

City of Borger

Annual Financial Report

Year Ended September 30, 2013

(with Auditors' Report Thereon)

City Council

Jeff Brain, Mayor

Robert Vinyard
Mayor Pro-Tem

Charles Gillingham
Council Member

Bubba Dickson
Council Member

Brandy Callahan
Council Member



J.W. Anderson & Associates, PC
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Cover photos provided by:

Charles Gillingham

City of Borger

Borger, Texas

Audited Financial Statements and Supplemental Information

September 30, 2013

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CITY OF BORGER
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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JW ANDERSON & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Borger, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison for the general fund and major special revenue fund of City of Borger, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise City of Borger, Texas's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Borger Economic Development Corporation, which represent 4 percent, 9 percent and 5 percent, respectively, of the assets, net position, and revenues of the City of Borger, Texas's Government Wide financial statements. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Borger Economic Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the

aggregate remaining fund information of City of Borger, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

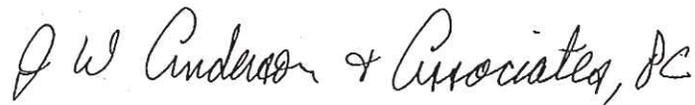
Accounting principles generally accepted in the United States of America require that management's discussion and analysis and nonmajor governmental funds and enterprise fund budgetary comparison information is required to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Borger, Texas's basic financial statements. The accompanying Supplemental Schedules as identified in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Audit Standards

In accordance with Government Auditing Standards, we have issued our report dated March 31, 2014 on our consideration of City of Borger, Texas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



JW Anderson & Associates, PC
Lubbock, Texas
March 31, 2014

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**FY 2012 – 2013 Audit
Management’s Discussion and Analysis**

City of Borger, Texas
Form of Government - Council/Manager
September 30, 2013



Jeff Brain, Mayor
Council Member
Place 2



Robert Vinyard,
Mayor Pro-Tem
Council Member
Place 3



Brandy Callahan,
Council Member
Place 1



Marvin “Bubba” Dickson,
Council Member
Place 4



Charles Gillingham,
Council Member
Place 5

This section of the City of Borger’s annual financial report presents discussion and analysis from City management regarding the City’s financial performance, the independent auditor’s report, and the City’s basic financial statements during the fiscal year that ended on September 30, 2013 with comparative information for the fiscal year ended September 30, 2012.

FINANCIAL HIGHLIGHTS

- Total Net Position¹ of the City of Borger equal \$26.4 million, up from \$23.3 million from FY 2011-2012. This is a result of \$56.2 million in assets less \$29.8 million in liabilities.
- The State of Texas does not provide for a statutory debt limit for cities. The truth-in-taxation criterion specifies that debt (Interest & Sinking) requirements must be met first, then operations. The property tax rate to meet these needs cannot exceed \$2.50 per \$100 valuation. As of September 30, 2013 the City has debt in the amount of \$8.7 million² secured by the levy and collection of a direct and continuing ad valorem tax on all taxable property within the City and revenues generated by the Water & Sewer Proprietary Fund. Based on a population of 13,251 (2010 Census) the per capita debt for the City is \$652.91 and the ratio of bonded debt to assessed value is 2.03%.
- The City of Borger is compliant with the GASB 34 reporting model, which requires accounting for depreciation of fixed assets within governmental activities³. Shown within Note E – Capital Assets, the FY 2012-2013 governmental fixed asset year-end balance is \$24.8 million less accumulated depreciation of \$11.7 million leaving \$13.1 million in Net Depreciable Assets for governmental activities.
- Financially, FY 2012-2013 was a positive year for the General Fund. The City collected \$398,694⁴ more in revenues than the budgeted amount. This was primarily attributed to higher than anticipated ad valorem and sales tax collections.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

- The Government Wide Statement of Net Position and the Statement of Activities (sometimes referred to as government-wide financial statements) provide information about the activities of the City as a whole and represent a longer-term view of the City’s

¹ Government-Wide Statement of Net Position

² Notes to Financial Statements: Note F – Long Term Debt

³ Notes to Financial Statements: Note E - Capital Assets

⁴ Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

finances. They reflect the flow of total economic resources in a manner similar to the financial reports of a business or corporation.

- Fund financial statements report the City’s operations in more detail than the governmental wide statements by providing information about the City’s most significant funds. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.
- The notes to the financial statements provide narrative explanations or additional data needed for full disclosure and are an integral part of the government-wide and fund financial statements.
- Finally, the combining statements for non-major funds contain even more information about the City’s individual funds.

Reporting the City as a Whole

One of the most important questions asked about the City’s finances is “Is the City as a whole better off or worse off as a result of the year’s activities?” The *Statement of Net Position* and the *Statement of Activities* report information about the City as a whole and about activities in a way that helps answer this question. The Statement of Net Position includes *all* assets and liabilities at the end of the year; and, the Statement of Activities include all the revenues and expenses generated by the City’s operations during the year. These statements apply the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report changes in the City’s net position. The City’s net position (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 position 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.

Reporting the City’s Most Significant Funds

Some funds are required to be established by State laws and bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other funding sources.

The City uses different accounting approaches for different types of funds:

Governmental funds – Most of the City’s basic services are included in governmental funds which use modified accrual accounting method, and focus on (1) how cash and other financial assets that can readily be converted to cash flow into and out of these funds, and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs and day to day operations. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliation schedules following each of the fund financial statements.

Enterprise funds – Services for which the City charges customers (whether outside customers or other units of the City) for the full cost of the services it provides are generally reported in enterprise funds. These business-type activities, like the government-wide statements, provide both long and short-term financial information. Business type activities are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

Fiduciary funds – The City has fiduciary responsibility for other assets that – because of trust arrangements – can be used only for the trust beneficiaries. The City is responsible for ensuring the assets reported in those funds are used for their intended purposes. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

Component Unit – Component unit information for the Borger Economic Development Corporation (BEDC) is presented in the Statement of Net Position and the Statement of Activities. The BEDC is a component unit of the City of Borger and is specifically governed by the Texas Development Corporation Act of 1979, as amended. The purpose of the BEDC is to promote and develop industrial and manufacturing enterprises in order to promote and encourage employment and the public welfare of the City.

In the supplemental information section, the City has provided detailed historical information such as tax receivables, tax levies, property values, water/sewer statistical information and insurance coverage. The reports are intended to provide the user with information beyond the realm of the traditional auditing requirements.

FINANCIAL ANALYSIS

The City as a Whole

The following table provides a comparison between the activities for FY 2011-2012 and FY 2012-2013 under the GASB Statements 34, 37, & 38 since implementation by the City in 2003.

