

*CITY OF BORGER
BORGER, TEXAS*

FOR YEAR ENDED SEPTEMBER 30, 2005

(WITH AUDITOR'S REPORT THEREON)

CITY OF BORGER
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2005

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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

City Council
City of Borger
Borger, Texas 79008

Members of the Council:

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 2005, 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 opinions 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 opinions.

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, 2005, 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.

Management's discussion and analysis on pages 2 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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. Although the combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements, they have 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

March 2, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2005. 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 \$571,148 less than the \$11,768,072 generated in tax and other revenues for governmental and business like operations.

The General Fund ended the year with a fund balance of \$1,326,422.

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 27) 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 has two kinds of funds, governmental and business type, each 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 \$5,402,273 to \$6,001,265. 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 \$953,602 at September 30, 2005. This increase in governmental net assets was the result of three factors. First, the City's revenues exceeded the expenditures by about \$598,991. Second, the City paid bonds and other long-term debt in the amount of \$316,572 and acquired capital assets net of debt in the amount of \$538,041. Third, the City recorded depreciation in the amounts of \$236,351.

In 2005, net assets of our business-type activities increased by \$260,923.

**Table I
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	8,843,652	13,866,549

	Governmental Activities 2004	Business-type Activities 2004	Total 2004
Restricted	637,038	98,824	735,862
Unrestricted	742,338	1,549,052	2,291,390
Total net assets	5,402,273	11,491,528	16,893,801

	Governmental Activities 2005	Business-type Activities 2005	Total 2005
Current and other assets	1,956,615	2,456,865	4,413,480
Capital assets – NET	5,678,879	23,847,791	29,526,670
Total assets	7,635,494	26,304,656	33,940,150
Long-term liabilities	1,035,807	13,336,056	14,376,863
Other liabilities	598,422	1,216,149	1,814,571
Total liabilities	1,634,229	14,552,205	16,186,434

Net Assets:

Invested in capital assets net of related debt	4,319,372	9,737,422	14,056,794
Restricted	728,291	36,443	764,734
Unrestricted	953,602	1,978,586	2,932,188
Total net assets	6,001,265	11,752,451	17,753,716

Table II

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

	Governmental Activities 2004	Business-type Activities 2004	Total 2004
Sales and Use taxes	1,968,434		1,968,434
Gross Receipts Tax	691,645		691,645
Grants and Contributions not restricted	20,756		20,756
Industrial District Contracts	392,045		392,045
Investment Earnings	19,558	18,911	38,469
Other Revenue	41,635	50,377	92,012
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)	410,010
Net assets at 10/01/2003	4,840,481	11,643,180	16,483,661
Net assets at 09/30/2004	5,402,273	11,491,528	16,893,801

	Governmental Activities 2005	Business-type Activities 2005	Total 2005
Revenues:			
Program Revenues:			
Charges for Services	2,031,048	4,524,445	6,555,493
Operating grants and contributions	201,255		201,255
General Revenues:			
Maintenance and operations taxes	1,482,095		1,482,095
Debt service taxes	210,003		210,003
Motel taxes	48,524		48,524
Sales and Use taxes	1,992,973		1,992,973
Gross Receipts Tax	637,310		637,310
Grants and Contributions not restricted	14,705		14,705
Industrial District Contracts	399,036		399,036

	Governmental Activities 2005	Business-type Activities 2005	Total 2005
Investment Earnings	59,332	36,275	95,607
Other Revenue	62,475	68,596	131,071
Special Items:			
Gain on Sale of assets	0	0	0
Transfers – Internal Activity	45,761	(45,761)	0
Transfers – Operating	0	0	0
Total Revenue	7,184,517	4,583,555	11,768,072
Expenses:			
General Government	591,803		591,803
Public Safety and Judiciary	4,659,759		4,659,759
Transportation	302,488		302,488
Cultural, Parks and Recreation	672,445		672,445
Community Development	313,226		313,226
Unallocated Interest Expense	45,805		45,805
Other business-type activities		4,322,632	4,322,632
Total Expenses	6,585,526	4,322,632	10,908,158
Change in Net Assets	598,991	260,923	859,914
Net assets at 10/01/2003	5,402,274	11,491,528	16,893,802
Net assets at 09/30/2004	6,001,265	11,752,451	17,753,716

The cost of all governmental activities this year was \$6.6 million compared to \$6.4 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 \$1.7 million because some of the costs were paid by those who directly benefited from the programs (\$6.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$0.6 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 \$6.00 million, which is an increase over last year's total of \$5.99 million. Included in this year's total change in fund balance is an increase of \$150,779 in the City's General Fund.

A few minor amendments were made for the purpose of accounting housekeeping.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the City had \$29,526,670 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:

Parks Department:	
30 X 40 Building at Agnus Howe	24,000
Industrial mowing machine	15,000
Pickup	16,010
Swimming Pool:	
Filtration System	10,760
Slide	14,708
Street Department:	
John Deere Tractor	46,207
Chip Spreader	17,281
Refuse Department:	
Three Refuse Trucks	187,680
Public Works Director:	
Pickup	16,010
Utility Director:	
Pickup	19,000
Map Sized Copy Machine	6,445
Police Department:	
30 X 60 Building	14,150
4 Used Vehicles	44,576
3 New Patrol Units	60,300
Administration:	
Invision Software Upgrade	76,267
<u> Totaling</u>	<u>568,394</u>

Debt

At year-end, the City had \$13,646,169 in bonds and notes outstanding versus \$13,389,103 last year, an increase of 1.92 percent.

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

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2005 – 2006 budget and tax rates. One of those factors is the economy. Borger's economy has been based on and intertwined with oil since its inception, and with the spike in crude oil prices and news of major expansions at the Conoco\Phillips Refinery the economy has been re-energized during the last half of 2005. City leaders feel that this trend will continue as other major projects are also under development. Chevron Phillips Chemical Company LP (Chevron Phillips Chemical) has announced that Borger, Texas will be the location of its new polyphenylene sulfide (PPS) plant. The new plant will

have a 22 million pound-per-year capacity with startup anticipated in mid-2007. Built side-by-side to the existing PPS plant in Borger, the new facility will expand the company's total PPS capacity at the site to 44 million pounds per year. Also construction of a new 50 unit AmericInn is nearing completion thus expanding the hotel/motel and tourism industries. Ethanol has also been in the news; nationwide renewed emphasis has been placed on biodegradable fuels and fuel additives. Borger's Economic Development Corporation has entered into an agreement with BBI Biofuels International to conduct a feasibility study for a 50 to 100 million barrel per year ethanol plant. Preliminary results of the study and the interest of shared services with Agrium U.S. Inc. and Degussa Engineered Carbons makes the project look extremely viable.

These factors were conservatively taken into account when adopting the new budget for 2005 - 2006. Amounts available for appropriation in the General Fund budget are \$6,879,106, a decrease of 4.25 percent over the final 2004 - 2005 budget of \$7,184,517. The City will use its revenues to finance programs we currently offer. Budgeted expenditures are expected to increase 4.46 percent; however, the 2005 - 2006 budget will remained 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 expanded one major program in the 2005 - 2006 budget. In an organized effort, the City will use contract labor and its own workforce to cleanup major rights-of-ways, commercial and retail areas, as well as other highly visible parts of the community. Expected expenditures for this program including related solid waste disposal fees and transportation costs should range from \$40,000 to \$80,000 during 2005 - 2006.

The new budget also includes the Business-Like Fund and appropriates \$5,103,083 compared to the previous year of \$4,583,555, an increase of \$519,528. No major capital improvements are budgeted for this year due to the fact that we have recently completed large capital and construction projects. These projects ranged from replacement of a major lift station, in house replacement of an aging residential lift station, acquisition and installation of additional pipelines expanding our industrial water sales, and the refurbishment of one elevated and two ground storage water tanks. Also in 2005 the City in joint partnership with Agrium U.S. Inc. completed a \$500,000 reuse project. Coming online in August of 2005 this project is projected to utilize up to one million gallons per day of treated effluent from the City's Wastewater Treatment Plant to be used as cooling tower feed water. This project was funded entirely by Agrium U.S. Inc..

If these estimates are realized, the City's budgetary General Fund balance is expected to remain the same at the close of 2006. 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.

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, 806-273-0900.

BASIC FINANCIAL STATEMENTS

CITY OF BORGER
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005

EXHIBIT A-1

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Nonmajor Component Unit
ASSETS				
Cash and Cash Equivalents	\$ 718,346	\$ 1,049,549	\$ 1,767,895	\$ 309,556
Investments - Current	1,091,005	680,146	1,771,151	726,859
Receivables (net of allowance for uncollectibles)	140,039	406,719	546,758	114,828
Internal Balances	(8,752)	8,752	-	-
Inventories	15,977	-	15,977	-
Prepaid Items	-	-	-	4,640
Capitalized Debt Issuance Costs	-	311,699	311,699	-
Capital Assets:				
Land	1,053,095	252,254	1,305,349	46,095
Infrastructure, net	1,061,337	-	1,061,337	-
Buildings, net	2,050,268	38,363	2,088,631	2,184,841
Machinery and Equipment, net	1,514,179	167,326	1,681,505	39,322
Capital Assets, net	-	23,389,848	23,389,848	-
Total Assets	7,635,494	26,304,656	33,940,150	3,426,141
LIABILITIES				
Accounts Payable and other current liabilities	191,247	415,408	606,655	15,575
Intergovernmental Payable	22,316	-	22,316	-
Accrued Interest Payable	13,802	26,428	40,230	-
Deferred Revenues	47,357	-	47,357	-
Noncurrent Liabilities				
Due Within One Year	323,700	774,313	1,098,013	-
Due in More Than One Year	1,035,807	13,336,056	14,371,863	-
Total Liabilities	1,634,229	14,552,205	16,186,434	15,575
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,319,372	9,737,422	14,056,794	2,270,258
Restricted for:				
Restricted for Debt Service	26,993	36,443	63,436	-
Restricted for Youth Facilities and Park	351,851	-	351,851	-
Restricted for Police	127,402	-	127,402	-
Restricted for Tourism	105,712	-	105,712	-
Restricted for Environmental Projects	81,829	-	81,829	-
Restricted for Other Purposes	34,504	-	34,504	-
Unrestricted Net Assets	953,602	1,978,586	2,932,188	1,140,308
Total Net Assets	\$ 6,001,265	\$ 11,752,451	\$ 17,753,716	\$ 3,410,566

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Data Processing Administration	\$ (34,885)	\$ -	\$ -
Legal	156,717	49,044	-
Vehicle Service Center	10,280	-	-
City Hall Building Maintenance	175,579	-	-
General Contingencies	3,055	-	-
Police	45,058	-	-
Fire	1,537,331	20,178	18,060
Fire Prevention	1,117,411	20,000	-
Animal Control	62,885	-	-
Central Dispatching	155,120	5,592	-
Code Enforcement	252,113	-	-
Municipal Court	81,946	-	-
Building Standards & Facelift	261,307	419,705	-
Street & Alley Maintenance	65,838	-	-
Refuse Collection	219,247	-	-
Recycling Center	482,424	1,254,958	-
Transfer Station	11,559	186,260	-
Public Works Director	697,663	-	-
Traffic Engineering Maintenance	170,161	-	-
Culture and Recreation	83,241	-	-
Recreation	200,632	-	-
Parks	-	44,810	50,270
Swimming Pools	445,545	-	-
Planning & Zoning	26,268	9,729	-
Economic Development and Assistance	313,226	20,772	132,925
Bond Interest	-	-	-
Fiscal Agent's Fees	45,169	-	-
	636	-	-
Total Governmental Activities:	<u>6,585,526</u>	<u>2,031,048</u>	<u>201,255</u>
BUSINESS-TYPE ACTIVITIES:			
	4,322,632	4,524,445	-
Total Business-Type Activities:	<u>4,322,632</u>	<u>4,524,445</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT:	<u>\$ 10,908,158</u>	<u>\$ 6,555,493</u>	<u>\$ 201,255</u>
Component Unit:			
Nonmajor Component Unit	621,848	26,598	-
TOTAL COMPONENT UNITS:	<u>\$ 621,848</u>	<u>\$ 26,598</u>	<u>\$ -</u>

