prevention:</b>				
Personal Services	52,619	55,214	(2,595)	54,397
Contractual & Misc. Services	2,750	1,143	1,607	1,044
General Services	1,325	258	1,067	380
Machinery & Equipment Maintenance	500	65	435	0
Capital Outlay	0	0	0	0
Total Fire Prevention	<hr/> 57,194	<hr/> 56,680	<hr/> 514	<hr/> 55,821

-Continued-

City of Borger, Texas  
General Fund  
Comparison of Expenditures With Budget  
For the Fiscal Year Ended September 30, 2004

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
<b>Code Enforcement:</b>				
Personal Services	\$ 38,406	\$ 38,733	\$ (327)	\$ 38,393
Contractual & Misc. Services	15,000	13,339	1,661	15,062
General Services	1,230	2,482	(1,252)	1,450
Machinery & Equipment Maintenance	550	664	(114)	120
Capital Outlay	0	0	0	0
Total Health	<u>55,186</u>	<u>55,218</u>	<u>(32)</u>	<u>55,025</u>
<b>Legal:</b>				
Contractual & Misc. Services	10,000	9,225	775	9,000
General Services	0	0	0	0
Total Legal	<u>10,000</u>	<u>9,225</u>	<u>775</u>	<u>9,000</u>
<b>Park:</b>				
Personal Services	281,087	285,055	(3,968)	271,522
Contractual & Misc. Services	31,450	31,630	(180)	56,244
General Services	36,200	37,608	(1,408)	32,980
Machinery & Equipment Maintenance	34,200	36,474	(2,274)	29,149
Capital Outlay/Capital Lease	38,500	70,028	(31,528)	10,150
Total Park	<u>421,437</u>	<u>460,795</u>	<u>(39,358)</u>	<u>400,045</u>
<b>Planning &amp; Zoning:</b>				
Personal Services	93,667	100,565	(6,898)	93,220
Contractual & Misc. Services	166,325	154,196	12,129	175,840
General Services	3,650	5,789	(2,139)	2,966
Machinery & Equip. Maintenance	1,975	2,566	(591)	1,105
Capital Outlay	0	0	0	0
Total Planning & Zoning	<u>265,617</u>	<u>263,116</u>	<u>2,501</u>	<u>273,131</u>
<b>Police:</b>				
Personal Services	1,178,691	1,156,146	22,545	1,428,083
Contractual & Misc. Services	103,126	97,478	5,648	93,101
General Services	57,125	76,507	(19,382)	63,037
Machinery & Equipment Maint.	71,050	70,156	894	76,202
Capital Lease Payments	63,496	42,505	20,991	171,636
Total Police	<u>1,473,488</u>	<u>1,442,792</u>	<u>30,696</u>	<u>1,832,059</u>
<b>Public Works Director:</b>				
Personal Services	154,867	129,700	25,167	112,431
Contractual & Misc. Services	2,550	2,910	(360)	3,668
General Services	5,350	3,989	1,361	4,247
Machinery & Equipment Maintenance	1,900	756	1,144	1,012
Capital Outlay	0	0	0	0
Total Public Works Director	<u>164,667</u>	<u>137,355</u>	<u>27,312</u>	<u>121,358</u>

-Continued-

City of Borger, Texas  
General Fund  
Comparison of Expenditures With Budget  
For the Fiscal Year Ended September 30, 2004

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
Recreation				
Personal Services	\$ 62,235	\$ 65,884	\$ (3,649)	\$ 88,234
Contractual & Misc. Services	19,755	18,034	1,721	20,114
General Services	2,400	861	1,539	1,383
Machinery & Equipment Maintenance	4,000	1,732	2,268	276
Capital Outlay	0	0	0	0
Total Recreation	88,390	86,511	1,879	110,007
Refuse Collection:				
Personal Services	285,634	292,130	(6,496)	299,536
Contractual & Misc. Services	11,850	11,185	665	16,375
General Services	32,675	68,211	(35,536)	29,552
Machinery & Equipment Maintenance	36,550	49,092	(12,542)	58,070
Capital Lease	64,050	34,335	29,715	74,146
Total Refuse Collection	430,759	454,953	(24,194)	477,679
Street & Alley Maintenance:				
Personal Services	223,727	210,302	13,425	280,743
Contractual & Misc. Services	11,175	35,620	(24,445)	12,199
General Services	23,400	23,808	(408)	123,988
Machinery & Equipment Maintenance	99,900	24,863	75,037	81,487
Capital Outlay/Capital Lease	34,123	34,123	0	100,928
Total Street & Alley Maintenance	392,325	328,716	63,609	599,345
Swimming Pool:				
Personal Services	29,160	24,782	4,378	27,741
Contractual & Misc. Services	3,280	2,517	763	5,485
General Services	5,745	4,773	972	5,095
Machinery & Equip. Maintenance	7,500	6,535	965	31,508
Capital Outlay	0	0	0	0
Total Swimming Pool	45,685	38,607	7,078	69,829
Recycling Center				
Contractual & Misc. Services	9,700	8,385	1,315	8,981
General Services	100	0	100	0
Total Recycling Center	9,800	8,385	1,415	8,981
Traffic Engineering:				
Personal Services	65,846	67,820	(1,974)	65,370
Contractual & Misc. Services	1,625	1,134	491	2,143
General Services	9,010	6,137	2,873	6,966
Machinery & Equipment Maint.	2,250	523	1,727	608
Capital Outlay	0	0	0	0
Total Traffic Eng. & Bldg. Maint.	78,731	75,614	3,117	75,087