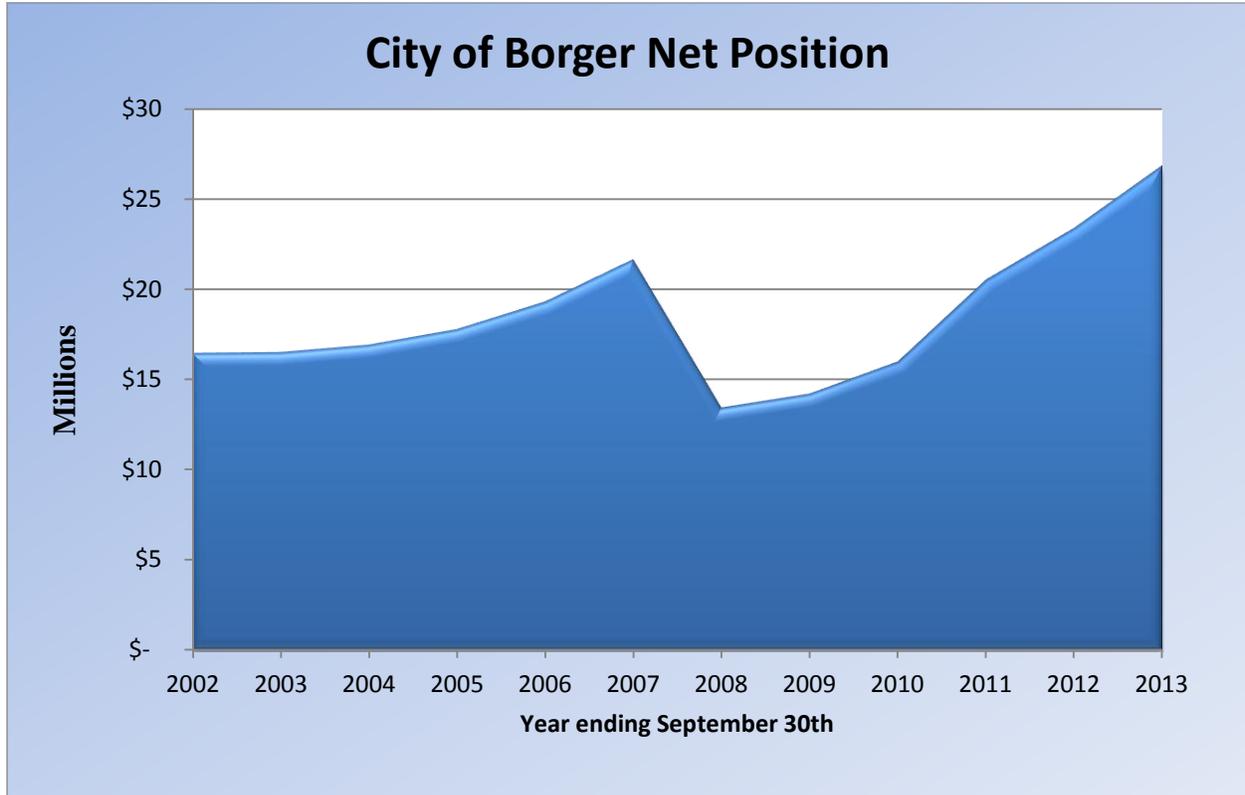
Changes in the City of Borger's Net Position

	Governmental		Business-type		Totals	
	Activities		Activities			
	Fiscal Year		Fiscal Year		Fiscal Year	
	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013
Assets:						
Current Assets	\$ 4,108,629	\$ 5,643,669	\$ 6,419,221	\$ 5,563,565	\$ 10,527,850	\$ 11,207,234
Non-Current Assets	\$ 13,234,644	\$ 14,712,473	\$ 29,575,203	\$ 30,279,658	\$ 42,809,847	\$ 44,992,131
Total Assets	\$ 17,343,273	\$ 20,356,142	\$ 35,994,424	\$ 35,843,223	\$ 53,337,697	\$ 56,199,365
Liabilities:						
Current Liabilities	\$ 1,677,734	\$ 1,130,486	\$ 1,425,207	\$ 1,763,728	\$ 3,102,941	\$ 2,894,214
Non-Current Liabilities	\$ 12,489,021	\$ 14,280,260	\$ 14,393,650	\$ 12,670,498	\$ 26,882,671	\$ 26,950,758
Total Liabilities	\$ 14,166,755	\$ 15,410,746	\$ 15,818,857	\$ 14,434,226	\$ 29,985,612	\$ 29,844,972
Net Position:						
Invested in Capital Assets	\$ 7,496,084	\$ 6,361,117	\$ 14,942,826	\$ 16,583,579	\$ 22,438,910	\$ 22,944,696
Restricted	\$ 468,324	\$ 1,677,420	\$ -	\$ -	\$ 468,324	\$ 1,677,420
Unrestricted	\$ (4,787,890)	\$ (3,093,141)	\$ 5,232,741	\$ 4,825,418	\$ 444,851	\$ 1,732,277
Total Net Position	\$ 3,176,518	\$ 4,945,396	\$ 20,175,567	\$ 21,408,997	\$ 23,352,085	\$ 26,354,393

The City participates in the Texas Municipal Retirement System (TMRS). In December 2007, the TMRS Board of Trustees changed actuarial funding methods from the Unit Credit to the Projected Unit Credit method. The Unit Credit actuarial method did not project potential future liability, whereas the Projected Unit Credit actuarial method facilitates advanced funding for future updated service credits, cola’s, and annuity increases that are adopted on an annually repeating basis. This unfunded liability has previously existed and has been disclosed in the auditor’s notes since 2008; however, in the interest of full disclosure beginning in FY 2009-2010 the City recognized the unfunded pension liability in the Total Net Position. TMRS reports

unfunded liabilities as of December 31 of each year, so for FY 2012-2013 (as of December 31, 2012) the City’s unfunded pension liability was \$6,784,726⁵.

The following chart represents graphically, how the City’s Total Net Position has changed since the City’s implementation of GASB Statements in 2003 and the TMRS’s actuarial change in 2007.