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	Nonmajor Component Unit
\$ 34,885	\$ -	\$ 34,885	\$ -
(107,673)	-	(107,673)	-
(10,280)	-	(10,280)	-
(175,579)	-	(175,579)	-
(3,055)	-	(3,055)	-
(45,058)	-	(45,058)	-
(1,499,093)	-	(1,499,093)	-
(1,097,411)	-	(1,097,411)	-
(62,885)	-	(62,885)	-
(149,528)	-	(149,528)	-
(252,113)	-	(252,113)	-
(81,946)	-	(81,946)	-
158,398	-	158,398	-
(65,838)	-	(65,838)	-
(219,247)	-	(219,247)	-
772,534	-	772,534	-
174,701	-	174,701	-
(697,663)	-	(697,663)	-
(170,161)	-	(170,161)	-
(83,241)	-	(83,241)	-
(200,632)	-	(200,632)	-
95,080	-	95,080	-
(445,545)	-	(445,545)	-
(16,539)	-	(16,539)	-
(159,529)	-	(159,529)	-
-	-	-	(595,250)
(45,169)	-	(45,169)	-
(636)	-	(636)	-
(4,353,223)	-	(4,353,223)	(595,250)
-	201,813	201,813	-
-	201,813	201,813	-
(4,353,223)	201,813	(4,151,410)	(595,250)
-	-	-	(595,250)
-	-	-	(595,250)

CITY OF BORGER
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Program Revenues	
Expenses	Charges for Services	Operating Grants and Contributions
General Revenues:		
Taxes:		
Property 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		
Extraordinary Item - (Use)		
Transfers In (Out)		
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			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Nonmajor Component Unit
1,482,095	-	1,482,095	-
210,003	-	210,003	-
1,992,973	-	1,992,973	648,411
48,524	-	48,524	-
602,865	-	602,865	-
34,445	-	34,445	-
14,705	-	14,705	-
461,511	68,596	530,107	196
59,332	36,275	95,607	21,942
-	-	-	(39,333)
45,761	(45,761)	-	-
<u>4,952,214</u>	<u>59,110</u>	<u>5,011,324</u>	<u>631,216</u>
598,991	260,923	859,914	35,966
5,402,274	11,491,528	16,893,802	3,374,600
<u>\$ 6,001,265</u>	<u>\$ 11,752,451</u>	<u>\$ 17,753,716</u>	<u>\$ 3,410,566</u>

CITY OF BORGER
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005

	General Fund	Other Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 559,897	\$ 151,184	\$ 711,081
Investments - Current	889,727	118,278	1,008,005
Interest Receivable - investments	2,885	351	3,236
Taxes Receivable	248,571	-	248,571
Allowance for Uncollectible Taxes (credit)	(200,925)	-	(200,925)
Receivables (net of allowance for uncollectibles)	89,157	-	89,157
Total Assets	\$ 1,589,312	\$ 269,813	\$ 1,859,125
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 74,555	-	\$ 74,555
Wages and Salaries Payable	115,365	1,077	116,442
Intergovernmental Payable	22,316	-	22,316
Due to Other Funds	3,297	5,455	8,752
Deferred Revenues	47,357	-	47,357
Total Liabilities	\$ 262,890	\$ 6,532	\$ 269,422
Fund Balances:			
Unreserved and Undesignated:			
Reported in the General Fund	\$ 1,326,422	-	\$ 1,326,422
Reported in the Special Revenue Fund	-	236,288	236,288
Reported in the Debt Service Fund	-	26,993	26,993
Total Fund Balances	\$ 1,326,422	\$ 263,281	\$ 1,589,703
Total Liabilities and Fund Balances	\$ 1,589,312	\$ 269,813	\$ 1,859,125

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, 2005

Total Fund Balances - Governmental Funds	\$	1,589,703
<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>		
		105,992
<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 \$14,253,570 and the accumulated depreciation was \$8,978,213 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>		
		4,003,880
<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 2005 capital outlays and debt principal payments is to increase (decrease) net assets.</p>		
		538,041
<p>The 2005 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.</p>		
		(236,351)
<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-
Net Assets of Governmental Activities	\$	6,001,265

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, 2005

EXHIBIT C-3

	General Fund	Other Funds	Total Governmental Funds
REVENUES:			
Taxes:			
Property Taxes	\$ 1,482,095	\$ 210,003	\$ 1,692,098
General Sales and Use Taxes	1,920,838	72,135	1,992,973
Gross Receipts Business Tax	-	48,524	48,524
Franchise Tax	602,865	-	602,865
Penalty and Interest on Taxes	29,902	4,543	34,445
Licenses and Permits	19,782	-	19,782
Intergovernmental Revenue and Grants	15,090	50,000	65,090
Charges for Services	1,753,131	-	1,753,131
Fines	248,032	8,893	256,925
Special Assessments	399,036	-	399,036
Investment Earnings	54,031	5,301	59,332
Contributions & Donations from Private Sources	8,250	142,620	150,870
Other Revenue	28,178	-	28,178
Total Revenues	6,561,230	542,019	7,103,249
EXPENDITURES:			
Current:			
General Government:			
General Data Processing	44,044	-	44,044
Administration	128,416	-	128,416
Legal	10,280	-	10,280
Vehicle Service Center	173,950	-	173,950
City Hall Building Maintenance	3,055	-	3,055
General Contingencies	54,210	776	54,986
Public Safety:			
Police	1,663,536	-	1,663,536
Fire	1,130,014	-	1,130,014
Fire Prevention	61,907	-	61,907
Animal Control	151,948	-	151,948
Central Dispatching	252,113	-	252,113
Code Enforcement	80,985	-	80,985
Municipal Court	253,065	8,242	261,307
Building Standards & Facelift	65,352	-	65,352
Street & Alley Maintenance	358,500	-	358,500
Refuse Collection	669,589	-	669,589
Recycling Center	11,559	-	11,559
Transfer Station	663,643	-	663,643
Public Works Director	187,071	-	187,071
Traffic Engineering Maintenance	82,439	-	82,439
Culture and Recreation	77,993	122,639	200,632
Parks	473,360	-	473,360
Swimming Pools	49,533	-	49,533
Conservation and Development:			
Planning & Zoning	318,852	-	318,852
Debt Service:			
Bond Principal	-	150,000	150,000
Bond Interest	-	50,385	50,385
Fiscal Agent's Fees	-	636	636
Total Expenditures	6,965,414	332,678	7,298,092
Excess (Deficiency) of Revenues Over (Under) Expenditures	(404,184)	209,341	(194,843)
OTHER FINANCING SOURCES (USES):			
Non-Current Loans	423,800	-	423,800
Transfers In	349,895	-	349,895
Other Resources	35,507	-	35,507
Transfers Out (Use)	(254,239)	(49,895)	(304,134)
Total Other Financing Sources (Uses)	554,963	(49,895)	505,068

The accompanying notes are an integral part of this statement.

CITY OF BORGER EXHIBIT C-3 (Cont'd)
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	General Fund	Other Funds	Total Governmental Funds
Net Change in Fund Balances	150,779	159,446	310,225
Fund Balance - October 1 (Beginning)	1,175,643	103,835	1,279,478
Fund Balance - September 30 (Ending)	\$ 1,326,422	\$ 263,281	\$ 1,589,703

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, 2005

Total Net Change in Fund Balances - Governmental Funds	\$	310,225
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.		(12,924)
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 2003 capital outlays and debt principal payments is to increase (decrease) net assets.		538,041
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.		(236,351)
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.		-0-
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>598,991</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, 2005

EXHIBIT C-5

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 1,253,522	\$ 1,253,522	\$ 1,482,095	\$ 228,573
General Sales and Use Taxes	1,845,500	1,845,500	1,920,838	75,338
Franchise Tax	517,500	517,500	602,865	85,365
Penalty and Interest on Taxes	22,500	22,500	29,902	7,402
Licenses and Permits	22,875	22,875	19,782	(3,093)
Intergovernmental Revenue and Grants	15,130	15,130	15,090	(40)
Charges for Services	1,805,069	1,805,069	1,753,131	(51,938)
Fines	295,650	295,650	248,032	(47,618)
Special Assessments	395,205	395,205	399,036	3,831
Investment Earnings	10,500	10,500	54,031	43,531
Contributions & Donations from Private Sources	8,000	8,000	8,250	250
Other Revenue	55,501	55,501	63,685	8,184
Total Revenues	6,246,952	6,246,952	6,596,737	349,785
EXPENDITURES:				
Current:				
General Government:				
General Data Processing	28,974	28,974	44,044	(15,070)
Administration	190,922	190,922	128,416	62,506
Legal	10,000	10,000	10,280	(280)
Vehicle Service Center	217,571	217,571	173,950	43,621
City Hall Building Maintenance	10,000	10,000	3,055	6,945
General Contingencies	57,365	56,235	54,210	2,025
Public Safety:				
Police	1,567,832	1,559,332	1,663,536	(104,204)
Fire	1,119,844	1,119,844	1,130,014	(10,170)
Fire Prevention	61,768	61,768	61,907	(139)
Animal Control	140,591	140,591	151,948	(11,357)
Central Dispatching	251,230	251,230	252,113	(883)
Code Enforcement	57,371	58,501	80,985	(22,484)
Municipal Court	210,120	218,620	253,065	(34,445)
Building Standards & Facelift	76,825	76,825	65,352	11,473
Street & Alley Maintenance	402,982	402,982	358,500	44,482
Refuse Collection	457,643	457,643	669,589	(211,946)
Recycling Center	9,800	9,800	11,559	(1,759)
Transfer Station	682,705	682,705	663,643	19,062
Public Works Director	177,723	177,723	187,071	(9,348)
Traffic Engineering Maintenance	88,425	88,425	82,439	5,986
Culture and Recreation	89,069	87,069	77,993	9,076
Parks	420,214	420,214	473,360	(53,146)
Swimming Pools	46,282	48,282	49,533	(1,251)
Conservation and Development:				
Planning & Zoning	314,424	314,424	318,852	(4,428)
Total Expenditures	6,689,680	6,689,680	6,965,414	(275,734)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(442,728)	(442,728)	(368,677)	74,051
OTHER FINANCING SOURCES (USES):				
Non-Current Loans	-	-	423,800	423,800
Transfers In	300,000	300,000	349,895	49,895
Transfers Out (Use)	-	-	(254,239)	(254,239)
Total Other Financing Sources (Uses)	300,000	300,000	519,456	219,456

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, 2005

EXHIBIT C-5 (Cont'd)

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
Net Change in Fund Balances	(142,728)	(142,728)	150,779	293,507
Fund Balance - October 1 (Beginning)	1,175,643	1,175,643	1,175,643	-
Fund Balance - September 30 (Ending)	<u>\$ 1,032,915</u>	<u>\$ 1,032,915</u>	<u>\$ 1,326,422</u>	<u>\$ 293,507</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2005

EXHIBIT D-1 (Cont'd)

	Business-Type Activities -	Governmental Activities -
	Water and Sewer Operations	Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,049,549	\$ 7,265
Investments - Current	680,146	83,000
Interest Receivable - Investments	2,017	-
Accounts Receivable-Net of Uncollectible Allowance	404,702	-
Due from Other Funds	8,752	-
Inventories	-	15,977
Capitalized Debt Issuance Costs	311,699	-
Total Current Assets	2,456,865	106,242
Noncurrent Assets:		
Capital Assets:		
Land	252,254	-
Buildings	294,489	-
Accumulated Depreciation - Buildings	(256,126)	-
Machinery and Equipment	1,106,960	-
Accumulated Depreciation - Machinery & Equipment	(939,634)	-
Water & Sewer Plant and System	40,108,845	-
Accumulated Depreciation - W & S Plant & System	(16,718,997)	-
Total Noncurrent Assets	23,847,791	-
Total Assets	26,304,656	106,242

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2005

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Water and Sewer Operations	Internal Service Fund
LIABILITIES		
Current Liabilities:		
Accounts Payable	49,109	250
Hospitalization Payable	55,488	-
Due to Others	310,811	-
Accrued Interest Payable	26,428	-
Notes Payable - Current	140,554	-
Bonds Payable - Current:		
Revenue Bonds Payable	375,000	-
CRMWA Bonds Payable	258,759	-
Total Current Liabilities	1,216,149	250
NonCurrent Liabilities:		
Bonds Payable - Non-Current:		
Revenue Bonds Payable	3,465,000	-
CRMWA Bonds Payable	7,457,516	-
Unamortized Charge - Refunding Bonds	1,448,540	-
Notes Payable - Noncurrent	965,000	-
Total Noncurrent Liabilities	13,336,056	-
Total Liabilities	14,552,205	250
NET ASSETS		
Investments in Capital Assets, Net of Debt	9,737,422	-
Restricted for Debt Retirement	36,443	-
Unrestricted Net Assets	1,978,586	105,992
Total Net Assets	\$ 11,752,451	\$ 105,992

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, 2005

EXHIBIT D-2 (Cont'd)

