

**CITY OF BORGER**  
**BORGER, TEXAS**  
**YEAR ENDED SEPTEMBER 30, 2006**  
**(With Auditor's Report Thereon)**

CITY OF BORGER  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	2
<b><u>Basic Financial Statements</u></b>	
Government Wide Statements:	
A-1 Statement of Net Assets	10
B-1 Statement of Activities	11
Governmental Fund Financial Statements:	
C-1 Balance Sheet	13
C-2 Reconciliation for C-1	14
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	15
C-4 Reconciliation for C-3	17
C-5 Budgetary Comparison Schedule - General Fund	18
Proprietary Fund Financial Statements:	
D-1 Statement of Net Assets	20
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Assets	22
D-3 Statement of Cash Flows	24
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Assets	25
E-2 Statement of Changes in Fiduciary Net Assets	26
Notes to the Financial Statements	27
 <b><u>Combining Statements</u></b>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	47
H-2 Combining Balance Sheet Nonmajor Governmental Funds	48
 <b><u>Schedule</u></b>	
Combined General Fund:	
1-A Comparative Balance Sheet	49
1-B Balance Sheet	50
1-C Statement of Changes in Fund Balance	51
1-D Statement of Revenues, Expenditures, and Transfers	52
1-E Comparison of Revenue with Budget	53
1-F Comparison of Expenditures with Budget	54
1-G Schedule of Taxes Receivable	58
1-H Schedule of Asset Valuation, Tax Rate, Levy and Collections-Past 10 Years	59
Combined Special Revenue Fund:	
2-A Comparative Balance Sheet	60
2-B Balance Sheet	61
2-C Statement of Changes in Fund Balance	62
2-D Statement of Revenues and Expenditures	63

TABLE OF CONTENTS (CONTINUED)

<u>Schedule</u>	<u>Page</u>
Combined Debt Service Fund:	
3-A Combined Balance Sheet	64
3-B Balance Sheet	65
3-C Statement of Changes in Fund Balance	66
3-D Statement of Revenues, Expenditures, Transfers	67
Combined Trust and Agency Fund:	
4-A Comparative Balance Sheet	68
4-B Balance Sheet	69
Combined Proprietary Fund:	
5-A Comparative Balance Sheet	70
5-B Balance Sheet	71
5-C Statement of Changes in Fund Balance	72
5-D Statement of Revenues, Expenditures, and Transfers	73
5-E Water & Sewer Fund-Comparison of Revenue with Budget	74
5-F Water & Sewer Fund-Comparison of Expenditures with Budget	75
5-G Water & Sewer Fund-Statement of Income	77
5-H Water & Sewer Fund-Gen. Obligation Refunding Bonds, Series 2002	78
5-I Water & Sewer Certificates of Obligation-Tax & Waterworks & Sewer System Surplus Revenue Cert. of Obligation, Series 2002	79
Combined Intragovernmental Service Funds:	
6-A Comparative Balance Sheet	80
6-B Balance Sheet	81
6-C Statement of Changes in Fund Balance	82
6-D Statement of Revenues and Expenditures	83
General Long-Term Debt Account Groups:	
7-A Comparative Balance Sheet	84
7-B Combined Capital Project Fund-Balance Sheet	85
7-C Combined Proprietary Fund-Statement of Changes in Fund Balance	86
7-D Combined Capital Projects Fund-Statement of Revenues, Expenditures, and Transfers	87
8-A General Long-Term Debt Account Groups-Comparative Balance Sheet	88
8-B General Obligation Refunding Bonds, Series 1995	89
8-C Certificate of Obligation Revenue Bonds, Series 2006	90
9 Water & Sewer Utility System Utility System-Customer Statistics	91
10 Schedule of Insurance Coverage	92

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UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY  
INFORMATION

Independent Auditor's Report

City Council  
City of Borger  
Borger, Texas 79007

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 the City of Borger (the City) as of and for the year ended September 30, 2006, 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 the City of Borger as of September 30, 2006, 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.

As discussed in Note Z to the financial statements, certain errors resulting in overstatement of previously reported net assets restricted for capital projects and the understatement of unrestricted net assets as of September 30, 2006, were discovered by management of the City during the current year. Accordingly, an adjustment has been made to properly reclassify the accounts in the Net Assets as of September 30, 2006, to correct the error.

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*

February 28, 2007

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, 2006. 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 \$817,544 less than the \$13,049,049 generated in tax and other revenues for governmental and business like operations.

The General Fund ended the year with a fund balance of \$1,559,655.

### USING THIS ANNUAL REPORT

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

Fund financial statements (starting on page 13) report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future funding. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the City were sold to departments within the City or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the City.

The notes to the financial statements (starting on page 28) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

### Reporting the City as a Whole

#### *The Statement of Net Assets and the Statement of Activities*

The analysis of the City's overall financial condition and operations begins on page 10. Its

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

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

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

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

- Governmental activities - Most of the City's basic services are reported here, including general government, fire protection, police, 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.

In 2006, net assets of the City's governmental activities increased from \$6,001,265 to \$6,579,837. This increase in governmental net assets was the result an increase in investments of \$5,366,331 and an offsetting increase in liabilities of \$4,075,889 due to long term debt incurred for capital infrastructure improvements. There was also increases of \$86,453 in receivables and depreciation of \$113,849.

In 2006, net assets of the City's business-type activities increased from \$11,752,451 to \$12,698,467 due mainly to an increase in investments.

**Table I  
NET ASSETS**

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

	Governmental Activities 2005	Business-type Activities 2005	Total 2005
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

	Governmental Activities 2006	Business-type Activities 2006	Total 2006
Current and other assets	7,354,925	3,360,404	10,715,329
Capital assets – NET	5,565,030	23,306,821	28,871,851
Total assets	12,919,955	26,667,225	39,587,180
Long-term liabilities	5,712,228	12,333,312	18,045,540
Other liabilities	627,890	1,349,446	2,263,336
Total liabilities	6,340,118	13,682,758	20,308,876

Net Assets:

Invested in capital assets net of related debt	4,523,395	10,071,764	14,595,159
Restricted	5,927,956	36,443	5,964,399
Unrestricted	-3,871,514	2,590,260	-1,281,254
Total net assets	6,579,837	12,698,467	19,278,304

Table II

CHANGES IN NET ASSETS

	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

	Governmental Activities 2005	Business-type Activities 2005	Total 2005
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
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
<b>Total Revenue</b>	<b>7,184,517</b>	<b>4,583,555</b>	<b>11,768,072</b>
<b>Expenses:</b>			
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
<b>Total Expenses</b>	<b>6,585,526</b>	<b>4,322,632</b>	<b>10,908,158</b>
Change in Net Assets	598,991	260,923	859,914
Net assets at 10/01/2004	5,402,274	11,491,528	16,893,802
Net assets at 09/30/2005	6,001,265	11,752,451	17,753,716

	Governmental Activities 2006	Business-type Activities 2006	Total 2006
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for Services	2,241,028	5,094,958	7,335,986
Operating grants and contributions	190,405		190,405
<b>General Revenues:</b>			
Maintenance and operations taxes	1,378,588		1,378,588
Debt service taxes	192,632	253,154	445,786
Penalty and Interest	42,296	4,605	46,901
Sales and Use taxes	2,368,404		2,368,404
Hotel/Motel taxes	196,370		196,370
Gross Receipts Tax	804,703		804,703
Grants and Contributions not restricted	460,787		460,787
Gain on Sale of Assets	1,407		1,407

	Governmental Activities 2006	Business-type Activities 2006	Total 2006
Miscellaneous Revenue	14,744	60,429	75,173
Investment Earnings	136,948	95,851	232,799
Total Revenue	8,028,312	5,508,997	13,537,309
Expenses:			
General Government	735,633		735,633
Public Safety and Judiciary	3,713,912		3,713,912
Public Works	2,137,676		2,137,676
Cultural, Parks and Recreation	796,880		796,880
Community Development			
Unallocated Interest Expense	65,639		65,639
Other business-type activities		4,562,981	4,562,981
Total Expenses	7,449,740	4,562,981	12,012,721
Change in Net Assets	578,572	946,016	1,524,588
Net assets at 10/01/2005	6,001,265	11,752,451	17,753,716
Net assets at 09/30/2006	6,579,837	12,698,467	19,278,304

The cost of all governmental activities this year was \$7.5 million compared to \$6.6 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 \$1.6 million because some of the costs were paid by those who directly benefited from the programs (\$5.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions.

## 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 \$6.58 million, which is an increase over last year's total of \$6.00 million. Included in this year's total change in fund balance is an increase of \$578,572 in the City's Governmental Activity Funds.

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

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2006, the City had \$19,278,304 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, recreation, administration, and maintenance.

## Debt

At year-end, the City had \$18,045,540 in bonds and notes outstanding versus \$14,371,863 last year, an increase of 20.36 percent. The City Council authorized debt of \$5,000,000 to finance improvements to the City's Johnson Park Youth Center. These improvements include a new gymnasium, restroom and shower facilities, new entry and commons area, remodel of the existing youth center and new parking and landscape areas. Also the City will upgrade the public safety radio system to comply with the new P-25 requirements well before the 2009 mandated deadline. The purchase of a new state of the art doppler weather radar will greatly enhance the City's Emergency Management Department. New restroom facilities and a water play ground are planned for Huber Park to further enhance recreational opportunities. With the possibility of additional industrial water in 2008 some funds will be held in reserve for a second water well in the City's well field. Also with the recent passage of Stage II Disinfection By-Products Rule funds for major changes to the disinfection process of the City's Water Treatment Plant will be reserved.

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 speculation of two new hotels currently in the planning stage will continue to expand the hotel/motel and tourism industries.

These factors were conservatively taken into account when adopting the new budget for 2006 - 2007. The City will use its revenues to finance programs we currently offer and expand spending in maintenance of streets and rights of ways. Budgeted expenditures are expected to increase, however, the 2006 - 2007 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 expanded one major program in the 2005 - 2006 budget. This program has been well accepted and we plan to expand it further in the 2006 – 2007 budget year. The program consists of an organized effort using 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. Our yearly Trash Bash and Tire Amnesty programs have also been highly successful.

The 2006 - 2007 budget also includes the Business-Like Fund for the operation of our water, and sewer operations. Over the last several years the City has greatly expanded industrial water sales. Major capital improvements are budgeted for this year. A new well is planned for our existing well field

and the acquisition and purchase of additional water rights in Carson County are a strong possibility. Along with the purchase of these water rights the City will also acquire three more water wells, transmission and storage facilities, along with an additional industrial customer that will generate an estimated \$450,000 per year in gross water sales. We now sell water to every major industry in the area. Also in 2005 the City in joint partnership with Agrium U.S. Inc. completed a \$500,000 water reuse project. This project came online in August of 2005 and utilizes 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. With Lake Meredith (one of the City's major sources of water) at historically low levels this project is projected to save over 350,000,000 gallons of water from Lake Meredith annually. The project was funded entirely by Agrium U.S. Inc.

If estimates are realized, the City's budgetary General Fund balance is expected to remain the same at the close of 2007. 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, 2006

EXHIBIT A-1

	Primary Government			Component Unit Non-major Component Unit
	Governmental Activities	Business Type Activities	Total	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 658,025	\$ 734,392	\$ 1,392,417	\$ 146,606
Investments-Restricted	5,000,000	0	5,000,000	0
Investments - Current	1,457,336	1,833,444	3,290,780	958,749
Receivables (net of allowance for uncollectibles)	226,492	514,362	740,854	68,524
Internal Balances	(24,095)	24,095	0	0
Inventories	37,167	0	37,167	0
Prepaid Items	0	0	0	5,507
Capitalized Debt Issuance Costs	0	254,111	254,111	0
Capital Assets:				
Land	1,056,095	252,254	1,308,349	32,095
Infrastructure, net	998,663	0	998,663	0
Buildings, net	2,004,369	31,795	2,036,164	2,126,118
Machinery and Equipment, net	1,505,903	120,373	1,626,276	37,860
Plant Assets and Equipment, net	0	22,902,399	22,902,399	0
Total Assets	12,919,955	26,667,225	39,587,180	3,375,459
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	241,368	446,837	688,205	16,242
Intergovernmental Payable	21,009	0	21,009	0
Accrued Interest Payable	36,106	24,178	60,284	0
Deferred Revenues	0	262,686	262,686	0
Bonds Payable	5,000,000	0	5,000,000	0
Non-current Liabilities				
Due Within One Year	329,407	901,745	1,231,152	0
Due in More Than One Year	712,228	12,333,312	13,045,540	0
Total Liabilities	6,340,118	13,968,758	20,308,876	16,242
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	4,523,395	10,071,764	14,595,159	2,196,073
Restricted for:				
Restricted for Capital Projects	23,900		23,900	0
Restricted for Debt Service	54,797	36,443	91,240	0
Restricted for Youth Facilities and Park	464,426	0	464,426	0
Restricted for Police	133,299	0	133,299	0
Restricted for Tourism	178,443	0	178,443	0
Restricted for Environmental Projects	47,069	0	47,069	0
Restricted for Other Purposes	26,022	0	26,022	0
Unrestricted Net Assets	1,128,486	2,590,260	3,718,746	1,163,144
Total Net Assets	\$ 6,579,837	\$ 12,698,467	\$ 19,278,304	\$ 3,359,217