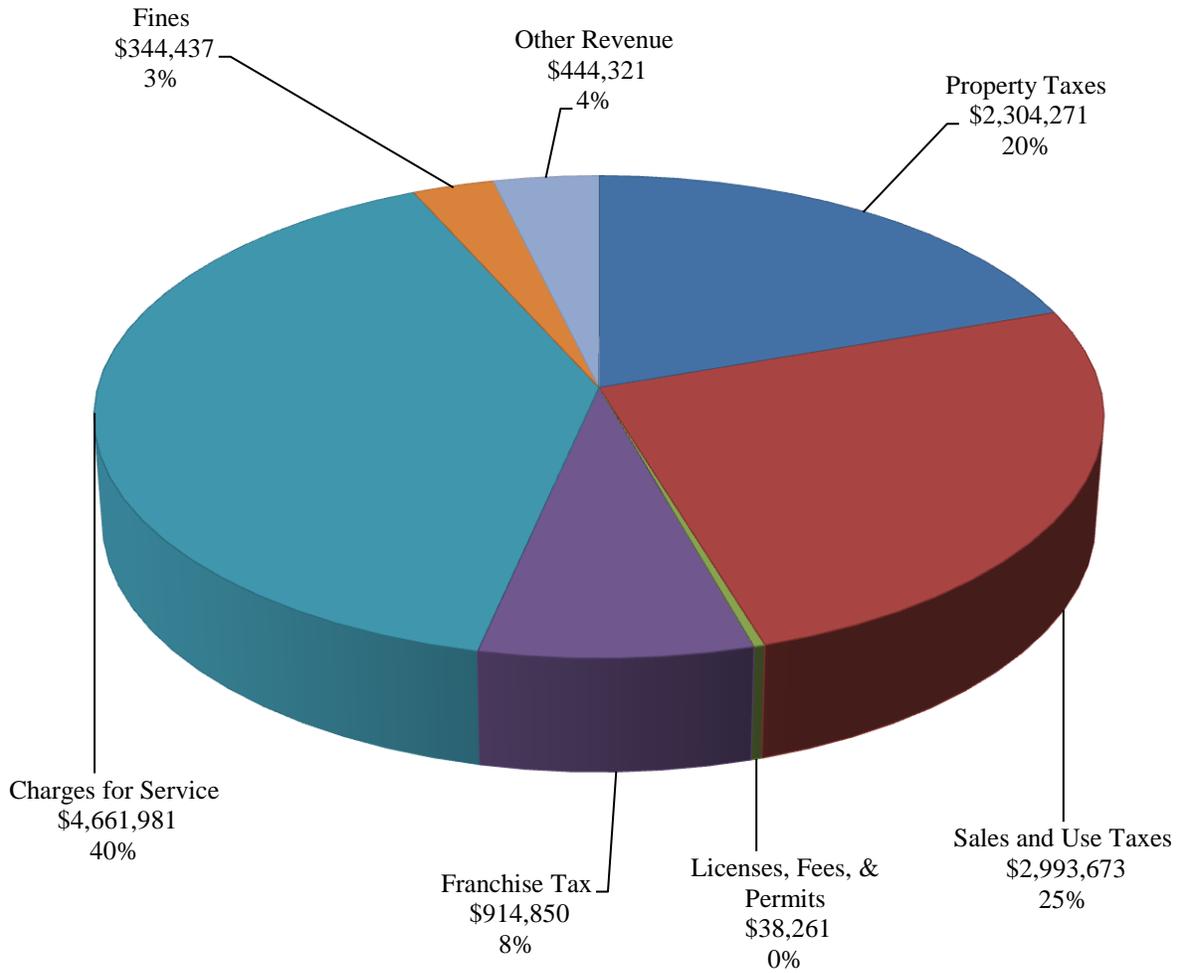


The City’s Governmental Activities

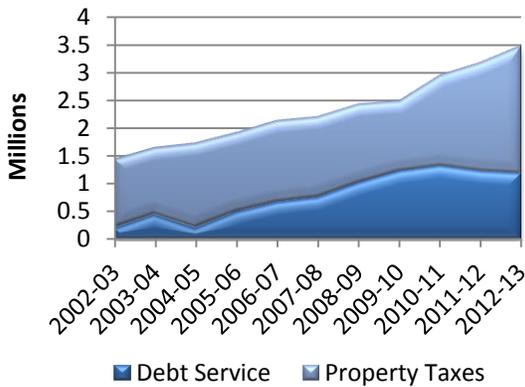
Governmental activities include all funds except business-type activities and the component unit of the BEDC. Examples include the General Fund (Administration, Animal Control, Fire, Code Enforcement, Legal, Parks/Recreation, Planning & Zoning, Police, Public Works, Refuse Collection Municipal Court, Emergency Management and various other departments), Tourism Fund, Special Projects Funds, Grant Funds, Debt Service Funds, Capital Improvement and Capital Equipment Funds and various other funds. The following charts graphically represent the City’s revenues for FY 2012-2013 as well as a historical view of the property, debt service, and sales taxes for the last several years.

⁵ Notes to Financial Statements: Note I – Pension Plan and Other Post Employment Benefits

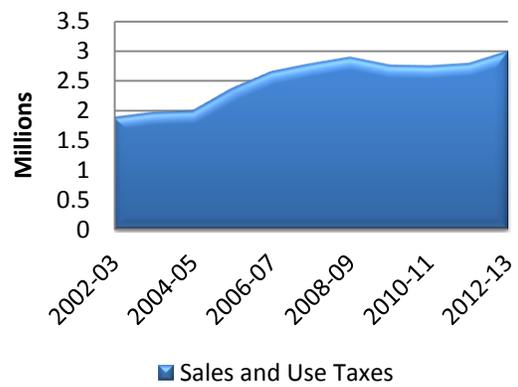
FY 2012-2013 Revenue by Source - Governmental Activities



Historical Property Taxes

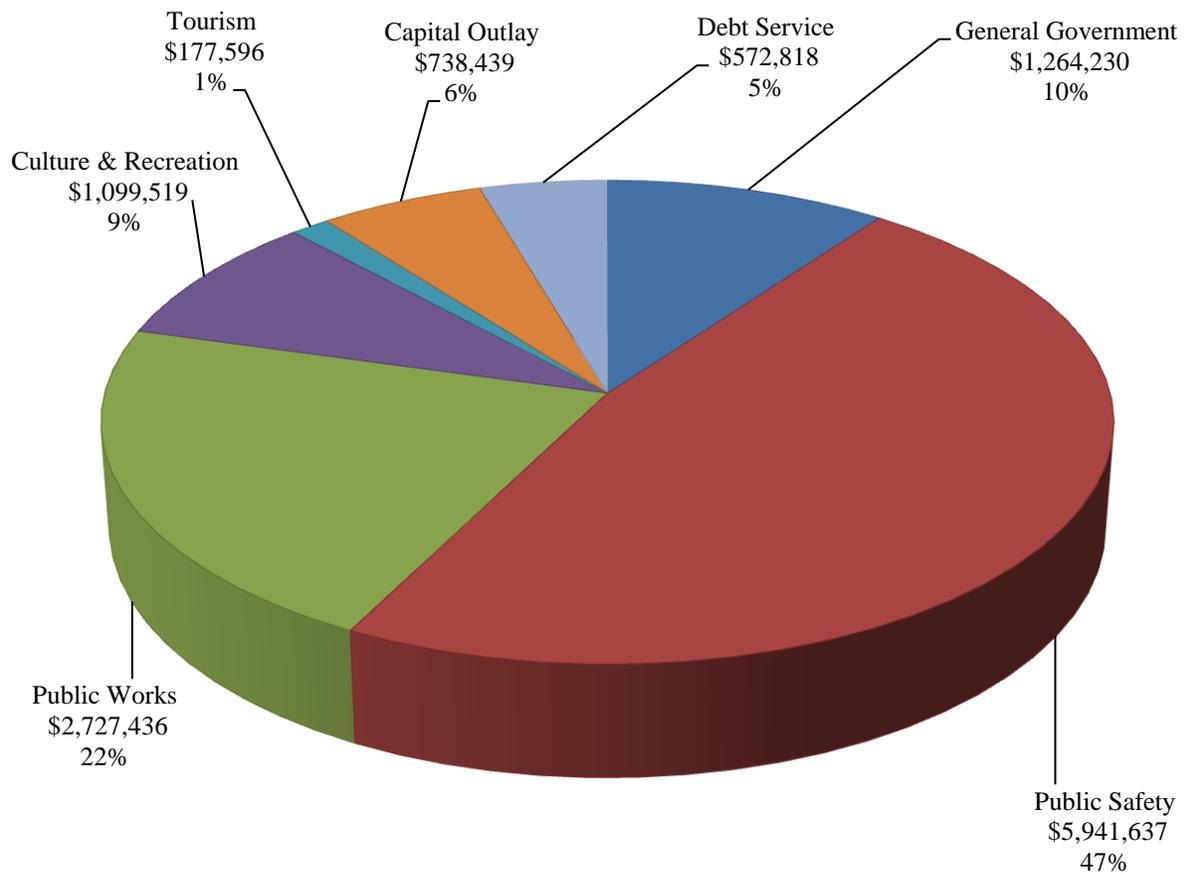


Historical Sales Taxes



The cost of all governmental activities this year less capital projects was \$12.5 million⁶ compared to \$11.7 million for FY 2011-2012. However, as shown in the Statement of Revenues, Expenditures, and Changes in Fund Balance, the amount that our taxpayers ultimately funded through property taxes was only \$3.5 million⁷. The balance of \$10.1 million was funded by those who directly benefited from the programs or services, sales tax, industrial district contracts, and other sources of revenue. Capital expenditures within governmental activities are depreciated over their useful life as a result of the GASB 34 model. The following chart graphically represents the City's expenditures on governmental activities for FY 2012-2013.