	Business-Type Activities -	Governmental Activities -
	Water and Sewer Operations	Internal Service Fund
OPERATING REVENUES:		
Charges for Water Services	\$ 3,138,685	\$ -
Charges for Sewerage Service	1,385,760	-
Other Revenue	68,596	(12,924)
Total Operating Revenues	4,593,041	(12,924)
OPERATING EXPENSES:		
Personal Services - Salaries and Wages		
Water/Sewer Customer Service	154,164	-
Water Maintenance	256,726	-
Sewer Maintenance	240,778	-
Water Production & Treatment	137,455	-
Wastewater Collection & Treatment	157,714	-
Utility Director	105,061	-
Data Processing	17,172	-
Total Personal Services - Salaries and Wages	1,069,070	-
Personal Services - Employee Benefits		
Water/Sewer Customer Service	49,853	-
Water Maintenance	106,736	-
Sewer Maintenance	82,613	-
Water Production & Treatment	56,007	-
Wastewater Collection & Treatment	57,975	-
Utility Director	29,992	-
Data Processing	7,856	-
Total Personal Services - Employee Benefits	391,032	-
Purchased Professional & Technical Services		
Reserve Account	6,766	-
Purchased Property Services		
Water/Sewer Customer Service	59,939	-
Water Maintenance	103,063	-
Sewer Maintenance	114,326	-
Water Production & Treatment	335,233	-
Wastewater Collection & Treatment	134,745	-
Utility Director	2,508	-
Data Processing	24,708	-
Reserve Account	3,120	-
Total Purchased Property Services	777,642	-
Other Operating Expenses		
Water/Sewer Customer Service	113,845	-
Water Maintenance	11,639	-
Sewer Maintenance	8,433	-
Water Production & Treatment	25,677	-
Wastewater Collection & Treatment	50,344	-
Utility Director	3,767	-
Data Processing	18,549	-
Reserve Account	5,371	-

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, 2005

EXHIBIT D-2

	Business-Type Activities -	Governmental Activities -
	Water and Sewer Operations	Internal Service Fund
Total Other Operating Expenses	237,625	-
Supplies		
Water/Sewer Customer Service	45,818	-
Water Maintenance	28,239	-
Sewer Maintenance	27,897	-
Water Production & Treatment	34,168	-
Wastewater Collection & Treatment	29,584	-
Utility Director	6,530	-
Data Processing	2,536	-
Reserve Account	386,053	-
Total Supplies	560,825	-
Depreciation	912,304	-
Total Operating Expenses	3,955,264	-
Operating Income (Loss)	637,777	(12,924)
NON-OPERATING REVENUES (EXPENSES):		
Investment Earnings	36,275	-
Interest Expense - Non-Operating	(367,368)	-
Total Non-operating Revenue (Expenses)	(331,093)	-
Income (Loss) Before Transfers	306,684	(12,924)
Transfer In	254,239	-
Transfers Out	(300,000)	-
Change in Net Assets	260,923	(12,924)
Total Net Assets - October 1 (Beginning)	11,491,528	118,916
Total Net Assets - September 30 (Ending)	\$ 11,752,451	\$ 105,992

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, 2005

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Water and Sewer Operations	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 4,584,936	\$ 22,752
Cash Payments to Employees for Services	(1,197,399)	-
Cash Payments for Insurance Claims	(1,828,134)	-
Cash Payments for Suppliers	-	(12,297)
Net Cash Provided by Operating Activities	<u>1,559,403</u>	<u>10,455</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer Out	(300,000)	-
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Acquisition of Capital Assets	(251,875)	-
Capital Contributed by Other Funds	254,239	-
Interest Paid on Debts	(369,594)	-
Principal Payments on Debt	(627,340)	-
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(994,570)</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	(10,000)
Proceeds from Sale & Maturities of Securities	8,358	-
Interest on Investments	35,345	-
Net Cash Provided by (Used for) Investing Activities	<u>43,703</u>	<u>(10,000)</u>
Net Increase in Cash and Cash Equivalents	308,536	455
Cash and Cash Equivalents at Beginning of the Year:	741,013	6,810
Cash and Cash Equivalents at the End of the Year:	<u>\$ 1,049,549</u>	<u>\$ 7,265</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</u>		
Operating Income (Loss):	\$ 637,777	\$ (12,924)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	912,304	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(8,105)	-
Decrease (increase) in Inventories	-	23,129
Increase (decrease) in Accounts Payable	1,182	250
Increase (decrease) in Accrued Salaries	7,380	-
Increase (decrease) in Customer Meter Deposits	8,865	-
Net Cash Provided by Operating Activities	<u>\$ 1,559,403</u>	<u>\$ 10,455</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2005

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 41,341
Total Assets	<u>\$ 41,341</u>
LIABILITIES	
Hospitalization Payabale	\$ 41,341
Total Liabilities	<u>\$ 41,341</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, 2005

	BALANCE OCTOBER 1 2004	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2005
GROUP HOSPITALIZATION FUND				
Assets:				
Cash and Cash Equivalents	\$ 18,919	\$ 1,178,766	\$ 1,156,344	\$ 41,341
Liabilities:				
Accounts Payable	\$ 18,919	\$ 1,178,766	\$ 1,156,344	\$ 41,341
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 18,919	\$ 1,178,766	\$ 1,156,344	\$ 41,341
Liabilities:				
Accounts Payable	\$ 18,919	\$ 1,178,766	\$ 1,156,344	\$ 41,341

The accompanying notes are an integral part of this statement.

CITY OF BORGER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2005

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 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 decision, 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 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/from 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 from on the government-wide 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 to 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 non-operating 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 non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as material and labor and direct overhead. Other expenses are non-operating.

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 when 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 with 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 provision 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 to 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 at the Beginning of the Year</u>	<u>Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Assets</u>
Land	\$ 1,053,095	\$ -0-	\$ 1,053,095	
Buildings	3,180,398	1,108,896	2,071,435	
Furniture & Equip.	5,136,270	3,979,081	1,157,189	
Infrastructure	<u>4,883,807</u>	<u>3,890,169</u>	<u>993,638</u>	
Change in Net Assets				<u>\$ 5,275,357</u>
Long-Term Liabilities At the Beginning of The Year			Payable at the Beginning of The Year	
Bonds Payable			\$ 1,015,000	
Loans Payable			232,064	
Capital Leases Payable			<u>5,396</u>	
Change in Net Assets				<u>(1,252,460)</u>
Net Adjustment to Net Assets				<u>\$ 4,022,897</u>

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 as follows:

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments to Net Assets</u>
Infrastructure	\$ 100,479		
Buildings	38,150		
Furniture & Equipment	<u>501,245</u>		
Total Capital Outlay	<u>\$ 639,874</u>	<u>\$ 639,874</u>	<u>\$ 639,874</u>
<u>Debt Principal Payments</u>			
Bond Principal	\$ 150,000		
Loan Principal	166,031		
Capital Lse. Payments	<u>5,936</u>		
Total Principal Payments	<u>\$ 321,967</u>	<u>321,967</u>	<u>321,967</u>
<u>Debt to Purchase Equip.</u>			
Notes Payable	<u>\$(423,800)</u>	<u>(423,800)</u>	<u>(423,800)</u>
Total Adjustment to Net Assets		<u>\$ 538,041</u>	<u>\$ 538,041</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	\$ 34,305	\$(34,305)	\$ -0-
Uncollected Taxes (assumed collectible) From Current Year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Uncollected Taxes (assumed collectible) From Prior Year, Collected in Current Year	<u>(34,305)</u>	<u>34,305</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 within 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, 2005, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,719,851 and the bank balance was \$1,910,992. The City's cash deposits at September 30, 2005 and during the year ended September 30, 2005 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: Amarillo National Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$2,632,629.
- c. 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 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 investment held by the counter-party, 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, 2005, are shown below.:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Category</u>
Texpool	\$1,776,403	\$1,776,403	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 RECIEVABLE

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 as based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City of 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, 2005, consisted of the following amounts:

Due to Enterprise Funds From:

General Fund \$ 8,752

Total Due to All Other Funds \$ 8,752

Interfund transfers for the year ended September 30, 2005, consisted of the following individual amounts:

Transfers to General Fund From:

Enterprise Funds \$ 300,000

Total Transferred to General Fund \$ 300,000

Transfers to Enterprise Fund From:

Debt Service Funds \$ 254,239

Total Transferred to General Fund \$ 254,239

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivable at September 30, 2005, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	<u>\$ 248,571</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 148,354</u>	<u>\$ 396,925</u>
Total-Governmental Activities	<u>\$ 248,571</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 148,354</u>	<u>\$ 396,925</u>
Amounts Not Scheduled for Collection During the Subsequent Year	<u>\$ 248,571</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 248,571</u>
Business-type Activities:					
Enterprise Fund	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,752</u>	<u>\$ 580,455</u>	<u>\$ 589,207</u>

Payables at September 30, 2005, were as follows

	Accounts	Loans, Leases And Bonds Payable - Current Year	Salaries and Benefits	Due To Other Funds	Due To Other Governments	Total Other	Payables
Governmental Activities:							
General Fund	\$ 74,555	\$ 323,700	\$ 115,365	\$ 3,297	\$ 22,316	\$ -0-	\$ 539,233
Non-major Gov. Funds	-0-	-0-	1,077	5,455	-0-	-0-	6,532
Internal Service Funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total-Gov. Activities	\$ 74,555	\$ 323,700	\$ 116,442	\$ 8,752	\$ 22,316	\$ -0-	\$ 545,765
Amounts not Scheduled for Payment during The Subsequent Year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Business-Type Activities:							
Enterprise Fund	\$ 49,109	\$ 515,554	\$ 55,488	\$ -0-	\$ -0-	\$ 310,811	\$ 930,962

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the City ended September 30, 2005, was as follows:

	Beginning Balance	Primary Government		Ending Balance
		Additions	Retirements	
Governmental Activities:				
Land	\$ 1,053,095	\$ -0-	\$ (-0-)	\$ 1,053,095
Buildings & Improvements	3,180,398	38,150	(-0-)	3,218,548
Furniture & Equipment	5,136,270	501,244	(41,568)	5,595,946
Infrastructure	4,883,807	100,479	(-0-)	4,984,286
Totals at Historic Cost	\$ 14,253,570	\$ 639,873	\$ (41,568)	\$ 14,851,875
Less Accumulated Depreciation For:				
Buildings & Improvements	\$ (1,108,963)	\$ (59,317)	\$ -0-	\$ (1,168,280)
Furniture & Equipment	(3,979,081)	(144,254)	41,568	(4,081,767)
Infrastructure	(3,890,139)	(327,780)	-0-	(3,922,949)
Total Accumulated Depreciation	(8,978,213)	(236,351)	41,568	(9,172,996)
Governmental Activities Capital Assets, Net	\$ 5,275,357	\$ (403,522)	\$ (-0-)	\$ 5,678,879
Business-type Activities:				
Land	\$ 225,263	\$ 26,991	\$ (-0-)	\$ 252,254
Buildings & Improvements	294,489	-0-	(-0-)	294,489
Furniture & Equipment	1,087,961	18,999	(-0-)	1,106,960
Improvements/Infrastructure	37,317,868	79,965	(-0-)	37,397,833
Totals at Historical Cost	\$ 38,925,581	\$ 125,955	\$ (-0-)	\$ 39,051,536

Less Accumulated Depreciation				
Buildings & Improvements	\$(249,558)	\$(6,568)	\$ -0-	\$(246,126)
Furniture & Equipment	(891,650)	(47,984)	-0-	(939,634)
Improvements/Infrastructure	(15,918,756)	(800,241)	-0-	(16,718,997)
Total Accumulated Depreciation	<u>\$(17,059,964)</u>	<u>\$(854,793)</u>	<u>\$ -0-</u>	<u>\$(17,914,757)</u>
Business-type Activities Capital Assets, Net	\$ 21,865,617	\$(728,838)	\$ -0-	\$ 21,136,779

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 15,377
Vehicle Service Center	1,629
Police	32,434
Fire	34,085
Fire Prevention	978
Animal Control	3,172
Code Enforcement	961
Building Standards	486
Street and Alley Maintenance	31,032
Refuse Collection	41,646
Transfer Station	34,020
Public Water Director	1,334
Traffic Engineering	802
Parks	35,373
Swimming Pool	2,203
Planning & Zoning	819
	<u>\$236,351</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, 2005 is as follows:

DESCRIPTION	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Payable Amounts Outstanding 10-01-20045	Issued	Retired	Outstanding 9-30-2005
Refunding Sr. 1995 Lse. Obligations Payable	4.0%-5.2%	\$2,110,000	\$ 50,385	\$ 1,015,000	\$ -0-	\$ 150,000	\$ 865,000
Notes Payable	Various	194,192	-0-	5,396	-0-	2,338	3,058
	Various	806,641	17,125	232,063	423,800	164,414	491,449
Total			\$ 67,510	\$ 1,252,459	\$ 423,800	\$ 316,752	\$ 1,359,507

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 bond indenture. Management has indicated that the City is in compliance with all significant limitations and restrictions at September 30, 2005.