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

EXHIBIT B-1

	Program Revenues				PRIMARY GOVERNMENT		COMPONENT
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	UNIT Non-major Component Unit
<b>Primary Government:</b>							
<b>GOVERNMENTAL ACTIVITIES:</b>							
General Data Processing	\$ 23,477	\$ 0	\$ 0	\$ (23,477)	\$ 0	\$ (23,477)	\$ 0
Administration	96,433	(68,357)	0	(28,076)	0	(28,076)	0
Legal	11,757	0	0	(11,757)	0	(11,757)	0
Vehicle Service Center	147,366	0	0	(147,366)	0	(147,366)	0
City Hall Building Maintenance	7,786	0	0	(7,786)	0	(7,786)	0
General Contingencies	118,234	0	0	(118,234)	0	(118,234)	0
Police	1,745,299	(986)	(80,227)	(1,664,086)	0	(1,664,086)	0
Fire	1,190,924	(20,000)	(2,575)	(1,168,349)	0	(1,168,349)	0
Fire Prevention	63,502	0	0	(63,502)	0	(63,502)	0
Animal Control	163,008	(6,502)	0	(156,506)	0	(156,506)	0
Central Dispatching	261,178	(7,000)	0	(254,178)	0	(254,178)	0
Code Enforcement	111,432	0	0	(111,432)	0	(111,432)	0
Municipal Court	279,628	(409,608)	0	129,980	0	129,980	0
Emergency Management	10,373	0	0	(10,373)	0	(10,373)	0
Building Standards & Facelift	78,217	0	0	(78,217)	0	(78,217)	0
Street & Alley Maintenance	383,213	(5,920)	0	(377,293)	0	(377,293)	0
Refuse Collection	485,838	(1,368,580)	0	882,742	0	882,742	0
Recycling Center	31,504	0	0	(31,504)	0	(31,504)	0
Transfer Station	755,410	(189,705)	0	(565,705)	0	(565,705)	0
Public Works Director	172,768	0	0	(172,768)	0	(172,768)	0
Traffic Engineering Maintenance	83,360	0	0	(83,360)	0	(83,360)	0
Culture and Recreation	280,265	0	(57,004)	(223,261)	0	(223,261)	0
Parks	477,373	(128,137)	(50,599)	(298,637)	0	(298,637)	0
Swimming Pools	39,242	(8,552)	0	(30,690)	0	(30,690)	0
Planning & Zoning	342,872	(27,681)	0	(315,191)	0	(315,191)	0
Environmental Management	22,769	0	0	(22,769)	0	(22,769)	0
Economic Development and Assistance	0	0	0	0	0	0	0
Bond Interest	65,639	0	0	(65,639)	0	(65,639)	0
Fiscal Agent's Fees	873	0	0	(873)	0	(873)	0
Total Governmental Activities:	7,449,740	(2,241,028)	(190,405)	(5,018,307)	0	(5,018,307)	0
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Total Business-Type Activities:	4,562,981	(5,094,958)	0	0	531,977	531,977	0
<b>TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 12,012,721</b>	<b>\$ (7,335,986)</b>	<b>\$ (190,405)</b>	<b>\$ (5,018,307)</b>	<b>\$ 531,977</b>	<b>\$ (4,486,330)</b>	<b>\$ 0</b>
<b>Component Unit:</b>							
Nonmajor Component Unit	0	0	0	0	0	0	(883,087)
<b>TOTAL COMPONENT UNITS:</b>	<b>\$ 621,848</b>	<b>\$ 26,598</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (883,087)</b>

CITY OF BORGER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

EXHIBIT B-1 (Cont'd)

	Program Revenues			PRIMARY GOVERNMENT		COMPONENT UNIT	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Non-major Component Unit
General Revenues:							
Taxes:							
Property Taxes:							
Property Taxes, Levied for General Purposes			\$ 1,378,588	\$ 0	\$ 1,378,588	\$ 0	\$ 0
Property Taxes, Levied for Debt Service			192,632	253,154	445,786	0	0
Penalty and Interest			42,296	4,605	46,901	0	0
Sales Tax			2,368,404	0	2,368,404	799,101	0
Motel Tax			196,370	0	196,370	0	0
Gross Receipts Tax			804,703	0	804,703	0	0
Grants and Contributions Not Restricted			460,787	0	460,787	0	0
Gain on Sale of Assets			1,407	0	1,407	(12,000)	815
Miscellaneous Revenue			14,744	60,429	75,173	0	0
Investment Earnings			136,948	95,851	232,799	0	43,822
<b>Total General Revenues, Special Items, and Transfers</b>			<b>5,596,879</b>	<b>414,039</b>	<b>6,010,918</b>		<b>831,738</b>
Change in Net Assets			578,572	946,016	1,524,588		(51,349)
Net Assets-Beginning			8,001,265	11,752,451	17,753,716		3,410,566
Net Assets-Ending			<b>\$ 8,579,837</b>	<b>\$ 12,698,467</b>	<b>\$ 19,278,304</b>		<b>\$ 3,359,217</b>

CITY OF BORGER  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2006

	General Fund	Capial Equipment Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 491,165	\$ 100,001	\$ 55,347	\$ 646,513
Investments - Current	1,165,836	4,909,845	261,655	6,337,336
Interest Receivable - Investments	3,681	14,054	748	18,483
Taxes Receivable	253,252	0	0	253,252
Allowance for Uncollectible Taxes (credit)	(157,815)	0	0	(157,815)
Receivables (net of allowance for uncollectibles)	112,572	0	0	112,572
<b>Total Assets</b>	<b>\$ 1,868,691</b>	<b>\$ 5,023,900</b>	<b>\$ 317,750</b>	<b>\$ 7,210,341</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 76,833	\$ 0	\$ 0	\$ 76,833
Wages and Salaries Payable	135,424	0	1,162	136,586
Intergovernmental Payable	21,009	0	0	21,009
Due to Other Funds	2,956	0	21,139	24,095
Deferred Revenues	72,814	0	0	72,814
<b>Total Liabilities</b>	<b>\$ 309,036</b>	<b>\$ 0</b>	<b>\$ 22,301</b>	<b>\$ 331,337</b>
<b>Fund Balances:</b>				
<b>Unreserved and Undesignated:</b>				
Reported in the General Fund	\$ 1,559,655	\$ 0	\$ 0	\$ 1,559,655
Reported in the Capital Equipment Fund	0	5,023,900	0	5,023,900
Reported in the Special Revenue Fund	0	0	240,652	240,652
Reported in the Debt Service Fund	0	0	54,797	54,797
<b>Total Fund Balances</b>	<b>\$ 1,559,655</b>	<b>\$ 5,023,900</b>	<b>\$ 295,449</b>	<b>\$ 6,879,004</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,868,691</b>	<b>\$ 5,023,900</b>	<b>\$ 317,750</b>	<b>\$ 7,210,341</b>

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET ASSETS  
 September 30, 2006

<b>Total Fund Balances - Governmental Funds</b>	\$ 6,879,004
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.	140,730
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 \$14,851,875 and the accumulated depreciation was \$9,172,996 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.	4,305,570
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 2006 capital outlays and debt principal payments is to increase (decrease) net assets.	498,514
The 2006 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(293,393)
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	(4,950,588)
<b>Net Assets of Governmental Activities</b>	<b>\$ 6,579,837</b>

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	General Fund	Capital Equipment Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,291,801	\$ 0	\$ 206,605	\$ 1,498,406
General Sales and Use Taxes	2,363,717	0	4,687	2,368,404
Gross Receipts Business Tax	0	0	196,370	196,370
Franchise Tax	804,703	0	0	804,703
Penalty and Interest on Taxes	33,005	0	9,291	42,296
Licenses and Permits	34,183	0	0	34,183
Intergovernmental Revenue and Grants	101,970	0	49,421	151,391
Charges for Services	1,726,068	0	0	1,726,068
Fines	401,612	0	7,856	409,468
Special Assessments	480,787	0	7,583	488,370
Investment Earnings	97,071	23,900	15,977	136,948
Contributions & Donations from Private Sources	53,174	0	0	53,174
Other Revenue	44,310	0	0	44,310
<b>Total Revenues</b>	<b>\$ 7,432,401</b>	<b>\$ 23,900</b>	<b>\$ 497,790</b>	<b>\$ 7,954,091</b>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
General Data Processing	\$ 27,273	\$ 0	\$ 0	\$ 27,273
Administration	157,830	0	0	157,830
Legal	11,757	0	0	11,757
Vehicle Service Center	160,172	0	0	160,172
City Hall Building Maintenance	7,786	0	0	7,786
General Contingencies	141,916	0	0	141,916
Public Safety:				
Police	1,711,967	0	12,657	1,724,624
Fire	1,205,623	0	1,229	1,206,852
Fire Prevention	62,524	0	0	62,524
Animal Control	159,836	0	0	159,836
Central Dispatching	261,178	0	0	261,178
Code Enforcement	110,471	0	0	110,471
Municipal Court	272,521	0	7,107	279,628
Building Standards & Facelift	77,731	0	0	77,731
Environmental Management	0	0	22,769	22,769
Emergency Management	1,634	0	0	1,634
Street & Alley Maintenance	394,854	0	0	394,854
Refuse Collection	476,390	0	0	476,390
Recycling Center	47,048	0	0	47,048
Transfer Station	721,390	0	0	721,390
Public Works Director	172,740	0	0	172,740
Traffic Engineering Maintenance	82,558	0	0	82,558
Culture & Recreation	72,030	0	207,652	279,682
Parks	484,450	0	0	484,450
Swimming Pools	43,261	0	0	43,261
Conservation and Development:				
Planning & Zoning	352,962	0	0	352,962
Debt Service:				
Bond Principal	0	0	155,000	155,000
Bond Interest	0	0	43,335	43,335
Fiscal Agent's Fees	0	0	873	873
<b>Total Expenditures</b>	<b>\$ 7,217,902</b>	<b>\$ 23,900</b>	<b>\$ 450,622</b>	<b>\$ 7,668,524</b>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$ 214,499	\$ 23,900	\$ 47,168	\$ 285,567

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, 2006

	General Fund	Capital Equipment Fund	Other Funds	Total Governmental Funds
<b>OTHER FINANCING SOURCES (USES):</b>				
Non-Current Loans	\$ 0	\$ 5,000,000	\$ 0	\$ 5,000,000
Transfers In	16,229	0	0	16,229
Other Resources	2,505	0	0	2,505
Transfers Out (Use)	0	0	(15,000)	(15,000)
Total Other Financing Sources (Uses)	\$ 18,734	\$ 5,000,000	\$ (15,000)	\$ 5,003,734
Net Change in fund Balances	233,233	5,023,900	32,168	5,289,301
Fund Balance - October 1 (Beginning)	1,326,422	0	263,281	1,589,703
Fund Balance - September 30 (Ending)	\$ 1,559,655	\$ 5,023,900	\$ 295,449	\$ 6,879,004

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, 2006

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ 5,289,301
	34,738
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.	498,514
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 2006 capital outlays and debt principal payments is to increase (decrease) net assets.	(293,393)
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.	(4,950,588)
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.	_____
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ <u>578,572</u></b>

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, 2006

	Budget Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 1,308,418	\$ 1,308,418	\$ 1,291,801	\$ (16,617)
General Sales and Use Taxes	1,863,955	1,863,955	2,363,717	499,762
Franchise Tax	571,045	571,045	804,703	233,658
Penalty and Interest on Taxes	23,500	23,500	33,005	9,505
Licenses and Permits	21,700	21,700	34,183	12,483
Intergovernmental Revenue and Grants	0	0	101,970	101,970
Charges for Services	2,060,457	2,060,457	1,726,068	(334,389)
Fines	327,500	327,500	401,612	74,112
Special Assessments	404,295	404,295	480,787	76,492
Investment Earnings	17,500	17,500	97,071	79,571
Contributions & Donations from Private Sources	0	0	53,174	53,174
Other Revenue	28,000	28,000	44,310	16,310
Total Revenues	<u>6,626,370</u>	<u>6,626,370</u>	<u>7,432,401</u>	<u>806,031</u>
<b>EXPENDITURES:</b>				
General Government:				
General Data Processing	31,694	31,694	27,273	4,421
Administration	173,777	173,777	157,830	15,947
Legal	11,000	11,000	11,757	(757)
Vehicle Service Center	181,696	181,696	160,172	21,524
City Hall Building Maintenance	10,000	10,000	7,786	2,214
General Contingencies	94,481	94,481	141,916	(47,435)
Public Safety:				
Police	1,662,067	1,662,067	1,711,967	(49,900)
Fire	1,211,425	1,211,425	1,205,623	5,802
Fire Prevention	64,080	64,080	62,524	1,556
Animal Control	144,877	144,877	159,836	(14,959)
Central Dispatching	271,184	271,184	261,178	10,006
Code Enforcement	99,561	99,561	110,471	(10,910)
Municipal Court	281,025	281,025	272,521	8,504
Emergency Management	0	0	1,634	(1,634)
Building Standards & Facelift	82,053	82,053	77,731	4,322
Street & Alley Maintenance	417,619	417,619	394,854	22,765
Refuse Collection	435,633	435,633	476,390	(40,757)
Recycling Center	15,900	15,900	47,048	(31,148)
Transfer Station	712,877	712,877	721,390	(8,513)
Public Works Director	184,914	184,914	172,740	12,174
Traffic Engineering Maintenance	91,877	91,877	82,558	9,319
Culture and Recreation	93,595	93,595	72,030	21,565
Parks	434,438	434,438	484,450	(50,012)
Swimming Pools	47,153	47,153	43,261	3,892
Conservation and Development:				
Planning & Zoning	315,555	315,555	352,962	(37,407)
Total Expenditures	<u>7,068,481</u>	<u>7,068,481</u>	<u>7,217,902</u>	<u>(149,421)</u>
Excess (Deficiency) of Revenues Over (Under)	<u>(442,111)</u>	<u>(442,111)</u>	<u>214,499</u>	<u>656,610</u>
Expenditures				

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, 2006

	Budget Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES):</b>				
Non-Current Loans	0	0	0	0
Other Resources	0	0	2,505	2,505
Transfers In	300,000	300,000	16,229	(283,771)
Transfers Out (Use)	0	0	0	0
Total Other Financing Sources (Uses)	300,000	300,000	18,734	(281,266)
Net Change in Fund Balances	(142,111)	(142,111)	233,233	375,344
Fund Balance - October 1 (Beginning)	1,326,422	1,326,422	1,326,422	0
Fund Balance - September 30 (Ending)	\$ 1,184,311	\$ 1,184,311	\$ 1,559,655	\$ 375,344

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2006

	Business-Type Activities - Water and Sewer Operations	Governmental Activities - Internal Service Fund
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 734,392	\$ 11,512
Investments - Current	1,833,444	120,000
Interest Receivable - Investments	5,248	0
Accounts Receivable - Net of Uncollectible Allowance	509,114	0
Due from Other Funds	24,095	0
Inventories	0	37,167
Capitalized Debt Issuance Costs	254,111	0
Total Current Assets	3,360,404	168,679
<b>Noncurrent Assets:</b>		
<b>Capital Assets:</b>		
Land	252,254	0
Buildings	294,489	0
Accumulated Depreciation - Buildings	(262,693)	0
Machinery and Equipment	1,111,276	0
Accumulated Depreciation - Machinery & Equipment	(987,199)	0
Water & Sewer Plant and System	40,455,201	0
Accumulated Depreciation - W & S Plant & System	(17,556,507)	0
Total Noncurrent Assets	23,306,821	0
Total Assets	\$ 26,667,225	\$ 168,679