FY 2012-2013 Expenditures - Governmental Activities

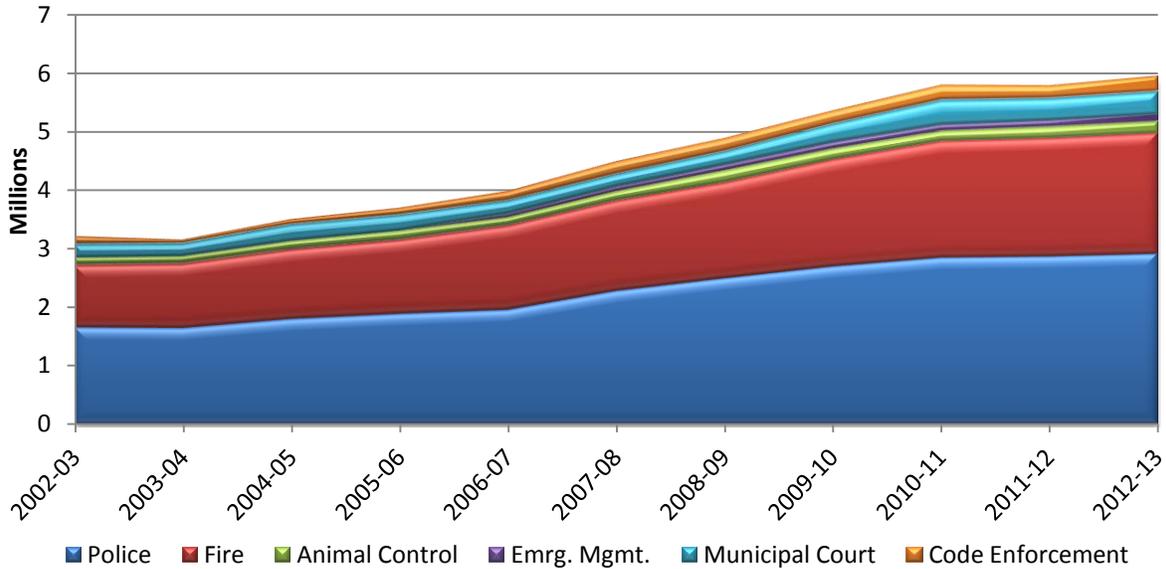


⁶ Statement of Revenues, Expenditures, and Changes in Fund Balance

⁷ Statement of Revenues, Expenditures, and Changes in Fund Balance

Public safety, which includes the Police, Fire, Animal Control, Emergency Management, Municipal Court, and Code Enforcement Departments, continues to comprise close to half of all expenditures for governmental activities. The following chart represents a historical view of the cost to provide those basic services for the last several years.

Historical Public Safety Expenditures



Business-type Activities

The 2012 - 2013 Budget also included business-type activities (often referred to as Enterprise Funds) from the operation of our water, and sewer systems. During FY 2012-2013 the operating income from the City’s business-type activities was \$1,529,255⁸.

The City of Borger as well as the rest of the Texas Panhandle continues to suffer through the worst drought in half a century. During the 2011-2012 and 2012-2013 fiscal year the Council approved “Red” budgets for the Enterprise Fund allocating more in expenditures than anticipated revenues. These decisions were made in anticipation of the construction of three (3) additional water wells without the need to issue debt. While the project is underway, TECQ regulations and acquisition of rights-of-way have slowed its progress. As of fiscal year 2012-2013 end, two (2) of the three (3) wells have been completed. Acquisition of rights-of-way of the third well has delayed its bidding; however, it should be ready for bidding by May or June of 2014. As a result, the Enterprise Fund ended the year with an unrestricted surplus of \$4,301,637⁹.

⁸ Statement of Cash Flows – Proprietary Funds

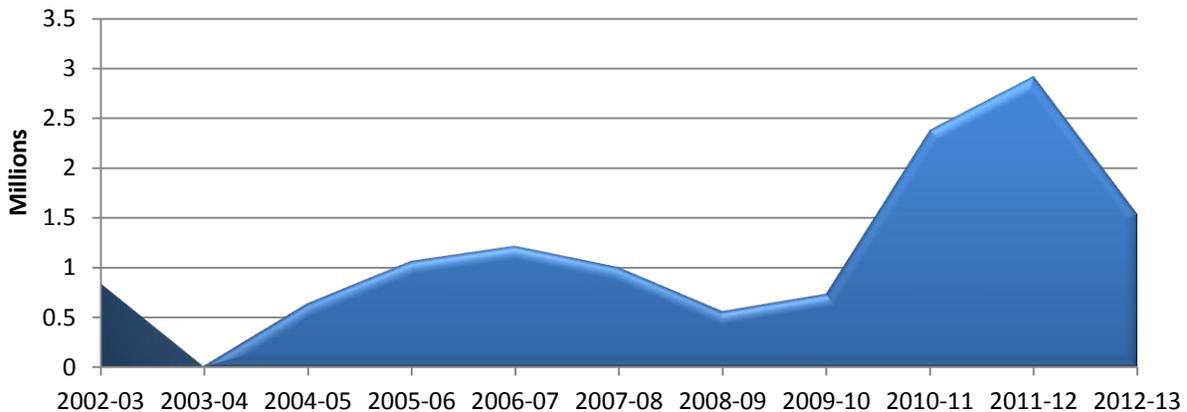
⁹ Statement of Net Position – Proprietary Funds

For over fifty years, the Canadian River Municipal Water Authority (CRMWA) has worked to serve its member cities and all citizens of the Texas Panhandle and South Plains by providing a dependable and safe source of municipal and industrial water. The City is an original member of the CRMWA. Since its beginning, CRMWA has incurred debt for projects to secure, develop, and deliver water to the eleven member cities. Most recently the City participated fully in the CRMWA’s “MESA Purchase” which consisted of the purchase of an additional 213,152 acres of water rights. Currently, the City is obligated to the CRMWA for bonded indebtedness of approximately \$12.3 million¹⁰. This obligation is paid on a monthly basis out of the Enterprise Fund operating revenues and will be retired in 2031.