H. COMMITMENTS UNDER OPERATING LEASES

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of September 30, 2005 are as follows:

Year Ending September	
2006	\$ 5,449
2007	5,449
2008	<u>908</u>
Total Minimum Rentals	\$ <u>11,806</u>
Rental Expenditures in Fiscal Year 2005	\$ 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, 2005, 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,	General Long-Term Debt				Enterprise Fund		
	Capital Leases	Notes Payable	Bond	Bonds	Certificate of Obligation	Notes Payable	Total
2006	\$ 2,158	\$ 166,542	\$ 198,335	\$ 498,627	\$ 109,941	\$ 16,577	\$ 992,180
2007	900	150,067	200,895	502,378	112,691	16,577	983,508
2008	-0-	109,553	202,810	500,677	110,291	16,577	939,908
2009	-0-	92,197	199,060	498,678	112,891	16,577	919,403
2010	-0-	23,049	199,880	501,374	115,341	4,144	843,788
2011 to 2015	-0-	-0-	-0-	2,002,643	710,154	-0-	2,712,797
2016	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Totals	\$ 3,058	\$ 541,408	\$ 1,000,980	\$ 4,504,377	\$ 1,271,309	\$ 70,452	\$ 7,391,584

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 up to 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 up to 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 801 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of 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 credit 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 form 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 all 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 become effective. The prior 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 of the rate and the calendar year goes into effect. (i.e. December 31, 2004 valuation is effective for rates beginning January 2006).

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date:	December 31, 2004
Actuarial Value of Assets	\$ 11,670,798
Actuarial Accrued Liability	\$ 17,365,926
Percentage Funded	67.2%
Unfunded (Overfunded) Actuarial Accrued Liability (UALL)	\$ 5,695,128
Annual Covered Payroll	\$ 4,226,389
UAAL as a Percentage of Covered Payroll	134.8%
Net Pension Obligation (NPO) at the Beginning Of Period	\$ -0-
Annual Pension Cost:	
Annual Required Contribution (ARC)	\$ 673,469
Contributions Made	\$(673,469)
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	3.5%
Cost of Living Adjustments	None

The City of Borger is one of 801 municipalities having the benefit plan administered by TMRS. Each of the 801 Municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2004 valuations are contained in the 2004 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, 2005 employees of the City of Borger were covered by a health insurance plan. The City paid premiums of \$301.97 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 2005.

M. CHANGES IN LONG-TERM LIABILITIES

Long-Term activity for the year ended September 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 1,015,000	\$ -0-	\$ (150,000)	\$ 865,000	\$ 155,000
Equipment Note	232,063	423,800	(164,414)	491,449	166,542
Total Bonds and Notes Payable	1,247,063	423,800	(314,414)	1,356,449	321,542
Other Liabilities:					
Capital Leases	5,396	-0-	(2,338)	3,058	2,338
Total Other Liabilities	5,396	-0-	(2,338)	3,058	2,338
Total Governmental Activities Long-Term Liabilities	\$ 1,252,459	\$ 423,800	\$ (316,752)	\$ 1,359,507	\$ 323,880
Business-Type Activities:					
Bonds and Notes Payable:					
GO Refunding Bond					
Series 2002	\$ 4,205,000	\$ -0-	\$ (365,000)	\$ 3,840,000	\$ 375,000
Certificate of Obligation 2002	1,120,000	-0-	(80,000)	1,040,000	75,000
Notes Payable	-0-	76,200	(10,632)	65,568	14,374
Total Bonds and Notes Payable	5,325,000	76,200	(455,632)	4,945,568	\$ 464,374
Other Liabilities:					
Capital Leases	2,535	-0-	(2,535)	-0-	-0-
Total Other Liabilities	2,535	-0-	(2,535)	-0-	-0-
Total Business-type Activities Long-Term Liabilities	\$ 5,327,535	\$ 76,200	\$ (458,167)	\$ 4,945,568	\$ 464,374

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 (vi) 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 restriction governing the disbursements 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 Series 2002 Bonds and Certificates of Obligation.

The ordinance authorizing the issuance of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation Series 2002 and General Obligation Refunding Bonds Series 2002 which are to provide (i) to refund the City's 1992 revenue bond debt to achieve debt service

savings, (ii) to pay costs related to the issuance of the bonds, (iii) to construct improvements and extensions to the water and sewer system and (iv) to pay professional services rendered in relation to the construction and financing of such projects.

O. NOTES PAYABLE

During the Fiscal Year ended September 30, 2005, the City entered into notes payable to purchase equipment for the general fund and Enterprise 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 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, 2005 is \$1,033,495 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 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- 2005 is \$5,223,419. The City owes \$3,920,300 at September 30, 2005, plus interest. The project is stated at cost and will be amortized over an estimated useful life.

The City is a member of CRMWA, participates in the Lake Meredith Salinity Control Project. The project, designed to reduce the amount of sodium-chloride brine seeping into Lake Meredith, will improve the quality of its water supplies to meet the secondary standards for drinking water. The City is obligated to pay its share of the cost of construction. The total cost of the project is \$291,324. 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, 2005

including interest is \$103,184 plus interest. The project is stated at cost and is amortized over an estimated useful life of 53 years.

The City is a member of CRWMA which participates in the Series 2005, Conjunctive Use Groundwater Supply Project. The City is obligated to pay its share of the project. Total cost of the project is estimated at \$2,659,346 for the City of Borger. Revenue Bonds were issued to fund the project at 3.00% to 5.25% interest to be paid semiannually on February 15 and August 15 and the principal is due annually on February 15.

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 air 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 or 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			Market Value
	1	2	3	
NATIONWIDE	\$ 181,379	\$ -0-	\$ -0-	\$ 181,379
ICMA PLAN	19,265	-0-	-0-	19,265
	<u>\$ 200,644</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 200,644</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, 2005 may be impaired. In the opinion of the City, there are not 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 amounts to \$76,944 for the fiscal year ended September 30, 2005. 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 reimbursements 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	\$ 1,155,883
Capital Assets-net	<u>2,270,258</u>
Total Assets	<u>\$ 3,426,141</u>

NOTE 23: DISCREETLY PRESENTED MAJOR COMPONENT UNIT(continued)

LIABILITIES:

Accounts payable and other current	
Liabilities	\$ 15,575
Long-Term Debt	<u>-0-</u>
Total Liabilities	\$ <u>15,575</u>

Net Assets:

Invested in capital, net of related debt	\$ 2,270,258
Restricted	<u>-0-</u>
Unrestricted	<u>1,140,308</u>
Total Net Assets	\$ <u>3,410,566</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>621,848</u>	\$ <u>26,598</u>	\$ <u>-0-</u>	\$ (<u>595,250</u>)
General				
Revenues:				
Sales Tax				648,411
Other				<u>22,138</u>
Loss on Sale of Assets				(<u>39,333</u>)
Change in Net Assets				<u>35,966</u>
Net Assets, October 1, 2005				<u>3,374,600</u>
Net Assets, September 30, 2006				\$ <u>3,410,566</u>

COMBINING STATEMENTS

CITY OF BORGER
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2005

	COURT TECHNOLOG FUND	TEXAS PLAINS TRAILS	CITY TOURISM FUND	POLICE COMPUTER FUND
ASSETS				
Cash and Cash Equivalents	\$ 3,060	\$ 28,930	\$ 24,997	\$ 211
Investments - Current	6,845	-	80,390	9,520
Interest Receivable - investments	20	-	239	28
Total Assets	<u>\$ 9,925</u>	<u>\$ 28,930</u>	<u>\$ 105,626</u>	<u>\$ 9,759</u>
LIABILITIES AND FUND BALANCES				
Wages and Salaries Payable	\$ -	\$ 1,077	\$ -	\$ -
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,077</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Unreserved and Undesignated:				
Reported in the Special Revenue Fund	9,925	27,853	105,626	9,759
Reported in the Debt Service Fund	-	-	-	-
Total Fund Balances	<u>9,925</u>	<u>27,853</u>	<u>105,626</u>	<u>9,759</u>
Total Liabilities and Fund Balances	<u>\$ 9,925</u>	<u>\$ 28,930</u>	<u>\$ 105,626</u>	<u>\$ 9,759</u>

The accompanying notes are an integral part of this statement.

SUPPLEMEN ENVIRONME PROJECT	HURRICANE REFLIEF FUND	HOTEL/MOT OCCUPANCY TAX	Total Nonmajor Special Revenue Funds	G.O. BONDS 1995 SERIES	Total Nonmajor Governmental Funds
\$ 81,829	\$ 1,210	\$ 86	\$ 140,323	\$ 10,861	\$ 151,184
-	-	-	96,755	21,523	118,278
-	-	-	287	64	351
<u>\$ 81,829</u>	<u>\$ 1,210</u>	<u>\$ 86</u>	<u>\$ 237,365</u>	<u>\$ 32,448</u>	<u>\$ 269,813</u>
\$ -	\$ -	\$ -	\$ 1,077	\$ -	\$ 1,077
-	-	-	-	5,455	5,455
-	-	-	1,077	5,455	6,532
81,829	1,210	86	236,288	-	236,288
-	-	-	-	26,993	26,993
<u>81,829</u>	<u>1,210</u>	<u>86</u>	<u>236,288</u>	<u>26,993</u>	<u>263,281</u>
<u>\$ 81,829</u>	<u>\$ 1,210</u>	<u>\$ 86</u>	<u>\$ 237,365</u>	<u>\$ 32,448</u>	<u>\$ 269,813</u>

CITY OF BORGER
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2005

	COURT TECHNOLOG FUND	TEXAS PLAINS TRAILS	CITY TOURISM FUND	POLICE COMPUTER FUND
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes	-	-	72,135	-
Gross Receipts Business Tax	-	-	-	-
Penalty and Interest on Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	50,000	-	-
Fines	8,893	-	-	-
Investment Earnings	156	-	1,834	174
Contributions & Donations from Private Sources	-	-	-	8,910
Total Revenues	<u>9,049</u>	<u>50,000</u>	<u>73,969</u>	<u>9,084</u>
EXPENDITURES:				
Current:				
General Government:				
General Contingencies	-	-	-	-
Public Safety:				
Municipal Court	8,242	-	-	-
Culture and Recreation	-	34,474	-	-
Debt Service:				
Bond Principal	-	-	-	-
Bond Interest	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Total Expenditures	<u>8,242</u>	<u>34,474</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>807</u>	<u>15,526</u>	<u>73,969</u>	<u>9,084</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	807	15,526	73,969	9,084
Fund Balance - October 1 (Beginning)	<u>9,118</u>	<u>12,327</u>	<u>31,657</u>	<u>675</u>
Fund Balance - September 30 (Ending)	<u>\$ 9,925</u>	<u>\$ 27,853</u>	<u>\$ 105,626</u>	<u>\$ 9,759</u>

The accompanying notes are an integral part of this statement.

SUPPLEMEN ENVIRONME PROJECT	HURRICANE REFLIEF FUND	HOTEL/MOT OCCUPANCY TAX	Total Nonmajor Special Revenue Funds	G.O. BONDS 1995 SERIES	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 210,003	\$ 210,003
-	-	-	72,135	-	72,135
-	-	48,524	48,524	-	48,524
-	-	-	-	4,543	4,543
-	-	-	50,000	-	50,000
-	-	-	8,893	-	8,893
-	-	-	2,164	3,137	5,301
132,500	1,210	-	142,620	-	142,620
<u>132,500</u>	<u>1,210</u>	<u>48,524</u>	<u>324,336</u>	<u>217,683</u>	<u>542,019</u>
776	-	-	776	-	776
-	-	-	8,242	-	8,242
-	-	88,165	122,639	-	122,639
-	-	-	-	150,000	150,000
-	-	-	-	50,385	50,385
-	-	-	-	636	636
<u>776</u>	<u>-</u>	<u>88,165</u>	<u>131,657</u>	<u>201,021</u>	<u>332,678</u>
131,724	1,210	(39,641)	192,679	16,662	209,341
(49,895)	-	-	(49,895)	-	(49,895)
<u>(49,895)</u>	<u>-</u>	<u>-</u>	<u>(49,895)</u>	<u>-</u>	<u>(49,895)</u>
81,829	1,210	(39,641)	142,784	16,662	159,446
-	-	39,727	93,504	10,331	103,835
<u>\$ 81,829</u>	<u>\$ 1,210</u>	<u>\$ 86</u>	<u>\$ 236,288</u>	<u>\$ 26,993</u>	<u>\$ 263,281</u>