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2006

	Business-Type Activities - Water and Sewer Operations	Governmental Activities - Internal Service Fund
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 86,357	\$ 27,949
Accrued Salaries Payable	40,194	0
Due to Others	320,286	0
Accrued Interest Payable	24,178	0
Notes Payable - Current	17,671	0
Bonds Payable - Current:		
Revenue Bonds Payable	470,000	0
CRMWA Bonds Payable	414,074	0
<b>Total Current Liabilities</b>	<b>1,372,760</b>	<b>27,949</b>
<b>Non-Current Liabilities:</b>		
Deferred Revenue	262,686	0
Bonds Payable - Non-Current:		
Revenue Bonds Payable	3,960,000	0
CRMWA Bonds Payable	7,000,272	0
Unamortized Charge - Refunding Bonds	1,336,395	0
Notes Payable - Non-Current	36,645	0
<b>Total Non-Current Liabilities</b>	<b>12,595,998</b>	<b>0</b>
<b>Total Liabilities</b>	<b>\$ 13,968,758</b>	<b>\$ 27,949</b>
<b>NET ASSETS</b>		
Investments in Capital Assets, Net of Debt Restricted for Debt Retirement	10,071,764	0
Unrestricted Net Assets	54,989	0
<b>Total Net Assets</b>	<b>2,571,714</b>	<b>140,730</b>
	<b>\$ 12,698,467</b>	<b>\$ 140,730</b>

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  
SEPTEMBER 30, 2006

	Business-Type Activities - Water and Sewer Operations	Governmental Activities - Internal Service Fund
<b>OPERATING REVENUES:</b>		
Charges for Water Services	\$ 3,555,211	\$ 0
Charge for Sewage Service	1,471,461	0
Other Revenue	128,714	34,738
Total Operating Revenues	5,155,386	34,738
<b>OPERATING EXPENSES:</b>		
Personal Services - Salaries and Wages		
Water/Sewer Customer Service	183,633	0
Water Maintenance	270,272	0
Sewer Maintenance	248,950	0
Water Production & Treatment	146,187	0
Wastewater Collection & Treatment	164,275	0
Utility Director	83,109	0
Data Processing	18,224	0
Total Personal Services - Salaries and Wages	1,114,650	0
Personal Services - Employee Benefits		
Water/Sewer Customer Service	52,043	0
Water Maintenance	102,876	0
Sewer Maintenance	83,581	0
Water Production & Treatment	55,087	0
Wastewater Collection & Treatment	60,708	0
Utility Director	24,634	0
Data Processing	8,177	0
Total Personal Services - Employee Benefits	387,106	0
Purchased Professional & Technical Services		
Reserve Account	2,095	0
Purchased Property Services		
Water/Sewer Customer Service	21,622	0
Water Maintenance	60,614	0
Sewer Maintenance	96,729	0
Water Production & Treatment	29,910	0
Wastewater Collection & Treatment	28,261	0
Utility Director	932	0
Data Processing	21,207	0
Reserve Account	7,819	0
Total Purchased Property Services	267,094	0

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  
SEPTEMBER 30, 2006

	Business-Type Activities - Water and Sewer Operations	Governmental Activities - Internal Service Fund
<b>Other Operating Expenses</b>		
Water/Sewer Customer Service	\$ 178,369	0
Water Maintenance	13,500	0
Sewer Maintenance	58,970	0
Water Production & Treatment	331,362	0
Wastewater Collection & Treatment	162,207	0
Utility Director	6,428	0
Data Processing	19,368	0
Reserve Account	5,299	0
<b>Total Other Operating Expenses</b>	<b>775,503</b>	<b>0</b>
<b>Supplies</b>		
Water/Sewer Customer Service	6,478	0
Water Maintenance	32,569	0
Sewer Maintenance	33,479	0
Water Production & Treatment	49,553	0
Wastewater Collection & Treatment	29,452	0
Utility Director	4,159	0
Data Processing	1,327	0
Reserve Account	441,368	0
<b>Total Supplies</b>	<b>598,385</b>	<b>0</b>
Depreciation	949,231	0
<b>Total Operating Expenses</b>	<b>4,094,064</b>	<b>0</b>
<b>Operating Income (Loss)</b>	<b>1,061,322</b>	<b>34,738</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Investment Earnings	95,851	0
Property Taxes	257,759	0
Interest Expense - Non Operating	(468,916)	0
<b>Total Non-Operating Revenue (Expenses)</b>	<b>(115,306)</b>	<b>0</b>
<b>Income (Loss) Before Transfers</b>	<b>946,016</b>	<b>34,738</b>
Transfer In	0	0
Transfers Out	0	0
<b>Change in Net Assets</b>	<b>946,016</b>	<b>34,738</b>
<b>Total Net Assets - October 1 (Beginning)</b>	<b>11,752,451</b>	<b>105,992</b>
<b>Total Net Assets - September 30 (Ending)</b>	<b>\$ 12,698,467</b>	<b>\$ 140,730</b>

CITY OF BORGER  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Business-Type Activities - Water and Sewer Operations	Governmental Activities - Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash received from User Charges	\$ 5,081,807	\$ 52,614
Cash Payments to Employees for Services	(1,501,071)	0
Cash Payments for Insurance Claims	0	0
Cash Payments for Suppliers	(1,646,397)	(11,367)
Net Cash Provided by Operating Activities	<u>1,934,339</u>	<u>41,247</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer Out	<u>0</u>	<u>0</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>		
Acquisition of Capital Assets	(350,672)	0
Capital Contributed by Other Funds	257,759	0
Interest Paid on Debts	(328,430)	0
Principal Payments on Debt	(767,482)	0
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(1,188,825)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	(1,153,298)	(37,000)
Proceeds from Sale & Maturities of Securities	0	0
Interest on Investments	92,627	0
Net Cash Provided by (Used for ) Investing Activities	<u>(1,060,671)</u>	<u>(37,000)</u>
Net Increase in Cash and Cash Equivalents	(315,157)	4,247
Cash and Cash Equivalents at Beginning of the Year:	<u>1,049,549</u>	<u>7,265</u>
Cash and Cash Equivalents at Ending of the Year:	<u>\$ 734,392</u>	<u>\$ 11,512</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>		
Operating Income (Loss):	\$ 1,061,322	\$ 34,738
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	949,231	0
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(107,643)	0
Decrease (increase) in Inventories	0	(21,190)
Increase (decrease) in Accounts Payable	37,248	27,699
Increase (decrease) in Accrued Salaries	(15,294)	0
Increase (decrease) in Customer Meter Deposits	9,475	0
Net Cash Provided by Operating Activities	<u>\$ 1,934,339</u>	<u>\$ 41,247</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2006

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	Agency Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 41,341
Investments	<u>226,446</u>
Total Assets	<u><u>\$ 267,787</u></u>
<b>LIABILITIES</b>	
Hospitalization Payable	\$ 41,341
Deferred Compensation	<u>226,446</u>
Total Liabilities	<u><u>\$ 267,787</u></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, 2006

	BALANCE OCTOBER 1 2005	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2006
<b>GROUP HOSPITALIZATION FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 41,341	\$ 888,380	\$ 928,418	\$ 1,303
Liabilities:				
Accounts Payable	\$ 41,341	\$ 928,418	\$ 888,380	\$ 1,303
<b>DEFERRED COMPENSATION</b>				
Assets:				
Investments	\$ 200,644	\$ 25,802	\$ 0	\$ 226,446
Liabilities:				
Deferred Compensation	\$ 200,644	\$ 0	\$ 25,802	\$ 226,446
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 41,341	\$ 888,380	\$ 928,418	\$ 1,303
Investments	200,644	25,802	0	226,446
Total Assets	\$ 241,985	\$ 914,182	\$ 928,418	\$ 227,749
Liabilities:				
Accounts Payable	\$ 41,341	\$ 928,418	\$ 888,380	\$ 1,303
Deferred Compensation	200,644	0	25,802	226,446
Total Liabilities	\$ 241,985	\$ 928,418	\$ 914,182	\$ 227,749

The accompanying notes are an integral part of this statement.

**CITY OF BORGER**  
**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2006**

**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 its component units, nonfiduciary activities, 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.

3. **Capital Projects Funds**-The City accounts for the acquisition of capital assets or construction of major capital projects not being financed by Proprietary or Fiduciary Funds.

Proprietary Funds:

4. **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:

5. **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.
6. **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.
7. **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.
8. **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	3,218,548	1,168,280	2,050,268	
Furniture & Equip.	5,595,946	4,081,767	1,514,179	
Infrastructure	<u>4,984,286</u>	<u>3,922,949</u>	<u>1,061,337</u>	
Change in Net Assets				<u>\$ 5,678,879</u>
 <u>Long-Term Liabilities At the Beginning of The Year</u>			 <u>Payable at the Beginning of The Year</u>	
Bonds Payable			\$ 865,000	
Loans Payable			505,251	
Capital Leases Payable			<u>3,058</u>	
Change in Net Assets				<u>(1,373,309)</u>
Net Adjustment to Net Assets				<u>\$ 4,305,570</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 are 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>
Land	\$ 3,000		
Buildings	14,435		
Furniture & Equipment	<u>163,207</u>		
Total Capital Outlay	<u>\$ 180,642</u>	<u>\$ 180,642</u>	<u>\$ 180,642</u>
 <u>Debt Principal Payments</u>			
Bond Principal	\$ 155,000		
Loan Principal	159,814		
Capital Lse. Payments	<u>3,058</u>		
Total Principal Payments	<u>\$ 317,872</u>	<u>317,872</u>	<u>317,872</u>
 Total Adjustment to Net Assets			
		<u>\$ 498,514</u>	<u>\$ 498,514</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>
Adjustments to Revenue and Deferred Revenue			
Proceeds from Cert of Obligation	\$ ( 5,000,000)	\$(5,000,000)	\$ (5,000,000)
Other Items	49,412	49,412	49,412
Total	<u>\$ (4,950,588)</u>	<u>\$ (4,950,588)</u>	<u>\$ (4,950,588)</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, 2006, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,392,417 and the bank balance was \$1,612,360. The City's cash deposits at September 30, 2006 and during the year ended September 30, 2006 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, 2006, are shown below.:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Category</u>
Texpool	\$8,290,780	\$8,290,780	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, 2006, consisted of the following amounts:

**Due to Enterprise Funds From:**

General Fund \$ 24,095

Total Due to All Other Funds \$ 24,095

Interfund transfers for the year ended September 30, 2006, consisted of the following individual amounts:

**Transfers to General Fund From:**

Enterprise Funds \$ 0

Total Transferred to General Fund \$ 0

**Transfers to Enterprise Fund From:**

Debt Service Funds \$ 253,154

Total Transferred to General Fund \$ 253,154

**E. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivable at September 30, 2006, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
<b>Governmental Activities:</b>					
General Fund	<u>\$ 253,252</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 112,572</u>	<u>\$ 365,824</u>
Total-Governmental Activities	<u>\$ 248,571</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 112,572</u>	<u>\$ 365,824</u>
Amounts Not Scheduled for Collection During the Subsequent Year	<u>\$ 157,815</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 157,815</u>
<b>Business-type Activities:</b>					
Enterprise Fund	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 514,362</u>	<u>\$ 514,362</u>

Payables at September 30, 2006, 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
<b>Governmental</b>							
<b>Activities:</b>							
General Fund	\$ 76,833	\$ 329,407	\$ 135,424	\$ 2,956	\$ 21,009	\$ -0-	\$ 565,629
Non-major Gov. Funds	-0-	-0-	1,162	21,139	-0-	-0-	22,301
Internal Service Funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total-Gov. Activities	\$ 76,833	\$ 329,407	\$ 136,586	\$ 24,095	\$ 21,009	\$ -0-	\$ 587,930
Amounts not Scheduled for Payment during The Subsequent Year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b>Business-Type</b>							
<b>Activities:</b>							
Enterprise Fund	\$ 86,357	\$ 901,745	\$ 40,194	\$ -0-	\$ -0-	\$ 320,286	\$ 1,348,582

## F. CAPITAL ASSET ACTIVITY

Capital asset activity for the City ended September 30, 2006, was as follows:

	Beginning Balance	Primary Government		Ending Balance
		Additions	Retirements	
<b>Governmental Activities:</b>				
Land	\$ 1,053,095	\$ 3,000	\$ ( -0-)	\$ 1,056,095
Buildings & Improvements	3,218,548	25,209	( -0-)	3,243,757
Furniture & Equipment	5,595,946	139,270	( 96,072)	5,639,144
Infrastructure	4,984,286	13,163	( -0-)	4,997,449
Totals at Historic Cost	\$ 14,851,875	\$ 180,642	\$ ( 96,072)	\$ 14,936,445
Less Accumulated Depreciation				
For:				
Buildings & Improvements	\$ ( 1,168,280)	\$ ( 60,334)	\$ -0-	\$ ( 1,228,614)
Furniture & Equipment	( 4,081,767)	( 170,385)	94,974	( 4,191,750)
Infrastructure	( 3,922,949)	( 62,675)	-0-	( 3,985,624)
Total Accumulated Depreciation	( 9,172,996)	( 293,394)	94,974	( 9,371,416)
Governmental Activities Capital Assets, Net	\$ 5,678,879	\$ ( 112,752)	\$ ( 1,098)	\$ 5,565,029
<b>Business-type Activities:</b>				
Land	\$ 252,254	\$ -0-	\$ ( -0-)	\$ 252,254
Buildings & Improvements	294,489	-0-	( -0-)	294,489
Furniture & Equipment	1,106,960	22,315	( -0-)	1,129,275
Improvements/Infrastructure	37,397,833	2,987,703	( -0-)	40,385,536
Totals at Historical Cost	\$ 39,051,536	\$ 3,010,018	\$ ( -0-)	\$ 42,061,554

Less Accumulated Depreciation				
Buildings & Improvements	\$( 256,126)	\$( 6,568)	\$ -0-	\$( 262,694)
Furniture & Equipment	( 939,634)	( 47,565)	-0-	( 987,199)
Improvements/Infrastructure	( 16,718,997)	( 837,509)	-0-	( 17,556,506)
Total Accumulated Depreciation	<u>\$( 17,914,757)</u>	<u>\$( 891,642)</u>	<u>\$ -0-</u>	<u>\$( 18,806,399)</u>
Business-type Activities Capital Assets, Net	\$ 21,136,779	\$ 2,118,376	\$ -0-	\$ 23,255,155

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 14,867
Vehicle Service Center	1,629
Police	44,951
Fire	33,865
Fire Prevention	978
Animal Control	3,172
Code Enforcement	961
Building Standards	486
Street and Alley Maintenance	45,695
Refuse Collection	54,208
Transfer Station	34,020
Public Water Director	3,202
Traffic Engineering	802
Emergency Management	8,739
Recycling Center	676
Recreation	584
Parks	39,276
Swimming Pool	3,472
Planning & Zoning	1,810
	<u>\$293,393</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 9-30-2006
				Outstanding 10-01-2005	Issued	Retired	
Refunding Sr. 1995 Series 2006 Bonds	4.0%-5.2%	\$ 2,110,000	\$ 43,335	\$ 865,000	\$ -0-	\$ 155,000	\$ 710,000
Lse. Obligations Payable	4.25%-5.0%	5,000,000	-0-	-0-	5,000,000	-0-	5,000,000
Notes Payable	Various	194,192	-0-	3,058	-0-	3,058	-0-
	Various	806,641	25,689	491,449	50,834	162,872	379,411
Total			\$ 69,024	\$ 1,359,507	\$ 5,050,834	\$ 320,930	\$ 6,089,411

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	<u>908</u>
Total Minimum Rentals	\$ <u>6,357</u>
Rental Expenditures in Fiscal Year 2006	\$ 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, 2006, including interest payments of \$8,427,118 for General Long-Term Debt and \$5,224,552 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
2007	\$ -0-	\$ 162,069	\$ 400,247	\$ 502,378	\$ 112,691	\$ 17,671	\$ 1,195,056
2008	-0-	120,239	420,285	500,677	110,291	17,671	1,169,163
2009	-0-	93,687	416,535	498,678	112,891	17,671	1,139,462
2010	-0-	22,776	417,355	501,377	115,341	4,418	1,061,267
2011	-0-	-0-	417,475	502,990	112,506	-0-	1,032,971
2012 to 2016	-0-	-0-	2,990,050	1,499,653	597,648	-0-	5,087,351
2017 to 2021	-0-	-0-	2,966,400	-0-	-0-	-0-	2,966,400
Totals	\$ -0-	\$ 398,771	\$ 8,028,347	\$4,005,753	\$ 1,161,368	\$ 57,431	\$13,651,670

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 19, 2006:

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, 2005 valuation is effective for rates beginning January 2007.

### Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date:	December 31, 2005
Actuarial Value of Assets	\$ 12,178,400
Actuarial Accrued Liability	\$ 18,178,748
Percentage Funded	67.0%
Unfunded (Overfunded) Actuarial Accrued Liability (UALL)	\$ 6,000,348
Annual Covered Payroll	\$ 4,181,725
UAAL as a Percentage of Covered Payroll	143.5%
Net Pension Obligation (NPO) at the Beginning Of Period	\$ -0-
Annual Pension Cost:	
Annual Required Contribution (ARC)	\$ 712,880
Contributions Made	\$( 712,880)
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, 2005 valuations are contained in the 2005 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, 2006 employees of the City of Borger were covered by a health insurance plan. The City paid premiums of \$303.34 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 2006.

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

Long-Term activity for the year ended September 30, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 865,000	\$ 5,000,000	\$( 155,000)	\$ 5,710,000	\$ 165,000
Equipment Note	491,449	50,834	( 162,872)	379,411	164,407
Total Bonds and Notes Payable	<u>1,356,449</u>	<u>5,050,834</u>	<u>( 317,872)</u>	<u>6,089,411</u>	<u>\$ 329,407</u>
Other Liabilities:					
Capital Leases	3,058	-0-	( 3,058)	-0-	-0-
Total Other Liabilities	<u>3,058</u>	<u>-0-</u>	<u>( 3,058)</u>	<u>-0-</u>	<u>-0-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,359,507</u>	<u>\$ 5,050,834</u>	<u>\$( 320,930)</u>	<u>\$ 6,089,411</u>	<u>\$ 329,407</u>
<b>Business-Type Activities:</b>					
Bonds and Notes Payable:					
GO Refunding Bond					
Series 2002 Certificate of Obligation 2002	\$ 3,840,000	\$ -0-	\$( 375,000)	\$ 3,465,000	\$ 390,000
Notes Payable	1,040,000	-0-	( 75,000)	965,000	80,000
Total Bonds and Notes Payable	<u>65,568</u>	<u>-0-</u>	<u>( 11,238)</u>	<u>54,316</u>	<u>15,553</u>
Total Bonds and Notes Payable	<u>4,945,568</u>	<u>-0-</u>	<u>( 461,238)</u>	<u>4,484,316</u>	<u>\$ 485,553</u>
Other Liabilities:					
Capital Leases	-0-	-0-	-0-	-0-	-0-
Total Other Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 4,945,568</u>	<u>\$ -0-</u>	<u>\$( 461,238)</u>	<u>\$ 4,484,316</u>	<u>\$ 485,553</u>

#### N. LONG-TERM DEBT-ENTERPRISE FUND

The ordinance authorizing the issuance of Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds Series 1992 and Certificates of Obligations Series 1992 which are to provide for (i) to refund all of the City's outstanding revenue bond debt, (ii) to renovate and expand the water treatment plant, (iii) to construct improvements to the system, and (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, 2006, 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, 2006 is \$972,477 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- 2006 is \$5,223,419. The City owes \$3,701,428 at September 30, 2006, 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

\$81,095 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. The balance owed at September 30, 2006 is \$2,659,346.

## R. LITIGATION

The City is a defendant in several claims and lawsuits. In the opinion of the City Attorney and Management, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

## 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	\$ 205,900	\$ -0-	\$ -0-	\$ 205,900
ICMA PLAN	20,546	-0-	-0-	20,546
	<u>\$ 226,446</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 226,446</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, 2006 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 accompany 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 \$80,375 for the fiscal year ended September 30, 2006. 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. DISCREELY 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	\$ 1,179,386
Capital Assets-net	<u>2,196,073</u>
Total Assets	<u>\$ 3,375,459</u>

Y: DISCREETLY PRESENTED MAJOR COMPONENT UNIT(continued)

LIABILITIES:

Accounts payable and other current	
Liabilities	\$ 16,242
Long-Term Debt	<u>-0-</u>
Total Liabilities	<u>\$ 16,242</u>

Net Assets:

Invested in capital, net of related debt	\$ 2,196,073
Restricted	-0-
Unrestricted	<u>1,163,144</u>
Total Net Assets	<u>\$ 3,359,217</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	\$ 914,337	\$ 31,250	\$ -0-	\$( 883,087)
General				
Revenues:				
Sales Tax				779,101
Other				<u>44,637</u>
Loss on Sale of Assets				( 12,000)
Change in Net Assets				( 51,349)
Net Assets, October 1, 2005				<u>3,410,566</u>
Net Assets, September 30, 2006				\$ <u>3,359,217</u>

Z: ERROR CORRECTION

The City issued bonds late in the year to purchase capital assets. The proceeds received were received, but no capital assets have been purchased as of September 30, 2006. The net assets restricted for capital projects was overstated by the bond proceeds received in the amount of \$5,000,000 and had erroneously reduced the unrestricted net assets by \$5,000,000. Since the bond proceeds had not been disbursed as of September 30, 2006, the bonds payable is included in the current liabilities and the investments is included in assets as restricted.

COMBINING STATEMENTS

CITY OF BORGER  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2006

	COURT TECHNOLOGY FUND	TEXAS PLAINS TRAILS	CITY TOURISM FUND	POLICE COMPUTER FUND	SUPPLEMENTAL ENVIRONMENTAL PROJECT	HURRICANE RELIEF FUND
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ (868)	\$ 7,822	\$ 6,142	\$ (2,586)	\$ (13,604)	\$ 0
Investments - Current	11,900	0	154,015	0	60,500	0
Interest Receivable - Investments	34	0	441	0	173	0
<b>Total Assets</b>	<b>11,066</b>	<b>7,822</b>	<b>160,598</b>	<b>(2,586)</b>	<b>47,069</b>	<b>0</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Wages and Salaries Payable	0	1,162	0	0	0	0
Due to Other Funds	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>1,162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>						
Unreserved and Undesignated:						
Reported in the Special Revenue Fund	11,066	6,660	160,598	(2,586)	47,069	0
Reported in the Debt Service Fund	0	0	0	0	0	0
<b>Total Fund Balances</b>	<b>11,066</b>	<b>6,660</b>	<b>160,598</b>	<b>(2,586)</b>	<b>47,069</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,066</b>	<b>\$ 7,822</b>	<b>\$ 160,598</b>	<b>\$ (2,586)</b>	<b>\$ 47,069</b>	<b>\$ 0</b>

The accompanying notes are an integral part of this statement.

EXHIBIT H-1

<u>HOTEL/MOTEL OCCUPANCY TAX</u>	<u>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</u>	<u>G O BONDS 1995 SERIES</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
\$ 17,845	\$ 14,751	\$ 40,596	\$ 55,347
0	226,415	35,240	261,655
0	648	100	748
<u>17,845</u>	<u>241,814</u>	<u>75,936</u>	<u>317,750</u>
0	1,162	0	1,162
0	0	21,139	21,139
<u>0</u>	<u>1,162</u>	<u>21,139</u>	<u>22,301</u>
17,845	240,652	0	240,652
0	0	54,797	54,797
<u>17,845</u>	<u>240,652</u>	<u>54,797</u>	<u>295,449</u>
<u>\$ 17,845</u>	<u>\$ 241,814</u>	<u>\$ 75,936</u>	<u>\$ 317,750</u>

CITY OF BORGER  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2006

	COURT TECHNOLOGY FUND	TEXAS PLAINS TRAILS	CITY TOURISM FUND	POLICE COMPUTER FUND	SUPPLEMENTAL ENVIRONMENTAL PROJECT	HURRICANE RELIEF FUND
<b>REVENUES:</b>						
Taxes:						
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Sales and Use Taxes	0	0	0	0	0	0
Gross Receipts Business Tax	0	0	0	0	0	0
Penalty and Interest on Taxes	0	0	0	0	0	0
Intergovernmental Revenue and Grants	0	37,500	11,921	0	0	0
Fines	7,856	0	0	0	0	0
Investment Earnings	392	0	5,816	312	3,009	19
City's Share of Expense	0	7,583	0	0	0	0
Contributions & Donations-Private Sources	0	0	0	0	0	0
<b>Total Revenues</b>	<b>8,248</b>	<b>45,083</b>	<b>17,737</b>	<b>312</b>	<b>3,009</b>	<b>19</b>
<b>EXPENDITURES:</b>						
Current:						
General Government:						
General Contingencies	0	0	0	0	0	0
Public Safety:						
Municipal Court	7,107	0	0	0	0	0
Police	0	0	0	12,657	0	0
Fire	0	0	0	0	0	1,229
Environmental Management	0	0	0	0	22,769	0
Recreation	0	66,276	43,140	0	0	0
Debt Service:						
Bond Principal	0	0	0	0	0	0
Bond Interest	0	0	0	0	0	0
Fiscal Agent's Fees	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>7,107</b>	<b>66,276</b>	<b>43,140</b>	<b>12,657</b>	<b>22,769</b>	<b>1,229</b>
Revenues Over (Under) Expenditures						
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers Out (Use)	0	0	80,375	0	(15,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>80,375</b>	<b>0</b>	<b>(15,000)</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>1,141</b>	<b>(21,193)</b>	<b>54,972</b>	<b>(12,345)</b>	<b>(34,760)</b>	<b>(1,210)</b>
Fund Balance - October 1 (Beginning)	9,925	27,853	105,626	9,759	81,829	1,210
Fund Balance - September 30 (Ending)	\$ 11,066	\$ 6,660	\$ 160,598	\$ (2,586)	\$ 47,069	\$ 0

The accompanying notes are an integral part of this statement.

EXHIBIT H-2

HOTEL/MOTEL OCCUPANCY TAX	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	G O BONDS 1995 SERIES	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 0	\$ 0	\$ 215,896	\$ 215,896
0	0	4,687	4,687
196,370	196,370	0	196,370
0	0	0	0
0	49,421	0	49,421
0	7,856	0	7,856
0	9,548	6,429	15,977
0	7,583	0	7,583
0	0	0	0
196,370	270,778	227,012	497,790
0	0	0	0
0	7,107	0	7,107
0	12,657	0	12,657
0	1,229	0	1,229
0	22,769	0	22,769
98,236	207,652	0	207,652
0	0	155,000	155,000
0	0	43,335	43,335
0	0	873	873
98,236	251,414	199,208	450,622
(80,375)	(15,000)	0	(15,000)
(80,375)	(15,000)	0	(15,000)
17,759	4,364	27,804	32,168
86	236,288	26,993	263,281
\$ 17,845	\$ 240,652	\$ 54,797	\$ 295,449

OTHER SUPPLEMENTAL INFORMATION

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

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash On Hand	\$ 455	\$ 455
Cash In Bank	486,637	555,622
Investments	1,165,836	889,727
Ad Valorem Taxes Receivable	253,252	248,571
Less Estimated Uncollectible-Ad Valorem Taxes	(157,815)	(200,925)
Accounts Receivable	217,181	204,774
Less Estimated Uncollectible-Refuse & Vector Control	(106,332)	(121,376)
Sundry Receivables	0	1,462
Interest Receivable	3,681	2,886
Due From Other Funds	1,537	3,765
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 1,864,432</b>	<b>\$ 1,584,961</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 70,843	\$ 74,555
Accrued Salaries Payable	135,424	115,365
Sales Tax Payable	21,009	19,316
Due to State	0	3,000
Escrow Deposits	4,687	5,578
Deferred Revenue	72,814	41,779
	<hr/>	<hr/>
Total Liabilities	304,777	259,593
Fund Balance-Unreserved	951,048	769,900
Reserved	608,607	555,468
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,864,432</b>	<b>\$ 1,584,961</b>
	<hr/> <hr/>	<hr/> <hr/>