-Continued-

City of Borger, Texas  
General Fund  
Comparison of Expenditures With Budget  
For the Fiscal Year Ended September 30, 2004

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
<b>Municipal Court:</b>				
Personal Services	\$ 96,236	\$ 101,356	\$ (5,120)	\$ 70,944
Contractual & Miscellaneous Services	88,550	125,386	(36,836)	150,822
General Services	7,750	9,151	(1,401)	2,220
Machinery & Equipment Maintenance	200	59	141	85
Capital Outlay	0	0	0	0
Total Capital Outlay	192,736	235,952	(43,216)	224,071
<b>Transfer Station:</b>				
Personal Services	187,935	187,042	893	183,192
Contractual & Misc. Services	406,100	450,177	(44,077)	474,792
General Services	26,985	32,066	(5,081)	26,239
Machinery & Equipment Maintenance	35,200	36,073	(873)	39,939
Capital Outlay	0	0	0	0
Total Transfer Station	656,220	705,358	(49,138)	724,162
<b>Vehicle Service Center:</b>				
Personal Services	164,890	155,520	9,370	185,098
Contractual & Misc. Services	16,775	13,037	3,738	18,708
General Services	18,850	20,877	(2,027)	19,083
Machinery & Equipment Maintenance	5,700	8,716	(3,016)	3,186
Capital Outlay	7,500	0	7,500	0
Total Vehicle Service Center	213,715	198,150	15,565	226,075
<b>Central Dispatching:</b>				
Personal Services	236,555	227,691	20,049	0
<b>Reserve Section:</b>				
Borger Youth Center	9,135	9,135	0	9,135
Washington Youth Center	1,000	0	1,000	0
Opportunities, Inc.	7,875	7,875	0	7,875
The House of Friends	3,600	2,500	1,100	3,350
General Contingencies	31,500	17,456	14,044	15,031
City Hall Maintenance	8,000	9,187	(1,187)	17,244
Transfers Out	0	0	0	0
Total Reserve Section	61,110	46,153	14,957	52,635
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,350,572</b>	<b>\$ 16,277,347</b>	<b>\$ (9,926,775)</b>	<b>\$ 7,009,807</b>

CITY OF BORGER, TEXAS  
SCHEDULE OF TAXES RECEIVABLE  
September 30, 2004

<u>TAX ROLL</u>	BALANCE 10-1-03 PLUS			BALANCE
	CURRENT YEAR	COLLECTIONS	ADJUSTMENTS	9/30/04
1992 & Prior	\$ 62,451	\$ (728)	\$ (3,835)	\$ 57,888
1993	6,134	0	(198)	5,936
1994	3,800	0	(244)	3,556
1995	4,627	0	(218)	4,409
1996	4,921	(100)	(317)	4,504
1997	5,571	(126)	(300)	5,145
1998	6,604	(932)	(284)	5,388
1999	11,526	(2,021)	(374)	9,131
2000	16,214	(2,678)	(382)	13,154
2001	38,814	(9,139)	(2,254)	27,421
2002	53,251	(20,172)	(493)	32,586
	213,913	(35,896)	(8,899)	169,118
2003 Taxes Assessed	1,675,376	(1,604,239)	(873)	70,264
Totals	\$ 1,889,289	\$ (1,640,135)	\$ (9,772)	\$ 239,382

	Totals	General Fund	INTEREST & SINKING FUND
Current Year	\$ 1,604,239	\$ 1,284,611	\$ 319,628
Prior Years	35,896	31,742	4,154
Total Collections	1,640,135	1,316,353	323,782
Penalty And Interest Discounts	31,392 (29,121)	26,653 (29,121)	4,739 0
Net Collections	\$ 1,642,406	\$ 1,313,885	\$ 328,521

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, 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
September 30, 2004	339,074,740	.49400	1,675,376	1,604,239	95.75

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

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Investments	\$ 26,545	\$ 4,407
Interest Receivable	37	4
Due From Other Funds	<u>67,264</u>	<u>11,952</u>
Total Assets	<u>\$ 93,846</u>	<u>\$ 16,363</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accrued Salaries	\$ 1,018	\$ 0
Due To Other Funds	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>1,018</u>	<u>0</u>
Fund Balance-Restricted	<u>92,828</u>	<u>16,363</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 93,846</u>	<u>\$ 16,363</u>

CITY OF BORGER, TEXAS  
 COMBINED SPECIAL REVENUE FUND  
 BALANCE SHEET  
 September 30, 2004

	COMBINED SPECIAL REVENUE FUND	CITY TOURISM	THE TEXAS PLAINS TRAILS	HOTEL & MOTEL ROOM OCCUPANCY TAX FUND	COURT TECHNOLOGY FUND
<b>ASSETS</b>					
Interest Receivable	\$ 37	\$ 30	\$ 0	\$ 0	\$ 7
Investments	26,545	21,400	0	0	5,145
Due From Other Funds	67,264	10,227	13,345	39,727	3,965
<b>TOTAL ASSETS</b>	<b>\$ 93,846</b>	<b>\$ 31,657</b>	<b>\$ 13,345</b>	<b>\$ 39,727</b>	<b>\$ 9,117</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accrued Salaries	\$ 1,018	\$ 0	\$ 1,018	\$ 0	\$ 0
Due To Other Funds	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>\$ 1,018</b>	<b>\$ 0</b>	<b>\$ 1,018</b>	<b>\$ 0</b>	<b>\$ 0</b>
Fund Balance-Restricted	\$ 92,828	\$ 31,657	\$ 12,327	\$ 39,727	\$ 9,117
Fund Balance-Unrestricted	0	0	0	0	0
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 93,846</b>	<b>\$ 31,657</b>	<b>\$ 13,345</b>	<b>\$ 39,727</b>	<b>\$ 9,117</b>