OTHER SUPPLEMENTAL INFORMATION

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

	<u>2005</u>	<u>2004</u>
ASSETS		
Cash On Hand	\$ 455	\$ 455
Cash In Bank	555,622	20
Investments	889,727	816,650
Ad Valorem Taxes Receivable	248,571	239,382
Less Estimated Uncollectible-Ad Valorem Taxes	(200,925)	(239,382)
Accounts Receivable	204,774	174,995
Less Estimated Uncollectible-Refuse & Vector Control	(121,376)	(70,634)
Sundry Receivables	1,462	0
Interest Receivable	2,886	1,190
Due From Other Funds	3,765	503,373
	\$ 1,584,961	\$ 1,426,049
TOTAL ASSETS	\$ 1,584,961	\$ 1,426,049
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 74,555	\$ 122,782
Accrued Salaries Payable	115,365	106,521
Sales Tax Payable	19,316	17,932
Due to State	3,000	0
Escrow Deposits	5,578	2,496
Deferred Revenue	41,779	0
	259,593	249,731
Total Liabilities	259,593	249,731
Fund Balance-Unreserved	769,900	585,855
Reserved	555,468	590,463
	\$ 1,584,961	\$ 1,426,049
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,584,961	\$ 1,426,049

CITY OF BORGER, TEXAS
 COMBINED GENERAL FUND
 BALANCE SHEET
 SEPTEMBER 30, 2005

<u>ASSETS</u>	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
Cash & Investments:						
Cash On Hand	\$ 455	\$ 455	\$ 0	\$ 0	\$ 0	\$ 0
Cash In Bank	555,622	531,428	124	(1,842)	3,886	74
Investments	889,727	300,000	10,975	80,000	344,610	29,892
Total Cash & Investments	1,445,804	831,883	11,099	78,158	348,496	29,966
Receivables:						
Sundry Receivables	1,462	1,462	0	0	0	0
Interest Receivable	2,886	1,136	33	237	1,022	89
Ad Valorem Taxes	248,571	248,571	0	0	0	0
Less Allowance For Uncollectible	(200,925)	(200,925)	0	0	0	0
Accounts Receivable	204,774	200,822	0	3,952	0	0
Less Allowance For Uncollectible	(121,376)	(118,352)	0	(3,024)	0	0
Total Receivables	135,392	132,714	33	1,165	1,022	89
Other Assets:						
Due From Payroll Fund	3,765	3,765	0	0	0	0
Total Other Assets	3,765	3,765	0	0	0	0
TOTAL ASSETS	\$ 1,584,961	\$ 968,362	\$ 11,132	\$ 79,323	\$ 349,518	\$ 30,055
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 74,555	\$ 74,555	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Salaries Payable	115,365	115,365	0	0	0	0
Sales Tax Payable	19,316	19,316	0	0	0	0
Due to State	3,000	0	0	0	0	0
Deferred Revenue-Paving	5,578	5,578	0	0	0	0
Deferred Revenue-Taxes	41,779	41,779	0	0	0	0
Total Liabilities	259,593	256,593	0	0	0	0
Fund Balance-Unreserved	769,900	711,769	0	0	0	0
Reserved	555,468	0	11,132	79,323	349,518	30,055
TOTAL LIABILITIES & FUND BALANCE	\$ 1,584,961	\$ 968,362	\$ 11,132	\$ 79,323	\$ 349,518	\$ 30,055

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	CONCEALED HANDGUN	POOL RENOVATION PROJECT
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
828	66	18,429	2,584	18	27
79,600	5,360	16,500	19,170	1,320	2,300
80,428	5,426	34,929	21,754	1,338	2,327

0	0	0	0	0	0
236	16	49	57	4	7
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
236	16	49	57	4	7

0	0	0	0	0	0
0	0	0	0	0	0
\$ 80,664	\$ 5,442	\$ 34,978	\$ 21,811	\$ 1,342	\$ 2,334

\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
3,000	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
3,000	0	0	0	0	0
0	0	34,978	21,811	1,342	0
77,664	5,442	0	0	0	2,334
\$ 80,664	\$ 5,442	\$ 34,978	\$ 21,811	\$ 1,342	\$ 2,334

CITY OF BORGER, TEXAS
 COMBINED GENERAL FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 September 30, 2005

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
Fund Balance October 1, 2004	\$ 1,175,643	\$ 549,611	\$ 17,594	\$ 75,579	\$ 340,289	\$ 81,845
Revenue Over (Under) Expenditures	99,830	112,263	(6,462)	3,744	9,229	(51,790)
Operating Transfers	49,895	49,895	0	0	0	0
Fund Balance September 30, 2005	<u>\$ 1,325,368</u>	<u>\$ 711,769</u>	<u>\$ 11,132</u>	<u>\$ 79,323</u>	<u>\$ 349,518</u>	<u>\$ 30,055</u>

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	CONCEALED HANDGUN	POOL RENOVATION PROJECT
\$ 68,324	\$ 4,560	\$ 19,596	\$ 14,666	\$ 1,307	\$ 2,272
9,340	882	15,382	7,145	35	62
0	0	0	0	0	0
<u>\$ 77,664</u>	<u>\$ 5,442</u>	<u>\$ 34,978</u>	<u>\$ 21,811</u>	<u>\$ 1,342</u>	<u>\$ 2,334</u>

CITY OF BORGER, TEXAS
 COMBINED GENERAL FUND
 STATEMENT OF REVENUE, EXPENDITURES, AND TRANSFERS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITES FUND	SPECIAL CRIME FUND
REVENUE:						
Ad Valorem, Sales & Use Taxes	\$ 3,178,596	\$ 3,178,596	\$ 0	\$ 0	\$ 0	\$ 0
Gross Receipts Tax	602,866	602,866	0	0	0	0
Licenses And Permits	26,364	26,364	0	0	0	0
Fines And Forfeits	403,013	396,343	0	0	0	0
Refuse Collections	1,254,958	1,254,958	0	0	0	0
Solidwaste Tipping Fees	156,796	121,072	0	0	0	0
Vector Control	65,188	65,188	0	0	0	0
Swimming Pool And Concessions	9,729	9,729	0	0	0	0
Interest On Investments	54,031	37,645	332	2,185	9,229	1,491
W/S Fund-Services Rendered	300,000	300,000	0	0	0	0
Other Service Charges & Miscellaneous	68,497	68,497	0	0	0	0
State Grant	29,612	13,178	0	0	0	0
Federal Funds	5,244	5,244	0	0	0	6,589
Donations	53,060	0	7,500	44,810	0	0
Sources Of Financing	423,800	423,800	0	0	0	0
Sale Of City Assets	0	0	0	0	0	0
Insurance Claims	35,507	35,507	0	0	0	0
Received On Contracts	399,036	399,036	0	0	0	0
Transfers In	0	0	0	0	0	0
Total Revenue And Transfers	7,066,297	6,938,023	7,832	46,995	9,229	8,080
EXPENDITURES:						
Data Processing	44,044	44,044	0	0	0	0
Administration	128,416	128,416	0	0	0	0
Animal Control	151,948	151,948	0	0	0	0
Fire	1,130,014	1,130,014	0	0	0	0
Fire Prevention	61,907	61,907	0	0	0	0
Code Enforcement	80,985	80,985	0	0	0	0
Legal	10,280	10,280	0	0	0	0
Park	473,361	430,110	0	43,251	0	0
Planning And Zoning	318,852	318,852	0	0	0	0
Police	1,664,589	1,587,924	14,294	0	0	59,870
Public Works Director	187,071	187,071	0	0	0	0
Recreation	77,993	77,993	0	0	0	0
Refuse Collection	669,588	648,797	0	0	0	0
Street And Alley Maintenance	358,500	358,500	0	0	0	0
Swimming Pool	49,533	49,533	0	0	0	0
Recycling Center	11,559	11,559	0	0	0	0
Traffic Engineering	82,439	82,439	0	0	0	0
Municipal Court	253,065	253,065	0	0	0	0
Vehicle Service Center	173,950	173,950	0	0	0	0
Transfer Station	663,643	663,643	0	0	0	0
Reserve Section And Other	57,265	57,265	0	0	0	0
Building Standards & Facelift	65,352	65,352	0	0	0	0
Central Dispatching	252,113	252,113	0	0	0	0
Total Expenditures & Transfers	\$ 6,966,467	\$ 6,825,760	\$ 14,294	\$ 43,251	\$ 0	\$ 59,870
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ 99,830	\$ 112,263	\$ (6,462)	\$ 3,744	\$ 9,229	\$ (51,790)

City of Borger, Texas
General Fund
Comparison of Revenue With Budget
For the Fiscal Year Ended September 30, 2005

<u>Revenue</u>	<u>Budget</u>	<u>Revenue</u>	<u>Variance</u> <u>(Unfavorable)</u>	<u>Actual</u> <u>Year</u>
Taxes:				
Ad Valorem Taxes	\$ 1,253,522	\$ 1,223,516	\$ (30,006)	\$ 1,171,645
Pentalty And Interest	22,500	29,902	7,402	25,413
Property Sold For Delinquent Taxes	0	4,340	4,340	3,106
Sales And Use Tax	1,845,500	1,920,838	75,338	1,968,434
Total Taxes	3,121,522	3,178,596	57,074	3,168,598
Gross Receipts Tax:				
Telecommunications	118,000	108,126	(9,874)	114,841
XCEL Energy	210,500	241,745	31,245	242,730
Texas Gas Service	87,500	125,292	37,792	111,371
Borger Cable Vision	101,500	127,703	26,203	106,252
Total Gross Receipts Tax	517,500	602,866	85,366	575,194
Licenses And Permits:				
Zoning And Plat Fees	650	990	340	1,623
Mechanical Permits	500	1,018	518	507
Pound Fees	6,000	5,592	(408)	5,568
Alcoholic Beverages	7,200	4,485	(2,715)	7,054
Building Permits	6,000	10,054	4,054	13,102
Electrical Permits	2,500	4,160	1,660	3,020
Occupational License	0	0	0	0
Moving Permits	25	65	40	45
Total Licenses And Permits	22,875	26,364	3,489	30,919
Fines And Forfeits-Municipal Court	295,650	403,013	107,363	359,364
Service Charge:				
Vital Statistics	11,350	13,319	1,969	13,958
Swimming Pool Admissions	11,000	9,729	(1,271)	11,528
Refuse Collections	1,322,545	1,254,958	(67,587)	1,233,207
Vector Control	66,000	65,188	(812)	65,836
Solidwaste Tipping Fees	192,174	156,796	(35,378)	189,553
Paving Assessments	5,000	0	(5,000)	0
Miscellaneous Revenue	80,000	28,178	(51,822)	27,271
Interest From Investment	10,500	54,031	43,531	18,074
W/S Fund-Services Rendered	300,000	300,000	0	300,000
Parks, Rec. & Special Project	35,000	44,810	9,810	46,834
Housing Authority in Lieu of Taxes	7,000	5,244	(1,756)	6,881
Total Service Charges	2,040,569	1,932,253	(108,316)	1,913,142
Other Sources:				
BISD DARE Reimbursement	0	13,178	13,178	0
Hutchinson County Fire Contract	25,000	20,000	(5,000)	23,750
Donations	8,000	8,250	250	13,875
City of Amarillo Task Force	0	0	0	37,705
Insurance Claims	0	35,507	35,507	14,255
Financing Sources-Lease/Notes	0	423,800	423,800	20,000
Radio Dispatching Contract	75,000	7,000	(68,000)	7,000
State Grant	15,130	16,434	1,304	86,811
Received on Contract	395,205	399,036	3,831	392,045
Total Other Sources	518,335	923,205	404,870	595,441
TOTAL REVENUE	\$ 6,516,451	\$ 7,066,297	\$ 549,846	\$ 6,642,658

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2005

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	Variance Favorable (Unfavorable)	<u>Actual Year</u>
Data Processing:				
Personal Services	\$ 8,386	\$ 8,433	\$ (47)	\$ 8,445
Contractual & Misc. Services	8,560	6,140	2,420	5,739
General Services	820	843	(23)	1,026
Machinery & Equipment Maintenance	6,500	6,451	49	5,281
Capital Lease Payments	4,708	22,177	(17,469)	0
	<u>28,974</u>	<u>44,044</u>	<u>(15,070)</u>	<u>20,491</u>
Administration:				
Personal Services	76,222	30,329	45,893	52,804
Contractual & Misc. Services	89,550	73,776	15,774	91,513
General Services	21,950	16,626	5,324	21,391
Machinery & Equipment Maintenance	3,200	7,685	(4,485)	4,994
Capital Outlay	0	0	0	0
Total Administration & Purchasing	<u>190,922</u>	<u>128,416</u>	<u>62,506</u>	<u>170,702</u>
Animal Control:				
Personal Services	119,801	128,877	(9,076)	118,204
Contractual & Misc. Services	11,290	7,990	3,300	10,531
General Services	7,150	9,089	(1,939)	5,826
Machinery & Equipment Maintenance	2,350	5,397	(3,047)	2,132
Capital Outlay	0	595	(595)	0
Total Animal Control	<u>140,591</u>	<u>151,948</u>	<u>(11,357)</u>	<u>136,693</u>
Building Standards & Facelift:				
Personal Services	39,925	39,111	814	35,710
Contractual & Misc. Services	19,050	17,707	1,343	17,345
General Services	7,350	7,392	(42)	6,142
Machinery & Equip. Maintenance	10,500	1,142	9,358	2,740
Capital Outlay	0	0	0	0
Total Bldg. Standards & Facelift	<u>76,825</u>	<u>65,352</u>	<u>11,473</u>	<u>61,937</u>
Fire:				
Personal Services	952,003	988,344	(36,341)	913,390
Contractual & Misc. Services	42,250	27,808	14,442	27,214
General Services	40,025	30,163	9,862	29,752
Machinery & Equipment Maint.	28,000	31,239	(3,239)	33,832
Capital Outlay	57,566	52,460	5,106	52,065
Total Fire	<u>1,119,844</u>	<u>1,130,014</u>	<u>(10,170)</u>	<u>1,056,253</u>
Fire Prevention:				
Personal Services	57,168	59,916	(2,748)	55,214
Contractual & Misc. Services	2,775	1,405	1,370	1,143
General Services	1,325	576	749	258
Machinery & Equipment Maintenance	500	10	490	65
Capital Outlay	0	0	0	0
Total Fire Prevention	<u>61,768</u>	<u>61,907</u>	<u>(139)</u>	<u>56,680</u>

