

CITY OF BORGER
BORGER, TEXAS
YEAR ENDED SEPTEMBER 30, 2007
(With Auditor's Report Thereon)

CITY OF BORGER
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Borger, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Borger, Texas, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Borger, Texas' management. 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, Texas, as of September 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 9 and 18 through 10, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Borger, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements 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.

Charles Gary Murrow, CPA, PLLC

Charles Gary Murrow, CPA, PLLC

February 25, 2008

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, the independent auditors' report, and the City's Basic Financial Statements for the fiscal year ended September 30, 2007.

FINANCIAL HIGHLIGHTS

During the year, the City had expenses that were \$1,757,315 less than the \$14,250,116 generated in tax and other revenues for governmental and business like operations.

The General Fund ended the year with a fund balance of \$1,773,493 as compared to \$1,559,655 for 2006.

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. 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 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 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.

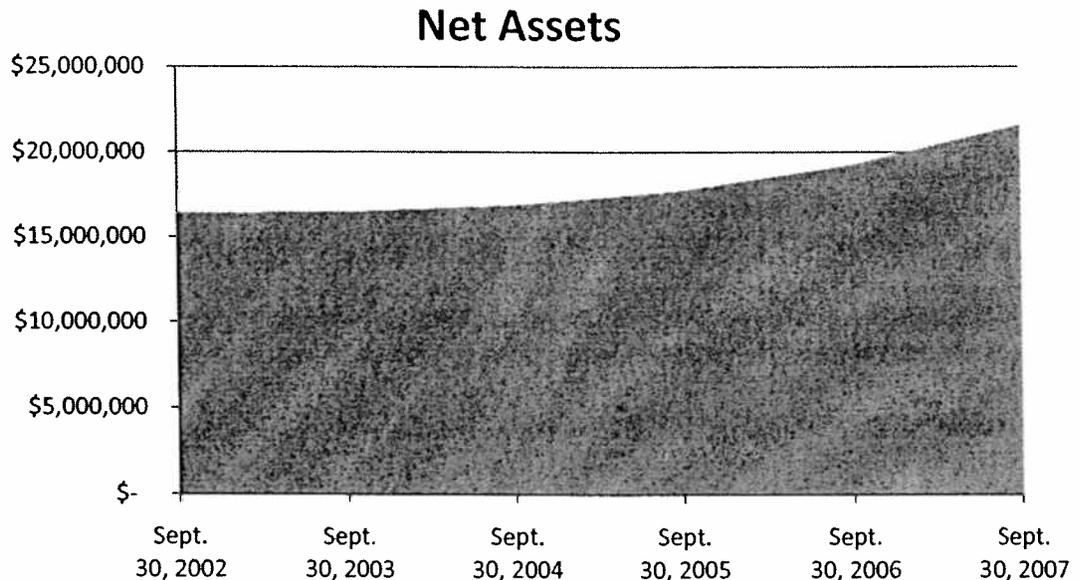
Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities is an analysis of the City's overall financial condition and operation. Its primary purpose is to show whether the City is better off or worse off as a result of the activities that occurred during fiscal year 2007. 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 statements 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 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 2007, net assets of the City's governmental activities increased from \$6,579,837 to \$8,165,180. There was also increases of \$205,663 in receivables and depreciation of \$54,738.

In 2007, net assets of the City's business-type activities increased from \$12,698,467 to \$13,454,485.

Table I
NET ASSETS

	Governmental Activities 2007	Business-type Activities 2007	Total 2007
Current and other assets	7,137,248	3,687,626	10,824,874
Capital assets – NET	6,961,874	25,440,085	32,401,959
Total assets	14,099,122	29,127,711	43,226,833
	Governmental Activities 2007	Business-type Activities 2007	Total 2007
Long-term liabilities	5,437,965	14,103,695	19,541,660
Other liabilities	495,977	1,564,531	2,060,508
Total liabilities	5,933,942	15,668,226	21,602,168
Net Assets:			
Invested in capital assets net of related debt	5,478,114	10,200,498	15,678,612
Restricted	1,454,678	96,164	1,550,842
Unrestricted	1,232,388	3,157,373	4,389,761
Total net assets	8,165,180	13,454,035	21,619,215

	Governmental Activities 2006	Business-type Activities 2006	Total 2006
Current and other assets	7,354,925	3,360,404	10,715,329
<u>Capital assets – NET</u>	<u>5,565,030</u>	<u>23,306,821</u>	<u>28,871,851</u>
Total assets	12,919,955	26,667,225	39,587,180
Long-term liabilities	5,712,228	12,333,312	18,045,540
<u>Other liabilities</u>	<u>627,890</u>	<u>1,349,446</u>	<u>2,263,336</u>
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
<u>Unrestricted</u>	<u>-3,871,514</u>	<u>2,590,260</u>	<u>-1,281,254</u>
Total net assets	6,579,837	12,698,467	19,278,304

Table II
CHANGES IN NET ASSETS

	Governmental Activities 2007	Business-type Activities 2007	Total 2007
Revenues:			
Program Revenues:			
Charges for Services	2,258,832	5,484,275	7,743,107
Operating grants and contributions	181,459		181,459
General Revenues:			
Maintenance and operations taxes	1,464,485		1,464,485
Debt service taxes	399,531	265,185	664,716
Motel taxes	240,183		240,183
Sales and Use taxes	2,649,905		2,649,905
Gross Receipts Tax	774,600		774,600
Industrial District Contracts	985,781		985,781
Investment Earnings	399,321	130,311	529,632
Other Revenue	59,135		59,135
Special Items:			
Gain on Sale of assets	(5,069)	25,908	20,839

	Governmental Activities 2007	Business-type Activities 2007	Total 2007
Transfers – Internal Activity	241,098	(241,098)	0
Transfers – Operating	0	0	0
Total Revenue	9,649,261	5,664,581	15,313,842
Expenses:			
General Government	449,968		449,968
Public Safety and Judiciary	4,103,500		4,103,500
Public Works	2,422,031		2,422,031
Cultural, Parks and Recreation	850,078		850,078
Unallocated Interest Expense	238,341		238,341
Other business-type activities		4,908,563	4,908,563
Total Expenses	8,063,918	4,908,563	12,972,481
Change in Net Assets	1,585,343	756,018	2,341,361
Net assets at 10/01/2006	6,579,837	12,698,467	19,278,304
Net assets at 09/30/2007	8,165,180	13,454,485	21,619,665

	Governmental Activities 2006	Business-type Activities 2006	Total 2006
Revenues:			
Program Revenues:			
Charges for Services	2,241,028	5,094,958	7,335,986
Operating grants and contributions	190,405		190,405
General Revenues:			
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
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

	Governmental Activities 2006	Business-type Activities 2006	Total 2006
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
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 \$8.064 million compared to \$7.450 million last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City taxes was only \$1.864 million because some of the costs were paid by those who directly benefited from the programs (\$6.200 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, reported a combined fund balance of \$8.165 million, which is an increase over last year's total of \$6.580 million. Included in this year's total change in fund balance is an increase of \$1,585,343 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 2007, the City had net assets of \$21,619,665 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 \$20,766,727 in bonds, notes, and other outstanding debt versus \$19,276,692 last year, an increase of 7.73 percent. In 2006 the City Council authorized debt of \$5,000,000 to finance improvements to the City's Johnson Park Youth Center and participated in the Series 2006 Conjunctive Use Groundwater Bonds issued by the Canadian River Municipal Water Authority. Although approved in 2006 these bonds were not issued until well within this fiscal year and thus the reason for the increased debt over the previous year.

Improvements for the Johnson Park Youth Center 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. Currently this project is in the design phase. The construction phase is scheduled to begin the first quarter of 2008 and continue through the first quarter of 2009. During 2007 the City began a total upgrade of the public safety radio system to comply with mandated FCC P-25 requirements. Although not completely finished during this fiscal year, completion should occur well before the 2009 mandated deadline established by the FCC. The purchase and installation of a state of the art ADP Doppler® weather radar during the first quarter of 2007 has greatly enhanced the City's Emergency Management Department. Also during the first quarter of 2007 the City purchased the Degussa Engineered Carbons Water System for \$150,000 (\$75,000 in cash and a \$75,000 credit toward future water purchases). The system consists of approximately 1200 acres of water rights located in Carson County and within the Panhandle Ground Water Conservation District; three water wells; booster pump station and storage tank; seven (7) to eight (8) miles of pipeline and associated rights-of-way; and a two million gallon ground storage tank on approximately 4 acres of land. As a result of this purchase Degussa Engineered Carbons now purchases approximately 275 to 300 million gallons of water exclusively from the City of Borger on an annual basis. The sale of water to this industrial customer is expected to increase water revenue by approximately \$350,000 to \$375,000 annually. No increase in personnel is expected as a result of the acquisition. As a stipulation to the sale of the water system, real property consisting of an old office building and warehouse area was included in the sale. This was first considered to be a potential liability that would have to be disposed of at a future date. However, the successful recruitment of a company from California that specializes in anodizing of parts for the aerospace industry resulted in the sale of the property for \$100,000, and the possible creation of up to 50 new jobs.

ECONOMIC FACTORS, NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2006 – 2007 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; with the continuing rise in crude oil prices and completion of a major expansion at the Conoco\Phillips Refinery the economy has been re-energized during the last half of 2005 and all of 2006. City leaders feel that this trend will continue as another major project has been initiated at the Chevron Phillips Chemical Company LP (Chevron Phillips Chemical) Plant. Borger, Texas was selected as the location of a new polyphenylene sulfide (PPS) plant. Construction began on the new 22 million pound-per-year capacity plant 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 were realized

when plans were submitted for review and building permits were issued. Construction is expected to start in the fourth quarter of 2007 and be complete sometime in 2008 thus expanding the hotel/motel and tourism industries. The Borger Economic Development Corporation which shows up as a non-major component in many of the tables contained within this audit continues to be very active and successful in the recruitment of businesses and companies. Their primary focus is on the creation of primary jobs, however, efforts are continuing in four other areas identified as critical to Borger and the surrounding area. These areas include availability of housing, acute and long term healthcare, construction of an events/multi-purpose community center, and participating with Hutchinson County in the construction of a new terminal building at the Hutchinson County Airport.

These factors were conservatively taken into account when adopting the new budget for 2007 - 2008. The City will use its revenues to finance programs we currently offer and expand spending in maintenance of streets and rights of ways. During the third quarter of 2007 the City's Street Department applied a hotmix overlay to approximately four blocks of Main Street. The 2007 - 2008 Budget includes funding for a hotmix overlay of almost all of the remaining areas of Main Street. For several years no funding has been available for the seal coating program. In order to protect and preserve vital road infrastructure funding has also been allocated to resurrect this important program. Even though expenditures are expected to increase, the 2007 - 2008 budget will remain balanced. The City Council also approved a significant change in the compensation plan for all employees of the City. The compensation plan resulted in an increase of approximately \$250,000 in salaries and other personnel services. The changes in the salary plan primarily addressed overlapping pay grades and much needed adjustments in public safety salaries. Retention of long-term and/or highly qualified employees in the modern market place will continue to present significant challenges during the short term as well as in future years. Active succession planning requires a significant investment in both time and financial resources. However, with the City's aging administrative staff, it is an investment that the City must make.

The 2007 - 2008 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 including a new water well currently in the design phase with construction expected in the third quarter of 2008 are included. With Lake Meredith (one of the City's major sources of water) at historically low levels funding from the Series 2006 C/O's will also be reserved for a second water well if needed.

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, 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.



Wanda Klause, City Manager
City of Borger, Texas

BASIC FINANCIAL STATEMENTS

CITY OF BORGER
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

EXHIBIT A-1

	Primary Government			Component Unit Non-major Component Unit
	Governmental Activities	Business Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 849,104	\$ 887,049	\$ 1,736,153	\$ 194,631
Investments-Restricted	4,240,845	0	4,240,845	0
Investments - Current	1,585,854	1,890,147	3,476,001	779,249
Receivables (net of allowance for uncollectibles)	432,155	706,239	1,138,394	64,076
Internal Balances	(8,152)	8,152	0	0
Inventories	37,442	0	37,442	0
Prepaid Items	0	0	0	5,067
Capitalized Debt Issuance Costs	0	196,039	196,039	0
Capital Assets:				
Land	1,056,095	252,254	1,308,349	32,095
Infrastructure, net	959,802	0	959,802	0
Buildings, net	2,018,348	25,228	2,043,576	2,067,395
Machinery and Equipment, net	2,927,629	172,232	3,099,861	32,753
Plant Assets and Equipment, net	0	24,990,371	24,990,371	0
Total Assets	14,099,122	29,127,711	43,226,833	3,175,266
LIABILITIES				
Accounts payable and other current liabilities	148,065	412,261	560,326	8,912
Intergovernmental Payable	22,708	0	22,708	0
Accrued Interest Payable	38,564	21,828	60,392	0
Deferred Revenues	0	197,015	197,015	0
Certificates of Obligation Payable	5,000,000	0	5,000,000	0
Non-current Liabilities				
Due Within One Year	286,640	938,427	1,225,067	0
Due in More Than One Year	437,965	14,103,695	14,541,660	0
Total Liabilities	5,933,942	15,673,226	21,607,168	8,912
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	5,478,114	10,200,948	15,679,062	2,132,243
Restricted for:				
Restricted for Capital Projects	351,880	0	351,880	0
Restricted for Debt Service	89,139	96,164	185,303	0
Restricted for Youth Facilities and Park	486,945	0	486,945	0
Restricted for Police	96,920	0	96,920	0
Restricted for Tourism	156,173	0	156,173	0
Restricted for Environmental Projects	48,754	0	48,754	0
Restricted for Other Purposes	2,577	0	2,577	0
Unrestricted Net Assets	1,454,678	3,157,373	4,612,051	1,034,111
Total Net Assets	\$ 8,165,180	\$ 13,454,485	\$ 21,619,665	\$ 3,166,354