CITY OF BORGER, TEXAS  
 COMBINED SPECIAL REVENUE FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	<u>COMBINED SPECIAL REVENUE FUND</u>	<u>CITY TOURISM</u>	<u>THE TEXAS PLAINS TRAILS</u>	<u>HOTEL &amp; MOTEL ROOM OCCUPANCY TAX FUND</u>	<u>COURT TECHNOLOGY FUND</u>
Fund Balance October 1, 2003	\$ 16,363	\$ 7,420	\$ 0	\$ 575	\$ 8,368
Excess Revenues Over (Under) Expenditures	76,465	24,237	12,327	39,152	749
Fund Balance September 30, 2004	\$ 92,828	\$ 31,657	\$ 12,327	\$ 39,727	\$ 9,117

CITY OF BORGER, TEXAS  
 COMBINED SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	COMBINED SPECIAL REVENUE FUND	CITY TOURISM	THE TEXAS PLAINS TRAILS	HOTEL & MOTEL ROOM OCCUPANCY TAX FUND	COURT TECHNOLOGY FUND
<b>REVENUE</b>					
State Grant	\$ 25,000	\$ 0	\$ 25,000	\$ 0	\$ 0
Investments Interest	221	163	0	0	58
Court Fees	7,733	0	0	0	7,733
Hotel & Motel Occupancy Tax	116,450	34,784	0	81,666	0
<b>Total Revenue</b>	<b>\$ 149,404</b>	<b>\$ 34,947</b>	<b>\$ 25,000</b>	<b>\$ 81,666</b>	<b>\$ 7,791</b>
<b>Transfers &amp; Other:</b>					
Interfund Transfers	0	0	0	0	\$ 0
<b>Total Revenues &amp; Transfers</b>	<b>\$ 149,404</b>	<b>\$ 34,947</b>	<b>\$ 25,000</b>	<b>\$ 81,666</b>	<b>7,791</b>
<b>EXPENDITURES</b>					
City Tourism	\$ 10,710	\$ 10,710	\$ 0	\$ 0	\$ 0
Texas Plains Trails	12,673	0	12,673	0	0
Municipal Court	7,042	0	0	0	7,042
Hutchinson County Museum	3,865	0	0	3,865	0
Chamber of Commerce	37,103	0	0	37,103	0
Tri City Community Concert	1,546	0	0	1,546	0
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 72,939</b>	<b>\$ 10,710</b>	<b>\$ 12,673</b>	<b>\$ 42,514</b>	<b>\$ 7,042</b>
<b>Transfers &amp; Other:</b>					
Transfers-General Fund	0	0	0	0	0
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 72,939</b>	<b>\$ 10,710</b>	<b>\$ 12,673</b>	<b>\$ 42,514</b>	<b>\$ 7,042</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 76,465</b>	<b>\$ 24,237</b>	<b>\$ 12,327</b>	<b>\$ 39,152</b>	<b>\$ 749</b>

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

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash In Bank	\$ 9,039	\$ 4,874
Accrued Interest	7	4
Investments	5,431	5,000
Due From Other Funds	14	24
	\$ 14,491	\$ 9,902
<b>TOTAL ASSETS</b>	<b>\$ 14,491</b>	<b>\$ 9,902</b>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due from Other Funds	\$ 4,160	\$ 0
Fund Balance-Restricted	10,331	9,902
	\$ 14,491	\$ 9,902
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 14,491</b>	<b>\$ 9,902</b>

CITY OF BORGER, TEXAS  
 COMBINED DEBT SERVICE FUND  
 BALANCE SHEET  
 September 30, 2004

<u>ASSETS</u>	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
	<hr/>	<hr/>
Cash & Investments:		
Cash In Bank	\$ 9,039	\$ 9,039
Accrued Interest	7	7
Investments	5,431	5,431
Due From Other Funds	14	14
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 14,491</u>	<u>\$ 14,491</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due To Other Funds	\$ 4,160	\$ 4,160
Fund Balance:		
Unappropriated	0	0
Restricted	10,331	10,331
	<hr/>	<hr/>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 14,491</u>	<u>\$ 14,491</u>

CITY OF BORGER, TEXAS  
 COMBINED DEBT SERVICE FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	COMBINED DEBT SERVICE FUND		BONDS 1995 SERIES
Fund Balance October 1, 2003	\$ 9,902	\$	9,902
Excess Of Revenue Over (Under) Expenditures	429		429
Fund Balance September 30, 2004	\$ 10,331	\$	10,331