CITY OF BORGER, TEXAS  
 COMBINED GENERAL FUND  
 BALANCE SHEET  
 SEPTEMBER 30, 2006

<u>ASSETS</u>	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
<b>Cash &amp; Investments:</b>						
Cash On Hand	\$ 455	\$ 455	\$ 0	\$ 0	\$ 0	\$ 0
Cash In Bank	486,637	469,245	154	5,574	5	64
Investments	1,165,836	500,000	13,100	88,500	366,540	5,991
<b>Total Cash &amp; Investments</b>	<b>1,652,928</b>	<b>969,700</b>	<b>13,254</b>	<b>94,074</b>	<b>366,545</b>	<b>6,055</b>
<b>Receivables:</b>						
Sundry Receivables	0	0	0	0	0	0
Interest Receivable	3,681	1,775	38	253	1,049	17
Ad Valorem Taxes	253,252	253,252	0	0	0	0
Less Allowance For Uncollectible	(157,815)	(157,815)	0	0	0	0
Accounts Receivable	217,181	212,134	0	5,047	0	0
Less Allowance For Uncollectible	(106,332)	(103,790)	0	(2,542)	0	0
<b>Total Receivables</b>	<b>209,967</b>	<b>205,556</b>	<b>38</b>	<b>2,758</b>	<b>1,049</b>	<b>17</b>
<b>Other Assets:</b>						
Due From Payroll Fund	1,537	1,537	0	0	0	0
<b>Total Other Assets</b>	<b>1,537</b>	<b>1,537</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,864,432</b>	<b>\$ 1,176,793</b>	<b>\$ 13,292</b>	<b>\$ 96,832</b>	<b>\$ 367,594</b>	<b>\$ 6,072</b>
<b>LIABILITIES AND FUND</b>						
<b><u>BALANCE</u></b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 70,843	\$ 70,843	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Salaries Payable	135,424	135,424	0	0	0	0
Sales Tax Payable	21,009	21,009	0	0	0	0
Due to State	0	0	0	0	0	0
Deferred Revenue-Paving	4,687	4,687	0	0	0	0
Deferred Revenue-Taxes	72,814	72,814	0	0	0	0
<b>Total Liabilities</b>	<b>304,777</b>	<b>304,777</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balance-Unreserved	951,048	872,016	0	0	0	0
Reserved	608,607	0	13,292	96,832	367,594	6,072
<b>TOTAL LIABILITIES &amp; FUND</b>	<b>\$ 1,864,432</b>	<b>\$ 1,176,793</b>	<b>\$ 13,292</b>	<b>\$ 96,832</b>	<b>\$ 367,594</b>	<b>\$ 6,072</b>
<b>BALANCE</b>						

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	CONCEALED HANDGUN	POOL RENOVATION PROJECT
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12,845	72	(2,131)	809	0	0
103,380	8,200	52,500	27,625	0	0
116,225	8,272	50,369	28,434	0	0
0	0	0	0	0	0
296	24	150	79	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
296	24	150	79	0	0
0	0	0	0	0	0
0	0	0	0	0	0
\$ 116,521	\$ 8,296	\$ 50,519	\$ 28,513	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	50,519	28,513	0	0
116,521	8,296	0	0	0	0
\$ 116,521	\$ 8,296	\$ 50,519	\$ 28,513	\$ 0	\$ 0

CITY OF BORGER, TEXAS  
 STATEMENT IN CHANGE OF FUND BALANCE  
 COMBINED GENERAL FUND  
 SEPTEMBER 30, 2006

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
Fund Balance October 1, 2005	\$ 1,325,368	\$ 711,769	\$ 11,132	\$ 79,323	\$ 349,518	\$ 30,055
Revenue Over (Under) Expenditures	231,287	160,247	775	17,509	15,668	(23,983)
Operating Transfers	0	0	1,385	0	2,408	0
Fund Balance September 30, 2006	\$ 1,556,655	\$ 872,016	\$ 13,292	\$ 96,832	\$ 367,594	\$ 6,072

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	CONCEALED HANDGUN	POOL RENOVATION PROJECT
\$ 77,664	\$ 5,442	\$ 34,978	\$ 21,811	\$ 1,342	\$ 2,334
35,857	2,854	15,541	6,702	43	74
0	0	0	0	(1,385)	(2,408)
<u>\$ 113,521</u>	<u>\$ 8,296</u>	<u>\$ 50,519</u>	<u>\$ 28,513</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF BORGER, TEXAS  
 COMBINED GENERAL FUND  
 STATEMENT OF REVENUE, EXPENDITURES, AND TRANSFERS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITES FUND	SPECIAL CRIME FUND
<b>REVENUE:</b>						
Ad Valorem, Sales & Use Taxes	\$ 3,688,523	\$ 3,688,523	\$ 0	\$ 0	\$ 0	\$ 0
Gross Receipts Tax	804,703	804,703	0	0	0	0
Licenses And Permits	34,183	34,183	0	0	0	0
Fines And Forfeits	401,612	395,722	0	0	0	0
Refuse Collections	1,368,581	1,368,581	0	0	0	0
Solidwaste Tipping Fees	189,705	158,704	0	0	0	0
Vector Control	128,137	128,137	0	0	0	0
Swimming Pool And Concessions	8,552	8,552	0	0	0	0
Interest On Investments	97,071	70,178	504	3,876	15,668	731
W/S Fund-Services Rendered	0	0	0	0	0	0
Other Service Charges & Miscellaneous	75,403	74,417	0	0	0	986
State Grant	96,718	16,220	271	0	0	0
Federal Funds	5,252	5,252	0	0	0	0
Donations	53,174	0	0	50,599	0	0
Sources Of Financing	0	0	0	0	0	0
Sale Of City Assets	2,505	2,505	0	0	0	0
Insurance Claims	0	0	0	0	0	0
Received On Contracts	480,787	480,787	0	0	0	0
Transfers In	16,229	16,229	0	0	0	0
Total Revenue And Transfers	<u>7,451,135</u>	<u>7,252,693</u>	<u>775</u>	<u>54,475</u>	<u>15,668</u>	<u>1,717</u>
<b>EXPENDITURES:</b>						
Data Processing	27,273	27,273	0	0	0	0
Administration	159,776	159,776	0	0	0	0
Animal Control	159,836	159,836	0	0	0	0
Fire	1,205,623	1,205,623	0	0	0	0
Fire Prevention	62,524	62,524	0	0	0	0
Code Enforcement	110,471	110,471	0	0	0	0
Legal	11,757	11,757	0	0	0	0
Park	484,450	447,484	0	36,966	0	0
Planning And Zoning	352,962	352,962	0	0	0	0
Police	1,711,967	1,639,036	0	0	0	25,700
Public Works Director	172,740	172,740	0	0	0	0
Recreation	72,030	72,030	0	0	0	0
Refuse Collection	476,390	459,165	0	0	0	0
Street And Alley Maintenance	394,854	394,854	0	0	0	0
Swimming Pool	43,261	43,261	0	0	0	0
Recycling Center	47,048	47,048	0	0	0	0
Traffic Engineering	82,558	82,558	0	0	0	0
Municipal Court	272,521	272,241	0	0	0	0
Vehicle Service Center	160,172	160,172	0	0	0	0
Transfer Station	721,390	721,390	0	0	0	0
Reserve Section And Other	149,702	149,702	0	0	0	0
Building Standards & Facelift	77,731	77,731	0	0	0	0
Emergency Management	1,634	1,634	0	0	0	0
Central Dispatching	261,178	261,178	0	0	0	0
Total Expenditures & Transfers	<u>\$ 7,219,848</u>	<u>\$ 7,092,446</u>	<u>\$ 0</u>	<u>\$ 36,966</u>	<u>\$ 0</u>	<u>\$ 25,700</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 231,287</u>	<u>\$ 160,247</u>	<u>\$ 775</u>	<u>\$ 17,509</u>	<u>\$ 15,668</u>	<u>\$ (23,983)</u>



City of Borger, Texas  
General Fund  
Comparison of Revenue With Budget  
For the Fiscal Year Ended September 30, 2006

<u>Revenue</u>	<u>Budget</u>	<u>Revenue</u>	<u>Variance</u> <u>(Unfavorable)</u>	<u>Prior</u> <u>Year</u>
<b>Taxes:</b>				
Ad Valorem Taxes	\$ 1,308,418	\$ 1,291,801	\$ (16,617)	\$ 1,223,516
Pentalty And Interest	23,500	33,005	9,505	29,902
Property Sold For Delinquent Taxes	0	0	0	4,340
Sales And Use Tax	1,863,955	2,363,717	499,762	1,920,838
<b>Total Taxes</b>	<b>3,195,873</b>	<b>3,688,523</b>	<b>492,650</b>	<b>3,178,596</b>
<b>Gross Receipts Tax:</b>				
Telecommunications	120,500	106,551	(13,949)	108,126
XCEL Energy	218,500	324,860	106,360	241,745
Texas Gas Service	126,545	286,905	160,360	125,292
Borger Cable Vision	105,500	86,387	(19,113)	127,703
<b>Total Gross Receipts Tax</b>	<b>571,045</b>	<b>804,703</b>	<b>233,658</b>	<b>602,866</b>
<b>Licenses And Permits:</b>				
Zoning And Plat Fees	600	1,292	692	990
Mechanical Permits	550	1,707	1,157	1,018
Pound Fees	5,500	6,502	1,002	5,592
Alcoholic Beverages	6,000	6,018	18	4,485
Building Permits	6,500	14,448	7,948	10,054
Electrical Permits	2,500	4,141	1,641	4,160
Occupational License	0	0	0	0
Moving Permits	50	75	25	65
<b>Total Licenses And Permits</b>	<b>21,700</b>	<b>34,183</b>	<b>12,483</b>	<b>26,364</b>
<b>Fines And Forfeits-Municipal Court</b>	<b>327,500</b>	<b>395,722</b>	<b>68,222</b>	<b>403,013</b>
<b>Service Charge:</b>				
Vital Statistics	10,500	22,571	12,071	13,319
Birth Certificate Surcharges	1,250	1,476	226	0
Swimming Pool Admissions	11,200	8,552	(2,648)	9,729
Refuse Collections	1,382,770	1,368,581	(14,189)	1,254,958
Vector Control	127,837	128,137	300	65,188
Solidwaste Tipping Fees	190,000	158,704	(31,296)	156,796
Paving Assessments	5,000	5,920	920	0
Miscellaneous Revenue	25,000	44,310	19,310	28,178
Interest From Investment	17,500	70,178	52,678	54,031
W/S Fund-Services Rendered	300,000	0	(300,000)	300,000
Parks, Rec. & Special Project	0	0	0	44,810
Housing Authority in Lieu of Taxes	6,900	5,252	(1,648)	5,244
<b>Total Service Charges</b>	<b>2,077,957</b>	<b>1,813,681</b>	<b>(264,276)</b>	<b>1,932,253</b>
<b>Other Sources:</b>				
BISD Dare Reimbursement	0	0	0	13,178
Sale of Assets	0	2,505	2,505	0
Hutchinson County Fire Contract	20,000	20,000	0	20,000
Donations	0	0	0	8,250
Fire Alarm Fees	1,000	140	(860)	0
Insurance Claims	0	0	0	35,507
Financing Sources-Lease/Notes	0	0	0	423,800
Radio Dispatching Contract	7,000	0	(7,000)	7,000
State Grant	0	16,220	16,220	16,434
Transfers In	0	16,229	16,229	0
Received on Contract	404,295	460,787	56,492	399,036
<b>Total Other Sources</b>	<b>432,295</b>	<b>515,881</b>	<b>83,586</b>	<b>923,205</b>
<b>TOTAL REVENUE</b>	<b>\$ 6,626,370</b>	<b>\$ 7,252,693</b>	<b>\$ 626,323</b>	<b>\$ 7,066,297</b>

City of Borger, Texas  
General Fund  
Comparison of Expenditures With Budget  
For the Fiscal Year Ended September 30, 2006

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	Variance Favorable (Unfavorable)	<u>Prior Year</u>
<b>Data Processing:</b>				
Personal Services	\$ 8,863	\$ 8,857	\$ 6	\$ 8,433
Contractual & Misc. Services	8,263	6,434	1,829	6,140
General Services	835	433	402	843
Machinery & Equipment Maintenance	9,025	7,069	1,956	6,451
Capital Lease Payments	4,708	4,480	228	22,177
Total Data Processing	<u>31,694</u>	<u>27,273</u>	<u>4,421</u>	<u>44,044</u>
<b>Administration:</b>				
Personal Services	50,930	50,549	381	30,329
Contractual & Misc. Services	96,797	79,648	17,149	73,776
General Services	23,400	22,518	882	16,626
Machinery & Equipment Maintenance	2,650	6,640	(3,990)	7,685
Capital Outlay	0	421	(421)	0
Total Administration & Purchasing	<u>173,777</u>	<u>159,776</u>	<u>14,001</u>	<u>128,416</u>
<b>Animal Control:</b>				
Personal Services	121,626	124,388	(2,762)	128,877
Contractual & Misc. Services	11,851	14,205	(2,354)	7,990
General Services	9,000	12,311	(3,311)	9,089
Machinery & Equipment Maintenance	2,400	8,932	(6,532)	5,397
Capital Outlay	0	0	0	595
Total Animal Control	<u>144,877</u>	<u>159,836</u>	<u>(14,959)</u>	<u>151,948</u>
<b>Building Standards &amp; Facelift:</b>				
Personal Services	41,728	39,457	2,271	39,111
Contractual & Misc. Services	21,175	25,412	(4,237)	17,707
General Services	7,650	8,580	(930)	7,392
Machinery & Equip. Maintenance	8,500	4,283	4,217	1,142
Capital Outlay	3,000	0	3,000	0
Total Bldg. Standards & Facelift	<u>82,053</u>	<u>77,732</u>	<u>4,321</u>	<u>65,352</u>
<b>Fire:</b>				
Personal Services	1,042,422	1,040,502	1,920	988,344
Contractual & Misc. Services	43,412	32,837	10,575	27,808
General Services	41,325	45,751	(4,426)	30,163
Machinery & Equipment Maint.	27,200	33,204	(6,004)	31,239
Capital Outlay	57,066	53,328	3,738	52,460
Total Fire	<u>1,211,425</u>	<u>1,205,622</u>	<u>5,803</u>	<u>1,130,014</u>
<b>Fire Prevention:</b>				
Personal Services	59,329	60,736	(1,407)	59,916
Contractual & Misc. Services	3,001	902	2,099	1,405
General Services	1,250	567	683	576
Machinery & Equipment Maintenance	500	320	180	10
Capital Outlay	0	0	0	0
Total Fire Prevention	<u>64,080</u>	<u>62,525</u>	<u>1,555</u>	<u>61,907</u>

-Continued-

City of Borger, Texas  
General Fund  
Comparison of Expenditures With Budget  
For the Fiscal Year Ended September 30, 2006