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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
Primary Government:							
GOVERNMENTAL ACTIVITIES:							
General Data Processing	\$ 19,469	\$ 0	\$ 0	\$ (19,469)	\$ 0	\$ (19,469)	\$ 0
Administration	175,454	(68,217)	0	(107,237)	0	(107,237)	0
Legal	20,272	0	0	(20,272)	0	(20,272)	0
Vehicle Service Center	165,217	0	0	(165,217)	0	(165,217)	0
City Hall Building Maintenance	22,356	0	0	(22,356)	0	(22,356)	0
General Contingencies	47,200	0	0	(47,200)	0	(47,200)	0
Police	1,557,210	(12,331)	(83,107)	(1,461,772)	0	(1,461,772)	0
Fire	1,340,942	(37,500)	(321)	(1,303,121)	0	(1,303,121)	0
Fire Prevention	64,067	0	0	(64,067)	0	(64,067)	0
Animal Control	147,624	(14,564)	0	(133,060)	0	(133,060)	0
Central Dispatching	263,893	(82,000)	0	(181,893)	0	(181,893)	0
Code Enforcement	137,608	0	0	(137,608)	0	(137,608)	0
Municipal Court	246,887	(322,187)	0	75,300	0	75,300	0
Emergency Management	273,148	0	0	(273,148)	0	(273,148)	0
Building Standards & Facelift	70,957	0	0	(70,957)	0	(70,957)	0
Street & Alley Maintenance	420,868	0	0	(420,868)	0	(420,868)	0
Refuse Collection	589,495	(1,521,527)	0	932,032	0	932,032	0
Recycling Center	56,253	0	0	(56,253)	0	(56,253)	0
Transfer Station	827,796	(151,161)	0	(676,635)	0	(676,635)	0
Public Works Director	175,915	0	0	(175,915)	0	(175,915)	0
Traffic Engineering Maintenance	66,912	0	0	(66,912)	0	(66,912)	0
Culture and Recreation	615,354	0	(98,031)	(517,323)	0	(517,323)	0
Parks	181,062	0	0	(181,062)	0	(181,062)	0
Swimming Pools	53,662	(8,188)	0	(45,474)	0	(45,474)	0
Planning & Zoning	284,792	(41,157)	0	(243,635)	0	(243,635)	0
Environmental Management	1,164	0	0	(1,164)	0	(1,164)	0
Economic Development and Assistance	0	0	0	0	0	0	0
Bond Interest	237,705	0	0	(237,705)	0	(237,705)	0
Fiscal Agent's Fees	636	0	0	(636)	0	(636)	0
Total Governmental Activities:	8,063,918	(2,258,832)	(181,459)	(5,623,627)	0	(5,623,627)	0
BUSINESS-TYPE ACTIVITIES:							
Total Business-Type Activities:	4,908,563	(5,484,275)	0	0	575,712	575,712	0
TOTAL PRIMARY GOVERNMENT:	\$ 12,972,481	\$ (7,743,107)	\$ (181,459)	\$ (5,623,627)	\$ 575,712	\$ (5,047,915)	\$ 0
Component Unit:							
Nonmajor Component Unit	1,278,104	23,650	0	0	0	0	(1,254,454)
TOTAL COMPONENT UNITS:	\$ 1,278,104	\$ 23,650	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,254,454)

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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			\$ 1,416,538	\$ 0	\$ 1,416,538	\$ 0	0
Property Taxes, Levied for Debt Service			399,531	265,185	664,716	0	0
Penalty and Interest			42,222	0	42,222	0	0
FHA in Lieu of Taxes			5,725	0	5,725	0	0
Sales Tax			2,649,905	0	2,649,905	0	878,854
Motel Tax			240,183	0	240,183	0	0
Gross Receipts Tax			774,600	0	774,600	0	0
Grants and Contributions Not Restricted			985,781	0	985,781	0	0
Gain(Loss) on Sale of Assets			(5,069)	25,908	20,839	0	0
Miscellaneous Revenue			59,135	0	59,135	0	127,343
Investment Earnings			399,321	130,311	529,632	0	55,394
Transfers In/(Out)			241,098	(241,098)	0	0	0
Total General Revenues, Special Items, and Transfers			7,208,970	180,306	7,389,276		1,061,591
Change in Net Assets			1,585,343	756,018	2,341,361		(192,863)
Net Assets-Beginning			6,579,837	12,698,467	19,278,304		3,359,217
Net Assets-Ending			\$ 8,165,180	\$ 13,454,485	\$ 21,619,665		\$ 3,166,354

The accompanying notes are an integral part of this statement.

CITY OF BORGER
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	General Fund	Capital Equipment Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 641,090	\$ 118,205	\$ 61,827	\$ 821,122
Investments - Current	1,140,275	4,466,345	84,079	5,690,699
Interest Receivable - Investments	5,460	19,110	164,621	189,191
Taxes Receivable	220,147	0	0	220,147
Allowance for Uncollectible Taxes (credit)	(103,467)	0	0	(103,467)
Due from Other Funds	0	3,257	0	3,257
Receivables (net of allowance for uncollectibles)	126,284	0	0	126,284
Total Assets	\$ 2,029,789	\$ 4,606,917	\$ 310,527	\$ 6,947,233
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 131,468	\$ 255	\$ 5,331	\$ 137,054
Wages and Salaries Payable	11,011	0	0	11,011
Intergovernmental Payable	22,708	0	0	22,708
Due to Other Funds	2,956	0	8,453	11,409
Deferred Revenues	88,153	0	0	88,153
Total Liabilities	\$ 256,296	\$ 255	\$ 13,784	\$ 270,335
Fund Balances:				
Unreserved and Undesignated:				
Reported in the General Fund	\$ 1,773,493	\$ 0	\$ 0	\$ 1,773,493
Reported in the Capital Equipment Fund	0	4,606,662	0	4,606,662
Reported in the Special Revenue Fund	0	0	207,604	207,604
Reported in the Debt Service Fund	0	0	89,139	89,139
Total Fund Balances	\$ 1,773,493	\$ 4,606,662	\$ 296,743	\$ 6,676,898
Total Liabilities and Fund Balances	\$ 2,029,789	\$ 4,606,917	\$ 310,527	\$ 6,947,233

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, 2007

Total Fund Balances - Governmental Funds	\$	6,676,898
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.		201,424
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 \$14,936,445 and the accumulated depreciation was \$9,371,415 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.		(476,605)
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 2007 capital outlays and debt principal payments is to increase (decrease) net assets.		2,062,005
The 2007 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(348,131)
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		49,589
Net Assets of Governmental Activities	\$	8,165,180

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, 2007

	General Fund	Capital Equipment Fund	Other Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property Taxes	\$ 1,383,777	\$ 190,829	\$ 226,124	\$ 1,800,730
General Sales and Use Taxes	2,649,905	0	0	2,649,905
Gross Receipts Business Tax	0	0	240,183	240,183
Franchise Tax	774,600	0	0	774,600
Penalty and Interest on Taxes	42,222	0	0	42,222
Licenses and Permits	55,721	0	0	55,721
Intergovernmental Revenue and Grants	80,337	7,494	62,500	150,331
Charges for Services	1,761,424	0	0	1,761,424
Fines	316,084	0	7,241	323,325
Special Assessments	1,105,281	0	0	1,105,281
Investment Earnings	110,354	269,285	19,682	399,321
Contributions & Donations from Private Sources	35,713	0	0	35,713
Other Revenue	54,927	0	0	54,927
Total Revenues	\$ 8,370,345	\$ 467,608	\$ 555,730	\$ 9,393,683
EXPENDITURES:				
Current:				
General Government:				
General Data Processing	\$ 27,717	\$ 0	\$ 0	\$ 27,717
Administration	197,430	0	0	197,430
Legal	20,272	0	0	20,272
Vehicle Service Center	163,588	0	0	163,588
City Hall Building Maintenance	22,356	0	0	22,356
General Contingencies	30,264	0	0	30,264
Public Safety:				
Police	1,780,857	156,945	0	1,937,802
Fire	1,377,540	36,242	0	1,413,782
Fire Prevention	63,089	0	0	63,089
Animal Control	144,452	0	0	144,452
Central Dispatching	263,893	0	0	263,893
Code Enforcement	152,553	0	0	152,553
Municipal Court	232,043	0	14,844	246,887
Building Standards & Facelift	70,471	0	0	70,471
Environmental Management	0	0	1,164	1,164
Emergency Management	61,131	408,865	0	469,996
Street & Alley Maintenance	507,610	114,442	0	622,052
Refuse Collection	491,152	88,996	0	580,148
Recycling Center	54,225	0	0	54,225
Transfer Station	781,144	136,910	0	918,054
Public Works Director	175,312	0	0	175,312
Traffic Engineering Maintenance	66,912	0	0	66,912
Culture & Recreation	55,437	216,552	339,483	611,472
Parks	494,972	316,532	0	811,504
Swimming Pools	49,898	0	0	49,898
Conservation and Development:				
Planning & Zoning	299,920	0	0	299,920
Debt Service:				
Bond Principal	0	0	165,000	165,000
Bond Interest	0	199,352	35,895	235,247
Fiscal Agent's Fees	0	0	636	636
Total Expenditures	\$ 7,584,238	\$ 1,674,836	\$ 557,022	\$ 9,816,096
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	\$ 786,107	\$ (1,207,228)	\$ (1,292)	\$ (422,413)

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, 2007

	General Fund	Capital Equipment Fund	Other Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES):				
Non-Current Loans	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	960,632	2,586	963,218
Other Resources	0	4,208	0	4,208
Transfers Out (Use)	(572,269)	(174,850)	0	(747,119)
Total Other Financing Sources (Uses)	\$ (572,269)	\$ 789,990	\$ 2,586	\$ 220,307
Net Change in fund Balances	213,838	(417,238)	1,294	(202,106)
Fund Balance - October 1 (Beginning)	1,559,655	5,023,900	295,449	6,879,004
Fund Balance - September 30 (Ending)	\$ 1,773,493	\$ 4,606,662	\$ 296,743	\$ 6,676,898

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, 2007

Total Net Change in Fund Balances - Governmental Funds	\$ (202,106)
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.	60,694
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 2007 capital outlays and debt principal payments is to increase (decrease) net assets.	2,062,005
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.	(348,131)
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.	12,881
Change in Net Assets of Governmental Activities	\$ 1,585,343

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, 2007

	Budget Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 1,357,538	\$ 1,357,538	\$ 1,386,777	\$ 29,239
General Sales and Use Taxes	2,350,000	2,350,000	2,649,905	299,905
Franchise Tax	591,300	591,300	774,600	183,300
Penalty and Interest on Taxes	38,500	38,500	42,222	3,722
Licenses and Permits	22,625	22,625	55,721	33,096
Intergovernmental Revenue and Grants	59,479	59,479	80,337	20,858
Charges for Services	2,459,417	2,459,417	1,761,424	(697,993)
Fines	395,950	395,950	316,084	(79,866)
Special Assessments	660,369	660,369	1,105,281	444,912
Investment Earnings	52,865	52,865	110,354	57,489
Contributions & Donations from Private Sources	36,000	36,000	35,713	(287)
Other Revenue	0	0	54,927	54,927
Total Revenues	<u>8,024,043</u>	<u>8,024,043</u>	<u>8,373,345</u>	<u>349,302</u>
EXPENDITURES:				
General Government:				
General Data Processing	31,447	31,447	27,717	3,730
Administration	221,784	221,784	197,430	24,354
Legal	18,500	18,500	20,272	(1,772)
Vehicle Service Center	195,667	195,667	163,588	32,079
City Hall Building Maintenance	10,000	10,000	22,356	(12,356)
General Contingencies	122,491	122,491	30,264	92,227
Public Safety:				
Police	1,838,092	1,838,092	1,780,857	57,235
Fire	1,304,695	1,304,695	1,377,540	(72,845)
Fire Prevention	66,113	66,113	63,089	3,024
Animal Control	167,927	167,927	144,452	23,475
Central Dispatching	286,323	286,323	263,893	22,430
Code Enforcement	162,305	162,305	152,553	9,752
Municipal Court	278,435	278,435	232,043	46,392
Emergency Management	80,921	80,921	61,131	19,790
Building Standards & Facelift	87,591	87,591	70,471	17,120
Street & Alley Maintenance	569,863	569,863	507,610	62,253
Refuse Collection	528,093	528,093	491,152	36,941
Recycling Center	53,742	53,742	54,225	(483)
Transfer Station	775,937	775,937	781,144	(5,207)
Public Works Director	200,396	200,396	175,312	25,084
Traffic Engineering Maintenance	101,185	101,185	66,912	34,273
Culture and Recreation	42,058	42,058	55,437	(13,379)
Parks	528,651	528,651	494,972	33,679
Swimming Pools	48,678	48,678	49,898	(1,220)
Conservation and Development:				
Planning & Zoning	341,141	341,141	299,920	41,221
Total Expenditures	<u>8,062,035</u>	<u>8,062,035</u>	<u>7,584,238</u>	<u>477,797</u>
Excess (Deficiency) of Revenues Over (Under)	<u>(37,992)</u>	<u>(37,992)</u>	<u>789,107</u>	<u>827,099</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, 2007

	Budget Amounts		Actual Amounts	Variance With
	Original	Final	(GAAP BASIS)	Final Budget Positive or (Negative)
OTHER FINANCING SOURCES (USES):				
Non-Current Loans	0	0	0	0
Other Resources	0	0	0	0
Transfers In	0	0	0	0
Transfers Out (Use)	0	0	(572,269)	(572,269)
Total Other Financing Sources (Uses)	0	0	(572,269)	(572,269)
Net Change in Fund Balances	(37,992)	(37,992)	216,838	254,830
Fund Balance - October 1 (Beginning)	1,556,655	1,556,655	1,556,655	0
Fund Balance - September 30 (Ending)	\$ 1,518,663	\$ 1,518,663	\$ 1,773,493	\$ 254,830

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007

	Business-Type Activities -	Governmental Activities -
	Water and Sewer Operations	Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 887,049	\$ 27,982
Investments - Current	1,890,147	136,000
Interest Receivable - Investments	8,086	0
Accounts Receivable - Net of Uncollectible Allowance	698,153	0
Due from Other Funds	8,152	0
Inventories	0	37,442
Capitalized Debt Issuance Costs	196,039	0
Total Current Assets	3,687,626	201,424
Noncurrent Assets:		
Capital Assets:		
Land	252,254	0
Buildings	294,489	0
Accumulated Depreciation - Buildings	(269,261)	0
Machinery and Equipment	1,199,957	0
Accumulated Depreciation - Machinery & Equipment	(1,027,725)	0
Water & Sewer Plant and System	43,341,534	0
Accumulated Depreciation - W & S Plant & System	(18,351,163)	0
Total Noncurrent Assets	25,440,085	0
Total Assets	\$ 29,127,711	\$ 201,424