-Continued-

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2005

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
Code Enforcement:				
Personal Services	\$ 39,631	\$ 40,033	\$ (402)	\$ 38,733
Contractual & Misc. Services	16,150	34,488	(18,338)	13,339
General Services	2,420	5,194	(2,774)	2,482
Machinery & Equipment Maintenance	300	1,270	(970)	664
Capital Outlay	0	0	0	0
Total Health	58,501	80,985	(22,484)	55,218
Legal:				
Contractual & Misc. Services	10,000	10,280	(280)	9,225
General Services	0	0	0	0
Total Legal	10,000	10,280	(280)	9,225
Park:				
Personal Services	261,778	298,203	(36,425)	285,055
Contractual & Misc. Services	34,300	19,320	14,980	31,630
General Services	40,000	30,220	9,780	37,608
Machinery & Equipment Maintenance	43,700	56,631	(12,931)	36,474
Capital Outlay/Capital Lease	12,436	68,987	(56,551)	70,028
Total Park	392,214	473,361	(81,147)	460,795
Planning & Zoning:				
Personal Services	101,989	105,868	(3,879)	100,565
Contractual & Misc. Services	205,725	173,070	32,655	154,196
General Services	3,910	4,980	(1,070)	5,789
Machinery & Equip. Maintenance	1,850	27,540	(25,690)	2,566
Capital Outlay	950	7,394	(6,444)	0
Total Planning & Zoning	314,424	318,852	(4,428)	263,116
Police:				
Personal Services	1,317,697	1,322,918	(5,221)	1,156,146
Contractual & Misc. Services	69,550	39,710	29,840	97,478
General Services	64,675	77,832	(13,157)	76,507
Machinery & Equipment Maint.	52,250	50,330	1,920	70,156
Capital Lse. Payments/Capital Outlay	52,659	173,799	(121,140)	42,505
Total Police	1,556,831	1,664,589	(107,758)	1,442,792
Public Works Director:				
Personal Services	159,936	155,960	3,976	129,700
Contractual & Misc. Services	3,300	3,650	(350)	2,910
General Services	5,700	7,197	(1,497)	3,989
Machinery & Equipment Maintenance	2,400	1,642	758	756
Capital Outlay	6,387	18,622	(12,235)	0
Total Public Works Director	177,723	187,071	(9,348)	137,355

-Continued-

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2005

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
Recreation:				
Personal Services	\$ 61,554	\$ 54,240	\$ 7,314	\$ 65,884
Contractual & Misc. Services	20,915	5,063	15,852	18,034
General Services	2,600	405	2,195	861
Machinery & Equipment Maintenance	2,000	18,285	(16,285)	1,732
Capital Outlay	0	0	0	0
Total Recreation	87,069	77,993	9,076	86,511
Refuse Collection:				
Personal Services	307,965	296,263	11,702	292,130
Contractual & Misc. Services	12,650	32,498	(19,848)	11,185
General Services	32,825	74,801	(41,976)	68,211
Machinery & Equipment Maintenance	38,050	40,694	(2,644)	49,092
Capital Lease	66,153	225,332	(159,179)	34,335
Total Refuse Collection	457,643	669,588	(211,945)	454,953
Street & Alley Maintenance:				
Personal Services	233,395	190,795	42,600	210,302
Contractual & Misc. Services	10,525	39,877	(29,352)	35,620
General Services	23,600	31,954	(8,354)	23,808
Machinery & Equipment Maintenance	102,100	23,466	78,634	24,863
Capital Outlay/Capital Lease	33,362	72,408	(39,046)	34,123
Total Street & Alley Maintenance	402,982	358,500	44,482	328,716
Swimming Pool:				
Personal Services	29,117	26,152	2,965	24,782
Contractual & Misc. Services	3,370	2,062	1,308	2,517
General Services	5,795	3,777	2,018	4,773
Machinery & Equip. Maintenance	10,000	6,782	3,218	6,535
Capital Outlay	0	10,760	(10,760)	0
Total Swimming Pool	48,282	49,533	(1,251)	38,607
Recycling Center:				
Contractual & Misc. Services	9,700	11,559	(1,859)	8,385
General Services	100	0	100	0
Total Recycling Center	9,800	11,559	(1,759)	8,385
Traffic Engineering:				
Personal Services	73,456	72,448	1,008	67,820
Contractual & Misc. Services	1,709	1,242	467	1,134
General Services	11,010	8,161	2,849	6,137
Machinery & Equipment Maint.	2,250	588	1,662	523
Capital Outlay	0	0	0	0
Total Traffic Eng. & Bldg. Maint.	88,425	82,439	5,986	75,614

-Continued-

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2005

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual Prior Year</u>
Municipal Court:				
Personal Services	\$ 102,020	\$ 117,042	\$ (15,022)	\$ 101,356
Contractual & Miscellaneous Services	112,750	130,954	(18,204)	125,386
General Services	3,550	4,910	(1,360)	9,151
Machinery & Equipment Maintenance	300	159	141	59
Capital Outlay	0	0	0	0
Total Capital Outlay	<u>218,620</u>	<u>253,065</u>	<u>(34,445)</u>	<u>235,952</u>
Transfer Station:				
Personal Services	201,580	201,025	555	187,042
Contractual & Misc. Services	409,400	372,783	36,617	450,177
General Services	29,525	43,075	(13,550)	32,066
Machinery & Equipment Maintenance	42,200	46,490	(4,290)	36,073
Capital Outlay	0	270	(270)	0
Total Transfer Station	<u>682,705</u>	<u>663,643</u>	<u>19,062</u>	<u>705,358</u>
Vehicle Service Center:				
Personal Services	171,396	133,765	37,631	155,520
Contractual & Misc. Services	16,025	5,650	10,375	13,037
General Services	18,350	14,994	3,356	20,877
Machinery & Equipment Maintenance	5,800	18,341	(12,541)	8,716
Capital Outlay	6,000	1,200	4,800	0
Total Vehicle Service Center	<u>217,571</u>	<u>173,950</u>	<u>43,621</u>	<u>198,150</u>
Central Dispatching:				
Personal Services	251,230	252,113	(883)	227,691
Reserve Section:				
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	0	3,600	2,500
General Contingencies	34,625	25,589	9,036	17,456
City Hall Maintenance	10,000	3,055	6,945	9,187
Note Payments	0	11,611	(11,611)	0
Total Reserve Section	<u>66,235</u>	<u>57,265</u>	<u>8,970</u>	<u>46,153</u>
TOTAL EXPENDITURES	<u>\$ 6,659,179</u>	<u>\$ 6,966,467</u>	<u>\$ (307,288)</u>	<u>\$ 6,277,347</u>

CITY OF BORGER, TEXAS
 SCHEDULE OF TAXES RECEIVABLE
 September 30, 2005

TAX ROLL	BALANCE 10-1-04 PLUS			BALANCE
	CURRENT YEAR	COLLECTIONS	ADJUSTMENTS	9/30/05
1993 & Prior	\$ 63,824	\$ (193)	\$ (1,030)	\$ 62,601
1994	3,556	(74)	(164)	3,318
1995	4,409	(15)	(163)	4,231
1996	4,504	(45)	(319)	4,140
1997	5,145	(170)	(288)	4,687
1998	5,388	(96)	(338)	4,954
1999	9,131	(600)	(620)	7,911
2000	13,154	(2,587)	(874)	9,693
2001	27,421	(6,224)	(1,087)	20,110
2002	32,586	(11,420)	(1,286)	19,880
2003	70,264	(34,305)	(1,707)	34,252
	239,382	(55,729)	(7,876)	175,777
2004 Taxes Assessed	1,727,260	(1,651,926)	(2,540)	72,794
Totals	\$ 1,966,642	\$ (1,707,655)	\$ (10,416)	\$ 248,571

	Totals	General Fund	INTEREST & SINKING FUND
Current Year	\$ 1,651,926	\$ 1,203,742	\$ 448,184
Prior Years	55,729	43,943	11,786
Total Collections	1,707,655	1,247,685	459,970
Penalty And Interest Discounts	38,716 (30,036)	29,902 (30,036)	8,814 0
Net Collections	\$ 1,716,335	\$ 1,247,551	\$ 468,784

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, 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
September 30, 2005	343,740,430	.50254	1,727,260	1,651,926	95.64

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

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash in Bank	\$ 140,323	\$ 28,212
Investments	96,755	26,545
Interest Receivable	<u>286</u>	<u>37</u>
Total Assets	<u>\$ 237,364</u>	<u>\$ 54,794</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accrued Salaries	\$ 1,077	\$ 1,018
Due To Other Funds	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>1,077</u>	<u>1,018</u>
Fund Balance-Restricted	<u>236,287</u>	<u>53,776</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 237,364</u>	<u>\$ 54,794</u>

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2005

	COMBINED SPECIAL REVENUE FUND	CITY TOURISM	THE TEXAS PLAINS TRAILS	SUPPLEMENTAL ENVIRONMENTAL PROJECT	HOTEL & MOTEL ROOM OCCUPANCY TAX FUND	POLICE COMPUTER FUND	COURT TECHNOLOGY FUND	HURRICANE RELIEF FUND
ASSETS								
Cash in Bank	140,323	24,997	28,930	81,829	86	211	3,060	1,210
Interest Receivable	\$ 286	\$ 238	\$ 0	\$ 0	\$ 0	\$ 28	\$ 20	\$ 0
Investments	96,755	80,390	0	0	0	9,520	6,845	0
TOTAL ASSETS	\$ 237,364	\$ 105,625	\$ 28,930	\$ 81,829	\$ 86	\$ 9,759	\$ 9,925	\$ 1,210
LIABILITIES AND FUND BALANCES								
Accrued Salaries	\$ 1,077	\$ 0	\$ 1,077	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due To Other Funds	0	0	0	0	0	0	0	0
TOTAL LIABILITIES	\$ 1,077	\$ 0	\$ 1,077	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance- Restricted	\$ 236,287	\$ 105,625	\$ 27,853	\$ 81,829	\$ 86	\$ 9,759	\$ 9,925	\$ 1,210
Fund Balance- Unrestricted	0	0	0	0	0	0	0	0
TOTAL LIABILITIES & FUND BALANCE	\$ 237,364	\$ 105,625	\$ 28,930	\$ 81,829	\$ 86	\$ 9,759	\$ 9,925	\$ 1,210

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

	COMBINED SPECIAL REVENUE FUND	CITY TOURISM	THE TEXAS PLAINS TRAILS	SUPPLEMENTAL ENVIRONMENTAL PROJECT	HOTEL & MOTEL ROOM OCCUPANCY TAX FUND	POLICE COMPUTER FUND	COURT TECHNOLOGY FUND	HURRICANE RELIEF FUND
Fund Balance, October 1, 2004	\$ 93,503	\$ 31,657	\$ 12,327	\$ -	\$ 39,727	\$ 675	\$ 9,117	\$ -
Excess Revenues Over (Under) Expenditures	142,784	73,968	15,526	81,829	(39,641)	9,084	808	1,210
Fund Balance September 30, 2005	\$ 236,287	\$ 105,625	\$ 27,853	\$ 81,829	\$ 86	\$ 9,759	\$ 9,925	\$ 1,210

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 STATEMENT OF REVENUE AND EXPENDITURES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