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year</u>
<b>Code Enforcement:</b>				
Personal Services	\$ 41,133	\$ 42,147	\$ (1,014)	\$ 40,033
Contractual & Misc. Services	54,928	60,409	(5,481)	34,488
General Services	2,650	5,985	(3,335)	5,194
Machinery & Equipment Maintenance	850	1,931	(1,081)	1,270
Capital Outlay	0	0	0	0
Total Health	99,561	110,472	(10,911)	80,985
<b>Legal:</b>				
Contractual & Misc. Services	11,000	11,757	(757)	10,280
General Services	0	0	0	0
Total Legal	11,000	11,757	(757)	10,280
<b>Park:</b>				
Personal Services	298,473	285,502	12,971	298,203
Contractual & Misc. Services	38,879	47,181	(8,302)	19,320
General Services	40,950	44,533	(3,583)	30,220
Machinery & Equipment Maintenance	43,700	40,909	2,791	56,631
Capital Outlay/Capital Lease	12,436	66,325	(53,889)	68,987
Total Park	434,438	484,450	(50,012)	473,361
<b>Planning &amp; Zoning:</b>				
Personal Services	111,850	111,650	200	105,868
Contractual & Misc. Services	196,420	213,458	(17,038)	173,070
General Services	4,785	3,028	1,757	4,980
Machinery & Equip. Maintenance	2,500	12,926	(10,426)	27,540
Capital Outlay	0	11,900	(11,900)	7,394
Total Planning & Zoning	315,555	352,962	(37,407)	318,852
<b>Police:</b>				
Personal Services	1,433,379	1,377,731	55,648	1,322,918
Contractual & Misc. Services	74,277	80,242	(5,965)	39,710
General Services	71,700	91,252	(19,552)	77,832
Machinery & Equipment Maint.	48,250	57,510	(9,260)	50,330
Capital Lse. Payments/Capital Outlay	34,461	105,232	(70,771)	173,799
Total Police	1,662,067	1,711,967	(49,900)	1,664,589
<b>Public Works Director:</b>				
Personal Services	166,369	159,417	6,952	155,960
Contractual & Misc. Services	4,358	3,388	970	3,650
General Services	5,700	5,624	76	7,197
Machinery & Equipment Maintenance	2,100	550	1,550	1,642
Capital Outlay	6,387	3,762	2,625	18,622
Total Public Works Director	184,914	172,741	12,173	187,071

-Continued-

City of Borger, Texas  
General Fund  
Comparison of Expenditures With Budget  
For the Fiscal Year Ended September 30, 2006

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year</u>
Recreation:				
Personal Services	\$ 64,789	\$ 50,547	\$ 14,242	\$ 54,240
Contractual & Misc. Services	22,106	19,487	2,619	5,063
General Services	2,700	732	1,968	405
Machinery & Equipment Maintenance	4,000	1,264	2,736	18,285
Capital Outlay	0	0	0	0
Total Recreation	93,595	72,030	21,565	77,993
Refuse Collection:				
Personal Services	287,147	286,986	161	296,263
Contractual & Misc. Services	13,599	11,740	1,859	32,498
General Services	54,500	58,571	(4,071)	74,801
Machinery & Equipment Maintenance	31,050	32,712	(1,662)	40,694
Capital Lease	49,337	86,382	(37,045)	225,332
Total Refuse Collection	435,633	476,391	(40,758)	669,588
Street & Alley Maintenance:				
Personal Services	248,316	222,230	26,086	190,795
Contractual & Misc. Services	13,173	10,757	2,416	39,877
General Services	29,100	48,409	(19,309)	31,954
Machinery & Equipment Maintenance	95,100	84,387	10,713	23,466
Capital Outlay/Capital Lease	31,930	29,070	2,860	72,408
Total Street & Alley Maintenance	417,619	394,853	22,766	358,500
Swimming Pool:				
Personal Services	29,174	31,941	(2,767)	26,152
Contractual & Misc. Services	3,829	1,600	2,229	2,062
General Services	5,900	4,037	1,863	3,777
Machinery & Equip. Maintenance	8,250	5,683	2,567	6,782
Capital Outlay	0	0	0	10,760
Total Swimming Pool	47,153	43,261	3,892	49,533
Recycling Center:				
Personal Services	0	996	(996)	0
Contractual & Misc. Services	9,750	29,832	(20,082)	11,559
General Services	6,150	0	6,150	0
Capital Outlay	0	16,220	(16,220)	0
Total Recycling Center	15,900	47,048	(31,148)	11,559
Traffic Engineering:				
Personal Services	76,400	73,973	2,427	72,448
Contractual & Misc. Services	1,917	802	1,115	1,242
General Services	11,310	7,247	4,063	8,161
Machinery & Equipment Maint.	2,250	536	1,714	588
Capital Outlay	0	0	0	0
Total Traffic Eng. & Bldg. Maint.	91,877	82,558	9,319	82,439

-Continued-

City of Borger, Texas  
General Fund  
Comparison of Expenditures With Budget  
For the Fiscal Year Ended September 30, 2006

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year</u>
Municipal Court:				
Personal Services	\$ 125,344	\$ 107,780	\$ 17,564	\$ 117,042
Contractual & Miscellaneous Services	151,731	161,641	(9,910)	130,954
General Services	3,650	2,442	1,208	4,910
Machinery & Equipment Maintenance	300	20	280	159
Capital Outlay	0	638	(638)	0
Total Capital Outlay	281,025	272,521	8,504	253,065
Transfer Station:				
Personal Services	208,706	197,097	11,609	201,025
Contractual & Misc. Services	419,471	431,486	(12,015)	372,783
General Services	40,400	51,200	(10,800)	43,075
Machinery & Equipment Maintenance	44,300	41,607	2,693	46,490
Capital Outlay	0	0	0	270
Total Transfer Station	712,877	721,390	(8,513)	663,643
Vehicle Service Center:				
Personal Services	130,879	117,392	13,487	133,765
Contractual & Misc. Services	18,117	13,286	4,831	5,650
General Services	19,350	21,845	(2,495)	14,994
Machinery & Equipment Maintenance	13,350	7,647	5,703	18,341
Capital Outlay	0	0	0	1,200
Total Vehicle Service Center	181,696	160,170	21,526	173,950
Central Dispatching:				
Personal Services	271,184	261,178	10,006	252,113
Emergency Management				
Personal Services	0	1,634	(1,634)	0
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	0
General Contingencies	72,871	75,278	(2,407)	25,589
City Hall Maintenance	10,000	7,786	2,214	3,055
Capital Equipment	0	35,065	(35,065)	0
Note Payments	0	14,562	(14,562)	11,611
Total Reserve Section	104,481	149,701	(45,220)	57,265
<b>TOTAL EXPENDITURES</b>	<b>\$ 7,068,481</b>	<b>\$ 7,219,848</b>	<b>\$ (151,367)</b>	<b>\$ 7,040,243</b>

CITY OF BORGER, TEXAS  
SCHEDULE OF TAXES RECEIVABLE  
September 30, 2006

<u>TAX ROLL</u>	BALANCE 10-1-05 PLUS CURRENT YEAR			COLLECTIONS	ADJUSTMENTS	BALANCE 9/30/06
1994 & Prior	\$	65,919	\$	(51)	\$ (944)	\$ 64,924
1995		4,231		(16)	(77)	4,138
1996		4,140		(88)	(158)	3,894
1997		4,687		(209)	(257)	4,221
1998		4,954		(488)	(304)	4,162
1999		7,911		(1,454)	(287)	6,170
2000		9,693		(2,108)	(369)	7,216
2001		20,110		(3,530)	(493)	16,087
2002		19,880		(6,902)	(598)	12,380
2003		34,252		(12,117)	(594)	21,541
2004		72,794		(34,000)	(966)	37,828
		248,571		(60,963)	(5,047)	182,561
2005 Taxes Assessed		1,785,310		(1,709,609)	(5,010)	70,691
Totals	\$	2,033,881	\$	(1,770,572)	\$ (10,057)	\$ 253,252

	Totals	General Fund	INTEREST & SINKING FUND
Current Year	\$ 1,709,600	\$ 1,254,523	\$ 455,077
Prior Years	60,972	46,999	13,973
Total Collections	1,770,572	1,301,522	469,050
Penalty And Interest Discounts	42,296 (31,244)	33,005 (31,244)	9,291 0
Net Collections	\$ 1,781,625	\$ 1,303,283	\$ 478,342

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, 1997 \$	315,310,774	0.33000 \$	1,040,464 \$	1,002,746	96.37%
September 30, 1998	317,308,043	0.33000	1,047,117	1,013,538	96.79%
September 30, 1999	319,718,174	0.36000	1,150,937	1,112,472	96.66%
September 30, 2000	341,186,164	0.36000	1,228,168	1,175,834	95.74%
September 30, 2001	342,306,850	0.36000	1,232,274	1,176,516	95.48%
September 30, 2002	345,250,089	0.41883	1,449,963	1,381,566	95.28%
September 30, 2003	346,891,818	0.41883	1,452,887	1,391,318	95.76%
September 30, 2004	339,074,740	0.49400	1,675,376	1,604,239	95.75%
September 30, 2005	343,740,430	0.50254	1,727,260	1,651,926	95.64%
September 30, 2006	344,857,520	0.51774	1,785,310	1,709,609	95.76%

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

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash in Bank	\$ 14,751	\$ 140,323
Investments	226,415	96,755
Interest Receivable	<u>648</u>	<u>286</u>
Total Assets	<u>\$ 241,814</u>	<u>\$ 237,364</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accrued Salaries	\$ 1,162	\$ 1,077
Due To Other Funds	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>1,162</u>	<u>1,077</u>
Fund Balance-Restricted	<u>240,652</u>	<u>236,287</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 241,814</u>	<u>\$ 237,364</u>

CITY OF BORGER, TEXAS  
 COMBINED SPECIAL REVENUE FUND  
 BALANCE SHEET  
 September 30, 2006

	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
<b>ASSETS</b>								
Cash in Bank	\$ 14,751	\$ 6142	\$ 7822	\$ (13,604)	\$ 17,845	\$ (2,586)	\$ (868)	\$ 0
Interest Receivable	648	441	0	173	0	0	34	0
Investments	226,415	154,015	0	60,500	0	0	11,900	0
<b>TOTAL ASSETS</b>	<b>\$ 241,814</b>	<b>\$ 160,598</b>	<b>\$ 7,822</b>	<b>\$ 47,069</b>	<b>\$ 17,845</b>	<b>\$ (2,586)</b>	<b>\$ 11,066</b>	<b>\$ 0</b>
<b>LIABILITIES AND FUND BALANCES</b>								
Accrued Salaries	\$ 1,162	\$ 0	\$ 1,162	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Due To Other Funds	0	0	0	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>\$ 1,162</b>	<b>\$ 0</b>	<b>\$ 1,162</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Fund Balance-Restricted	\$ 240,652	\$ 160,598	\$ 6,660	\$ 47,069	\$ 17,845	\$ (2,586)	\$ 11,066	\$ 0
Fund Balance-Unrestricted	0	0	0	0	0	0	0	0
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>\$ 241,814</b>	<b>\$ 160,598</b>	<b>\$ 7,822</b>	<b>\$ 47,069</b>	<b>\$ 17,845</b>	<b>\$ (2,586)</b>	<b>\$ 11,066</b>	<b>\$ 0</b>

CITY OF BORGER, TEXAS  
 COMBINED SPECIAL REVENUE FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	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, 2005	\$ 236,287	\$ 105,625	\$ 27,853	\$ 81,829	\$ 86	\$ 9,759	\$ 9,925	\$ 1,210
Excess Revenues Over (Under) Expenditures	4,365	54,973	(21,193)	(34,760)	17,759	(12,345)	1,141	(1,210)
Fund Balance September 30, 2006	\$ 240,652	\$ 160,598	\$ 6,660	\$ 47,069	\$ 17,845	\$ (2,586)	\$ 11,066	\$ 0

CITY OF BORGER, TEXAS  
 COMBINED SPECIAL REVENUE FUND  
 STATEMENT OF REVENUE AND EXPENDITURES  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

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
<b>REVENUE</b>								
State Grant	\$ 49,421	\$ 11,921	\$ 37,500	0	0	0	0	0
Investments Interest	9,548	5,816	0	3,009	0	312	392	19
Court Fees	7,856	0	0	0	0	0	7,856	0
Donations	0	0	0	0	0	0	0	0
City's Share of Expense	7,583	0	7,583	0	0	0	0	0
Hotel/Motel Occupancy Tax	196,370	0	0	0	196,370	0	0	0
<b>Total Revenue</b>	<b>270,778</b>	<b>17,737</b>	<b>45,083</b>	<b>3,009</b>	<b>196,370</b>	<b>312</b>	<b>8,248</b>	<b>19</b>
<b>Transfers &amp; Other:</b>								
Interfund Transfers	80,375	80,375	0	0	0	0	0	0
<b>Total Revenues &amp; Transfers</b>	<b>\$ 351,153</b>	<b>\$ 98,112</b>	<b>\$ 45,083</b>	<b>\$ 3,009</b>	<b>\$ 196,370</b>	<b>\$ 312</b>	<b>\$ 8,248</b>	<b>19</b>
<b>EXPENDITURES</b>								
City Tourism	\$ 43,139	\$ 43,139	0	0	0	0	0	0
Texas Plains Trails	66,276	0	66,276	0	0	0	0	0
Police	12,657	0	0	0	0	12,657	0	0
Municipal Court	7,107	0	0	0	0	0	7,107	0
Environmental Expenditures	22,769	0	0	22,769	0	0	0	0
Hutchinson County Museum	7,597	0	0	0	7,597	0	0	0
Chamber of Commerce	87,600	0	0	0	87,600	0	0	0
Tri-City Community Concert	3,039	0	0	0	3,039	0	0	0
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 250,184</b>	<b>\$ 43,139</b>	<b>\$ 66,276</b>	<b>\$ 22,769</b>	<b>\$ 98,236</b>	<b>\$ 12,657</b>	<b>\$ 7,107</b>	<b>0</b>
<b>Transfers &amp; Other:</b>								
Transfers-General Fund	96,604	0	0	15,000	80,375	0	0	1,229
<b>Total Expenditures &amp; Transfer</b>	<b>\$ 346,788</b>	<b>\$ 43,139</b>	<b>\$ 66,276</b>	<b>\$ 37,769</b>	<b>\$ 178,611</b>	<b>\$ 12,657</b>	<b>\$ 7,107</b>	<b>1,229</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>								
	<b>\$ 4,365</b>	<b>\$ 54,973</b>	<b>\$ (21,193)</b>	<b>\$ (34,760)</b>	<b>\$ 17,759</b>	<b>\$ (12,345)</b>	<b>\$ 1,141</b>	<b>(1,210)</b>

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

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash In Bank	\$ 40,596	\$ 10,861
Accrued Interest	101	64
Investments	35,240	21,523
	\$ 75,937	\$ 32,448
<b>TOTAL ASSETS</b>	<b>\$ 75,937</b>	<b>\$ 32,448</b>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due To Other Funds	\$ 21,140	\$ 6,455
Fund Balance-Restricted	54,797	26,993
	\$ 75,937	\$ 33,448
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 75,937</b>	<b>\$ 33,448</b>