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007

	Business-Type Activities - Water and Sewer Operations	Governmental Activities - Internal Service Fund
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 86,407	\$ 0
Accrued Salaries Payable	3,028	0
Due to Others	322,826	0
Accrued Interest Payable	21,828	0
Notes Payable - Current	16,086	0
Bonds Payable - Current:		
Revenue Bonds Payable	480,000	0
CRMWA Bonds Payable	442,341	0
Total Current Liabilities	1,372,516	0
Non-Current Liabilities:		
Deferred Revenue	197,015	0
Bonds Payable - Non-Current:		
Revenue Bonds Payable	3,480,000	0
CRMWA Bonds Payable	9,377,301	0
Unamortized Charge - Refunding Bonds	1,224,250	0
Notes Payable - Non-Current	22,144	0
Total Non-Current Liabilities	14,300,710	0
Total Liabilities	\$ 15,673,226	\$ 0
NET ASSETS		
Investments in Capital Assets, Net of Debt	10,200,948	0
Restricted for Debt Retirement	96,164	0
Restricted for EOC	0	15,908
Reserved for Main Street Paving	0	25,000
Unrestricted Net Assets	3,157,373	160,516
Total Net Assets	\$ 13,454,485	\$ 201,424

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, 2007

	Business-Type Activities - Water and Sewer Operations	Governmental Activities Internal Service Fund
OPERATING REVENUES:		
Charges for Water Services	\$ 3,727,667	\$ 0
Charge for Sewage Service	1,578,142	0
Other Revenue	178,466	35,694
Total Operating Revenues	5,484,275	35,694
OPERATING EXPENSES:		
Personal Services - Salaries and Wages		
Water/Sewer Customer Service	211,211	0
Water Maintenance	320,753	0
Sewer Maintenance	236,443	0
Water Production & Treatment	145,628	0
Wastewater Collection & Treatment	157,621	0
Utility Director	56,843	0
Data Processing	18,898	0
Total Personal Services-Salaries and Wages	1,147,397	0
Personal Services - Employee Benefits		
Water/Sewer Customer Service	58,538	0
Water Maintenance	42,997	0
Sewer Maintenance	78,977	0
Water Production & Treatment	54,637	0
Wastewater Collection & Treatment	58,393	0
Utility Director	17,788	0
Data Processing	8,300	0
Total Personal Services-Employee Benefits	319,630	0
Purchased Services		
Water/Sewer Customer Service	211,958	0
Water Maintenance	14,185	0
Sewer Maintenance	45,990	0
Water Production & Treatment	375,841	0
Wastewater Collection & Treatment	152,767	0
Utility Director	4,387	0
Data Processing	20,784	0
Reserve Account	511,636	0
Total Purchased Services	1,337,548	0
Other Operating Expenses		
Water/Sewer Customer Service	7,428	0
Water Maintenance	49,084	0
Sewer Maintenance	34,297	0
Water Production & Treatment	47,128	0
Wastewater Collection & Treatment	30,886	0
Utility Director	5,078	0
Data Processing	1,272	0
Reserve Account	1,653	0
Total Other Operating Expenses	176,826	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, 2007

EXHIBIT D-2
(Continued)

	Business-Type Activities -	Governmental Activities
	Water and Sewer Operations	Internal Service Fund
Maintenance		
Water/Sewer Customer Service	16,384	0
Water Maintenance	78,899	0
Sewer Maintenance	80,097	0
Water Production & Treatment	93,850	0
Wastewater Collection & Treatment	56,040	0
Utility Director	2,290	0
Data Processing	24,992	0
Reserve Account	29,889	0
Total Maintenance	<u>382,441</u>	<u>0</u>
Depreciation	907,331	0
Total Operating Expenses	<u>4,271,173</u>	<u>0</u>
Operating Income (Loss)	<u>1,213,102</u>	<u>35,694</u>
NON-OPERATING REVENUES (EXPENSES):		
Investment Earnings	130,311	0
Property Taxes	265,185	0
Gain from Sale of Equipment	25,908	0
Interest Expense - Non Operating	(637,390)	0
Total Non-Operating Revenue (Expenses)	<u>(215,986)</u>	<u>0</u>
Income (Loss) Before Transfers	997,116	35,694
Transfer In	174,850	25,000
Transfers Out	<u>(415,948)</u>	<u>0</u>
Change in Net Assets	756,018	60,694
Total Net Assets - October 1 (Beginning)	<u>12,698,467</u>	<u>140,730</u>
Total Net Assets - September 30 (Ending)	<u>\$ 13,454,485</u>	<u>201,424</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

EXHIBIT D-3

	Business-Type Activities - Water and Sewer Operations	Governmental Activities Internal Service Fund
<u>Cash Flows from Operating Activities:</u>		
Cash received from User Charges	\$ 5,295,236	\$ 58,997
Cash Payments to Employees for Services	(1,504,193)	0
Cash Payments for Insurance Claims	0	0
Cash Payments for Suppliers	(1,868,317)	(51,527)
Net Cash Provided by Operating Activities	<u>1,922,726</u>	<u>7,470</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer Out	(415,948)	0
Transfers In	174,850	25,000
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(241,098)</u>	<u>25,000</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Acquisition of Capital Assets	(2,975,014)	0
Proceeds from Sale of Assets	100,908	0
Interest Paid on Debts	(639,740)	0
Proceeds from Debt	2,777,645	0
Principal Payments on Debt	(863,540)	0
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(1,599,741)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	(56,703)	(16,000)
Proceeds from Sale & Maturities of Securities	0	0
Interest on Investments	127,473	0
Net Cash Provided by (Used for) Investing Activities	<u>70,770</u>	<u>(16,000)</u>
Net Increase in Cash and Cash Equivalents	152,657	16,470
Cash and Cash Equivalents at Beginning of the Year:	734,392	11,512
Cash and Cash Equivalents at Ending of the Year:	<u>\$ 887,049</u>	<u>\$ 27,982</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>		
Operating Income (Loss):	\$ 1,213,102	\$ 35,694
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	907,331	0
Gain on disposal of assets	25,908	0
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(189,039)	0
Decrease (increase) in Inventories	0	(275)
Increase (decrease) in Accounts Payable	50	(27,949)
Increase (decrease) in Accrued Salaries	(37,166)	0
Increase (decrease) in Customer Meter Deposits	2,540	0
Net Cash Provided by Operating Activities	<u>\$ 1,922,726</u>	<u>\$ 7,470</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2007

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 0
Accounts Receivable	0
Investments	<u>273,471</u>
Total Assets	<u><u>\$ 273,471</u></u>
 LIABILITIES	
Hospitalization Payable	\$ 0
Deferred Compensation	<u>273,471</u>
Total Liabilities	<u><u>\$ 273,471</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, 2007

	BALANCE OCTOBER 1 2006	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2007
DEFERRED COMPENSATION				
Assets:				
Investments	\$ 226,446	\$ 47,025	\$ 0	\$ 273,471
Liabilities:				
Deferred Compensation	\$ 226,446	\$ 0	\$ 47,025	\$ 273,471
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	0
Accounts Receivable	0	0	0	0
Investments	226,446	47,025	0	273,471
Total Assets	\$ 226,446	\$ 47,025	\$ 0	\$ 273,471
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	0
Deferred Compensation	226,446	0	47,025	273,471
Total Liabilities	\$ 226,446	\$ 0	\$ 47,025	\$ 273,471

The accompanying notes are an integral part of this statement.

CITY OF BORGER
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2007

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 revenue is not program revenue, it is 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 other funds.

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. The City has no investment trust funds.
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>	Historical Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Assets
Land	\$ 1,056,095	\$ -0-	\$ 1,056,095	
Buildings	3,232,983	1,228,614	2,004,369	
Furniture & Equip.	5,663,081	4,157,178	1,505,903	
Infrastructure	<u>4,984,286</u>	<u>3,985,623</u>	<u>998,663</u>	
Change in Net Assets				<u>\$ 5,565,030</u>
Long-Term Liabilities At the Beginning of <u>The Year</u>			Payable at the Beginning of <u>The Year</u>	
Bonds Payable			\$ 710,000	
Loans Payable			331,635	
Certificates of Obligation			<u>5,000,000</u>	
Change in Net Assets				<u>(6,041,635)</u>
Net Adjustment to Net Assets				<u>\$ (476,605)</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>
Buildings	\$ 83,563		
Furniture & Equipment	<u>1,661,412</u>		
Total Capital Outlay	<u>\$ 1,744,975</u>	<u>\$ 1,744,975</u>	<u>\$ 1,744,975</u>
 <u>Debt Principal Payments</u>			
Bond Principal	\$ 165,000		
Loan Principal	152,030		
Cert of Oblig Prin	<u>0</u>		
Total Principal Payments	<u>\$ 317,030</u>	<u>317,030</u>	<u>317,030</u>
 Total Adjustment to Net			
Assets		<u>\$2,062,005</u>	<u>\$2,062,005</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	\$ 0	\$ 0
Other Items	<u>12,881</u>	<u>12,881</u>
Total	<u>\$ 12,881</u>	<u>\$ 12,881</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 Special Revenue 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, 2007, the carrying amount of the City's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,736,153 and the bank balance was \$2,131,466. The City's cash deposits at September 30, 2007 and during the year ended September 30, 2007 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 \$2,500,219.
- 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, 2007, are shown below.:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Category</u>
Texpool	\$7,716,846	\$7,716,846	1

Custodial credit risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment (or related collateral securities that are held by an outside party). The City has no custodial credit risk for its investments at September 30, 2007.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy minimizes the risk by investing in the State of Texas investment pool.

Credit risk

Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The City's investment policy minimizes credit risk by limiting investments to Texpool is managed by the State of Texas.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy places no limit on the amount the City may invest in any one issuer. As of September 30, 2007, the City's investments in any single issuer do not exceed five percent of its total investment. Investments issued or explicitly guaranteed by the U. S. government and investments in external investment pools are excluded from this requirement.

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, 2007, consisted of the following amounts:

Due to Enterprise Funds From:	
General Fund	\$ <u>8,152</u>
Total Due to All Other Funds	\$ <u>8,152</u>

Interfund transfers for the year ended September 30, 2007, consisted of the following individual amounts:

Transfers to General Fund From:	
Enterprise Funds	\$ <u>241,098</u>
Total Transferred to General Fund	\$ <u>241,098</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivable at September 30, 2007, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 220,147	\$ -0-	\$ -0-	\$ 126,284	\$ 346,431
Total-Governmental Activities	\$ 220,147	\$ -0-	\$ -0-	\$ 126,284	\$ 346,431
Amounts Not Scheduled for Collection During the Subsequent Year	\$ 103,467	\$ -0-	\$ -0-	\$ -0-	\$ 103,467
Business-type Activities:					
Enterprise Fund	\$ -0-	\$ -0-	\$ -0-	\$ 514,362	\$ 514,362

Payables at September 30, 2007, were as follows

	Accounts	Loans, Leases And Bonds Payable - Current Year	Salaries and Benefits	Due To Other Funds	Due To Other Governments	Total Other	Payables
Governmental Activities:							
General Fund	\$ 131,468	\$ 286,640	\$ 11,011	\$ 2,956	\$ 22,708	\$ -0-	\$ 454,783
Non-major Gov. Funds	5,331	-0-	-0-	8,453	-0-	-0-	13,784
Internal Service Funds	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total-Gov. Activities	\$ 136,799	\$ 286,640	\$ 11,011	\$ 11,409	\$ 22,708	\$ -0-	\$ 468,567
Amounts not Scheduled for Payment during The Subsequent Year	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Business-Type Activities:							
Enterprise Fund	\$ 86,407	\$ 922,341	\$ 3,028	\$ -0-	\$ -0-	\$ 322,826	\$ 1,334,602

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	
Governmental Activities:				
Land	\$ 1,056,095	\$ - 0-	\$ (-0-)	\$ 1,056,095
Buildings & Improvements	3,232,983	83,563	(-0-)	3,316,546
Furniture & Equipment	5,663,081	1,666,480	(430,186)	6,899,375
Infrastructure	4,984,286	-0-	(-0-)	4,984,286
Totals at Historic Cost	\$ 14,936,445	\$ 1,750,043	\$ (430,186)	\$ 16,256,302
Less Accumulated Depreciation				
For:				
Buildings & Improvements	\$ (1,228,614)	\$ (69,584)	\$ -0-	\$ (1,298,198)
Furniture & Equipment	(4,157,178)	(239,686)	425,118	(3,971,746)
Infrastructure	(3,985,623)	(38,861)	-0-	(4,024,484)
Total Accumulated Depreciation	(9,371,415)	(348,131)	425,118	(9,294,428)
Governmental Activities Capital Assets, Net	\$ 5,565,030	\$ 1,401,912	\$ (5,068)	\$ 6,961,874
Business-type Activities:				
Land	\$ 252,254	\$ -0-	\$ (-0-)	\$ 252,254
Buildings & Improvements	294,489	-0-	(-0-)	294,489
Furniture & Equipment	1,129,275	123,220	(8,500)	1,243,995
Improvements/Infrastructure	40,437,202	2,860,294	(-0-)	43,297,496
Totals at Historical Cost	\$ 42,113,220	\$ 2,983,514	\$ (8,500)	\$ 45,088,234
Less Accumulated Depreciation				
Buildings & Improvements	\$ (262,694)	\$ (6,567)	\$ -0-	\$ (269,261)
Furniture & Equipment	(987,199)	(48,034)	7,508	(1,027,725)
Improvements/Infrastructure	(17,556,506)	(794,657)	-0-	(18,351,163)
Total Accumulated Depreciation	\$(18,806,399)	\$(849,258)	\$ 7,508	\$(19,648,149)
Business-type Activities Capital Assets, Net	\$ 23,306,821	\$ 2,134,256	\$ (992)	\$ 25,440,085

Depreciation expense was charged to governmental functions as follows:

Administration	\$ 14,867
Vehicle Service Center	1,629
Police	56,837
Fire	37,283
Fire Prevention	978
Animal Control	3,172
Code Enforcement	1,653
Building Standards	486
Street and Alley Maintenance	46,220
Refuse Collection	53,990
Transfer Station	42,152
Public Water Director	3,743
Data Processing	9,650
Emergency Management	8,408
Recycling Center	2,028
Recreation	3,882
Parks	53,476
Swimming Pool	3,764
Planning & Zoning	3,913
	<u>\$348,131</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, 2007 is as follows:

DESCRIPTION	Interest	Amounts	Interest	Payable	Issued	Retired	Outstanding
	Rate	Original	Current	Amounts			
	Payable	Issue	Year	Outstanding			9-30-2007
Refunding Sr. 1995 Series 2006 Bonds	4.0%-5.2%	\$ 2,110,000	\$ 35,895	\$ 710,000	\$ -0-	\$ 165,000	\$ 545,000
Notes Payable	4.25%-5.0%	5,000,000	199,352	5,000,000	-0-	-0-	5,000,000
	Various	806,641	3,317	331,635	-0-	152,030	179,605
Total			\$ 238,564	\$ 6,041,635	\$ -0-	\$ 317,030	\$ 5,724,605

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, 2007.