Schedule 2-D

	COMBINED SPECIAL REVENUE FUND	CITY TOURISM	THE TEXAS PLAINS TRAILS	SUPPLEMENTAL ENVIRONMENTAL PROJECT	HOTEL & MOTEL ROOM OCCUPANCY TAX FUND	POLICE COMPUTER FUND	COURT TECHNOLOGY FUND	HURRICANE RELIEF FUND
REVENUE								
State Grant	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
Investments Interest	2,165	1,834	-	-	-	174	157	-
Court Fees	8,893	-	-	-	-	-	8,893	-
Donations	142,620	-	-	132,500	-	8,910	-	-
Hotel & Motel Occupancy Tax	120,658	72,134	-	-	48,524	-	-	1,210
Total Revenue	324,336	73,968	50,000	132,500	48,524	9,084	9,050	1,210
Transfers & Other:								
Interfund Transfers	2,586	-	2,586	-	-	-	-	-
Total Revenues & Transfers	\$ 326,922	\$ 73,968	\$ 52,586	\$ 132,500	\$ 48,524	\$ 9,084	\$ 9,050	\$ 1,210
EXPENDITURES								
City Tourism	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas Plains Trails	37,060	-	37,060	-	-	-	-	-
Municipal Court	8,242	-	-	-	-	-	8,242	-
Environmental Expenditures	776	-	-	776	-	-	-	-
Hutchinson County Museum	8,015	-	-	-	8,015	-	-	-
Chamber of Commerce	76,944	-	-	-	76,944	-	-	-
Tri-City Community Concert	3,206	-	-	-	3,206	-	-	-
Total Expenditures & Transfers	\$ 134,243	\$ -	\$ 37,060	\$ 776	\$ 88,165	\$ -	\$ 8,242	\$ -
Transfers & Other:								
Transfers-General Fund	49,895	-	-	49,895	-	-	-	-
Total Expenditures & Transfer	\$ 184,138	\$ -	\$ 37,060	\$ 50,671	\$ 88,165	\$ -	\$ 8,242	\$ -
EXCESS REVENUES OVER (UNDER) EXPENDITURES								
	\$ 142,784	\$ 73,968	\$ 15,526	\$ 81,829	\$ (39,641)	\$ 9,084	\$ 808	\$ 1,210

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

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash In Bank	\$ 10,861	\$ 9,053
Accrued Interest	64	7
Investments	21,523	5,431
	\$ 32,448	\$ 14,491
TOTAL ASSETS	\$ 32,448	\$ 14,491
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due To Other Funds	\$ 5,455	\$ 4,160
Fund Balance-Restricted	26,993	10,331
	\$ 32,448	\$ 14,491
TOTAL LIABILITIES AND FUND BALANCE	\$ 32,448	\$ 14,491

CITY OF BORGER, TEXAS
 COMBINED DEBT SERVICE FUND
 BALANCE SHEET
 September 30, 2005

<u>ASSETS</u>	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
Cash & Investments:		
Cash In Bank	\$ 10,861	\$ 10,861
Accrued Interest	64	64
Investments	21,523	21,523
	\$ 32,448	\$ 32,448
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due To Other Funds	\$ 5,455	\$ 5,455
Fund Balance:		
Unappropriated	0	0
Restricted	26,993	26,993
	\$ 32,448	\$ 32,448
TOTAL LIABILITIES & FUND BALANCE	\$ 32,448	\$ 32,448

CITY OF BORGER, TEXAS
 COMBINED DEBT SERVICE FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
	<u> </u>	<u> </u>
Fund Balance October 1, 2004	\$ 10,331	\$ 10,331
Excess Of Revenue Over (Under) Expenditures	<u>16,662</u>	<u>16,662</u>
Fund Balance September 30, 2005	<u>\$ 26,993</u>	<u>\$ 26,993</u>

CITY OF BORGER, TEXAS
 COMBINED DEBT SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
<u>REVENUES</u>		
Interest	\$ 3,137	\$ 3,137
Ad Valorem Taxes	214,546	214,546
	217,683	217,683
 <u>EXPENDITURES</u>		
Bond Principal	150,000	150,000
Bond Interest	50,385	50,385
Bond Fees	636	636
	201,021	201,021
EXCESS OF REVENUE OVER EXPENDITURES	\$ 16,662	\$ 16,662

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

ASSETS

	2005	2004
Cash In Bank	\$ 41,341	\$ 0
Accounts Receivable-Group Hospitalization	0	0
Investments	200,644	167,248
Due From Other Funds	0	18,919
	<u>0</u>	<u>18,919</u>
	<u>\$ 241,985</u>	<u>\$ 186,167</u>

LIABILITIES AND FUND BALANCE

Liabilities

Group Hospitalization	\$ 41,341	\$ 18,919
Deferred Compensation	200,644	167,248
Due To Other Funds	0	0
	<u>0</u>	<u>0</u>
	<u>\$ 241,985</u>	<u>\$ 186,167</u>

CITY OF BORGER, TEXAS
 COMBINED TRUST AND AGENCY FUND
 BALANCE SHEET
 September 30, 2005

	COMBINED TRUST & AGENCY FUND	GROUP HOSPITALIZATION FUND	DEFERRED COMPENSATION FUND
<u>ASSETS</u>			
Cash In Bank	\$ 41,341	\$ 41,341	\$ 0
Accounts Receivable Group Hospitalization	0	0	0
Investments	200,644	0	200,644
Total Assets	<u>\$ 241,985</u>	<u>\$ 41,341</u>	<u>\$ 200,644</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Group Hospitalization	\$ 41,341	\$ 41,341	\$ 0
Deferred Compensation	200,644	0	200,644
Due To Other Funds	0	0	0
Total Liabilities	<u>\$ 241,985</u>	<u>\$ 41,341</u>	<u>\$ 200,644</u>

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

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
Cash On Hand	\$ 800	\$ 800
Cash in Bank	1,048,749	0
Investments	680,146	743,339
Accounts Receivable	580,455	534,242
Less Estimated Uncollectible	(175,752)	(137,645)
Due From Other Funds	8,752	745,422
Interest Receivable	2,017	1,088
Cost Of Issuance Of Debt-Net Of Amortization	311,699	369,211
Land	252,254	225,263
Canadian River Water Supply Contract	16,567,214	13,907,868
Plant Assets And Equipment	24,943,080	24,792,450
Less Accumulated Depreciation & Amortization	(17,914,757)	(17,059,965)
TOTAL ASSETS	\$ 26,304,657	\$ 24,122,073
 <u>LIABILITIES AND FUND BALANCES</u>		
Accounts Payable	\$ 65,088	\$ 60,916
Accrued Salaries Payable	39,509	35,119
Customer Meter Deposits	310,811	301,946
Due To Other Funds	0	0
Notes Payable-GMAC	65,554	2,535
Bonds Payable	3,840,000	4,205,000
Certificate Of Obligation Payable	1,040,000	1,120,000
Accrued Interest Payable	26,428	28,654
Roberts County Water Contract	3,920,300	4,098,885
Surface Water Supply Contract	1,033,445	1,092,148
Deferred Gain on Debt Retirement	1,448,540	1,560,686
Salinity Control Project Contract	103,184	124,655
Groundwater Project	2,659,346	0
Total Liabilities	14,552,205	12,630,544
 Fund Balance	 <u>11,752,452</u>	 <u>11,491,529</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 26,304,657	 \$ 24,122,073

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	2002 Certificates of Oblig I&S	W/S Construction 2002
ASSETS					
Cash And Investments:					
Cash On Hand	\$ 800	\$ 800	\$ 0	\$ 0	\$ 0
Cash In Bank	1,048,749	1,047,996	53	700	0
Investments	680,146	650,000	8,168	21,978	0
Total Cash and Investments	1,729,695	1,698,796	8,221	22,678	0
Receivables:					
Interest Receivable	2,017	1,928	24	65	0
Water & Sewer Billings	580,455	580,455	0	0	0
Less Estimated Uncollectible	(175,752)	(175,752)	0	0	0
Total Receivables	406,720	406,631	24	65	0
Other Assets:					
Cost Of Issuance Of Debt-					
Net of Amortization	311,699	311,699	0	0	0
Due From Accounts Payable	0	0	0	0	0
Due From Stores Fund	0	0	0	0	0
Due From Payroll Fund	3,297	3,297	0	0	0
Due From Debt Service	5,455	0	2,805	2,650	0
Total Other Assets	320,451	314,996	2,805	2,650	0
Plant And Equipment:					
Land	252,254	252,254	0	0	0
Fixed Assets	41,510,294	41,510,294	0	0	0
Less Accumulated Depreciation	(17,914,757)	(17,914,757)	0	0	0
Total Plant & Equipment	23,847,791	23,847,791	0	0	0
TOTAL ASSETS	\$ 26,304,657	\$ 26,268,214	\$ 11,050	25,393	\$ 0

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable	\$ 65,088	\$ 65,088	\$ 0	\$ 0	\$ 0
Accrued Salaries Payable	39,509	39,509	0	0	0
Customer Meter Deposits	310,811	310,811	0	0	0
Due To Other Funds	0	0	0	0	0
Note Payable	65,554	65,554	0	0	0
Bonds Payable-2002 Series	3,840,000	3,840,000	0	0	0
Certificates Of Obligation					
Payable - 2002 Series	1,040,000	1,040,000	0	0	0
Accrued Interest Payable	26,428	26,428	0	0	0
Roberts County Water Contract	3,920,300	3,920,300	0	0	0
Salinity Control Project Contract	103,184	103,184	0	0	0
Groundwater Project	2,659,346	2,659,346	0	0	0

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CITY OF BORGER, TEXAS
COMBINED PROPRIETARY FUND
BALANCE SHEET
SEPTEMBER 30, 2005

Schedule 5-B
Page 2 of 2

	COMBINED PROPRIETARY Fund	Water And Sewer Fund	2002 Refunding Bonds I&S	2002 Certificates of Oblig I&S	W/S Construction 2002
Liabilities					
Surface Water Supply Contract	\$ 1,033,445	\$ 1,033,445	\$ 0	\$ 0	\$ 0
Deferred Gain on Debt Retirement	1,448,540	1,448,540	0	0	0
Total Liabilities	14,552,205	14,552,205	0	0	0
Fund Balance:					
Reserve	36,443	0	11,050	25,393	0
Unreserved	11,716,009	11,716,009	0	0	0
Total Fund Balance	11,752,452	11,716,009	11,050	25,393	0
TOTAL LIABILITIES & FUND BALANCES	\$ 26,304,657	\$ 26,268,214	\$ 11,050	\$ 25,393	\$ 0

CITY OF BORGER, TEXAS
 COMBINED PROPRIETARY FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	2002 Certificates of Oblig. I&S	W/S Construction 2002
Fund Balance October 1, 2004	\$ 11,491,529	\$ 11,392,704	\$ 2,180	\$ 95,584	\$ 1,061
Prior Year Adjustments	0	0	0	0	0
	11,491,529	11,392,704	2,180	95,584	1,061
Add: Excess of Revenue Over (Under) Expenditures	260,923	323,305	8,870	(70,191)	(1,061)
Fund Balance September 30, 2005	\$ 11,752,452	\$ 11,716,009	\$ 11,050	\$ 25,393	\$ 0

CITY OF BORGER, TEXAS
 COMBINED PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	2002 Certificate of Oblig I&S	W/S Construction 2002
REVENUE					
Water Sales	\$ 3,138,685	\$ 3,138,685	\$ 0	\$ 0	\$ 0
Sewer Sales	1,385,760	1,385,760	0	0	0
Plumbing Permits & Taps	4,985	4,985	0	0	0
Ad Valorem Taxes	254,239	0	130,736	123,503	0
Miscellaneous Revenue	63,611	63,611	0	0	0
Interest On Investments	36,275	31,484	2,643	2,148	0
Total Revenue	4,883,555	4,624,525	133,379	125,651	0
Transfers And Other:					
Gain On Sale Of Assets	0	0	0	0	0
Debt Retired From Int. & Sink	445,000	445,000	0	0	0
Assets Acquired/Construction Fund	79,964	79,964	0	0	0
Transfer From General Fund	0	0	0	0	0
Transfer From General Fixed Assets	0	0	0	0	0
Interfund Transfers	664,497	0	375,369	116,859	172,269
Total Revenue & Transfers	6,073,016	5,149,489	508,748	242,510	172,269
EXPENDITURES					
Customer Service	423,618	423,618	0	0	0
Water Maintenance	506,403	461,294	0	0	45,109
Sewer Maintenance	554,010	426,556	0	0	127,454
Water Production & Treatment	588,540	588,540	0	0	0
Wastewater Collection & Treatment	430,361	430,361	0	0	0
Utility Director Section	147,858	147,858	0	0	0
Water Purchased For Resale	385,286	385,286	0	0	0
Data Processing	70,822	70,822	0	0	0
Purchased Services-General Fund	300,000	300,000	0	0	0
Contingencies	9,258	8,491	0	0	767
Interest CRMWA	194,850	194,850	0	0	0
Bonds Retired	365,000	0	365,000	0	0
Coupons Retired	134,878	0	134,878	0	0
Certificates Of Obligation-Retired	80,000	0	0	80,000	0
Interest-Certificates Of Obligation	37,642	0	0	37,642	0
Civil Defense	6,766	6,766	0	0	0
Bad Debt Expense	0	0	0	0	0
Depreciation & Amortization	912,304	912,304	0	0	0
Total Expenditures	5,147,596	4,356,746	499,878	117,642	173,330
Transfers And Other:					
Interfund Transfers	664,497	469,438	0	195,059	0
Loss On Sale Of Assets	0	0	0	0	0
Total Expenditures & Transfers	5,812,093	4,826,184	499,878	312,701	173,330
EXCESS OF REVENUE OVER EXPENDITURES	\$ 260,923	\$ 323,305	\$ 8,870	\$ (70,191)	\$ (1,061)