With Lake Meredith (one of the City’s major sources of water) at historically low levels, the acquisition of additional long-term water supplies will continue to be one of our high priority goals. We will facilitate this goal through continued partnership with the CRMWA in the expansion of the John C. Williams Well Field and through development of our own water resources.

Historically, excess revenue has been transferred from the Enterprise Fund to the General Fund for services rendered in order to supplement the City’s governmental activities. From 2005 through 2008 that need was reduced by a robust economy and greater than anticipated sales tax; however, with the decline in the national economy in 2008 – 2009 the transfer of excess revenue to support governmental activities has again increased. The following chart dramatically shows the effect of transfers out of the Enterprise Fund and increased sales of industrial water since FY 2003-2004. In FY 2010-2011 significant adjustments to water rates and additional water sales to local industry had a dramatic effect on operating income through FY 2011-2012. While the FY 2012-2013 operating income was anticipated to be approximately \$2,000,000, additional transfers to the General Fund decreased it to \$1,529,255¹¹.

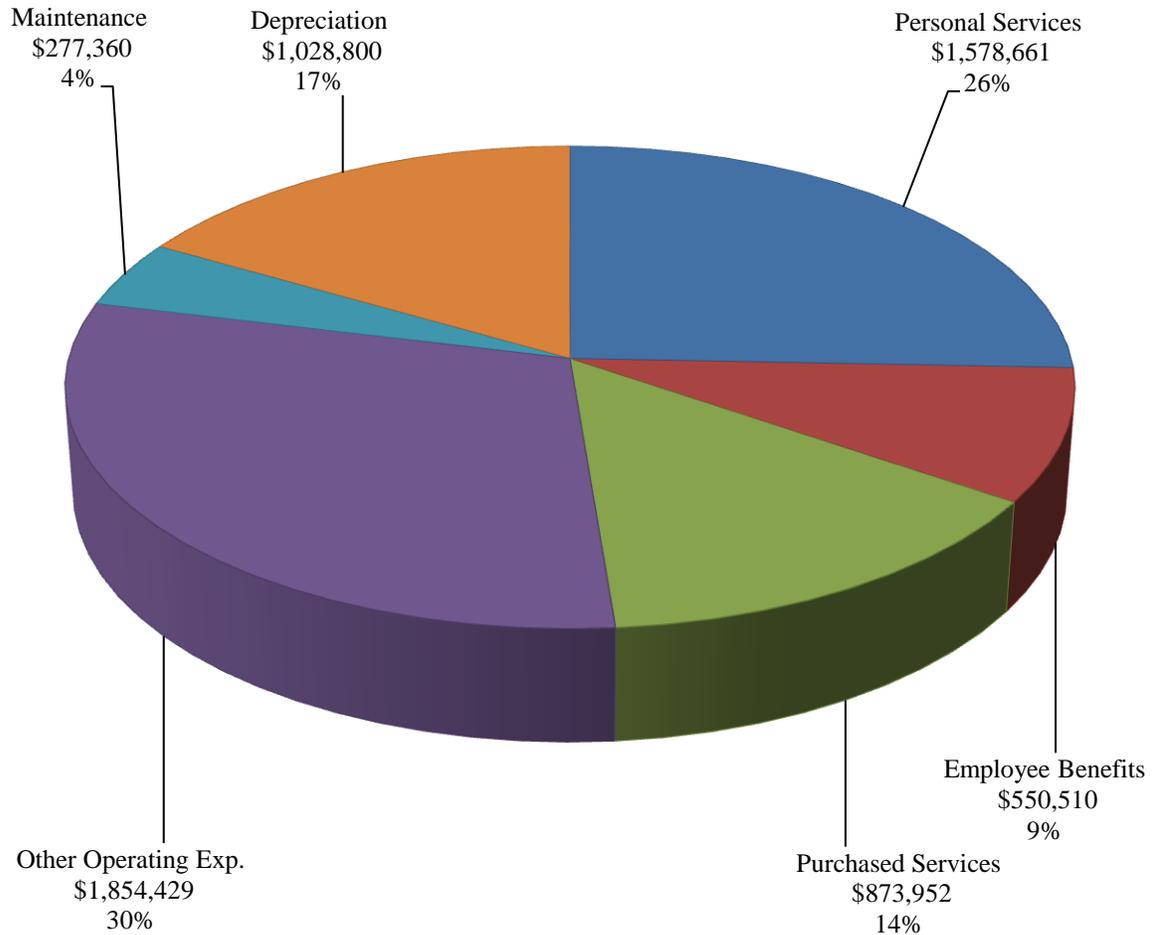
Enterprise Fund - Operating Income



¹⁰ Notes to Financial Statements: Note F – Long Term Debt

¹¹ Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds

FY 2012-2013 Expenditures - Business-type Activities



LONG-TERM DEBT

Currently, the City has \$8.7 million in outstanding long-term debt payable from the levy and collection of a direct and continuing ad valorem tax within the limit prescribed by law, on all taxable property within the city.

As described earlier, the City, under contractual agreements with the CRMWA, is obligated for long-term debt in the amount of \$12.3 million. By law, the debt service for these obligations cannot be funded from ad valorem taxes. The City funds this debt fully from operational revenues generated from business-type activities.

City of Borger's Outstanding Debt
FY 2012-2013

City Outstanding Debt	Remaining Principal	2013-2014 Debt Service	Maturity Year
General Obligation Refunding Bonds Series 2002	\$ -	\$ -	Refunded
Tax and Water/Sewer Surplus Revenue Certificates of Obligation Series 2002	\$ -	\$ -	Refunded
General Obligation Refunding Bonds, Series 2012	\$ 835,000	\$ 602,160	2015
Notes Payable Obligations	\$ 511,716	\$ 117,697	2019
Certificates of Obligation Revenue Bonds Series 2006	\$ 4,395,000	\$ 401,250	2019
Certificates of Obligation Bonds, Series 2013	\$ 2,910,000	\$ 191,150	2033
Total I&S Debt	\$ 8,651,716	\$ 1,312,257	
CRMWA Outstanding Debt			
USBR Series 1999 - Refunded 2010	\$ 529,733	\$ 102,126	2019
CUG Refunding Series 2005	\$ 1,555,682	\$ 345,912	2020
CUG Refunding Series 2010	\$ 319,697	\$ 62,645	2020
Conjunctive Use Ground Water Series 2005 - Refunded 2012	\$ 2,447,777	\$ 120,410	2025
Conjunctive Use Ground Water Series 2006	\$ 2,131,170	\$ 223,295	2027
Conjunctive Use Ground Water Series 2009	\$ 1,012,901	\$ 88,817	2029
Conjunctive Use Ground Water Series 2011	\$ 4,309,385	\$ 371,283	2031
Total CRMWA Obligated Debt	\$ 12,306,345	\$ 1,314,488	
Total City and CRMWA Long-term Debt	\$ 20,958,061	\$ 2,626,745	

In January 2013 Standard and Poor’s issued a new **A+/Stable** rating on Series 2013 Certificate of Obligation debt for \$3,000,000. The City’s remaining obligation bonds were also re-affirmed with a rating of **A+(SPUR)/Stable**. The rationale states, in part, that “Borger is the principal commercial and industrial economic center for Hutchinson County; and specifically citing the City’s strong financial system.