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, 2007 are as follows:

Year Ending September 2007	\$ 908
Total Minimum Rentals	\$ 908
Rental Expenditures in Fiscal Year 2007	\$ 5,449

I. DEBT SERVICE REQUIREMENTS-LONG-TERM DEBTS

Debt service requirements for long-term debt are as follows:
1,022,201

The annual requirements to amortize all debt outstanding as of September 30, 2007, including interest payments is \$7,882,372 for General Long-Term Debt and \$4,593,371 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
2008	\$ -0-	\$ 112,705	\$ 420,285	\$ 500,677	\$ 110,291	\$ 16,198	\$1,160,156
2009	-0-	95,350	416,535	498,678	112,891	16,198	1,139,652
2010	-0-	46,217	417,355	501,377	115,341	8,923	1,089,213
2011	-0-	-0-	417,475	502,990	112,506	-0-	1,032,971
2012	-0-	-0-	408,975	498,690	114,536	-0-	1,022,201
2013 to 2017	-0-	-0-	3,580,875	1,000,963	483,112	-0-	5,064,950
2018 to 2021	-0-	-0-	1,966,600	-0-	-0-	-0-	1,966,600
Totals	\$ -0-	\$ 254,272	\$ 7,628,100	\$ 3,503,375	\$ 1,048,677	\$ 41,319	\$12,475,743

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. 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 4, 2007:

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

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

Contributions. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not 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, 2006 valuation is effective for rates beginning January 2008.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date:	December 31, 2006
Actuarial Value of Assets	\$ 12,600,047
Actuarial Accrued Liability	\$ 18,792,209
Percentage Funded	67.05%
Unfunded (Overfunded) Actuarial Accrued Liability (UALL)	\$ 6,192,162
Annual Covered Payroll	\$ 4,525,960
UAAL as a Percentage of Covered Payroll	136.81%
Net Pension Obligation (NPO) at the Beginning Of Period	\$ -0-
Annual Pension Cost:	
Annual Required Contribution (ARC)	\$ 695,461
Percentage of APC contributed	100%
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
	(to accurately reflect the
	Requirements of GASB stmt,
	No. 25, paragraphs 36e and
	138)
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 821 municipalities having the benefit plan administered by TMRS. Each of the 821 Municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2006 valuations are contained in the 2006 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, 2007 employees of the City of Borger were covered by a health insurance plan. The City paid premiums of \$307.59 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 2007.

M. CHANGES IN LONG-TERM LIABILITIES

Long-Term activity for the year ended September 30, 2007, was as follows:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 5,710,000	\$ 0	\$ (165,000)	\$ 5,545,000	\$ 175,000
Equipment Note	379,411	0	(199,806)	179,605	111,639
Total Bonds and Notes Payable	1,356,449	0	(317,872)	5,724,605	\$ 286,639
Total Governmental Activities					
Long-Term Liabilities	\$ 1,356,449	\$ 0	\$ (317,872)	\$ 5,724,605	\$ 286,639

Business-Type Activities:

Bonds and Notes Payable:

GO Refunding Bond

Series 2002	\$ 3,465,000	\$ -0-	\$(390,000)	\$ 3,075,000	\$ 400,000
Certificate of Obligation 2002	965,000	-0-	(80,000)	885,000	80,000
Notes Payable	54,316	-0-	(16,086)	38,230	16,086
Total Bonds and Notes Payable	<u>4,484,316</u>	<u>-0-</u>	<u>(486,086)</u>	<u>3,998,230</u>	<u>\$ 496,086</u>
Total Business-type Activities Long-Term Liabilities	\$ <u>4,484,316</u>	\$ <u>-0-</u>	\$ <u>(486,086)</u>	\$ <u>3,998,230</u>	\$ <u>496,086</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. 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, 2007 is \$908,624 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 \$3,469,903 at September 30, 2007, 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, 2007 is \$57,925 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 CRMWA 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's share. 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, 2007 is \$2,659,346. The project is stated at cost and is amortized over an estimated useful life.

The City is a member of CRMWA which participates in the Series 2006, Conjunctive Use Groundwater Supply Project. The City is obligated to pay its share of the project. Total cost of the project is estimated at \$2,723,844 for the City of Borger's share. Revenue Bonds were issued to fund the project at 5.00% 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, 2007 is \$2,723,844. The project is stated at cost and is amortized over an estimated useful life.

Q. 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.

R. 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
	1	2	3	Value
NATIONWIDE	\$ 265,264	\$ -0-	\$ -0-	\$ 265,264
ICMA PLAN	<u>23,207</u>	<u>-0-</u>	<u>-0-</u>	<u>23,207</u>
	<u>\$ 288,471</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 288,471</u>

S. 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, 2007 may be impaired. In the opinion of the City, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

T. 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 \$123,854 for the fiscal year ended September 30, 2007. The Chamber of Commerce complied with the contract regarding the records being made available to the City's independent auditor for inspection.

U. 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.

V. 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.

W. DISCRRELY 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 for the fiscal year ended September 30, 2007;

CONDENSED STATEMENT OF NET ASSETS

ASSETS:

Cash, investments and other assets	\$ 1,043,023
Capital Assets-net	<u>2,132,243</u>
Total Assets	<u>\$ 3,175,266</u>

LIABILITIES:

Accounts payable and other current Liabilities	\$ 8,912
Long-Term Debt	<u>-0-</u>
Total Liabilities	<u>\$ 8,912</u>

Net Assets:

Invested in capital, net of related debt	\$ 2,132,243
Restricted	<u>-0-</u>
Unrestricted	<u>1,034,111</u>
Total Net Assets	<u>\$ 3,166,354</u>

CONDENSED STATEMENT OF ACTIVITIES

	<u>Expenses</u>	Charge For Services	Capital Grants And Contributions	Net (Expense) Revenues And Changes in Net Assets
Economic				
Development	\$ 1,278,104	\$ 23,650	\$ -0-	\$(1,254,454)
General				
Revenues:				
Sales Tax				878,854
Other				<u>182,737</u>
Change in Net Assets				(192,863)
Net Assets, October 1, 2006				<u>3,359,217</u>
Net Assets, September 30, 2007				\$ <u>3,166,354</u>

COMBINING AND OTHER STATEMENTS

CITY OF BORGER
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2007

	COURT TECHNOLOGY FUND	TEXAS PLAINS TRAILS	CITY TOURISM FUND	POLICE COMPUTER FUND	SUPPLEMENTAL ENVIRONMENTAL PROJECT
ASSETS					
Cash and Cash Equivalents	\$ 453	\$ 45,811	\$ 904	\$ 0	\$ 800
Investments - Current	32	0	466	0	204
Interest Receivable - Investments	7,500	0	109,015	0	47,750
Total Assets	7,985	45,811	110,385	0	48,754
LIABILITIES AND FUND BALANCES					
Accounts Payable	5,308	23	0	0	0
Wages and Salaries Payable	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Total Liabilities	5,308	23	0	0	0
Fund Balances:					
Unreserved and Undesignated:					
Reported in the Special Revenue Fund	2,677	45,788	110,385	0	48,754
Reported in the Debt Service Fund	0	0	0	0	0
Total Fund Balances	2,677	45,788	110,385	0	48,754
Total Liabilities and Fund Balances	\$ 7,985	\$ 45,811	\$ 110,385	\$ 0	\$ 48,754

The accompanying notes are an integral part of this statement.

EXHIBIT H-1

HOTEL/MOTEL OCCUPANCY TAX	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	G O BONDS 1995 SERIES	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 0	\$ 47,968	\$ 13,859	\$ 61,827
0	702	83,377	84,079
0	164,265	356	164,621
0	212,935	97,592	310,527
0	5,331	0	5,331
0	0	0	0
0	0	8,453	8,453
0	5,331	8,453	13,784
0	207,604	0	207,604
0	0	89,139	89,139
0	207,604	89,139	296,743
\$ 0	\$ 212,935	\$ 97,592	\$ 310,527

CITY OF BORGER
 COMBINING REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2007

	COURT TECHNOLOGY FUND	TEXAS PLAINS TRAILS	CITY TOURISM FUND	POLICE COMPUTER FUND	SUPPLEMENTAL ENVIRONMENTAL PROJECT
REVENUES:					
Taxes:					
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Sales and Use Taxes	0	0	0	0	0
Gross Receipts Business Tax	0	0	0	0	0
Penalty and Interest on Taxes	0	0	0	0	0
Intergovernmental Revenue and Grants	0	62,500	0	0	0
Fines	6,102	0	0	0	0
Investment Earnings	353	0	6,731	0	2,849
City's Share of Expense	0	1,139	0	0	0
Contributions & Donations-Private Sources	0	0	0	0	0
Total Revenues	6,455	63,639	6,731	0	2,849
EXPENDITURES:					
Current:					
General Government:					
General Contingencies	0	0	0	0	0
Public Safety:					
Municipal Court	14,844	0	0	0	0
Police	0	0	0	0	0
Fire	0	0	0	0	0
Environmental Management	0	0	0	0	1,164
Recreation	0	24,511	173,056	0	0
Debt Service:					
Bond Principal	0	0	0	0	0
Bond Interest	0	0	0	0	0
Fiscal Agent's Fees	0	0	0	0	0
Total Expenditures	14,844	24,511	173,056	0	1,164
Revenues Over (Under) Expenditures	(8,389)	39,128	(166,325)	0	1,685
OTHER FINANCING SOURCES (USES):					
Transfers In (Use)	0	0	116,112	2,586	0
Total Other Financing Sources (Uses)	0	0	116,112	2,586	0
Net Change in Fund Balance	(8,389)	39,128	(50,213)	2,586	1,685
Fund Balance - October 1 (Beginning)	11,066	6,660	160,598	(2,586)	47,069
Fund Balance - September 30 (Ending)	\$ 2,677	\$ 45,788	\$ 110,385	\$ 0	\$ 48,754

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	\$ 226,124	\$ 226,124
0	0	0	0
240,183	240,183	0	240,183
0	0	0	0
0	62,500	0	62,500
0	6,102	0	6,102
0	9,933	9,749	19,682
0	1,139	0	1,139
0	0	0	0
240,183	319,857	235,873	555,730
0	0	0	0
0	14,844	0	14,844
0	0	0	0
0	0	0	0
0	1,164	0	1,164
141,916	339,483	0	339,483
0	0	165,000	165,000
0	0	35,895	35,895
0	0	636	636
141,916	355,491	201,531	557,022
98,267	(35,634)	34,342	(1,292)
(116,112)	2,586	0	2,586
(116,112)	2,586	0	2,586
(17,845)	(33,048)	34,342	1,294
17,845	240,652	54,797	295,449
\$ 0	\$ 207,604	\$ 89,139	\$ 296,743

CITY OF BORGER
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budget Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Property Taxes	\$ 208,395	\$ 208,395	\$ 226,124	\$ 17,729
Investment Earnings	4,000	4,000	9,749	5,749
Total Revenues	<u>212,395</u>	<u>212,395</u>	<u>235,873</u>	<u>23,478</u>
EXPENDITURES:				
Bond Principal	165,000	165,000	165,000	0
Bond Interest	35,895	35,895	35,895	0
Bond Fees	0	0	636	(636)
Total Expenditures	<u>200,895</u>	<u>200,895</u>	<u>201,531</u>	<u>(636)</u>
Net Change in Fund Balances	11,500	11,500	34,342	22,842
Fund Balance - October 1 (Beginning)	<u>54,797</u>	<u>54,797</u>	<u>54,797</u>	<u>0</u>
Fund Balance - September 30 (Ending)	<u>\$ 66,297</u>	<u>\$ 66,297</u>	<u>\$ 89,139</u>	<u>\$ 22,842</u>

The accompanying notes are an integral part of this statement.