CITY OF BORGER, TEXAS  
 COMBINED DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
<u>REVENUES</u>		
Interest	\$ 1,263	\$ 1,263
Ad Valorem Taxes	201,857	201,857
Total Revenue And Transfers	203,120	203,120
<u>EXPENDITURES</u>		
Bond Principal	145,000	145,000
Bond Interest	57,055	57,055
Bond Fees	636	636
Total Expenditures And Transfers	202,691	202,691
EXCESS OF REVENUE OVER EXPENDITURES	\$ 429	\$ 429

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

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash In Bank	\$ 0	\$ 0
Accounts Receivable-Group Hospitalization	0	0
Investments	167,248	144,639
Due From Other Funds	18,919	16,237
	<u>\$ 186,167</u>	<u>\$ 160,876</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Group Hospitalization	\$ 18,919	\$ 16,237
Deferred compensation	167,248	144,639
Due To Other Funds	0	0
	<u>\$ 186,167</u>	<u>\$ 160,876</u>

CITY OF BORGER, TEXAS  
 COMBINED TRUST AND AGENCY FUND  
 BALANCE SHEET  
 September 30, 2004

	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	167,248	0	167,248
Due From Other Funds	18,919	18,919	0
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 186,167	\$ 18,919	\$ 167,248
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Group Hospitalization	\$ 18,919	\$ 18,919	\$ 0
Deferred Compensation	167,248	0	167,248
Due To Other Funds	0	0	0
	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 186,167	\$ 18,919	\$ 167,248

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

<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Cash On Hand	\$ 800	\$ 800
Investments	743,339	1,341,801
Accounts Receivable	534,242	539,191
Less Estimated Uncollectible	(137,645)	(136,779)
Due From Other Funds	745,422	521,042
Interest Receivable	1,088	1,137
Cost Of Issuance Of Debt-Net Of Amortization	369,211	426,350
Land	225,263	200,263
Canadian River Water Supply Contract	13,907,868	13,907,868
Plant Assets And Equipment	24,792,450	24,428,773
Less Accumulated Depreciation & Amortization	<u>(17,059,965)</u>	<u>(16,062,778)</u>
 TOTAL ASSETS	 \$ <u>24,122,073</u>	 \$ <u>25,167,668</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Accounts Payable	\$ 60,916	\$ 49,613
Accrued Salaries Payable	35,119	25,655
Customer Meter Deposits	301,946	298,264
Due To Other Funds	0	85,752
Notes Payable-GMAC	2,535	17,744
Bonds Payable	4,205,000	4,560,000
Certificate Of Obligation Payable	1,120,000	1,195,000
Accrued Interest Payable	28,654	30,656
Roberts County Water Contract	4,098,885	4,295,017
Surface Water Supply Contract	1,092,148	1,148,757
Deferred Gain on Debt Retirement	1,560,686	1,672,831
Salinity Control Project Contract	<u>124,655</u>	<u>145,199</u>
 Total Liabilities	 12,630,544	 13,524,488
 Fund Balance	 <u>11,491,529</u>	 <u>11,643,180</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u>24,122,073</u>	 \$ <u>25,167,668</u>

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

CITY OF BORGER, TEXAS  
 COMBINED PROPRIETARY FUND  
 BALANCE SHEET  
 SEPTEMBER 30, 2004

Schedule 5-B  
 Page 1 of 2

	Combined Proprietary Fund	Water And Sewer Fund	2002 Refunding Bonds I&S	1992 Interest & Sinking Fund	2002 Certificates of Oblig. I&S	W/S Construction 2002
<b>ASSETS</b>						
Cash And Investments:						
Cash On Hand	\$ 800	\$ 800	\$ 0	\$ 0	\$ 0	\$ 0
Cash In Bank	0	0	0	0	0	0
Investments	743,339	650,000	15	0	93,324	0
Total Cash and Investments	744,139	650,800	15	0	93,324	0
Receivables:						
Interest Receivable	1,088	957	0	0	131	0
Water & Sewer Billings	534,242	534,242	0	0	0	0
Less Estimated Uncollectible	(137,645)	(137,645)	0	0	0	0
Total Receivables	397,685	397,554	0	0	131	0
Other Assets:						
Cost Of Issuance Of Debt- Net of Amortization	369,211	369,211	0	0	0	0
Due From Accounts Payable	740,199	739,004	1	0	133	1,061
Due From Stores Fund	0	0	0	0	0	0
Due From Payroll Fund	1,063	1,063	0	0	0	0
Due From Debt Service	4,160	0	2,164	0	1,996	0
Total Other Assets	1,114,633	1,109,278	2,165	0	2,129	1,061
Plant And Equipment:						
Land	225,263	225,263	0	0	0	0
Fixed Assets	38,700,318	38,700,318	0	0	0	0
Less Accumulated Depreciation	(17,059,965)	(17,059,965)	0	0	0	0
Total Plant & Equipment	21,865,616	21,865,616	0	0	0	0
<b>TOTAL ASSETS</b>	<b>\$ 24,122,073</b>	<b>\$ 24,023,248</b>	<b>\$ 2,180</b>	<b>\$ 0</b>	<b>95,584</b>	<b>\$ 1,061</b>