In November 2013 Standard and Poor’s issued a new **AA-/Stable** rating on Series 2013 Tax and Water Works General Obligation debt for \$5,250,000. At that same time the City’s other debt obligations were also upgraded from **A+(SPUR)/Stable** to **AA-(SPUR)/Stable**. The rationale states, in part, very strong budgetary flexibility; very strong budgetary performance, as the City has produced surpluses in each of the past three years; very strong liquidity providing very strong cash levels to cover both debt service and expenditures; adequate management with standard financial policies; and strong debt to contingent liabilities position, with much debt being retired by the water system.

STATUS OF CITY RESERVES

The following is a listing of the City’s Governmental and Business-type reserves with comparative information from last year. It should also be noted that capital construction funds from the Series 2013 debt issuance are not included. Inclusion of any remaining proceeds from the debt issuance would artificially increase the total reserve balance as these funds will be utilized for capital projects in the near future.

The City as a whole ended FY 2012-2013 with an audited balance of \$11.9 million compared to \$10.5 million for FY 2011-2012. The unrestricted General Fund balance was significantly increased to bring the unrestricted reserve up to at least 25% of the annual budget. The Water/Sewer Fund reserve balances also increased, but at a lessor amount due to the transfer of funds to the General Fund unrestricted reserve and obligated payments on two water wells that were completed during the fiscal year. The following table lists each of the City’s funds separately with comparative information from the previous year.

**City of Borger's Statement of Governmental Fund Balances
FY 2012-2013**

Governmental Activities Group	Fiscal Year 2011-2012	Fiscal Year 2012-2013	Variance Favorable (Unfavorable)
General Fund	\$ 2,326,361	\$ 2,967,587	\$ 641,226
City Tourism Fund	\$ 257,244	\$ 415,247	\$ 158,003
Central Supply Fund	\$ 106,046	\$ 26,162	\$ (79,884)
Tub Grinder Operations Fund	\$ 70,279	\$ -	\$ (70,279)
Park Recreation & Special Projects Fund	\$ 40,035	\$ 65,000	\$ 24,965
Police Club 100 Fund	\$ 12,363	\$ 12,430	\$ 67
Fire Equipment Fund	\$ 8,655	\$ 16,195	\$ 7,540
Police Grants Fund	\$ 14	\$ 132	\$ 118
Emergency Operations Fund	\$ 3,131	\$ 3,131	\$ -
Municipal Court Security Fund	\$ 43,932	\$ 48,743	\$ 4,811
Debt Service Fund	\$ 402,107	\$ 388,128	\$ (13,979)
Police Benevolent Fund	\$ 6,048	\$ 6,056	\$ 8
Municipal Court Technology Fund	\$ 1,725	\$ 2,496	\$ 771
Hotel/Motel Occupancy Tax Fund	\$ -	\$ -	\$ -
Multi-Purpose Events Center Fund	\$ -	\$ 100,108	\$ 100,108
Borger Community Designated Fund	\$ 77,356	\$ 6,012	\$ (71,344)

Cofield Community Center Fund	\$ 1,147	\$ 1,149	\$ 2
Capital Equipment Fund	\$ 149,299	\$ 217,216	\$ 67,917
Special Crime Fund	\$ 4,873	\$ 388,128	\$ 383,255
<hr/>			
Total Government Activities Group Fund Balance	\$ 6,782	\$ 4,663,920	\$ 4,657,138
<hr/>			
Business-type Activities Group			
<hr/>			
Water/Sewer Fund	\$ 6,783,146	\$ 7,492,795	\$ 709,649
Meter Deposits	\$ 355,409	\$ 357,474	\$ 2,065
<hr/>			
Total Business-type Activities Group Fund Balance	\$ 7,138,555	\$ 7,850,269	\$ 711,714
City as a Whole Total Fund Balance	\$ 7,145,337	\$ 12,514,189	\$ 5,368,852

* Does not include remaining proceeds of capital project funds.

CURRENT EVENTS, THE BUDGET, UPCOMING CHALLENGES

Current Events

The City’s elected and appointed officials considered many factors when setting the FY 2012–2013 Budget and tax rates. One of those factors was the economy. Borger’s economy has been based on and intertwined with oil and the petro chemical industry since its inception; City staff continually monitor national, state, and local economic indicators especially as those that pertain to the petro chemical industry.

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 active and successful in the recruitment and retention of businesses and companies. Their primary focus is on the creation of primary jobs, however, efforts are continuing in other areas identified as critical to Borger and the surrounding area. These areas include availability of housing, long term healthcare, and construction of an events/multi-purpose community center. To that end, Overland Property Group is in the planning stages of a 42 - 50 unit apartment complex targeting December of 2014 for ground breaking; an area in the 900 Block of Opal Street has been platted for a possible assisted living facility and Caprock Nursing a 120 bed skilled nursing facility opened in March 2013; and finally during FY 2011-2012 the City funded a feasibility study to determine the financial conditions necessary for the operation of a multi-purpose events center as well as the possible economic impact on the local economy. As a result of that study, the City of Borger agreed to own and operate the facility should adequate funding for the construction of the facility

be raised. At present the City acting as a fiduciary, has setup a 501c3 account with the Amarillo Area Foundation and a Multi-Purpose Events Center Board of nine (9) members has been created to lead the fund raising activities.

Budget

These factors were conservatively taken into account when adopting the FY 2012-2013 Budget. The City will use its revenues to finance programs we currently offer and expand spending in maintenance of streets and rights of ways. In order to protect and preserve vital road infrastructure this program was resurrected with minimal funding allocated in the FY 2007-2008 Budget; however, funding for this important program has increased in every fiscal year since. Other programs that an increased emphasis has been placed on include, clean up and maintenance of rights-of-ways and highly visible areas of the City, removal of junk and/or abandoned vehicles, and eliminating unsightly nuisances through compliance and/or enforcement of ordinances.

The ongoing drought has also increased the emphasis on protection from wild fires; the City included a new Hazardous Mitigation line item in the Fire Department’s budget. During the initial year of this program this line item was funded at \$50,000. Expenditures are specifically restricted to mitigating excessive overgrowth of vegetation in the rural/urban interface. The program has been widely accepted and several potential problem areas around the City have been significantly cleaned up thus reducing the availability of excess fuel for a wild fire. This program was continued and funded at the same level during the FY 2013-2014 Budget.

Upcoming Challenges

In February 2014 one of our long time local industries announced a major plant expansion. Agrium U.S. formally approved its Lone Star Project which includes a major ammonia plant upgrade, a new urea plant, and a state-of-the-art production facility for controlled release fertilizer. The project will produce an additional 1,530 metric tons per day (MTPD) of urea, and additional 400 MTPD of ammonia, and 180,000 tones of controlled release fertilizer annually. The cost of the expansion project is estimated to be \$720 million. With large initial capital investment and substantial ongoing operating expenditures, this project will have significant positive economic impact on the City and its surrounding area.