CITY OF BORGER
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Budget Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Gross Receipts Business Tax	\$ 110,000	\$ 110,000	\$ 124,071	\$ 14,071
Intergovernmental Revenue and Grants	53,702	53,702	63,639	9,937
Fines	5,000	5,000	7,241	2,241
Investment Earnings	5,577	5,577	9,933	4,356
Total Revenues	174,279	174,279	204,884	30,605
EXPENDITURES:				
Public Safety:				
Municipal Court	5,200	5,200	14,844	(9,644)
Environmental Management	46,900	46,900	1,164	45,736
Recreation	124,765	124,765	223,371	(98,606)
Total Expenditures	176,865	176,865	239,379	(62,514)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,586)	(2,586)	(34,495)	(31,909)
OTHER FINANCING SOURCES (USES):				
Transfers In	2,586	2,586	2,586	0
Net Change in Fund Balance	0	0	(31,909)	93,119
Fund Balance - October 1 (Beginning Balance)	240,652	240,652	240,652	0
Fund Balance - September 30 (Ending)	\$ 240,652	\$ 240,652	\$ 208,743	\$ 93,119

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

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

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash On Hand	\$ 455	\$ 455
Cash In Bank	641,869	486,637
Investments	1,140,275	1,165,836
Ad Valorem Taxes Receivable	220,147	253,252
Less Estimated Uncollectible-Ad Valorem Taxes	(103,467)	(157,815)
Accounts Receivable	171,925	217,181
Less Estimated Uncollectible-Refuse & Vector Control	(51,240)	(106,332)
Sundry Receivables	0	0
Interest Receivable	5,460	3,681
Due From Other Funds	1,471	1,537
	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,026,895	\$ 1,864,432
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 122,968	\$ 70,843
Accrued Salaries Payable	11,011	135,424
Sales Tax Payable	22,708	21,009
Due to Other Funds	62	0
Escrow Deposits	8,500	4,687
Deferred Revenue	88,153	72,814
	<hr/>	<hr/>
Total Liabilities	253,402	304,777
Fund Balance-Unreserved	1,182,342	951,048
Reserved	591,151	608,607
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,026,895	\$ 1,864,432
	<hr/> <hr/>	<hr/> <hr/>

CITY OF BORGER, TEXAS
 COMBINED GENERAL FUND
 BALANCE SHEET
 SEPTEMBER 30, 2007

<u>ASSETS</u>	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
Cash & Investments:						
Cash On Hand	\$ 455	\$ 455	\$ 0	\$ 0	\$ 0	\$ 0
Cash In Bank	641,869	601,243	1,319	5,051	1,727	(2,342)
Investments	1,140,275	500,000	8,600	92,500	384,075	5,000
Total Cash & Investments	<u>1,782,599</u>	<u>1,101,698</u>	<u>9,919</u>	<u>97,551</u>	<u>385,802</u>	<u>2,658</u>
Receivables:						
Sundry Receivables	0	0	0	0	0	0
Interest Receivable	5,460	2,721	37	395	1,643	22
Ad Valorem Taxes	220,147	220,147	0	0	0	0
Less Allowance For Uncollectible	(103,467)	(103,467)	0	0	0	0
Accounts Receivable	171,925	169,687	0	2,238	0	0
Less Allowance For Uncollectible	(51,240)	(50,320)	0	(920)	0	0
Total Receivables	<u>242,825</u>	<u>238,768</u>	<u>37</u>	<u>1,713</u>	<u>1,643</u>	<u>22</u>
Other Assets:						
Due From Payroll Fund	1,471	1,471	0	0	0	0
Total Other Assets	<u>1,471</u>	<u>1,471</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 2,026,895</u>	<u>\$ 1,341,937</u>	<u>\$ 9,956</u>	<u>\$ 99,264</u>	<u>\$ 387,445</u>	<u>\$ 2,680</u>
<u>LIABILITIES AND FUND BALANCE</u>						
Liabilities:						
Accounts Payable	\$ 122,968	\$ 122,968	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Salaries Payable	11,011	11,011	0	0	0	0
Sales Tax Payable	22,708	22,708	0	0	0	0
Due to Payroll Fund	62	62	0	0	0	0
Due to State	0	0	0	0	0	0
Deferred Revenue-Paving	8,500	8,500	0	0	0	0
Deferred Revenue-Taxes	88,153	88,153	0	0	0	0
Total Liabilities	<u>253,402</u>	<u>253,402</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance-Unreserved	1,182,342	1,088,535	0	0	0	0
Reserved	591,151	0	9,956	99,264	387,445	2,680
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 2,026,895</u>	<u>\$ 1,341,937</u>	<u>\$ 9,956</u>	<u>\$ 99,264</u>	<u>\$ 387,445</u>	<u>\$ 2,680</u>

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	COFIELD COMMUNITY CENTER	POOL RENOVATION PROJECT
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
30,455	140	3,321	719	236	0
53,500	7,450	58,000	31,150	0	0
83,955	7,590	61,321	31,869	236	0
0	0	0	0	0	0
229	32	248	133	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
229	32	248	133	0	0
0	0	0	0	0	0
0	0	0	0	0	0
\$ 84,184	\$ 7,622	\$ 61,569	\$ 32,002	\$ 236	\$ 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	0	0	0
0	0	61,569	32,002	236	0
84,184	7,622	0	0	0	0
\$ 84,184	\$ 7,622	\$ 61,569	\$ 32,002	\$ 236	\$ 0

CITY OF BORGER, TEXAS
 STATEMENT IN CHANGE OF FUND BALANCE
 COMBINED GENERAL FUND
 SEPTEMBER 30, 2007

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITIES FUND	SPECIAL CRIME FUND
Fund Balance October 1, 2006	\$ 1,556,655	\$ 872,016	\$ 13,292	\$ 96,832	\$ 367,594	\$ 6,072
Revenue Over (Under) Expenditures	789,107	762,021	(750)	2,432	19,851	5,785
Operating Transfers	(572,269)	(545,502)	(2,586)	0	0	(9,177)
Fund Balance September 30, 2007	\$ 1,773,493	\$ 1,088,535	\$ 9,956	\$ 99,264	\$ 387,445	\$ 2,680

POLICE GRANTS FUND	FIRE EQUIPMENT FUND	TUB GRINDER OPERATIONS	MUNICIPAL COURT SECURITY	COFIELD COMMUNITY CENTER	POOL RENOVATION PROJECT
\$ 113,521	\$ 8,296	\$ 50,519	\$ 28,513	\$ 0	\$ 0
(14,333)	(674)	11,050	3,489	236	0
(15,004)	0	0	0	0	0
<u>\$ 84,184</u>	<u>\$ 7,622</u>	<u>\$ 61,569</u>	<u>\$ 32,002</u>	<u>\$ 236</u>	<u>\$ 0</u>

CITY OF BORGER, TEXAS
 COMBINED GENERAL FUND
 STATEMENT OF REVENUE, EXPENDITURES, AND TRANSFERS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	COMBINED GENERAL FUND	GENERAL FUND	POLICE/ 100 CLUB	PARK IMPROVEMENT FUND	YOUTH FACILITES FUND	SPECIAL CRIME FUND
REVENUE:						
Ad Valorem, Sales & Use Taxes	\$ 4,078,904	\$ 4,078,904	\$ 0	\$ 0	\$ 0	\$ 0
Gross Receipts Tax	774,600	774,600	0	0	0	0
Licenses And Permits	55,721	55,721	0	0	0	0
Fines And Forfeits	316,084	311,592	0	0	0	0
Refuse Collections	1,389,800	1,389,800	0	0	0	0
Solidwaste Tipping Fees	147,861	132,437	0	0	0	0
Vector Control	131,727	131,727	0	0	0	0
Swimming Pool And Concessions	8,188	8,188	0	0	0	0
Interest On Investments	110,354	76,673	544	4,462	19,851	284
W/S Fund-Services Rendered	0	0	0	0	0	0
Other Service Charges & Miscellaneous	83,848	71,902	0	0	0	11,946
State Grant	74,613	13,178	0	0	0	0
Federal Funds	5,724	5,724	0	0	0	0
Donations	35,713	0	1,000	34,156	0	0
Sources Of Financing	0	0	0	0	0	0
Sale Of City Assets	54,927	54,927	0	0	0	0
Insurance Claims	0	0	0	0	0	0
Received On Contracts	1,105,281	1,105,281	0	0	0	0
Transfers In	0	0	0	0	0	0
Total Revenue And Transfers	8,373,345	8,210,654	1,544	38,618	19,851	12,230
EXPENDITURES:						
Data Processing	27,717	27,717	0	0	0	0
Administration	197,430	197,430	0	0	0	0
Animal Control	144,452	144,452	0	0	0	0
Fire	1,377,540	1,376,156	0	0	0	0
Fire Prevention	63,089	63,089	0	0	0	0
Code Enforcement	152,553	152,553	0	0	0	0
Legal	20,272	20,272	0	0	0	0
Park	494,972	458,786	0	36,186	0	0
Planning And Zoning	299,920	299,920	0	0	0	0
Police	1,780,857	1,692,637	2,294	0	0	6,445
Public Works Director	175,312	175,312	0	0	0	0
Recreation	55,437	55,437	0	0	0	0
Refuse Collection	491,152	483,921	0	0	0	0
Street And Alley Maintenance	507,610	507,610	0	0	0	0
Swimming Pool	49,898	49,898	0	0	0	0
Recycling Center	54,225	54,225	0	0	0	0
Traffic Engineering	66,912	66,912	0	0	0	0
Municipal Court	232,043	229,459	0	0	0	0
Vehicle Service Center	163,588	163,588	0	0	0	0
Transfer Station	781,144	781,144	0	0	0	0
Reserve Section And Other	52,620	52,620	0	0	0	0
Building Standards & Facelift	70,471	70,471	0	0	0	0
Emergency Management	61,131	61,131	0	0	0	0
Central Dispatching	263,893	263,893	0	0	0	0
Transfers Out	0	0	0	0	0	0
Total Expenditures & Transfers	\$ 7,584,238	\$ 7,448,633	\$ 2,294	\$ 36,186	\$ 0	\$ 6,445
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ 789,107	\$ 762,021	\$ (750)	\$ 2,432	\$ 19,851	\$ 5,785

City of Borger, Texas
General Fund
Comparison of Revenue With Budget
For the Fiscal Year Ended September 30, 2007

<u>Revenue</u>	<u>Budget</u>	<u>Revenue</u>	<u>Variance</u> <u>(Unfavorable)</u>	<u>Prior</u> <u>Year</u>
Taxes:				
Ad Valorem Taxes	\$ 1,357,538	\$ 1,386,777	\$ 29,239	\$ 1,291,801
Pentalty And Interest	38,500	42,222	3,722	33,005
Property Sold For Delinquent Taxes	0	0	0	0
Sales And Use Tax	2,350,000	2,649,905	299,905	2,363,717
Total Taxes	3,746,038	4,078,904	332,866	3,688,523
Gross Receipts Tax:				
Telecommunications	109,800	101,580	(8,220)	106,551
XCEL Energy	245,500	347,320	101,820	324,860
Texas Gas Service	145,500	218,725	73,225	286,905
Borger Cable Vision	90,500	106,975	16,475	86,387
Total Gross Receipts Tax	591,300	774,600	183,300	804,703
Licenses And Permits:				
Zoning And Plat Fees	750	1,092	342	1,292
Mechanical Permits	550	1,033	483	1,707
Pound Fees	5,500	14,564	9,064	6,502
Alcoholic Beverages	5,000	8,887	3,887	6,018
Building Permits	7,500	26,095	18,595	14,448
Electrical Permits	3,250	3,975	725	4,141
Occupational License	0	0	0	0
Moving Permits	75	75	0	75
Total Licenses And Permits	22,625	55,721	33,096	34,183
Fines And Forfeits-Municipal Court	395,950	316,084	(79,866)	395,722
Service Charge:				
Vital Statistics	12,500	25,441	12,941	22,571
Birth Cetificate Surcharges	1,250	1,417	167	1,476
Swimming Pool Admissions	10,500	8,188	(2,312)	8,552
Refuse Collections	1,419,093	1,389,800	(29,293)	1,368,581
Vector Control	125,500	131,727	6,227	128,137
Solidwaste Tipping Fees	161,000	147,861	(13,139)	158,704
Paving Assessments	0	0	0	5,920
Miscellaneous Revenue	30,000	56,605	26,605	44,310
Interest From Investment	52,865	110,354	57,489	70,178
W/S Fund-Services Rendered	699,074	0	(699,074)	0
Housing Authority in Lieu of Taxes	6,300	5,724	(576)	5,252
Total Service Charges	2,518,082	1,877,117	(640,965)	1,813,681
Other Sources:				
BISD Dare Reimbursement	13,178	13,178	0	0
Sale of Assets	0	54,927	54,927	2,505
Hutchinson County Fire Contract	70,000	37,500	(32,500)	20,000
Donations	36,000	35,713	(287)	0
Fire Alarm Fees	500	385	(115)	140
Insurance Claims	0	0	0	0
Financing Sources-Lease/Notes	0	0	0	0
Radio Dispatching Contract	85,000	82,000	(3,000)	0
State Grant	40,001	61,435	21,434	16,220
Transfers In	0	0	0	16,229
Received on Contract	505,369	985,781	480,412	460,787
Total Other Sources	750,048	1,270,919	520,871	515,881
TOTAL REVENUE	\$ 8,024,043	\$ 8,373,345	\$ 349,302	\$ 7,252,693

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2007

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	Variance Favorable (Unfavorable)	Prior Year
Data Processing:				
Personal Services	\$ 9,149	\$ 8,201	\$ 948	\$ 8,857
Contractual & Misc. Services	8,265	6,968	1,297	6,434
General Services	835	453	382	433
Machinery & Equipment Maintenance	9,050	8,331	719	7,069
Capital Lease Payments	4,148	3,764	384	4,480
Total Data Processing	31,447	27,717	3,730	27,273
Administration:				
Personal Services	72,987	71,221	1,766	50,549
Contractual & Misc. Services	112,697	86,285	26,412	79,648
General Services	31,600	32,398	(798)	22,518
Machinery & Equipment Maintenance	4,500	6,369	(1,869)	6,640
Capital Outlay	0	1,157	(1,157)	421
Total Administration & Purchasing	221,784	197,430	24,354	159,776
Animal Control:				
Personal Services	122,076	104,910	17,166	124,388
Contractual & Misc. Services	15,101	16,140	(1,039)	14,205
General Services	15,550	16,394	(844)	12,311
Machinery & Equipment Maintenance	4,200	7,008	(2,808)	8,932
Capital Outlay	11,000	0	11,000	0
Total Animal Control	167,927	144,452	23,475	159,836
Building Standards & Facelift:				
Personal Services	43,116	39,702	3,414	39,457
Contractual & Misc. Services	26,175	19,738	6,437	25,412
General Services	9,800	9,255	545	8,580
Machinery & Equip. Maintenance	8,500	1,776	6,724	4,283
Capital Outlay	0	0	0	0
Total Bldg. Standards & Facelift	87,591	70,471	17,120	77,732
Fire:				
Personal Services	1,117,382	1,158,044	(40,662)	1,040,502
Contractual & Misc. Services	46,297	33,072	13,225	32,837
General Services	45,450	49,689	(4,239)	45,751
Machinery & Equipment Maint.	35,600	43,351	(7,751)	33,204
Capital Outlay	59,966	93,384	(33,418)	53,328
Total Fire	1,304,695	1,377,540	(72,845)	1,205,622
Fire Prevention:				
Personal Services	61,262	59,035	2,227	60,736
Contractual & Misc. Services	2,776	1,224	1,552	902
General Services	1,575	1,330	245	567
Machinery & Equipment Maintenance	500	1,500	(1,000)	320
Capital Outlay	0	0	0	0
Total Fire Prevention	66,113	63,089	3,024	62,525