CITY OF BORGER, TEXAS
 WATER AND SEWER FUND
 COMPARISON OF REVENUE WITH BUDGET
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

	BUDGET	REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL PRIOR YEAR
REVENUE:				
Water Sales	\$ 2,941,436	\$ 3,138,685	\$ (197,249)	\$ 2,579,959
Sewer Charges	1,420,823	1,385,760	35,063	1,386,301
Plumbing Permits & Taps	3,000	4,985	(1,985)	3,610
Miscellaneous	35,200	63,611	(28,411)	26,885
Interest On Investments	10,000	31,484	(21,484)	10,281
Sale of Assets	1,500	0	1,500	0
TOTAL WATER & SEWER REVENUE	\$ 4,411,959	\$ 4,624,525	\$ (212,566)	\$ 4,007,036

CITY OF BORGER, TEXAS
WATER AND SEWER FUND
COMPARISON OF EXPENDITURES WITH BUDGET
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

<u>EXPENDITURES</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL PRIOR YEAR</u>
Customer Service:				
Personal Services	\$ 246,980	\$ 204,017	\$ 42,963	\$ 227,386
Contractual Services & Misc.	194,994	113,845	81,149	117,015
General Services	6,875	45,818	(38,943)	44,924
Machinery & Equipment Maintenance	27,000	59,938	(32,938)	48,163
Capital Outlay	0	0	0	0
Total Customer Service	475,849	423,618	52,231	437,488
Water Maintenance Section:				
Personal Services	353,970	363,462	(9,492)	343,527
Contractual Services & Misc.	14,250	11,639	2,611	10,499
General Services	25,125	28,239	(3,114)	23,580
Machinery & Equipment Maintenance	48,550	57,954	(9,404)	53,572
Capital Outlay	1,000	0	1,000	0
Total Water Maintenance Section	442,895	461,294	(18,399)	431,178
Sewer Maintenance Section:				
Personal Services	303,599	323,391	(19,792)	308,046
Contractual Services & Misc.	38,650	8,433	30,217	8,252
General Services	24,500	27,897	(3,397)	24,756
Machinery & Equipment Maintenance	64,500	66,836	(2,336)	61,602
Capital Lease Payments	5,070	2,535	2,535	15,209
Total Sewer Maint. Section	436,319	429,092	7,227	417,865
Water Production & Treatment:				
Personal Services	210,387	193,462	16,925	197,849
Contractual Services & Misc.	269,800	327,181	(57,381)	225,927
General Services	37,350	34,168	3,182	29,160
Machinery & Equipment Maintenance	39,850	33,728	6,122	32,110
Capital Outlay	0	0	0	0
Total Water Production & Water Treatment	557,387	588,539	(31,152)	485,046
Wastewater Collection & Treatment:				
Personal Services	227,351	215,689	11,662	219,282
Contractual Services & Misc.	137,160	139,833	(2,673)	117,520
General Services	30,050	29,584	466	27,374
Machinery & Equipment Maintenance	20,200	45,255	(25,055)	14,222
Capital Outlay	1,000	0	1,000	0
Total Wastewater Collection & Treatment	415,761	430,361	(14,600)	378,398

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CITY OF BORGER, TEXAS
WATER AND SEWER FUND
COMPARISON OF EXPENDITURES WITH BUDGET
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

-continued-

EXPENDITURES	BUDGET	EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL PRIOR YEAR
Utility Director Section:				
Personal Services	\$ 130,373	\$ 135,053	\$ (4,680)	\$ 129,115
Contractual Services & Misc.	7,050	3,767	3,283	4,897
General Services	4,600	6,530	(1,930)	4,084
Machinery & Equipment Maintenance	2,100	2,508	(408)	1,947
Capital Outlay/Lease Payments	14,387	0	14,387	0
Total Utility Director Sect.	<u>158,510</u>	<u>147,858</u>	<u>10,652</u>	<u>140,043</u>
Data Processing Center:				
Personal Services	25,037	25,029	8	24,756
Contractual Services & Misc.	23,575	18,549	5,026	16,905
General Services	2,050	2,536	(486)	2,872
Machinery & Equipment Maintenance	17,050	24,708	(7,658)	15,851
Capital Lease Payments	14,125	10,594	3,531	0
Total Data Processing Center	<u>81,837</u>	<u>81,416</u>	<u>421</u>	<u>60,384</u>
Reserve Section:				
Annual Bond Requirements	0	0	0	0
Contingencies	27,606	5,371	22,235	34,461
Purchased Services-General Fund	300,000	300,000	0	300,000
Water Operation & Maintenance	372,449	385,286	(12,837)	375,870
Civil Defense	3,200	6,766	(3,566)	6,694
CRMWA Bond Payment	107,267	108,316	(1,049)	108,360
CRMWA Salinity Control	26,281	26,251	30	26,065
Roberts Co. Bond Payment	420,250	408,758	11,492	416,776
Land Transfer	25,250	26,991	(1,741)	25,000
City Hall Building Maint.	12,500	3,120	9,380	20,514
Total Reserve Section	<u>1,294,803</u>	<u>1,270,859</u>	<u>23,944</u>	<u>1,313,740</u>
Total Expenditures-Budgeted	<u>\$ 3,863,361</u>	<u>\$ 3,833,037</u>	<u>\$ 30,324</u>	<u>\$ 3,664,142</u>

CITY OF BORGER, TEXAS
 WATER AND SEWER FUND
 STATEMENT OF INCOME
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

INCOME:	
Water Sales	\$ 3,138,685
Sewer Charges	1,385,760
Plumbing Permits And Taps	4,985
Miscellaneous	<u>68,593</u>
Total Income	<u>4,598,023</u>
OPERATING EXPENSES:	
Salaries	1,069,070
Employee Retirement	167,810
Workmen's Compensation	27,856
Group Insurance	181,451
Medicare & Social Security	13,915
Postage	40,301
Communications	11,447
Printing & Public Notices	7,088
Travel And Auto Allowance	13,749
Insurance And Bonds	32,852
Dues And Subscriptions	6,033
Utilities	442,730
Outside Professional Services	45,020
Special Services And Contingencies	124,655
Chemicals And Pest Control	33,513
Supplies	52,563
Gas, Oil, And Lubrication	44,677
Machinery & Equipment Maintenance	54,523
Right of Ways	7,102
Water Facilities Maintenance	123,479
Sewer Facilities Maintenance	34,948
Lift Station Maintenance	149,389
Software & Maintenance	32,596
Water Purchased	386,053
Services Purchased-General Fund	300,000
Depreciation And Amorization	<u>912,303</u>
Total Operating Expenses	<u>4,315,123</u>
NET INCOME FROM OPERATIONS	<u>282,900</u>
OTHER INCOME (EXPENSE)	
Ad Valorem Taxes	254,239
Interest Income	36,275
Gain from Sale of Equipment	0
Interest Expense	<u>(312,491)</u>
Total Other Income (Expense)	<u>(21,977)</u>
NET INCOME (LOSS)	<u>\$ 260,923</u>

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

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
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>\$ 3,840,000</u>	<u>\$ 664,380</u>	<u>\$ 4,504,380</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, 2005

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
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>\$ 1,040,000</u>	<u>\$ 231,309</u>	<u>\$ 1,271,309</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>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Cash on Hand	\$ 10	\$ 10
Cash in Bank	7,255	6,800
Investments	83,000	73,000
Inventory	15,977	39,106
	<hr/>	<hr/>
TOTAL ASSETS	\$ 106,242	\$ 118,916
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 250	\$ 0
Due to Other Funds	0	0
	<hr/>	<hr/>
Total Liabilities	250	0
Fund Balance-Unappropriated	105,992	118,916
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 106,242	\$ 118,916
	<hr/> <hr/>	<hr/> <hr/>

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 BALANCE SHEET
 SEPTEMBER 30, 2005

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND
<u>ASSETS</u>		
Cash & Investments:		
Cash On Hand	\$ 10	\$ 10
Cash In Bank	7,255	7,255
Investments	83,000	83,000
Total Cash & Investments	<u>90,265</u>	<u>90,265</u>
Receivables:		
Sundry	0	0
Total Receivables	<u>0</u>	<u>0</u>
Other Assets:		
Due From Other Funds	0	0
Inventory	15,977	15,977
Total Other Assets	<u>15,977</u>	<u>15,977</u>
TOTAL ASSETS	<u>\$ 106,242</u>	<u>\$ 106,242</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 250	\$ 250
Total Liabilities	<u>250</u>	<u>250</u>
Fund Balance-Unappropriated	<u>105,992</u>	<u>105,992</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 106,242</u>	<u>\$ 106,242</u>

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 September 30, 2005

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND
Fund Balance October 1, 2004	\$ 118,916	\$ 118,916
Excess of Revenues Over (Under) Expenditures	(12,924)	(12,924)
Fund Balance September 30, 2005	\$ 105,992	\$ 105,992

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 STATEMENT OF REVENUES AND EXPENDITURES
 September 30, 2005

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND
<u>REVENUES</u>		
Stores Billings	\$ 22,752	\$ 22,752
Total Revenue	22,752	22,752
<u>EXPENDITURES</u>		
Store Purchases	35,676	35,676
Total Expenditures	35,676	35,676
Transfers		
Transfer to General Fund	0	0
Total Expenditures & Transfers	35,676	35,676
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (12,924)	\$ (12,924)

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>2005</u>	<u>2004</u>
Amount Available in Debt Service Fund	\$ 32,448	\$ 9,039
Principal Amount to be Provided in Future Years:		
General Obligation Refunding Bonds-Series 1995	832,552	1,005,961
Capital Lease Obligations	0	5,396
Notes Payable Obligations	511,510	226,668
	<hr/>	<hr/>
Total Principal Available & to be Provided For	1,376,510	1,247,064
Interest to be Provided in Future Years	<hr/> 169,941	<hr/> 202,720
TOTAL AVAILABLE & TO BE PROVIDED FOR	<hr/> <u>\$ 1,546,451</u>	<hr/> <u>\$ 1,449,784</u>

GENERAL LONG-TERM DEBTS AND INTEREST
 PAYABLE IN FUTURE YEARS

Notes Payable Obligations	\$ 511,510	\$ 226,668
Capital Lease Obligations	0	5,396
General Obligation Refunding Bonds-Series 1995	865,000	1,015,000
Interest Payable-General Obligation Debt	135,980	186,365
Interest Payable-Capital Lease Obligations	0	0
Interest Payable-Note Payable Obligations	33,961	16,355
	<hr/>	<hr/>
TOTAL CERTIFICATES OF OBLIGATION & INTEREST PA	<hr/> <u>\$ 1,546,451</u>	<hr/> <u>\$ 1,449,784</u>

CITY OF BORGER, TEXAS
 GENERAL LONG-TERM DEBT ACCOUNT GROUPS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 1995
 September 30, 2005

Fiscal Year	Principal	Interest	Total Requirments	Interest Rate
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>\$ 865,000</u>	<u>\$ 135,980</u>	<u>\$ 1,000,980</u>	

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

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

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

<u>NUMBER OF CUSTOMERS AS OF:</u>	<u>WATER</u>	<u>SEWER</u>
September 30, 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
September 30, 2005	5,621	5,395

CITY OF BORGER
SCHEDULE OF INSURANCE COVERAGE
September 30, 2005

BUILDINGS & CONTENTS

Texas Municipal League Joint Self-Insurance Fund:

POLICY NUMBER

420-TML-1001400-02

COVERAGE

<u>Department/Address</u>	<u>COVERAGE</u>
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	4,600
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	1,053,324
Vehicles-Per Schedule	1,550,378
	\$ <u>15,710,736</u>

CITY OF BORGER
SCHEDULE OF INSURANCE COVERAGE
September 30, 2005

<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>
Valuable Paper & Records & EDP Media	420-TML1001400-02	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	