Agrium has been a valued industrial partner and major water customer for over 40 years. Currently the City sells Agrium approximately 1.1 million gallons of treated effluent and 1.9 million gallons of well water per day. At this capacity Agrium is our largest industrial customer generating revenues of \$1.1 million in FY 2010-2011 and \$1.3 million in FY 2011-2012 and FY 2012-2013 respectively. In the third quarter of 2015 the Lone Star Project is scheduled to be complete and operating at rated capacity. At that point Agrium’s projected well water requirements

will increase to 4.2 million gallons per day while still maintaining the use of 1.1 million gallons per day of treated effluent. While the City owns a considerable amount of undeveloped water rights, the current infrastructure does not have the capacity to produce and deliver the increased amount of well water required while maintaining the current level of deliveries to other retail, commercial, and industrial customers.

To address this challenge the City and Agrium entered in to a reimbursement agreement to allow the City to begin preliminary exploration on a new well field and transmission pipeline. Named the Northwest Well Field Project, the opinions of probable cost range from \$30 - \$40 million to construct wells, storage facilities, pumping stations, and a transmission pipeline of sufficient size to deliver Agrium’s projected capacity needs as well as increase water production capacity and reliability for the entire system. The design of this new well field will also take into account future capacity requirements of our three other industrial users as well.

In November 2013 the City issued \$5,250,000 in taxable debt to begin preliminary design. As of March 2014 the City has received a hydrological study, begun the process of right-of-way acquisition, began preliminary design of wells, storage, and other pertinent infrastructure, and had a cost of water/wastewater service rate study which would specifically address industrial rate design taking into account the associated debt required for the proposed project. We anticipate the project being ready for bid by May or June and the City is poised to issue the remaining debt needed to construct the project in late May or June of 2014 just prior to construction beginning.

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.



Eddie E. Edwards
City Manager
City of Borger, Texas
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RatingsDirect®

Summary:

Borger, Texas; General Obligation

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Rationale

Outlook

Related Criteria And Research

Summary:

Borger, Texas; General Obligation

Credit Profile

US\$5.25 mil tax and wtrwks and swr sys (ltd pledge) rev certs of oblig (Taxable) ser 2013A due 08/01/2033

<i>Long Term Rating</i>	AA-/Stable	New
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Borger GO

<i>Unenhanced Rating</i>	AA-(SPUR)/Stable	Upgraded
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<i>Long Term Rating</i>	AA-/Stable	Upgraded
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Many issues are enhanced by bond insurance.

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' rating to Borger, Texas' series 2013 taxable tax & waterworks & sewer system surplus revenue certificates of obligation general obligation (GO) refunding bonds. In addition, we raised our rating on Borger's outstanding GO bonds to 'AA-' from 'A+', based on our recently released local GO criteria. The outlook is stable.

A pledge of the city's full faith credit secure the bonds.

The rating reflects our assessment of the following factors for the city:

- Very weak economy, in a shallow west Texas economy;
- Very strong budgetary flexibility with 2012 audited reserves at 21.7% of general fund expenditures;
- Very strong budgetary performance, as the city has produced surpluses in each of the past three fiscal years;
- Very strong liquidity providing very strong cash levels to cover both debt service and expenditures;
- Adequate management with standard financial policies; and
- A strong debt and contingent liabilities position, with much of the debt being retired by the water and sewer system.

Very weak economy

We consider Borger's economy very weak. Borger, with an estimated population of 13,077, is in the Texas Panhandle, 42 miles northeast of Amarillo, where it serves as Hutchinson County's principal commercial and industrial center. Borger's industrial economy has historically been concentrated in chemical, petrochemical, and energy facilities, as well as in light and heavy manufacturing. The city is also an important shipping point for agricultural and petroleum products. Primary employers include Phillips Petroleum Co., Chevron Phillips, and Borger Independent School District. Incomes for the city are adequate, in our view, with median household effective buying income at about 84% and 82% of the state and national averages, respectively. Hutchinson County's unemployment of 5.3% in August 2013 was below both the state and national rates of 6.3% and 7.3%, respectively. Market value per capita, an indication of wealth, is low, in our opinion, at approximately \$30,126 for fiscal 2013.

Very strong budget flexibility

In our opinion, the city's budgetary flexibility remains very strong, with reserves above 21.7% of expenditures for the past several years, and the city does not expect to spend them down over the next couple of years. For audited fiscal 2012, general fund reserves were \$2.2 million or 21% of expenditures.

Very strong budgetary performance

The city's budgetary performance has been very strong overall, in our view, with surpluses in each of the past few fiscal years. There was a deficit in fiscal 2012 and two more are expected for fiscal years 2013 and 2014. Borger is expecting to add another \$400,000 to the fund balance for fiscal 2013, and the budget for fiscal 2014 indicates another potential surplus as the city moves closer to its goal of having over \$3 million in reserves.

Very strong liquidity

Supporting the city's finances is liquidity we consider very strong, with total government available cash above 388% of total governmental fund expenditures. We believe the city has strong access to external liquidity. It has issued bonds frequently during the past 15 years, including GO and revenue bonds.

Adequate management conditions

We view Borger's management conditions as adequate, with standard financial practices combined with a consistent ability to maintain operational costs. Management provides the board with monthly formal reports on its budget to actuals. In addition, the city does not use any formal long term financial and capital planning. It does not have a debt management policy, or a formal reserve policy, but it does have an informal goal of maintain \$3 million in reserves, which it is not currently meeting.

Strong debt and contingent liability profile

In our opinion, the city's debt and contingent liability profile is strong, with total governmental fund debt service at 4.5% of total governmental fund expenditures, and with net direct debt at 76% of total governmental fund revenue. Amortization of the city's debt is fairly rapid as 62% of debt will be retired over the first 10 years.

Borger participates in the Texas Municipal Retirement System to provide pension benefits for employees. It has contributed 110% of the fiscal 2012 annual required contribution (ARC). The ARC pension costs for fiscal 2012 were less than 9.1% of expenditures, and they city does not anticipate these costs to increase substantially in the near term.

Strong institutional framework

We consider the institutional framework score for Texas cities as strong. (See the Institutional Framework score for Texas.)

Outlook

The stable outlook reflects our view of Borger's consistent financial performance and economy, which is supported by good management. We do not expect to revise the rating in the next two years because we believe the city will maintain adequate reserves and will issue potential future debt as revenue bond debt.