-Continued-

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2007

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	Variance <u>Favorable</u> <u>(Unfavorable)</u>	<u>Prior</u> <u>Year</u>
Code Enforcement:				
Personal Services	\$ 58,152	\$ 43,529	\$ 14,623	\$ 42,147
Contractual & Misc. Services	68,028	85,495	(17,467)	60,409
General Services	9,675	9,360	315	5,985
Machinery & Equipment Maintenance	3,950	9,671	(5,721)	1,931
Capital Outlay	22,500	4,498	18,002	0
Total Health	<u>162,305</u>	<u>152,553</u>	<u>9,752</u>	<u>110,472</u>
Legal:				
Contractual & Misc. Services	18,500	20,272	(1,772)	11,757
General Services	0	0	0	0
Total Legal	<u>18,500</u>	<u>20,272</u>	<u>(1,772)</u>	<u>11,757</u>
Park:				
Personal Services	306,386	288,392	17,994	285,502
Contractual & Misc. Services	50,679	39,217	11,462	47,181
General Services	48,950	53,776	(4,826)	44,533
Machinery & Equipment Maintenance	43,700	57,569	(13,869)	40,909
Capital Outlay/Capital Lease	78,936	56,018	22,918	66,325
Total Park	<u>528,651</u>	<u>494,972</u>	<u>33,679</u>	<u>484,450</u>
Planning & Zoning:				
Personal Services	115,611	111,530	4,081	111,650
Contractual & Misc. Services	217,345	181,110	36,235	213,458
General Services	4,985	5,250	(265)	3,028
Machinery & Equip. Maintenance	3,200	2,030	1,170	12,926
Capital Outlay	0	0	0	11,900
Total Planning & Zoning	<u>341,141</u>	<u>299,920</u>	<u>41,221</u>	<u>352,962</u>
Police:				
Personal Services	1,525,509	1,420,758	104,751	1,377,731
Contractual & Misc. Services	90,378	86,622	3,756	80,242
General Services	93,800	100,096	(6,296)	91,252
Machinery & Equipment Maint.	70,100	69,460	640	57,510
Capital Lse. Payments/Capital Outlay	58,305	103,921	(45,616)	105,232
Total Police	<u>1,838,092</u>	<u>1,780,857</u>	<u>57,235</u>	<u>1,711,967</u>
Public Works Director:				
Personal Services	172,855	157,639	15,216	159,417
Contractual & Misc. Services	4,858	4,556	302	3,388
General Services	7,700	7,879	(179)	5,624
Machinery & Equipment Maintenance	2,100	1,583	517	550
Capital Outlay	12,883	3,655	9,228	3,762
Total Public Works Director	<u>200,396</u>	<u>175,312</u>	<u>25,084</u>	<u>172,741</u>

-Continued-

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2007

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	Variance Favorable (Unfavorable)	Prior Year
Recreation:				
Personal Services	\$ 17,387	\$ 31,944	\$ (14,557)	\$ 50,547
Contractual & Misc. Services	21,696	19,838	1,858	19,487
General Services	2,975	1,816	1,159	732
Machinery & Equipment Maintenance	0	1,839	(1,839)	1,264
Capital Outlay	0	0	0	0
Total Recreation	42,058	55,437	(13,379)	72,030
Refuse Collection:				
Personal Services	317,955	340,532	(22,577)	286,986
Contractual & Misc. Services	12,974	11,701	1,273	11,740
General Services	67,175	52,140	15,035	58,571
Machinery & Equipment Maintenance	42,550	34,612	7,938	32,712
Capital Lease	87,439	52,167	35,272	86,382
Total Refuse Collection	528,093	491,152	36,941	476,391
Street & Alley Maintenance:				
Personal Services	246,667	237,149	9,518	222,230
Contractual & Misc. Services	13,148	11,179	1,969	10,757
General Services	41,600	41,617	(17)	48,409
Machinery & Equipment Maintenance	138,600	102,739	35,861	84,387
Capital Outlay/Capital Lease	129,848	114,926	14,922	29,070
Total Street & Alley Maintenance	569,863	507,610	62,253	394,853
Swimming Pool:				
Personal Services	29,174	36,325	(7,151)	31,941
Contractual & Misc. Services	4,204	1,832	2,372	1,600
General Services	6,600	6,011	589	4,037
Machinery & Equip. Maintenance	8,700	5,730	2,970	5,683
Capital Outlay	0	0	0	0
Total Swimming Pool	48,678	49,898	(1,220)	43,261
Recycling Center:				
Personal Services	38,242	37,158	1,084	996
Contractual & Misc. Services	15,500	17,067	(1,567)	29,832
General Services	0	0	0	0
Capital Outlay	0	0	0	16,220
Total Recycling Center	53,742	54,225	(483)	47,048
Traffic Engineering:				
Personal Services	78,833	50,271	28,562	73,973
Contractual & Misc. Services	1,917	1,025	892	802
General Services	11,785	8,917	2,868	7,247
Machinery & Equipment Maint.	2,250	6,699	(4,449)	536
Capital Outlay	6,400	0	6,400	0
Total Traffic Eng. & Bldg. Maint.	101,185	66,912	34,273	82,558

-Continued-

City of Borger, Texas
General Fund
Comparison of Expenditures With Budget
For the Fiscal Year Ended September 30, 2007

-Continued-

<u>Expenditures</u>	<u>Budget</u>	<u>Expenditures</u>	Variance <u>Favorable</u> <u>(Unfavorable)</u>	<u>Prior</u> <u>Year</u>
Municipal Court:				
Personal Services	\$ 63,429	\$ 62,869	\$ 560	\$ 107,780
Contractual & Miscellaneous Services	210,506	165,538	44,968	161,641
General Services	3,800	3,539	261	2,442
Machinery & Equipment Maintenance	700	0	700	20
Capital Outlay	0	97	(97)	638
Total Capital Outlay	<u>278,435</u>	<u>232,043</u>	<u>46,392</u>	<u>272,521</u>
Transfer Station:				
Personal Services	214,291	178,795	35,496	197,097
Contractual & Misc. Services	429,346	510,245	(80,899)	431,486
General Services	55,500	56,169	(669)	51,200
Machinery & Equipment Maintenance	41,300	35,935	5,365	41,607
Capital Outlay	35,500	0	35,500	0
Total Transfer Station	<u>775,937</u>	<u>781,144</u>	<u>(5,207)</u>	<u>721,390</u>
Vehicle Service Center:				
Personal Services	129,690	119,698	9,992	117,392
Contractual & Misc. Services	19,177	14,628	4,549	13,286
General Services	20,450	17,569	2,881	21,845
Machinery & Equipment Maintenance	14,350	11,693	2,657	7,647
Capital Outlay	12,000	0	12,000	0
Total Vehicle Service Center	<u>195,667</u>	<u>163,588</u>	<u>32,079</u>	<u>160,170</u>
Central Dispatching:				
Personal Services	<u>286,323</u>	<u>263,893</u>	<u>22,430</u>	<u>261,178</u>
Emergency Management				
Personal Services	62,420	57,415	5,005	0
Contractual Misc. Services	9,176	1,103	8,073	0
General Services	2,525	59	2,466	0
Machinery & Equipment Maintenance	6,800	2,554	4,246	1,634
Total Emergency Management	<u>80,921</u>	<u>61,131</u>	<u>19,790</u>	<u>1,634</u>
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
Group Insurance Contingencies	15,000	7,339	7,661	0
General Contingencies	74,000	28,701	45,299	75,278
City Hall Maintenance	10,000	22,356	(12,356)	7,786
Capital Equipment	0	0	0	35,065
Note Payments	15,481	2,214	13,267	14,562
Total Reserve Section	<u>132,491</u>	<u>77,620</u>	<u>54,871</u>	<u>149,701</u>
TOTAL EXPENDITURES	<u>\$ 8,062,035</u>	<u>\$ 7,609,238</u>	<u>\$ 452,797</u>	<u>\$ 7,219,848</u>

CITY OF BORGER, TEXAS
 SCHEDULE OF TAXES RECEIVABLE
 September 30, 2007

<u>TAX ROLL</u>	BALANCE 10-1-06 PLUS			BALANCE
	CURRENT YEAR	COLLECTIONS	ADJUSTMENTS	9/30/07
1995 & Prior	\$ 69,062	\$ (1,443)	\$ (10,175)	\$ 57,444
1996	3,894	(270)	(204)	3,420
1997	4,221	(324)	(224)	3,673
1998	4,162	(307)	(250)	3,605
1999	6,170	(863)	(451)	4,856
2000	7,216	(1,638)	(498)	5,080
2001	16,087	(1,885)	(758)	13,444
2002	12,380	(3,341)	(910)	8,129
2003	21,541	(7,598)	(1,003)	12,940
2004	37,828	(17,721)	(1,054)	19,053
2005	70,691	(39,632)	(1,566)	29,493
	253,252	(75,022)	(17,093)	161,137
2006 Taxes Assessed	2,067,415	(2,005,867)	(2,539)	59,009
Totals	\$ 2,320,667	\$ (2,080,889)	\$ (19,632)	\$ 220,146

	Totals	General Fund	INTEREST & SINKING FUND
Current Year	\$ 2,005,867	\$ 1,353,493	652,374
Prior Years	75,022	57,600	17,422
Total Collections	2,080,889	1,411,093	669,796
Penalty And Interest Discounts	49,446 (35,983)	49,446 (35,983)	0 0
Net Collections	\$ 2,094,352	\$ 1,424,556	\$ 669,796

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, 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	342,306,350	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%
September 30, 2007	356,208,600	0.58039	2,067,415	2,005,867	97.02%

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

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash in Bank	\$ 47,968	\$ 14,751
Investments	164,265	226,415
Interest Receivable	<u>702</u>	<u>648</u>
 Total Assets	 <u>\$ 212,935</u>	 <u>\$ 241,814</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 5,331	\$ 1,162
Due To Other Funds	<u>0</u>	<u>0</u>
 TOTAL LIABILITIES	 <u>5,331</u>	 <u>1,162</u>
 Fund Balance-Restricted	 <u>207,604</u>	 <u>240,652</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 212,935</u>	 <u>\$ 241,814</u>

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 BALANCE SHEET
 September 30, 2007

	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
ASSETS							
Cash in Bank	\$ 47,968	\$ 904	\$ 45,811	\$ 800	\$ 0	\$ 0	\$ 453
Interest Receivable	702	466	0	204	0	0	32
Investments	164,265	109,015	0	47,750	0	0	7,500
TOTAL ASSETS	\$ 212,935	\$ 110,385	\$ 45,811	\$ 48,754	\$ 0	\$ 0	\$ 7,985
LIABILITIES AND FUND							
BALANCES							
Accounts Payable	\$ 5,331	\$ 0	\$ 23	\$ 0	\$ 0	\$ 0	\$ 5,308
Due To Other Funds	0	0	0	0	0	0	0
TOTAL LIABILITIES	\$ 5,331	\$ 0	\$ 23	\$ 0	\$ 0	\$ 0	\$ 5,308
Fund Balance-Restricted	\$ 207,604	\$ 110,385	\$ 45,788	\$ 48,754	\$ 0	\$ 0	\$ 2,677
Fund Balance-Unrestricted	0	0	0	0	0	0	0
TOTAL LIABILITIES & FUND BALANCE	\$ 212,935	\$ 110,385	\$ 45,811	\$ 48,754	\$ 0	\$ 0	\$ 7,985

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	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
Fund Balance, October 1, 2006	\$ 240,652	\$ 160,598	\$ 6,660	\$ 47,069	\$ 17,845	\$ (2,586)	\$ 11,066
Excess Revenues Over (Under) Expenditures	(33,048)	(50,213)	39,128	1,685	(17,845)	2,586	(8,389)
Fund Balance September 30, 2007	\$ 207,604	\$ 110,385	\$ 45,788	\$ 48,754	\$ 0	\$ 0	\$ 2,677

CITY OF BORGER, TEXAS
 COMBINED SPECIAL REVENUE FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	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
REVENUE							
State Grant	\$ 62,500	\$ 0	\$ 62,500	\$ 0	\$ 0	\$ 0	0
Investments Interest	9,933	6,731	0	2,849	0	0	353
Court Fees	6,102	0	0	0	0	0	6,102
Donations	0	0	0	0	0	0	0
City's Share of Expense	1,139	0	1,139	0	0	0	0
Hotel/Motel Occupancy Tax	240,183	0	0	0	240,183	0	0
Total Revenue	319,857	6,731	63,639	2,849	240,183	0	6,455
Transfers & Other:							
Interfund Transfers	118,698	116,112	0	0	0	2,586	0
Total Revenues & Transfers	\$ 438,555	\$ 122,843	\$ 63,639	\$ 2,849	\$ 240,183	\$ 2,586	6,455
EXPENDITURES							
City Tourism	\$ 173,056	\$ 173,056	\$ 0	\$ 0	\$ 0	\$ 0	0
Texas Plains Trails	24,511	0	24,511	0	0	0	0
Police	0	0	0	0	0	0	0
Municipal Court	14,844	0	0	0	0	0	14,844
Environmental Expenditures	1,164	0	0	1,164	0	0	0
Hutchinson County Museum	12,901	0	0	0	12,901	0	0
Chamber of Commerce	123,854	0	0	0	123,854	0	0
Tri-City Community Concert	5,161	0	0	0	5,161	0	0
Total Expenditures & Transfers	\$ 355,491	\$ 173,056	\$ 24,511	\$ 1,164	\$ 141,916	\$ 0	14,844
Transfers & Other:							
Transfers-General Fund	116,112	0	0	0	116,112	0	0
Total Expenditures & Transfer	\$ 471,603	\$ 173,056	\$ 24,511	\$ 1,164	\$ 258,028	\$ 0	14,844
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ -33,048	\$ (50,213)	\$ 39,128	\$ 1,685	\$ (17,845)	\$ 2,586	(8,389)

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

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash In Bank	\$ 13,859	\$ 40,596
Accrued Interest	357	101
Investments	83,377	35,240
	\$ 97,593	\$ 75,937
TOTAL ASSETS	\$ 97,593	\$ 75,937
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due To Other Funds	\$ 8,454	\$ 21,140
Fund Balance-Restricted	89,139	54,797
	\$ 97,593	\$ 75,937
TOTAL LIABILITIES AND FUND BALANCE	\$ 97,593	\$ 75,937