**LIABILITIES AND FUND BALANCES**

Liabilities:						
Accounts Payable	\$ 60,916	\$ 60,916	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Salaries Payable	35,119	35,119	0	0	0	0
Customer Meter Deposits	301,946	301,946	0	0	0	0
Due To Other Funds	0	0	0	0	0	0
Note Payable-GMAC	2,535	2,535	0	0	0	0
Bonds Payable-2002 Series	4,205,000	4,205,000	0	0	0	0
Certificates Of Obligation Payable - 2002 Series	1,120,000	1,120,000	0	0	0	0
Accrued Interest Payable	28,654	28,654	0	0	0	0
Roberts County Water Contract	4,098,885	4,098,885	0	0	0	0
Salinity Control Project Contract	124,655	124,655	0	0	0	0

CITY OF BORGER, TEXAS  
 COMBINED PROPRIETARY FUND  
 BALANCE SHEET  
 SEPTEMBER 30, 2004

Schedule 5-B  
 Page 1 of 2

-continued-

	Combined Proprietary Fund	Water And Sewer Fund	2002 Refunding Bonds I&S	1992 Interest & Sinking Fund	2002 Certificates of Oblig. I&S	W/S Construction 2002
<b>Liabilities:</b>						
Surface Water Supply Contract	\$ 1,092,148	\$ 1,092,148	\$ 0	\$ 0	\$ 0	\$ 0
Deferred Gain on Debt Retirement	1,560,686	1,560,686	0	0	0	0
<b>Total Liabilities</b>	<b>12,630,544</b>	<b>12,630,544</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance:</b>						
Reserve	98,825	0	2,180	0	95,584	1,061
Unreserved	11,392,704	11,392,704	0	0	0	0
<b>Total Fund Balance</b>	<b>11,491,529</b>	<b>11,392,704</b>	<b>2,180</b>	<b>0</b>	<b>95,584</b>	<b>1,061</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 24,122,073</b>	<b>\$ 24,023,248</b>	<b>\$ 2,180</b>	<b>\$ 0</b>	<b>\$ 95,584</b>	<b>\$ 1,061</b>

CITY OF BORGER, TEXAS  
 COMBINED PROPRIETARY FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	1992 INTEREST & SINKING FUND	2002 Certificates of Oblig. I&S	W/S Construction 2002
Fund Balance October 1, 2003	\$ 11,643,180	\$ 10,858,039	\$ (16,897)	\$ 24	\$ 805,698	\$ (3,684)
Prior Year Adjustments	0	0	0	0	0	0
	11,643,180	10,858,039	(16,897)	24	805,698	(3,684)
Add: Excess of Revenue Over (Under) Expenditures	(151,651)	534,665	19,077	(24)	(710,114)	4,745
Fund Balance September 30, 2004	\$ 11,491,529	\$ 11,392,704	\$ 2,180	\$ 0	\$ 95,584	\$ 1,061

CITY OF BORGER, TEXAS  
 COMBINED PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	1992 INTEREST & SINKING FUND	2002 Certificate of Oblig. I&S	W/S Construction 2002
<b>REVENUE</b>						
Water Sales	\$ 2,974,221	\$ 2,974,221	\$ 0	\$ 0	\$ 0	\$ 0
Sewer Sales	1,386,301	1,386,301	0	0	0	0
Plumbing Permits & Taps	3,610	3,610	0	0	0	0
Ad Valorem Taxes	243,523	0	126,664	0	116,859	0
Miscellaneous Revenue	46,760	46,760	0	0	0	0
Interest On Investments	18,911	10,281	1,272	0	7,358	0
Total Revenue	4,673,326	4,421,173	127,936	0	124,217	0
<b>Transfers And Other:</b>						
Gain On Sale Of Assets	1,400	1,400	0	0	0	0
Debt Retired From Int. & Sink	430,000	430,000	0	0	0	0
Assets Acquired/Construction Fund	363,677	363,677	0	0	0	0
Transfer From General Fund	0	0	0	0	0	0
Transfer From General Fixed Assets	0	0	0	0	0	0
Interfund Transfers	1,110,245	24	390,781	0	0	719,440
Total Revenue & Transfers	6,578,648	5,216,274	518,717	0	124,217	719,440
<b>EXPENDITURES</b>						
Customer Service	437,488	437,488	0	0	0	0
Water Maintenance	431,178	431,178	0	0	0	0
Sewer Maintenance	402,656	402,656	0	0	0	0
Water Production & Treatment	823,966	485,046	0	0	0	338,920
Wastewater Collection & Treatment	754,173	378,398	0	0	0	375,775
Utility Director Section	140,043	140,043	0	0	0	0
Water Purchased For Resale	375,870	375,870	0	0	0	0
Data Processing	60,384	60,384	0	0	0	0
Purchased Services-General Fund	300,000	300,000	0	0	0	0
Contingencies	54,975	54,975	0	0	0	0
Interest CRMWA	277,916	277,916	0	0	0	0
Bonds Retired	355,000	0	355,000	0	0	0
Coupons Retired	144,640	0	144,640	0	0	0
Certificates Of Obligation-Retired	75,000	0	0	0	75,000	0
Interest-Certificates Of Obligation	37,689	(2,002)	0	0	39,891	0
Civil Defense	6,694	6,694	0	0	0	0
Bad Debt Expense	0	0	0	0	0	0
Depreciation & Amortization	942,182	942,182	0	0	0	0
Total Expenditures	5,620,054	4,290,828	499,640	0	114,891	714,695
<b>Transfers And Other:</b>						
Interfund Transfers	1,110,245	390,781	0	24	719,440	0
Loss On Sale Of Assets	0	0	0	0	0	0
Total Expenditures & Transfers	6,730,299	4,681,609	499,640	24	834,331	714,695
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ (151,651)</b>	<b>\$ 534,665</b>	<b>\$ 19,077</b>	<b>\$ (24)</b>	<b>\$ (710,114)</b>	<b>\$ 4,745</b>