CITY OF BORGER, TEXAS  
 COMBINED DEBT SERVICE FUND  
 BALANCE SHEET  
 September 30, 2006

<u>ASSETS</u>	<u>COMBINED DEBT SERVICE FUND</u>	<u>BONDS 1995 SERIES</u>
Cash & Investments:		
Cash In Bank	\$ 40,596	\$ 40,596
Accrued Interest	101	101
Investments	35,240	35,240
	<hr/>	<hr/>
TOTAL ASSETS	\$ 75,937	\$ 75,937
	<hr/> <hr/>	<hr/> <hr/>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due To Other Funds	\$ 21,140	\$ 21,140
Fund Balance:		
Unappropriated	0	0
Restricted	54,797	54,797
	<hr/>	<hr/>
TOTAL LIABILITIES & FUND BALANCE	\$ 75,937	\$ 75,937
	<hr/> <hr/>	<hr/> <hr/>

CITY OF BORGER, TEXAS  
 COMBINED DEBT SERVICE FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
Fund Balance October 1, 2005	\$ 26,993	\$ 26,993
Excess Of Revenue Over (Under) Expenditures	27,804	27,804
Fund Balance September 30, 2006	<u>\$ 54,797</u>	<u>\$ 54,797</u>

CITY OF BORGER, TEXAS  
 COMBINED DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 20, 2006

<u>REVENUES</u>	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
Investment Interest	\$ 6,429	\$ 6,429
Property Taxes	220,583	220,583
Total Revenue and Transfers	<u>227,012</u>	<u>227,012</u>
 <u>EXPENDITURES</u>		
Bond Principal	155,000	155,000
Bond Interest	43,335	43,335
Bond Fees	873	873
Total Expenditures and Transfers	<u>199,208</u>	<u>199,208</u>
 EXCESS OF REVENUE OVER EXPENDITURES	 <u>\$ 27,804</u>	 <u>\$ 27,804</u>

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

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Cash In Bank	\$ 1,303	\$ 41,341
Accounts Receivable-Group Hospitalization	0	0
Investments	226,446	200,644
Due From Other Funds	0	0
	<hr/>	<hr/>
Total Assets	\$ 227,749	\$ 241,985
	<hr/> <hr/>	<hr/> <hr/>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Group Hospitalization	\$ 1,303	\$ 41,341
Deferred Compensation	226,446	200,644
Due To Other Funds	0	0
	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 227,749	\$ 241,985
	<hr/> <hr/>	<hr/> <hr/>

CITY OF BORGER, TEXAS  
 COMBINED TRUST AND AGENCY FUND  
 BALANCE SHEET  
 September 30, 2006

	COMBINED TRUST & AGENCY FUND	GROUP HOSPITALIZATION FUND	DEFERRED COMPENSATION FUND
<u>ASSETS</u>			
Cash In Bank	\$ 1,303	\$ 1,303	\$ 0
Accounts Receivable Group Hospitalization	0	0	0
Investments	226,446	0	226,446
Total Assets	<u>\$ 227,749</u>	<u>\$ 1,303</u>	<u>\$ 226,446</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Group Hospitalization	\$ 1,303	\$ 41,341	\$ 0
Deferred Compensation	226,446	0	226,446
Due To Other Funds	0	0	0
Total Liabilities	<u>\$ 227,749</u>	<u>\$ 41,341</u>	<u>\$ 226,446</u>

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

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Cash On Hand	\$ 800	\$ 800
Cash in Bank	733,592	1,048,749
Investments	1,833,444	680,146
Accounts Receivable	630,108	580,455
Less Estimated Uncollectible	(120,994)	(175,752)
Due From Other Funds	24,095	8,752
Interest Receivable	5,248	2,017
Cost Of Issuance Of Debt-Net Of Amortization	254,111	311,699
Land	252,254	252,254
Canadian River Water Supply Contract	16,567,214	16,567,214
Plant Assets And Equipment	25,293,752	24,943,080
Less Accumulated Depreciation & Amortization	(18,806,399)	(17,914,757)
<b>TOTAL ASSETS</b>	<b>\$ <u>26,667,225</u></b>	<b>\$ <u>26,304,657</u></b>
 <u>LIABILITIES AND FUND BALANCES</u>		
Accounts Payable	\$ 86,357	\$ 65,088
Accrued Salaries Payable	40,194	39,509
Customer Meter Deposits	320,286	310,811
Due To Other Funds	0	0
Notes Payable-Lasalle Bank	54,316	65,554
Bonds Payable	3,465,000	3,840,000
Certificate Of Obligation Payable	965,000	1,040,000
Accrued Interest Payable	24,178	26,428
Roberts County Water Contract	3,701,428	3,920,300
Surface Water Supply Contract	972,477	1,033,445
Deferred Gain on Debt Retirement	1,336,395	1,448,540
Salinity Control Project Contract	81,095	103,184
Deferred Revenue-Agrium Contract	262,686	0
Groundwater Project	2,659,346	2,659,346
<b>Total Liabilities</b>	<b><u>13,968,758</u></b>	<b><u>14,552,205</u></b>
 Fund Balance	 <u>12,698,467</u>	 <u>11,752,452</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>26,667,225</u></b>	<b>\$ <u>26,304,657</u></b>

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

CITY OF BORGER, TEXAS  
COMBINED PROPRIETARY FUND  
BALANCE SHEET  
SEPTEMBER 30, 2006

	Combined Proprietary Fund	Water And Sewer Fund	2002 Refunding Bonds I&S	2002 Certificates of Oblig. I&S
<b>ASSETS</b>				
Cash And Investments:				
Cash On Hand	\$ 800	\$ 800	\$ 0	\$ 0
Cash In Bank	733,592	733,282	36	274
Investments	1,833,444	1,800,000	3,845	29,599
Total Cash and Investments	<u>2,567,836</u>	<u>2,534,082</u>	<u>3,881</u>	<u>29,873</u>
Receivables:				
Interest Receivable	5,248	5,152	11	85
Water & Sewer Billings	630,108	630,108	0	0
Less Estimated Uncollectible	(120,994)	(120,994)	0	0
Total Receivables	<u>514,362</u>	<u>514,266</u>	<u>11</u>	<u>85</u>
Other Assets:				
Cost Of Issuance Of Debt- Net of Amortization	254,111	254,111	0	0
Due From Accounts Payable	0	0	0	0
Due From Stores Fund	0	0	0	0
Due From Payroll Fund	2,956	2,956	0	0
Due From Debt Service	21,139	0	11,213	9,926
Total Other Assets	<u>278,206</u>	<u>257,067</u>	<u>11,213</u>	<u>9,926</u>
Plant And Equipment:				
Land	252,254	252,254	0	0
Fixed Assets	41,860,966	41,860,966	0	0
Less Accumulated Depreciation	(18,806,399)	(18,806,399)	0	0
Total Plant & Equipment	<u>23,306,821</u>	<u>23,306,821</u>	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b>\$ 26,667,225</b>	<b>\$ 26,612,236</b>	<b>\$ 15,105</b>	<b>39,884</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 86,357	\$ 86,357	\$ 0	\$ 0
Accrued Salaries Payable	40,194	40,194	0	0
Customer Meter Deposits	320,286	320,286	0	0
Due To Other Funds	0	0	0	0
Note Payable	54,316	54,316	0	0
Bonds Payable-2002 Series	3,465,000	3,465,000	0	0
Certificates Of Obligation Payable - 2002 Series	965,000	965,000	0	0
Accrued Interest Payable	24,178	24,178	0	0
Roberts County Water Contract	3,701,428	3,701,428	0	0
Salinity Control Project Contract	81,095	81,095	0	0
Groundwater Project	2,659,346	2,659,346	0	0
Surface Water Supply Contract	972,477	972,477	0	0
Deferred Revenue-Agrium Contract	262,686	262,686	0	0
Deferred Gain on Debt Retirement	1,336,395	1,336,395	0	0
Total Liabilities	<u>13,968,758</u>	<u>13,968,758</u>	<u>0</u>	<u>0</u>
Fund Balance:				
Reserve	54,989	0	15,105	39,884
Unreserved	12,643,478	12,643,478	0	0
Total Fund Balance	<u>12,698,467</u>	<u>12,643,478</u>	<u>15,105</u>	<u>39,884</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 26,667,225</b>	<b>\$ 26,612,236</b>	<b>\$ 15,105</b>	<b>\$ 39,884</b>

CITY OF BORGER, TEXAS  
 COMBINED PROPRIETARY FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	2002 Certificates of Oblig. I&S
Fund Balance October 1, 2005	\$ 11,752,452	\$ 11,716,009	\$ 11,050	\$ 25,393
Prior Year Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	11,752,452	11,716,009	11,050	25,393
Add: Excess of Revenue Over (Under) Expenditures	<u>946,015</u>	<u>927,469</u>	<u>4,055</u>	<u>14,491</u>
Fund Balance September 30, 2006	<u>\$ 12,698,467</u>	<u>\$ 12,643,478</u>	<u>\$ 15,105</u>	<u>\$ 39,884</u>

CITY OF BORGER, TEXAS  
 COMBINED PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	2002 Certificate of Oblig. I&S
<b>REVENUE</b>				
Water Sales	\$ 3,555,211	\$ 3,555,211	\$ 0	\$ 0
Sewer Sales	1,471,461	1,471,461	0	0
Utility Penalty and Interest	68,286	68,286	0	0
Plumbing Permits & Taps	7,245	7,245	0	0
Ad Valorem Taxes	257,759	0	136,732	121,027
Miscellaneous Revenue	53,183	53,183	0	0
Interest On Investments	95,851	87,609	4,237	4,005
Total Revenue	5,508,996	5,242,995	140,969	125,032
<b>Transfers And Other:</b>				
Gain On Sale Of Assets	0	0	0	0
Debt Retired From Int. & Sink	450,000	450,000	0	0
Assets Acquired/Construction Fund	0	0	0	0
Transfer From General Fund	361,713	0	361,713	0
Transfer From General Fixed Assets	0	0	0	0
Interfund Transfers	0	0	0	0
Total Revenue & Transfers	6,320,709	5,692,995	502,682	125,032
<b>EXPENDITURES</b>				
Customer Service	442,146	442,146	0	0
Water Maintenance	479,831	479,831	0	0
Sewer Maintenance	521,709	521,709	0	0
Water Production & Treatment	612,099	612,099	0	0
Wastewater Collection & Treatment	444,903	444,903	0	0
Utility Director Section	119,262	119,262	0	0
Water Purchased For Resale	441,368	441,368	0	0
Data Processing	68,303	68,303	0	0
Purchased Services-General Fund	0	0	0	0
Contingencies	13,118	13,118	0	0
Interest CRMWA	309,748	309,748	0	0
Bonds Retired	375,000	0	375,000	0
Coupons Retired	123,627	0	123,627	0
Certificates Of Obligation-Retired	75,000	0	0	75,000
Interest-Certificates Of Obligation	35,541	0	0	35,541
Civil Defense	2,095	2,095	0	0
Bad Debt Expense	0	0	0	0
Depreciation & Amortization	949,231	949,231	0	0
Total Expenditures	5,012,981	4,403,813	498,627	110,541
<b>Transfers And Other:</b>				
Interfund Transfers	361,713	361,713	0	0
Loss On Sale Of Assets	0	0	0	0
Total Expenditures & Transfers	5,374,694	4,765,526	498,627	110,541
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 946,015</b>	<b>\$ 927,469</b>	<b>\$ 4,055</b>	<b>\$ 14,491</b>

CITY OF BORGER, TEXAS  
 WATER AND SEWER FUND  
 COMPARISON OF REVENUE WITH BUDGET  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	BUDGET	REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL PRIOR YEAR
REVENUE:				
Water Sales	\$ 3,243,980	\$ 3,555,211	\$ 311,231	\$ 3,138,685
Sewer Charges	1,496,253	1,471,461	(24,792)	1,385,760
Utility Penalty and Interest	62,500	68,286	5,786	0
Plumbing Permits & Taps	3,750	7,245	3,495	4,985
Miscellaneous	43,950	53,183	9,233	63,611
Interest On Investments	18,500	87,609	69,109	31,484
Sale of Assets	0	0	0	0
<b>TOTAL WATER &amp; SEWER REVENUE</b>	<b>\$ 4,868,933</b>	<b>\$ 5,242,995</b>	<b>\$ 374,062</b>	<b>\$ 4,624,525</b>

CITY OF BORGER, TEXAS  
WATER AND SEWER FUND  
COMPARISON OF EXPENDITURES WITH BUDGET  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

<u>EXPENDITURES</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL PRIOR YEAR</u>
<b>Customer Service:</b>				
Personal Services	\$ 235,436	\$ 235,677	\$ (241)	\$ 204,017
Contractual Services & Misc.	213,340	178,369	34,971	113,845
General Services	7,650	6,478	1,172	45,818
Machinery & Equipment Maintenance	25,150	21,622	3,528	59,938
Capital Outlay	0	0	0	0
Total Customer Service	<u>481,576</u>	<u>442,146</u>	<u>39,430</u>	<u>423,618</u>
<b>Water Maintenance Section:</b>				
Personal Services	368,244	373,148	(4,904)	363,462
Contractual Services & Misc.	16,993	13,500	3,493	11,639
General Services	30,000	32,569	(2,569)	28,239
Machinery & Equipment Maintenance	50,600	60,614	(10,014)	57,954
Capital Outlay	0	0	0	0
Total Water Maintenance Section	<u>465,837</u>	<u>479,831</u>	<u>(13,994)</u>	<u>461,294</u>
<b>Sewer Maintenance Section:</b>				
Personal Services	318,833	332,531	(13,698)	323,391
Contractual Services & Misc.	42,453	58,970	(16,517)	8,433
General Services	30,800	33,479	(2,679)	27,897
Machinery & Equipment Maintenance	64,600	96,729	(32,129)	66,836
Capital Lease Payments	0	0	0	2,535
Total Sewer Maint. Section	<u>456,686</u>	<u>521,709</u>	<u>(65,023)</u>	<u>429,092</u>
<b>Water Production &amp; Treatment:</b>				
Personal Services	205,645	201,274	4,371	193,462
Contractual Services & Misc.	270,912	331,362	(60,450)	327,181
General Services	38,250	49,553	(11,303)	34,168
Machinery & Equipment Maintenance	39,850	29,910	9,940	33,728
Capital Outlay	0	0	0	0
Total Water Production & Water Treatment	<u>554,657</u>	<u>612,099</u>	<u>(57,442)</u>	<u>588,539</u>
<b>Wastewater Collection &amp; Treatment:</b>				
Personal Services	227,715	224,983	2,732	215,689
Contractual Services & Misc.	138,921	162,207	(23,286)	139,833
General Services	32,200	29,452	2,748	29,584
Machinery & Equipment Maintenance	26,450	28,261	(1,811)	45,255
Capital Outlay	0	0	0	0
Total Wastewater Collection & Treatment	<u>425,286</u>	<u>444,903</u>	<u>(19,617)</u>	<u>430,361</u>