CITY OF BORGER, TEXAS
 COMBINED DEBT SERVICE FUND
 BALANCE SHEET
 September 30, 2007

<u>ASSETS</u>	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
Cash & Investments:		
Cash In Bank	\$ 13,859	\$ 13,859
Accrued Interest	357	357
Investments	83,377	83,377
	<hr/>	<hr/>
TOTAL ASSETS	\$ 97,593	\$ 97,593
	<hr/> <hr/>	<hr/> <hr/>
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Due To Other Funds	\$ 8,454	\$ 8,454
Fund Balance:		
Unappropriated	0	0
Restricted	89,139	89,139
	<hr/>	<hr/>
TOTAL LIABILITIES & FUND BALANCE	\$ 97,593	\$ 97,593
	<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, 2007

	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
Fund Balance October 1, 2006	\$ 54,797	\$ 54,797
Excess Of Revenue Over (Under) Expenditures	34,342	34,342
Fund Balance September 30, 2007	<u>\$ 89,139</u>	<u>\$ 89,139</u>

CITY OF BORGER, TEXAS
 COMBINED DEBT SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 20, 2007

<u>REVENUES</u>	COMBINED DEBT SERVICE FUND	BONDS 1995 SERIES
Investment Interest	\$ 9,749	\$ 9,749
Property Taxes	226,124	226,124
	<hr/>	<hr/>
Total Revenue and Transfers	235,873	235,873
	<hr/>	<hr/>
<u>EXPENDITURES</u>		
Bond Principal	165,000	165,000
Bond Interest	35,895	35,895
Bond Fees	636	636
	<hr/>	<hr/>
Total Expenditures and Transfers	201,531	201,531
	<hr/>	<hr/>
EXCESS OF REVENUE OVER EXPENDITURES	\$ 34,342	\$ 34,342
	<hr/> <hr/>	<hr/> <hr/>

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

ASSETS

	<u>2007</u>	<u>2006</u>
Cash In Bank		
Accounts Receivable-Group Hospitalization	\$ (5,599)	\$ 1,303
Investments	5,599	0
Due From Other Funds	273,471	226,446
	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 273,471</u>	<u>\$ 227,749</u>

LIABILITIES AND FUND BALANCE

Liabilities

Group Hospitalization	\$ 0	\$ 1,303
Deferred Compensation	273,471	226,446
Due To Other Funds	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 273,471</u>	<u>\$ 227,749</u>

CITY OF BORGER, TEXAS
 COMBINED TRUST AND AGENCY FUND
 BALANCE SHEET
 September 30, 2007

	COMBINED TRUST & AGENCY FUND	GROUP HOSPITALIZATION FUND	DEFERRED COMPENSATION FUND
<u>ASSETS</u>			
Cash In Bank	\$ (5,599)	\$ (5,599)	\$ 0
Accounts Receivable Group Hospitalization	5,599	5,599	0
Investments	273,471	0	273,471
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 273,471	\$ 0	\$ 273,471
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Group Hospitalization	\$ 0	\$ 0	\$ 0
Deferred Compensation	273,471	0	273,471
Due To Other Funds	0	0	0
	<hr/>	<hr/>	<hr/>
Total Liabilities	\$ 273,471	\$ 0	\$ 273,471

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

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash On Hand	\$ 800	\$ 800
Cash in Bank	886,249	733,592
Investments	1,890,147	1,833,444
Accounts Receivable	700,295	630,108
Less Estimated Uncollectible	(2,142)	(120,994)
Due From Other Funds	8,152	24,095
Interest Receivable	8,086	5,248
Cost Of Issuance Of Debt-Net Of Amortization	196,039	254,111
Land	252,254	252,254
Canadian River Water Supply Contract	19,344,859	16,567,214
Plant Assets And Equipment	25,491,121	25,293,752
Less Accumulated Depreciation & Amortization	(19,648,149)	(18,806,399)
TOTAL ASSETS	\$ <u>29,127,711</u>	\$ <u>26,667,225</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
Accounts Payable	\$ 86,407	\$ 86,357
Accrued Salaries Payable	3,028	40,194
Customer Meter Deposits	322,826	320,286
Due To Other Funds	0	0
Accrued Interest Payable	21,828	24,178
Deferred Revenue-Agrium Contract	197,015	262,686
Deferred Gain on Debt Retirement	1,224,250	1,336,395
Notes Payable-Lasalle Bank	38,230	54,316
Bonds Payable	3,075,000	3,465,000
Certificate Of Obligation Payable - Series 2002	885,000	965,000
Roberts County Water Contract	3,469,903	3,701,428
Surface Water Supply Contract	908,624	972,477
Salinity Control Project Contract	57,925	81,095
Groundwater Project-2005	2,659,346	2,659,346
Groundwater Project-2006	2,723,844	0
Total Liabilities	<u>15,673,226</u>	<u>13,968,758</u>
 Fund Balance	 <u>13,454,485</u>	 <u>12,698,467</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>29,127,711</u>	\$ <u>26,667,225</u>

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

CITY OF BORGER, TEXAS
COMBINED PROPRIETARY FUND
BALANCE SHEET
SEPTEMBER 30, 2007

	Combined Proprietary Fund	Water And Sewer Fund	2002 Refunding Bonds I&S	2002 Certificates of Oblig. I&S
ASSETS				
Cash And Investments:				
Cash On Hand	\$ 800	\$ 800	\$ 0	\$ 0
Cash In Bank	886,249	885,813	166	270
Investments	1,890,147	1,800,000	34,650	55,497
Total Cash and Investments	<u>2,777,196</u>	<u>2,686,613</u>	<u>34,816</u>	<u>55,767</u>
Receivables:				
Interest Receivable	8,086	7,701	148	237
Water & Sewer Billings	700,295	700,295	0	0
Less Estimated Uncollectible	(2,142)	(2,142)	0	0
Total Receivables	<u>706,239</u>	<u>705,854</u>	<u>148</u>	<u>237</u>
Other Assets:				
Cost Of Issuance Of Debt- Net of Amortization	196,039	196,039	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	5,196	0	2,724	2,472
Total Other Assets	<u>204,191</u>	<u>198,995</u>	<u>2,724</u>	<u>2,472</u>
Plant And Equipment:				
Land	252,254	252,254	0	0
Fixed Assets	44,835,980	44,835,980	0	0
Less Accumulated Depreciation	(19,648,149)	(19,648,149)	0	0
Total Plant & Equipment	<u>25,440,085</u>	<u>25,440,085</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$ 29,127,711	\$ 29,031,547	\$ 37,688	\$ 58,476
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 86,407	\$ 86,407	\$ 0	\$ 0
Accrued Salaries Payable	3,028	3,028	0	0
Customer Meter Deposits	322,826	322,826	0	0
Due To Other Funds	0	0	0	0
Note Payable	38,230	38,230	0	0
Bonds Payable-2002 Series	3,075,000	3,075,000	0	0
Certificates Of Obligation Payable - 2002 Series	885,000	885,000	0	0
Accrued Interest Payable	21,828	21,828	0	0
Roberts County Water Contract	3,469,903	3,469,903	0	0
Salinity Control Project Contract	57,925	57,925	0	0
Groundwater Project	2,659,346	2,659,346	0	0
Surface Water Supply Contract	908,624	908,624	0	0
CRMWA Groundwater Project-2006	2,723,844	2,723,844	0	0
Deferred Revenue-Agrium Contract	197,015	197,015	0	0
Deferred Gain on Debt Retirement	1,224,250	1,224,250	0	0
Total Liabilities	<u>15,673,226</u>	<u>15,673,226</u>	<u>0</u>	<u>0</u>
Fund Balance:				
Reserve	96,164	0	37,688	58,476
Unreserved	13,358,321	13,358,321	0	0
Total Fund Balance	<u>13,454,485</u>	<u>13,358,321</u>	<u>37,688</u>	<u>58,476</u>
TOTAL LIABILITIES & FUND BALANCES	\$ 29,127,711	\$ 29,031,547	\$ 37,688	\$ 58,476

CITY OF BORGER, TEXAS
 COMBINED PROPRIETARY FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	2002 Certificates of Oblig. I&S
Fund Balance October 1, 2006	\$ 12,698,467	\$ 12,643,478	\$ 15,105	\$ 39,884
Prior Year Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	12,698,467	12,643,478	15,105	39,884
Add: Excess of Revenue Over (Under) Expenditures	<u>756,018</u>	<u>714,843</u>	<u>22,583</u>	<u>18,592</u>
Fund Balance September 30, 2007	<u>\$ 13,454,485</u>	<u>\$ 13,358,321</u>	<u>\$ 37,688</u>	<u>\$ 58,476</u>

CITY OF BORGER, TEXAS
COMBINED PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	COMBINED PROPRIETARY FUND	WATER AND SEWER FUND	2002 Refunding Bonds I&S	2002 Certificate of Oblig. I&S
REVENUE				
Water Sales	\$ 3,727,667	\$ 3,727,667	\$ 0	\$ 0
Sewer Sales	1,578,142	1,578,142	0	0
Utility Penalty and Interest	66,041	66,041	0	0
Plumbing Permits & Taps	14,813	14,813	0	0
Ad Valorem Taxes	265,185	0	139,038	126,147
Miscellaneous Revenue	97,612	97,612	0	0
Interest On Investments	130,311	116,521	8,054	5,736
Total Revenue	<u>5,879,771</u>	<u>5,600,796</u>	<u>147,092</u>	<u>131,883</u>
Transfers And Other:				
Gain On Sale Of Assets	25,908	25,908	0	0
Debt Retired From Int. & Sink	470,000	470,000	0	0
Assets Acquired/Construction Fund	174,850	174,850	0	0
Transfer From General Fund	0	0	0	0
Transfer From General Fixed Assets	0	0	0	0
Interfund Transfers	378,169	0	378,169	0
Total Revenue & Transfers	<u>6,928,698</u>	<u>6,271,554</u>	<u>525,261</u>	<u>131,883</u>
EXPENDITURES				
Customer Service	505,519	505,519	0	0
Water Maintenance	505,918	505,918	0	0
Sewer Maintenance	475,804	475,804	0	0
Water Production & Treatment	717,084	717,084	0	0
Wastewater Collection & Treatment	455,707	455,707	0	0
Utility Director Section	86,386	86,386	0	0
Water Purchased For Resale	511,636	511,636	0	0
Data Processing	74,246	74,246	0	0
Purchased Services-General Fund	0	0	0	0
Contingencies	29,889	29,289	0	600
Interest CRMWA	492,021	492,021	0	0
Bonds Retired	390,000	0	390,000	0
Coupons Retired	112,678	0	112,678	0
Certificates Of Obligation-Retired	80,000	0	0	80,000
Interest-Certificates Of Obligation	32,691	0	0	32,691
Civil Defense	1,654	1,654	0	0
Depreciation & Amortization	907,331	907,331	0	0
Total Expenditures	<u>5,378,563</u>	<u>4,762,594</u>	<u>502,678</u>	<u>113,291</u>
Transfers And Other:				
Interfund Transfers	378,169	378,169	0	0
Transfer to Capital Equipment Fund	415,948	415,948	0	0
Loss On Sale Of Assets	0	0	0	0
Total Expenditures & Transfers	<u>6,172,680</u>	<u>5,556,711</u>	<u>502,678</u>	<u>113,291</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 756,018</u>	<u>\$ 714,843</u>	<u>\$ 22,583</u>	<u>\$ 18,592</u>

CITY OF BORGER, TEXAS
 WATER AND SEWER FUND
 COMPARISON OF REVENUE WITH BUDGET
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	BUDGET	REVENUE	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL PRIOR YEAR
REVENUE:				
Water Sales	\$ 3,864,432	\$ 3,727,667	\$ (136,765)	\$ 3,555,211
Sewer Charges	1,510,000	1,578,142	68,142	1,471,461
Utility Penalty and Interest	65,000	66,041	1,041	68,286
Plumbing Permits & Taps	4,250	14,813	10,563	7,245
Miscellaneous	50,250	97,612	47,362	53,183
Interest On Investments	60,000	116,521	56,521	87,609
Sale of Assets	0	25,908	25,908	0
TOTAL WATER & SEWER REVENUE	\$ 5,553,932	\$ 5,626,704	\$ 72,772	\$ 5,242,995

CITY OF BORGER, TEXAS
WATER AND SEWER FUND
COMPARISON OF EXPENDITURES WITH BUDGET
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

<u>EXPENDITURES</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL PRIOR YEAR</u>
Customer Service:				
Personal Services	\$ 233,434	\$ 269,749	\$ (36,315)	\$ 235,677
Contractual Services & Misc.	226,440	211,958	14,482	178,369
General Services	9,800	7,428	2,372	6,478
Machinery & Equipment Maintenance	28,450	16,384	12,066	21,622
Capital Outlay	0	0	0	0
Total Customer Service	<u>498,124</u>	<u>505,519</u>	<u>(7,395)</u>	<u>442,146</u>
Water Maintenance Section:				
Personal Services	374,356	363,750	10,606	373,148
Contractual Services & Misc.	17,643	14,185	3,458	13,500
General Services	35,300	49,084	(13,784)	32,569
Machinery & Equipment Maintenance	58,100	78,382	(20,282)	60,614
Capital Outlay	26,314	517	25,797	0
Total Water Maintenance Section	<u>511,713</u>	<u>505,918</u>	<u>5,795</u>	<u>479,831</u>
Sewer Maintenance Section:				
Personal Services	325,517	315,420	10,097	332,531
Contractual Services & Misc.	48,603	45,990	2,613	58,970
General Services	40,350	34,297	6,053	33,479
Machinery & Equipment Maintenance	66,700	77,557	(10,857)	96,729
Capital Lease Payments	47,426	2,540	44,886	0
Total Sewer Maint. Section	<u>528,596</u>	<u>475,804</u>	<u>52,792</u>	<u>521,709</u>
Water Production & Treatment:				
Personal Services	211,385	200,265	11,120	201,274
Contractual Services & Misc.	414,660	375,841	38,819	331,362
General Services	54,700	47,128	7,572	49,553
Machinery & Equipment Maintenance	43,350	93,850	(50,500)	29,910
Capital Outlay	0	0	0	0
Total Water Production & Water Treatment	<u>724,095</u>	<u>717,084</u>	<u>7,011</u>	<u>612,099</u>
Wastewater Collection & Treatment:				
Personal Services	237,179	216,014	21,165	224,983
Contractual Services & Misc.	189,021	152,767	36,254	162,207
General Services	31,100	30,886	214	29,452
Machinery & Equipment Maintenance	30,350	56,040	(25,690)	28,261
Capital Outlay	0	0	0	0
Total Wastewater Collection & Treatment	<u>487,650</u>	<u>455,707</u>	<u>31,943</u>	<u>444,903</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, 2007