CITY OF BORGER, TEXAS  
 WATER AND SEWER FUND  
 COMPARISON OF REVENUE WITH BUDGET  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	BUDGET	REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL PRIOR YEAR
REVENUE:				
Water Sales	\$ 2,870,321	\$ 2,579,959	\$ 290,362	\$ 2,956,808
Sewer Charges	1,400,500	1,386,301	14,199	1,421,074
Plumbing Permits & Taps	4,500	3,610	890	3,761
Miscellaneous	18,000	26,885	(8,885)	27,464
Interest On Investments	16,500	10,281	6,219	9,748
Sale of Assets	0	0	0	1,177
<b>TOTAL WATER &amp; SEWER REVENUE</b>	<b>\$ 4,309,821</b>	<b>\$ 4,007,036</b>	<b>\$ 302,785</b>	<b>\$ 4,420,032</b>

CITY OF BORGER, TEXAS  
WATER AND SEWER FUND  
COMPARISON OF EXPENDITURES WITH BUDGET  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

<u>EXPENDITURES</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL PRIOR YEAR</u>
<b>Customer Service:</b>				
Personal Services	\$ 226,220	\$ 227,386	\$ (1,166)	\$ 282,948
Contractual Services & Misc.	175,250	117,015	58,235	161,325
General Services	7,125	44,924	(37,799)	7,966
Machinery & Equipment Maintenance	25,250	48,163	(22,913)	9,913
Capital Outlay	0	0	0	0
<b>Total Customer Service</b>	<b>433,845</b>	<b>437,488</b>	<b>(3,643)</b>	<b>462,152</b>
<b>Water Maintenance Section:</b>				
Personal Services	332,482	343,527	(11,045)	345,989
Contractual Services & Misc.	17,300	10,499	6,801	11,279
General Services	21,800	23,580	(1,780)	22,837
Machinery & Equipment Maintenance	48,150	53,572	(5,422)	55,223
Capital Outlay	0	0	0	0
<b>Total Water Maintenance Section</b>	<b>419,732</b>	<b>431,178</b>	<b>(11,446)</b>	<b>435,328</b>
<b>Sewer Maintenance Section:</b>				
Personal Services	295,982	308,046	(12,064)	310,692
Contractual Services & Misc.	38,400	8,252	30,148	36,540
General Services	23,200	24,756	(1,556)	20,011
Machinery & Equipment Maintenance	64,500	61,602	2,898	49,331
Capital Lease Payments	15,209	15,209	0	15,209
<b>Total Sewer Maint. Section</b>	<b>437,291</b>	<b>417,865</b>	<b>19,426</b>	<b>431,783</b>
<b>Water Production &amp; Treatment:</b>				
Personal Services	197,742	197,849	(107)	189,645
Contractual Services & Misc.	269,750	225,927	43,823	220,409
General Services	36,350	29,160	7,190	35,793
Machinery & Equipment Maintenance	39,850	32,110	7,740	19,312
Capital Outlay	0	0	0	0
<b>Total Water Production &amp; Water Treatment</b>	<b>543,692</b>	<b>485,046</b>	<b>58,646</b>	<b>465,159</b>
<b>Wastewater Collection &amp; Treatment:</b>				
Personal Services	207,163	219,282	(12,119)	206,978
Contractual Services & Misc.	150,650	117,520	33,130	192,361
General Services	29,500	27,374	2,126	25,347
Machinery & Equipment Maintenance	24,900	14,222	10,678	14,541
Capital Outlay	5,000	0	5,000	0
<b>Total Wastewater Collection &amp; Treatment</b>	<b>417,213</b>	<b>378,398</b>	<b>38,815</b>	<b>439,227</b>

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CITY OF BORGER, TEXAS  
WATER AND SEWER FUND  
COMPARISON OF EXPENDITURES WITH BUDGET  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

-continued-

	BUDGET	EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL PRIOR YEAR
<b>EXPENDITURES</b>				
Utility Director Section:				
Personal Services	\$ 127,823	\$ 129,115	\$ (1,292)	\$ 128,944
Contractual Services & Misc.	7,150	4,897	2,253	5,451
General Services	5,400	4,084	1,316	2,763
Machinery & Equipment Maintenance	2,500	1,947	553	1,279
Capital Outlay	0	0	0	0
Total Utility Director Sect.	142,873	140,043	2,830	138,437
Data Processing Center:				
Personal Services	25,284	24,756	528	25,030
Contractual Services & Misc.	19,275	16,905	2,370	17,889
General Services	1,925	2,872	(947)	2,067
Machinery & Equipment Maintenance	15,050	15,851	(801)	14,100
Capital Outlay	0	0	0	0
Total Data Processing Center	61,534	60,384	1,150	59,086
Reserve Section:				
Annual Bond Requirements	0	0	0	0
Contingencies	40,000	34,461	5,539	9,830
Purchased Services-General Fund	300,000	300,000	0	300,000
Water Operation & Maintenance	377,620	375,870	1,750	346,981
Civil Defense	2,000	6,694	(4,694)	1,680
CRMWA Bond Payment	108,467	108,360	107	134,140
CRMWA Salinity Control	26,466	26,065	401	26,148
Roberts Co. Bond Payment	422,309	416,776	5,533	394,444
Youth Facility Transfer	0	0	0	0
Land Purchased	0	25,000	(25,000)	0
City Hall Building Maint.	8,000	20,514	(12,514)	5,389
Total Reserve Section	1,284,862	1,313,740	(28,878)	1,218,612
Total Expenditures-Budgeted	\$ 3,741,042	\$ 3,664,142	\$ 76,900	\$ 3,649,784