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CITY OF BORGER, TEXAS  
WATER AND SEWER FUND  
COMPARISON OF EXPENDITURES WITH BUDGET  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

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	BUDGET	EXPENDITURES	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL PRIOR YEAR
<u>EXPENDITURES</u>				
Utility Director Section:				
Personal Services	\$ 137,462	\$ 107,743	\$ 29,719	\$ 135,053
Contractual Services & Misc.	7,437	6,428	1,009	3,767
General Services	6,000	4,159	1,841	6,530
Machinery & Equipment Maintenance	2,600	932	1,668	2,508
Capital Outlay/Lease Payments	6,387	0	6,387	0
Total Utility Director Sect.	159,886	119,262	40,624	147,858
Data Processing Center:				
Personal Services	26,585	26,401	184	25,029
Contractual Services & Misc.	22,586	19,368	3,218	18,549
General Services	1,975	1,327	648	2,536
Machinery & Equipment Maintenance	22,975	21,207	1,768	24,708
Capital Lease Payments	14,125	0	14,125	10,594
Total Data Processing Center	88,246	68,303	19,943	81,416
Reserve Section:				
Contingencies	72,871	5,299	67,572	5,371
Purchased Services-General Fund	300,000	0	300,000	300,000
Water Operation & Maintenance	372,449	441,368	(68,919)	385,286
Civil Defense	4,000	2,095	1,905	6,766
CRMWA Bond Payment	107,477	127,887	(20,410)	108,316
CRMWA Salinity Control	26,327	26,058	269	26,251
Roberts Co. Bond Payment	424,299	405,836	18,463	408,758
CRMWA Bonds 2005	137,206	144,945	(7,739)	0
CRMWA 2006 Roberts County Bond	0	18,576	(18,576)	0
Land Transfer	0	0	0	26,991
City Hall Building Maint.	12,500	7,819	4,681	3,120
Total Reserve Section	1,457,129	1,179,883	277,246	1,270,859
Total Expenditures-Budgeted	\$ 4,089,303	\$ 3,868,136	\$ 221,167	\$ 3,833,037

CITY OF BORGER, TEXAS  
 WATER AND SEWER FUND  
 STATEMENT OF INCOME  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

INCOME:	
Water Sales	\$ 3,555,211
Sewer Charges	1,471,461
Penalty and Interest	68,286
Plumbing Permits And Taps	7,245
Miscellaneous	<u>53,183</u>
Total Income	<u>5,155,386</u>
OPERATING EXPENSES:	
Customer Service	442,146
Water Maintenance	479,831
Sewer Maintenance	521,709
Water Production & Treatment	612,099
Wastewater Collection & Treatment	444,903
Utility Director Section	119,262
Water Purchased for Resale	441,368
Data Processing	68,303
Contingencies	13,118
Civil Defense	2,095
Services Purchased-General Fund	0
Loss on Bad Accounts	0
Depreciation And Amoritzation	<u>949,231</u>
Total Operating Expenses	<u>4,094,065</u>
NET INCOME FROM OPERATIONS	<u>1,061,321</u>
OTHER INCOME (EXPENSE)	
Ad Valorem Taxes	257,759
Interest Income	95,851
Gain from Sale of Equipment	0
Interest Expense	<u>(468,916)</u>
Total Other Income (Expense)	<u>(115,306)</u>
NET INCOME (LOSS)	<u>\$ 946,015</u>

CITY OF BORGER, TEXAS  
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002  
 SEPTEMBER 30, 2006

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
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>\$ 3,465,000</u>	<u>\$ 540,753</u>	<u>\$ 4,005,753</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, 2006

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
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>\$ 965,000</u>	<u>\$ 196,368</u>	<u>\$ 1,161,368</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>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash on Hand	\$ 10	\$ 10
Cash in Bank	11,502	7,255
Investments	120,000	83,000
Inventory	<u>37,167</u>	<u>15,977</u>
 TOTAL ASSETS	 <u>\$ 168,679</u>	 <u>\$ 106,242</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 27,949	\$ 250
Due to Other Funds	<u>0</u>	<u>0</u>
 Total Liabilities	 27,949	 250
 Fund Balance-Unappropriated	 <u>140,730</u>	 <u>105,992</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 168,679</u>	 <u>\$ 106,242</u>

CITY OF BORGER, TEXAS  
 COMBINED INTRAGOVERNMENTAL SERVICE FUND  
 BALANCE SHEET  
 SEPTEMBER 30, 2006

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND
<u>ASSETS</u>		
Cash & Investments:		
Cash On Hand	\$ 10	\$ 10
Cash In Bank	11,502	11,502
Investments	120,000	120,000
Total Cash & Investments	<u>131,512</u>	<u>131,512</u>
Receivables:		
Sundry	0	0
Total Receivables	<u>0</u>	<u>0</u>
Other Assets:		
Due From Other Funds	0	0
Inventory	37,167	37,167
Total Other Assets	<u>37,167</u>	<u>37,167</u>
TOTAL ASSETS	<u>\$ 168,679</u>	<u>\$ 168,679</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 27,949	\$ 27,949
Total Liabilities	<u>27,949</u>	<u>27,949</u>
Fund Balance-Unappropriated	<u>140,730</u>	<u>140,730</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 168,679</u>	<u>\$ 168,679</u>

CITY OF BORGER, TEXAS  
 COMBINED INTRAGOVERNMENTAL SERVICE FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 SEPTEMBER 30, 2006

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND
Fund Balance October 1, 2005	\$ 105,992	\$ 105,992
Excess of Revenues Over (Under) Expenditures	34,738	34,738
Fund Balance September 30, 2006	\$ 140,730	\$ 140,730

CITY OF BORGER, TEXAS  
 COMBINED INTRAGOVERNMENTAL SERVICE FUND  
 STATEMENT OF REVENUES AND EXPENDITURES  
 SEPTEMBER 30, 2006

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND
<u>REVENUES</u>		
Stores Billings	\$ 52,614	\$ 52,614
Total Revenue	52,614	52,614
<u>EXPENDITURES</u>		
Store Purchases	17,876	17,876
Total Expenditures	17,876	17,876
Transfers		
Transfer to General Fund	0	0
Total Expenditures & Transfers	17,876	17,876
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 34,738	\$ 34,738

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

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Cash in Bank	\$ 100,001	\$ 0
Investments	4,909,845	0
Interest Receivable	14,054	0
TOTAL ASSETS	<u>\$ 5,023,900</u>	<u>\$ 0</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Due To Other Funds	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>
 Fund Balance-Reserved	 <u>5,023,900</u>	 <u>0</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,023,900</u>	<u>\$ 0</u>

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

CITY OF BORGER, TEXAS  
 COMBINED CAPITAL PROJECT FUND  
BALANCE SHEET  
 SEPTEMBER 30, 2006

	Combined Capital Project Fund	2006 Certificates of Oblig I & S	Capital Equipment Fund
<u>ASSETS</u>			
Cash And Investments:			
Cash On Hand	\$ 0	\$ 0	\$ 0
Cash In Bank	100,001	100,001	0
Investments	4,909,845	4,909,845	0
Total Cash and Investments	<u>5,009,846</u>	<u>5,009,846</u>	<u>0</u>
Receivables:			
Interest Receivable	14,054	14,054	0
Total Receivables	<u>14,054</u>	<u>14,054</u>	<u>0</u>
Other Assets:			
Due From Debt Service	0	0	0
Total Other Assets	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL ASSETS	 <u>\$ 5,023,900</u>	 <u>\$ 5,023,900</u>	 <u>\$ 0</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due To Other Funds	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance:			
Reserve for Capital Projects	5,000,000	5,000,000	0
Reserve for Debt Retirement	23,900	23,900	0
Unreserved	0	0	0
Total Fund Balance	<u>5,023,900</u>	<u>5,023,900</u>	<u>0</u>
 TOTAL LIABILITIES & FUND BALANCES	 <u>\$ 5,023,900</u>	 <u>\$ 5,023,900</u>	 <u>\$ 0</u>

CITY OF BORGER, TEXAS  
 COMBINED PROPRIETARY FUND  
 STATEMENT OF CHANGES IN FUND BALANCE  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	COMBINED CAPITAL PROJECT FUND	2006 Certificate of Oblig I & S	Capital Equipment Fund
Fund Balance October 1, 2005	\$ 0	\$ 0	\$ 0
Prior Year Adjustments	0	0	0
	0	0	0
Add: Excess of Revenue Over (Under) Expenditures	5,023,900	5,023,900	0
Fund Balance September 30, 2006	<u>\$ 5,023,900</u>	<u>\$ 5,023,900</u>	<u>\$ 0</u>

CITY OF BORGER, TEXAS  
 COMBINED CAPITAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006

	COMBINED CAPITAL PROJECT FUND	2006 CERTIFICATE OF OBLIG I & S	CAPITAL EQUIPMENT FUND
<b>REVENUE</b>			
Interest Accrued on Certificates of Obligation	\$ 9,846	\$ 9,846	\$ 0
Interest On Investments	14,054	14,054	0
Total Revenue	<u>23,900</u>	<u>23,900</u>	<u>0</u>
<b>Transfers And Other:</b>			
Proceeds from Certificates of Obligations Issued	5,000,000	5,000,000	0
Transfer From General Fund	0	0	0
Transfer From Water & Sewer Fund	0	0	0
Interfund Transfers	0	0	0
Total Revenue & Transfers	<u>5,023,900</u>	<u>5,023,900</u>	<u>0</u>
<b>EXPENDITURES</b>			
Water Maintenance	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<b>Transfers And Other:</b>			
Interfund Transfers	0	0	0
Total Expenditures & Transfers	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>\$ 5,023,900</u>	<u>\$ 5,023,900</u>	<u>\$ 0</u>

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>2006</u>	<u>2005</u>
Amount Available in Debt Service Fund	\$ 54,797	\$ 32,448
Principal Amount to be Provided in Future Years:		
General Obligation Refunding Bonds-Series 199	655,203	832,552
Certificates of Obligations-Series 2006	5,000,000	0
Notes Payable Obligations	379,411	511,510
	<hr/>	<hr/>
Total Principal Available & to be Provided For	6,089,411	1,376,510
Interest to be Provided in Future Years	<u>2,337,707</u>	<u>169,941</u>
TOTAL AVAILABLE & TO BE PROVIDED FOR	<u>\$ 8,427,118</u>	<u>\$ 1,546,451</u>

GENERAL LONG-TERM DEBTS AND INTEREST  
 PAYABLE IN FUTURE YEARS

Notes Payable Obligations	\$ 379,411	\$ 511,510
Certificate of Obligations-Series 2006	5,000,000	0
General Obligation Refunding Bonds-Series 199	710,000	865,000
Interest Payable-General Obligation Debt	92,645	135,980
Interest Payable-Certificate of Obligations	2,225,702	0
Interest Payable-Note Payable Obligations	19,360	33,961
Interest Payable	<u>\$ 8,427,118</u>	<u>\$ 1,546,451</u>

CITY OF BORGER, TEXAS  
 GENERAL LONG-TERM DEBT ACCOUNT GROUPS  
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 1995  
 September 30, 2006

Fiscal Year	Principal	Interest	Total Requirments	Interest Rate
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>\$ 710,000</u>	<u>\$ 92,645</u>	<u>\$ 802,645</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  
 GENERAL LONG-TERM DEBT ACCOUNT GROUPS  
 CERTIFICATE OF OBLIGATION REVENUE BONDS-SERIES 2006  
 SEPTEMBER 30, 2006

Fiscal Year	Principal	Interest	Total Requirments	Interest Rate
2007	\$ 0	\$ 199,352	\$ 199,352	
2008	0	217,475	217,475	
2009	0	217,475	217,475	
2010	0	217,475	217,475	
2011	200,000	217,475	417,475	4.25%
2012	200,000	208,975	408,975	4.25%
2013	205,000	200,475	405,475	4.50%
2014	210,000	191,250	401,250	4.50%
2015	585,000	181,800	766,800	5.00%
2016	855,000	152,550	1,007,550	5.00%
2017	890,000	109,800	999,800	4.00%
2018	920,000	74,200	994,200	4.00%
2019	935,000	37,400	972,400	4.00%
	<u>\$ 5,000,000</u>	<u>\$ 2,225,702</u>	<u>\$ 7,225,702</u>	

Note: The certificates were issued on September 14, 2006. 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 \$5,000,000 with an original issue of \$5,000,000.

On the certificates maturity date of August 1, 2016, or on any date thereafter, the rights are reserved to redeem principal amounts of \$5,000 or any integral multiple thereof on certiiates maturing in the years on or after August 1, 2016 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, 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
September 30, 2006	5,769	5,410

CITY OF BORGER  
SCHEDULE OF INSURANCE COVERAGE  
September 30, 2006

<u>BUILDINGS &amp; CONTENTS</u>	<u>POLICY NUMBER</u>	<u>COVERAGE</u>
Texas Municipal League Joint Self-Insurance Fund:	420-TML-1001400-02	
Department/Address		
Animal Shelter-W. 3rd. Street 5/10 Mi W of Cedar		\$ 177,600 .
Contents		7,500 .
Bath House/Youth Center-1115 Brain		86,800 .
Recreation Hall & Bath House-1704 Hwy (Bulldog Boulevard)		507,800 .
Contents		10,000 .
Booster Pump Station-1800 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-1208 S Main		90,000 .
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		1,082,207 .
Vehicles-Per Schedule		1,793,377 .
		\$ <u>15,888,918</u>

CITY OF BORGER  
SCHEDULE OF INSURANCE COVERAGE  
September 30, 2006

<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>		
	420-TML1001400-02	Limit	DEDUCTIBLE
Valuable Paper & Records & EDP Media		10,000	
Accounts Receivable		10,000	
Loss of Revenues, Extra Expense and Rents		25,000	
Personal Effects		5,000	
Leasehold Interest		5,000	
Outdoor Trees & Shrubs (\$250 Each)		10,000	
Employee Honesty Bond-Blanket		25,000	250
Theft Disappearance & Destruction & Robbery and Safe Burglary		25,000	250
The Hartford Casualty Insurance Co.	GIBSBAN9210	25,000	
Employee Honesty Bond-Specific Named: Chris Coffman-City Manager			
Acts of Terroism		10,000,000	