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<u>EXPENDITURES</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL PRIOR YEAR</u>
Utility Director Section:				
Personal Services	\$ 74,716	\$ 74,631	\$ 85	\$ 107,743
Contractual Services & Misc.	6,137	4,387	1,750	6,428
General Services	5,250	5,078	172	4,159
Machinery & Equipment Maintenance	3,100	2,290	810	932
Capital Outlay/Lease Payments	4,134	0	4,134	0
Total Utility Director Sect.	<u>93,337</u>	<u>86,386</u>	<u>6,951</u>	<u>119,262</u>
Data Processing Center:				
Personal Services	27,333	27,198	135	26,401
Contractual Services & Misc.	22,260	20,784	1,476	19,368
General Services	2,025	1,272	753	1,327
Machinery & Equipment Maintenance	22,975	24,992	(2,017)	21,207
Capital Lease Payments	12,444	0	12,444	0
Total Data Processing Center	<u>87,037</u>	<u>74,246</u>	<u>12,791</u>	<u>68,303</u>
Reserve Section:				
Contingencies	75,000	6,638	68,362	5,299
G/O Refunding 2002 Bond Payment	378,169	378,169	0	0
Purchased Services-General Fund	699,074	0	699,074	0
Water Operation & Maintenance	516,500	511,636	4,864	441,368
Civil Defense	5,000	1,654	3,346	2,095
CRMWA Bond Payment	108,720	0	108,720	127,887
CRMWA Salinity Control	26,625	0	26,625	26,058
Roberts Co. Bond Payment	408,100	0	408,100	405,836
CRMWA Bonds 2005	137,206	148,639	(11,433)	144,945
CRMWA 2006 Roberts County Bond	222,904	92,837	130,067	18,576
Land Transfer	0	0	0	0
City Hall Building Maint.	12,500	22,651	(10,151)	7,819
Total Reserve Section	<u>2,589,798</u>	<u>1,162,224</u>	<u>1,427,574</u>	<u>1,179,883</u>
Total Expenditures-Budgeted	<u>\$ 5,520,350</u>	<u>\$ 3,982,888</u>	<u>\$ 1,537,462</u>	<u>\$ 3,868,136</u>

CITY OF BORGER, TEXAS
WATER AND SEWER FUND
STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

INCOME:	
Water Sales	\$ 3,727,667
Sewer Charges	1,578,142
Penalty and Interest	66,041
Plumbing Permits And Taps	14,813
Miscellaneous	<u>97,612</u>
Total Income	<u>5,484,275</u>
OPERATING EXPENSES:	
Customer Service	505,519
Water Maintenance	505,918
Sewer Maintenance	475,804
Water Production & Treatment	717,084
Wastewater Collection & Treatment	455,707
Utility Director Section	86,386
Water Purchased for Resale	511,636
Data Processing	74,246
Contingencies	29,889
Civil Defense	1,654
Services Purchased-General Fund	0
Depreciation And Amoritzation	<u>907,331</u>
Total Operating Expenses	<u>4,271,174</u>
NET INCOME FROM OPERATIONS	<u>1,213,101</u>
OTHER INCOME (EXPENSE)	
Ad Valorem Taxes	265,185
Interest Income	130,311
Gain from Sale of Equipment	25,908
Interest Expense	<u>(637,390)</u>
Total Other Income (Expense)	<u>(215,986)</u>
NET INCOME (LOSS)	<u>\$ 997,115</u>

CITY OF BORGER, TEXAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2002
 SEPTEMBER 30, 2007

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
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>\$ 3,075,000</u>	<u>\$ 428,375</u>	<u>\$ 3,503,375</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, 2007

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS	INTEREST RATE
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>\$ 885,000</u>	<u>\$ 163,677</u>	<u>\$ 1,048,677</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,

	2007	2006
<u>ASSETS</u>		
Cash on Hand	\$ 10	\$ 10
Cash in Bank	27,972	11,502
Investments	136,000	120,000
Inventory	37,442	37,167
TOTAL ASSETS	\$ 201,424	\$ 168,679
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 0	\$ 27,949
Due to Other Funds	0	0
Total Liabilities	0	27,949
Fund Balance-Unappropriated	160,516	140,730
Restricted	15,908	0
Reserved	25,000	0
Total Fund Balance	201,424	140,730
TOTAL LIABILITIES AND FUND BALANCE	\$ 201,424	\$ 168,679

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 BALANCE SHEET
 SEPTEMBER 30, 2007

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND
<u>ASSETS</u>		
Cash & Investments:		
Cash On Hand	\$ 10	\$ 10
Cash In Bank	27,972	27,972
Investments	136,000	136,000
Total Cash & Investments	<u>163,982</u>	<u>163,982</u>
Receivables:		
Sundry	0	0
Total Receivables	<u>0</u>	<u>0</u>
Other Assets:		
Due From Other Funds	0	0
Inventory	37,442	37,442
Total Other Assets	<u>37,442</u>	<u>37,442</u>
TOTAL ASSETS	<u>\$ 201,424</u>	<u>\$ 201,424</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts Payable	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>
Fund Balance-Unappropriated	160,516	160,516
Restricted EOC	15,908	15,908
Reserved for Paving	25,000	25,000
Total Fund Balance	<u>201,424</u>	<u>201,424</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 201,424</u>	<u>\$ 201,424</u>

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 SEPTEMBER 30, 2007

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND
Fund Balance October 1, 2006	\$ 140,730	\$ 140,730
Transfers from General Fund	25,000	25,000
Excess of Revenues Over (Under) Expenditures	35,694	35,694
 Fund Balance September 30, 2007	 \$ 201,424	 \$ 201,424

CITY OF BORGER, TEXAS
 COMBINED INTRAGOVERNMENTAL SERVICE FUND
 STATEMENT OF REVENUES AND EXPENDITURES
 SEPTEMBER 30, 2007

	COMBINED INTRAGOVERNMENTAL SERVICE FUND	STORES FUND
<u>REVENUES</u>		
Stores Billings	\$ 58,997	\$ 58,997
Total Revenue	58,997	58,997
<u>EXPENDITURES</u>		
Store Purchases	23,303	23,303
Total Expenditures	23,303	23,303
Transfers		
Transfer to General Fund	0	0
Total Expenditures & Transfers	23,303	23,303
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 35,694	\$ 35,694

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

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
Cash in Bank	\$ 118,205	\$ 100,001
Investments	4,466,345	4,909,845
Due to Debt Service	3,257	0
Interest Receivable	19,110	14,054
TOTAL ASSETS	\$ <u>4,606,917</u>	\$ <u>5,023,900</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Accounts Payable	\$ 255	\$ 0
Total Liabilities	<u>255</u>	<u>0</u>
Fund Balance-Reserved	<u>4,606,662</u>	<u>5,023,900</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>4,606,917</u>	\$ <u>5,023,900</u>

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

CITY OF BORGER, TEXAS
 COMBINED CAPITAL PROJECT FUND
BALANCE SHEET
 SEPTEMBER 30, 2007

	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	118,205	413	117,792
Investments	4,466,345	4,240,845	225,500
Total Cash and Investments	<u>4,584,550</u>	<u>4,241,258</u>	<u>343,292</u>
Receivables:			
Interest Receivable	19,110	18,144	966
Total Receivables	<u>19,110</u>	<u>18,144</u>	<u>966</u>
Other Assets:			
Due From Debt Service	3,257	3,257	0
Total Other Assets	<u>3,257</u>	<u>3,257</u>	<u>0</u>
 TOTAL ASSETS	 <u>\$ 4,606,917</u>	 <u>\$ 4,262,659</u>	 <u>\$ 344,258</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts Payable	\$ 255	\$ 255	\$ 0
Due To Other Funds	0	0	0
Total Liabilities	<u>255</u>	<u>255</u>	<u>0</u>
Fund Balance:			
Reserve for Capital Projects	4,337,806	3,993,548	344,258
Reserve for Debt Retirement	268,856	268,856	0
Unreserved	0	0	0
Total Fund Balance	<u>4,606,662</u>	<u>4,262,404</u>	<u>344,258</u>
 TOTAL LIABILITIES & FUND BALANCES	 <u>\$ 4,606,917</u>	 <u>\$ 4,262,659</u>	 <u>\$ 344,258</u>

CITY OF BORGER, TEXAS
 COMBINED CAPITAL PROJECTS FUND
 STATEMENT OF CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

	COMBINED CAPITAL PROJECT FUND	2006 Certificate of Oblig I & S	Capital Equipment Fund
Fund Balance October 1, 2006	\$ 5,023,900	\$ 5,023,900	\$ 0
Prior Year Adjustments	0	0	0
	5,023,900	5,023,900	0
Add: Excess of Revenue Over (Under) Expenditures	(417,238)	(761,496)	344,258
Fund Balance September 30, 2007	<u>\$ 4,606,662</u>	<u>\$ 4,262,404</u>	<u>\$ 344,258</u>

CITY OF BORGER, TEXAS
 COMBINED CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND TRANSFERS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

REVENUE	COMBINED CAPITAL PROJECT FUND	2006 CERTIFICATE OF OBLIG I & S	CAPITAL EQUIPMENT FUND
Ad Valorem Taxes	\$ 190,829	\$ 190,829	\$ 0
State Grants	7,494	0	7,494
Interest On Investments	269,285	253,478	15,807
Total Revenue	<u>467,608</u>	<u>444,307</u>	<u>23,301</u>
Transfers And Other:			
Insurance Claims	4,208	0	4,208
Transfer From General Fund	544,684	0	544,684
Transfer From Water & Sewer Fund	415,948	0	415,948
Interfund Transfers	0	0	0
Total Revenue & Transfers	<u>1,432,448</u>	<u>444,307</u>	<u>988,141</u>
EXPENDITURES			
Interest on Bonds	199,352	199,352	0
Bond Principal Paid	0	0	0
Capital Equipment	551,682	0	551,682
Emergency Service Radios	203,609	203,609	0
Huber Park Restrooms	72,789	72,789	0
EOC Radar	205,256	205,256	0
Johnson Park Youth Center	225,596	225,596	0
Splash Park Construction	200,954	200,954	0
Cofield Community Building	15,598	15,598	0
Total Expenditures	<u>1,674,836</u>	<u>1,123,154</u>	<u>551,682</u>
Transfers And Other:			
Interfund Transfers	174,850	82,649	92,201
Total Expenditures & Transfers	<u>1,849,686</u>	<u>1,205,803</u>	<u>643,883</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ (417,238)</u>	<u>\$ (761,496)</u>	<u>\$ 344,258</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>2007</u>	<u>2006</u>
Amount Available in Debt Service Fund	\$ 89,139	\$ 54,797
Principal Amount to be Provided in Future Years:		
General Obligation Refunding Bonds-Series 1995	455,861	655,203
Certificates of Obligations-Series 2006	5,000,000	5,000,000
Notes Payable Obligations	<u>237,637</u>	<u>379,411</u>
Total Principal Available & to be Provided For	5,782,637	6,089,411
Interest to be Provided in Future Years	<u>2,099,735</u>	<u>2,337,707</u>
TOTAL AVAILABLE & TO BE PROVIDED FOR	<u>\$ 7,882,372</u>	<u>\$ 8,427,118</u>

GENERAL LONG-TERM DEBTS AND INTEREST
 PAYABLE IN FUTURE YEARS

Notes Payable Obligations	\$ 237,637	\$ 379,411
Certificate of Obligations-Series 2006	5,000,000	5,000,000
General Obligation Refunding Bonds-Series 1995	545,000	710,000
Interest Payable-General Obligation Debt	56,750	92,645
Interest Payable-Certificate of Obligations	2,026,350	2,225,702
Interest Payable-Note Payable Obligations	16,635	19,360
Interest Payable	<u>\$ 7,882,372</u>	<u>\$ 8,427,118</u>

CITY OF BORGER, TEXAS
 GENERAL LONG-TERM DEBT ACCOUNT GROUPS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES 1995
 September 30, 2007

Fiscal Year	Principal	Interest	Total Requirements	Interest Rate
2008	\$ 175,000	\$ 27,810	\$ 202,810	4.90%
2009	180,000	19,060	199,060	5.10%
2010	190,000	9,880	199,880	5.20%
	<u>\$ 545,000</u>	<u>\$ 56,750</u>	<u>\$ 601,750</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, 2007

Fiscal Year	Principal	Interest	Total Requirments	Interest Rate
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>\$ 2,026,350</u>	<u>\$ 7,026,350</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 certiicates 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, 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
September 30, 2007	5,731	5,355

CITY OF BORGER
SCHEDULE OF INSURANCE COVERAGE
September 30, 2007

<u>BUILDINGS & 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		1,117,254 .
Vehicles-Per Schedule		1,710,148 .
		<u>\$ 15,840,736</u>

CITY OF BORGER
SCHEDULE OF INSURANCE COVERAGE
September 30, 2007

LIABILITY

	<u>POLICY NUMBER</u>	<u>LIMIT</u>	<u>DEDUCTIBLE</u>
Texas Municipal League Intergovernmental Risk Pool:	420-TML-1001400-02		
Workmans Compensation		Standard	
General Liability			No-Deductible
Sudden Events Involving Pollution	Each Occurrence	\$ 5,000,000	
	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	

PROPERTY

	<u>POLICY NUMBER</u>	<u>Limit</u>	<u>DEDUCTIBLE</u>
Valuable Paper & Records & EDP Media	420-TML1001400-02		
Accounts Receivable		10,000	
Loss of Revenues, Extra Expense and Rents		10,000	
Personal Effects		25,000	
Leasehold Interest		5,000	
Outdoor Trees & Shrubs (\$250 Each)		5,000	
		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		
Employee Honesty Bond-Specific Named: Chris Coffman-City Manager		25,000	
Acts of Terroism		10,000,000	