CITY OF BORGER, TEXAS  
 WATER AND SEWER FUND  
 STATEMENT OF INCOME  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

INCOME:	
Water Sales	\$ 2,974,221
Sewer Charges	1,386,301
Plumbing Permits And Taps	3,610
Miscellaneous	46,760
	<hr/>
Total Income	4,410,892
	<hr/>
OPERATING EXPENSES:	
Salaries	1,022,307
Employee Retirement	149,340
Workmen's Compensation	46,049
Group Insurance	219,678
Medicare & Social Security	12,586
Postage	39,484
Communications	12,139
Printing & Public Notices	3,701
Travel And Auto Allowance	11,087
Insurance And Bonds	31,004
Dues And Subscriptions	6,493
Utilities	290,457
Outside Professional Services	92,400
Special Services And Contingencies	164,589
Chemicals And Pest Control	29,825
Supplies	44,822
Gas, Oil, And Lubrication	37,965
Machinery & Equipment Maintenance	52,534
Right of Ways	13,319
Water Facilities Maintenance	402,089
Sewer Facilities Maintenance	24,650
Lift Station Maintenance	18,357
Software & Maintenance	23,005
Water Purchased	375,870
Services Purchased-General Fund	300,000
Loss on Bad Accounts	0
Depreciation And Amortization	942,182
	<hr/>
Total Operating Expenses	4,365,932
	<hr/>
NET INCOME FROM OPERATIONS	44,960
	<hr/>
OTHER INCOME (EXPENSE)	
Ad Valorem Taxes	243,523
Interest Income	18,911
Gain from Sale of Equipment	1,400
Interest Expense	(460,445)
	<hr/>
Total Other Income (Expense)	(196,611)
	<hr/>
NET INCOME (LOSS)	\$ (151,651)
	<hr/>

CITY OF BORGER, TEXAS  
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002  
 September 30, 2004

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
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>\$ 4,205,000</u>	<u>\$ 798,958</u>	<u>\$ 5,003,958</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, 2004

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
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>\$ 1,120,000</u>	<u>\$ 268,650</u>	<u>\$ 1,388,650</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>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash on Hand	\$ 10	\$ 10
Cash in Bank	1,338,817	543,181
Investments	73,000	95,000
Receivables:		
Others	1,412	1,634
Inventory	39,106	68,012
Due from Other Funds	6,700	85,752
TOTAL ASSETS	<u>\$ 1,459,045</u>	<u>\$ 793,589</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 0	\$ 2,000
Due to Other Governments	0	0
Due to Other Funds	1,340,229	652,661
Total Liabilities	1,340,229	654,661
Fund Balance-Unappropriated	118,916	138,928
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,459,145</u>	<u>\$ 793,589</u>

CITY OF BORGER, TEXAS  
 COMBINED INTRAGOVERNMENTAL SERVICE FUND  
 BALANCE SHEET  
 September 30, 2004

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND	ACCOUNTS PAYABLE FUND	PAYROLL FUND
<b>ASSETS</b>				
Cash & Investments:				
Cash On Hand	\$ 10	\$ 10	\$ 0	\$ 0
Cash In Bank	1,338,817	0	1,337,664	1,153
Investments	73,000	73,000	0	0
Total Cash & Investments	<u>1,411,827</u>	<u>73,010</u>	<u>1,337,664</u>	<u>1,153</u>
Receivables:				
Sundry	1,412	0	0	1,412
Total Receivables	<u>1,412</u>	<u>0</u>	<u>0</u>	<u>1,412</u>
Other Assets:				
Due From Other Funds	6,800	6,800	0	0
Inventory	39,106	39,106	0	0
Total Other Assets	<u>45,906</u>	<u>45,906</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 1,459,145</u>	<u>\$ 118,916</u>	<u>\$ 1,337,664</u>	<u>\$ 2,565</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Due to Other Governments	0	0	0	0
Due To Water & Sewer Fund	1,074	0	0	1,074
Due To General Fund	1,491	0	0	1,491
Due To Other Funds	1,337,664	0	1,337,664	0
Total Liabilities	<u>1,340,229</u>	<u>0</u>	<u>1,337,664</u>	<u>2,565</u>
Fund Balance-Unappropriated	<u>118,916</u>	<u>118,916</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,459,145</u>	<u>\$ 118,916</u>	<u>\$ 1,337,664</u>	<u>\$ 2,565</u>

CITY OF BORGER, TEXAS  
 COMBINED INTRAGOVERNMENTAL SERVICE FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 September 30, 2004

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND	ACCOUNTS PAYABLE FUND	PAYROLL FUND
Fund Balance October 1, 2003	\$ 138,928	\$ 138,928	\$ 0	\$ 0
Excess of Revenues Over (Under) Expenditures	(20,012)	(20,012)	0	0
Fund Balance September 30, 2004	\$ 118,916	\$ 118,916	\$ 0	\$ 0

CITY OF BORGER, TEXAS  
 COMBINED INTRAGOVERNMENTAL SERVICE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES  
 September 30, 2004

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND	ACCOUNTS PAYABLE FUND	PAYROLL FUND
<u>REVENUES</u>				
Stores Billings	\$ 27,205	\$ 27,205	\$ 0	\$ 0
Total Revenue	27,205	27,205	0	0
<u>EXPENDITURES</u>				
Store Purchases	47,217	47,217	0	0
Total Expenditures	47,217	47,217	0	0
Transfers				
Transfer to General Fund	0	0	0	0
Total Expenditures & Transfers	47,217	47,217	0	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (20,012)	\$ (20,012)	\$ 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>2004</u>	<u>2003</u>
Amount Available in Debt Service Fund	\$ 9,039	\$ 9,902
Principal Amount to be Provided in Future Years:		
General Obligation Refunding Bonds-Series 1995	1,005,961	1,150,098
Capital Lease Obligations	5,396	27,145
Notes Payable Obligations	226,668	334,248
Total Principal Available & to be Provided For	1,247,064	1,521,393
Interest to be Provided in Future Years	202,720	269,521
TOTAL AVAILABLE & TO BE PROVIDED FOR	\$ 1,449,784	\$ 1,790,914

GENERAL LONG-TERM DEBTS AND INTEREST  
 PAYABLE IN FUTURE YEARS

Notes Payable Obligations	\$ 226,668	\$ 334,248
Capital Lease Obligations	5,396	27,145
General Obligation Refunding Bonds-Series 1995	1,015,000	1,160,000
Interest Payable-General Obligation Debt	186,365	243,420
Interest Payable-Capital Lease Obligations	0	671
Interest Payable-Note Payable Obligations	16,355	25,430
TOTAL CERTIFICATES OF OBLIGATION & INTEREST PAYABLE	\$ 1,449,784	\$ 1,790,914

CITY OF BORGER, TEXAS  
 GENERAL LONG-TERM DEBT ACCOUNT GROUPS  
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 1995  
 September 30, 2004

Fiscal Year	Principal	Interest	Total Requirments	Interest Rate
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>\$ 1,015,000</u>	<u>\$ 186,365</u>	<u>\$ 1,201,365</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

NUMBER OF CUSTOMERS AS OF:	WATER	SEWER
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
September 30, 2004	5,705	5,386

CITY OF BORGER  
SCHEDULE OF INSURANCE COVERAGE  
September 30, 2004

<u>BUILDINGS &amp; CONTENTS</u>	<u>POLICY NUMBER</u>	<u>COVERAGE</u>
Texas Municipal League Joint Self-Insurance Fund:	420-TML-1001400-02	
Department/Address		
Animal Shelter-W. 3rd. Street 5/10 Mi W of Cedar		\$ 177,600
Contents		7,500
Bath House/Youth Center-1115 Brain		86,800
Recreation Hall & Bath House-1704 Hwy (Bulldog Boulevard)		507,800
Contents		10,000
Booster Pump Station 01800 S Florida		114,000
Contents		10,000
Camex Mixing Basin-1350 Ft WE of Int Carbon Rd/Hwy 136		25,000
City Hall-600 N Main		1,114,200
Contents		465,000
Elevated Water Tank-1800 South Florida		395,800
Elevated Water Tank-FM 1551		1,110,000
Elevated Water Tank-521 East 10th		992,400
F/SL3 Refuse Containers Various Locations		234,630
New Fire Station-200/204 N Cedar		856,400
Contents		110,000
Golf Course Booster Station-1600 Sterling		36,000
Pavillion 200 Pine Street (Huber Park)		57,600
Police Station-613 N Weatherly		657,100
Contents		150,000
Radio Control Building & Tower-206 West Sixth		46,000
Contents		15,000
Recreation Building-1107-C N Brain		125,000
Contents		5,000
Recreation Building-1228 S Main		53,700
Sludge Press Building-1302 West Third		198,114
Vehicle Service Center-801 N Florida		425,600
Contents		90,000
Warehouse-901 Whittenburg		173,800
Contents		165,000
Wastewater Treatment Plant-1302 West Third Street		39,800
Contents		25,000
Wastewater Plant Equipment-1302 W 3rd Street		1,573,160
Water Treatment Plant-1800 S Florida		1,612,530
Contents		25,000
Youth Center-1115 Brain		195,700
Transfer Station-920 N Florida		787,300
Contents		200,000
Scale House-920 N Florida		51,800
Contents		1,500
Recycle Office-920 N Florida		6,100
Contents		500
Ground Water Store Tank-1600 Sterling		215,000
Mobile Equipment		982,117
Vehicles-Per Schedule		1,700,309
		\$ <u>15,830,860</u>

CITY OF BORGER  
SCHEDULE OF INSURANCE COVERAGE  
September 30, 2004

<u>LIABILITY</u>	<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	2,000,000	
	Annual Aggregate	10,000,000	
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	

<u>PROPERTY</u>	<u>POLICY NUMBER</u>	<u>Limit</u>	<u>DEDUCTIBLE</u>
	420-TML1001400-02		
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			
Acts of Terroism		10,000,000	