Related Criteria And Research

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Texas Local Governments

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

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McGRAW-HILL

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FINANCIAL STATEMENTS

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CITY OF BORGER, TEXAS
 GOVERNMENT-WIDE STATEMENT OF NET POSITION
 September 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total 2013	
ASSETS				
CURRENT ASSETS				
Pooled Cash and Cash Equivalents	\$ 459,839	\$ 49,378	\$ 509,217	\$ 316,761
Investments	4,758,521	4,670,008	9,428,529	157,569
Accrued Interest		-	-	-
Inventories	11,990		11,990	-
Accounts Receivables, Net	250,531	844,179	1,094,710	
Other Receivables	162,788	-	162,788	503,992
Due from Other Funds			-	
Deposits			-	
Other Current Assets	-	-	-	57,584
Total Current Assets	5,643,669	5,563,565	11,207,234	1,035,906
NONCURRENT ASSETS				
Restricted Assets				
Cash and Cash Equivalents	388,715	523,779	912,494	-
Investments	56,012		56,012	-
Bond Issuance Costs, Net		30,956	30,956	-
Other NonCurrent Assets	-	-	-	516,940
Capital Assets, Net	14,267,746	29,724,923	43,992,669	909,283
Total Noncurrent Assets	14,712,473	30,279,658	44,992,131	1,426,223
Total Assets	\$ 20,356,142	\$ 35,843,223	\$ 56,199,365	\$ 2,462,129
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 195,485	\$ 120,661	\$ 316,146	\$ 4,769
Sales Tax Payable	30,981	-	30,981	-
Accrued Payroll	119,396	-	119,396	-
Accrued Payroll Expenses	59,699	15,056	74,755	-
Accrued Interest	31,875	5,044	36,919	-
Due to Other Funds		-	-	-
Accrued Vacation	278,560	69,807	348,367	-
Due to Other Funds			-	-
Current Portion of Grants Payable	-	-	-	82,820
Current Portion of Long-Term Debt	414,490	1,553,160	1,967,650	-
Total Current Liabilities	1,130,486	1,763,728	2,894,214	87,589
NONCURRENT LIABILITIES				
Utility Customer Deposits	2,990	357,474	360,464	3,000
Deferred Revenue	405	724,840	725,245	-
Unfunded Retirement Obligation	6,784,726	-	6,784,726	-
Grants Payable Due After One Year	-	-	-	-
Long Term Debt Due After One Year	7,492,139	11,588,184	19,080,323	-
Total NonCurrent Liabilities	14,280,260	12,670,498	26,950,758	3,000
Total Liabilities	15,410,746	14,434,226	29,844,972	90,589
Net Position				
Invested in Capital Assets, Net of Related Debt	6,361,117	16,583,579	22,944,696	909,283
Restricted for Debt Service	388,128	-	388,128	-
Restricted for Capital Outlay	1,289,292	-	1,289,292	-
Unrestricted (Deficit)	(3,093,141)	4,825,418	1,732,277	1,462,257
Total Net Position	4,945,396	21,408,997	26,354,393	2,371,540
Total Liabilities and Net Position	\$ 20,356,142	\$ 35,843,223	\$ 56,199,365	\$ 2,462,129

See accompanying notes and independent auditors' report.

CITY OF BORGER, TEXAS
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 Year Ended September 30, 2013

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
Administration	\$ 343,866	\$ 33,749	\$ -	\$ -
Information Systems	56,568	-	-	-
Fleet Services	220,270	-	-	-
Engineering	88,649	19,078	-	-
Facilities Maintenance	116,714	-	-	-
Planning and Zoning	450,307	590	-	-
Animal Control	197,302	18,593	-	-
Code Enforcement	254,104	128,936	-	-
Central Dispatch	556,133	136,000	-	-
Police	2,330,581	420	1,896	-
Fire and Fire Prevention	2,078,905	-	189,689	-
Emergency Management	126,006	-	-	-
Municipal Court	394,878	355,554	-	-
Public Works General	283,678	-	-	-
Streets	813,845	-	-	-
Sanitation	542,436	2,011,506	-	-
Solid Waste Transfer Station	990,964	1,684,326	-	-
Recycling	(580)	4,875	-	-
Youth, Community and Recreation Centers	554,937	115,373	14,861	-
Parks	548,993	33,078	10	-
Economic Development and Tourism	174,876	-	-	-
Interest Expense	266,466	-	-	-
Unallocated Depreciation	954,220	-	-	-
Total Governmental Activities	12,344,118	4,542,078	206,456	-
Business Type Activities				
Water and Sewer	5,413,712	7,671,793	21,175	-
Interest Expense	438,451	-	-	-
	<u>5,852,163</u>	<u>7,671,793</u>	<u>21,175</u>	<u>-</u>
Total Primary Government	\$ 18,196,281	\$ 12,213,871	\$ 227,631	\$ -
Component Unit:				
Borger Economic Development Corporation	\$ 985,796	\$ -	\$ -	\$ -

General Revenues:

Taxes:
 Sales
 Property - General
 Property - Debt Service
 Franchise
 Occupancy
 Other
 Investment Earnings
 Other Revenue
 Decrease in Unfunded Pension Expense
 Transfers, Net

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

**Net (Expenses) Revenues and
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (310,117)	\$ -	\$ (310,117)	\$ -
(56,568)	-	(56,568)	-
(220,270)	-	(220,270)	-
(69,571)	-	(69,571)	-
(116,714)	-	(116,714)	-
(449,717)	-	(449,717)	-
(178,709)	-	(178,709)	-
(125,168)	-	(125,168)	-
(420,133)	-	(420,133)	-
(2,328,265)	-	(2,328,265)	-
(1,889,216)	-	(1,889,216)	-
(126,006)	-	(126,006)	-
(39,324)	-	(39,324)	-
(283,678)	-	(283,678)	-
(813,845)	-	(813,845)	-
1,469,070	-	1,469,070	-
693,362	-	693,362	-
5,455	-	5,455	-
(424,703)	-	(424,703)	-
(515,905)	-	(515,905)	-
(174,876)	-	(174,876)	-
(266,466)	-	(266,466)	-
(954,220)	-	(954,220)	-
(7,595,584)	-	(7,595,584)	-
-	2,279,256	2,279,256	-
-	(438,451)	(438,451)	-
-	1,840,805	1,840,805	-
(7,595,584)	1,840,805	(5,754,779)	-
-	-	-	(985,796)
2,993,673	-	2,993,673	997,276
2,300,356	-	2,300,356	-
1,171,351	-	1,171,351	-
914,850	-	914,850	-
335,375	-	335,375	-
12,273	-	12,273	616
25,699	6,197	31,896	38,485
202,052	-	202,052	56,667
795,260	-	795,260	-
613,572	(613,572)	-	-
9,364,461	(607,375)	8,757,086	1,093,044
1,768,877	1,233,430	3,002,307	107,248
3,176,519	20,175,567	23,352,086	2,264,292
<u>\$ 4,945,396</u>	<u>\$ 21,408,997</u>	<u>\$ 26,354,393</u>	<u>\$ 2,371,540</u>

See accompanying notes and independent auditors' report.

CITY OF BORGER, TEXAS
BALANCE SHEETS
GOVERNMENTAL FUNDS
September 30, 2013

	General Fund	Capital Project Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
ASSETS				
Restricted Pooled Cash and Cash Equivalents	\$ 396,552	\$ 829	\$ 832,824	\$ 1,230,205
Investments	-	-	9,484,541	9,484,541
Accrued Interest	-	-	-	-
Inventories	-	-	11,990	11,990
Utility Receivables, Net	137,825	-	-	137,825
Due from Other Funds	2,987,140	1,288,463	376,616	4,652,219
Other Receivables	159,260	-	3,528	162,788
Deposits	-	-	-	-
Total Assets	<u>\$ 3,680,777</u>	<u>\$ 1,289,292</u>	<u>\$10,709,499</u>	<u>\$ 15,679,568</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 654,675	\$ -	\$ 44,457	\$ 699,132
Accrued Payroll Taxes and Benefits	31,870	-	-	31,870
Due to Other Funds	-	-	9,322,227	9,322,227
Sales Tax Payable	23,250	-	-	23,250
Other Payables	1,005	-	27,828	28,833
Utility Customer Deposits	2,390	-	-	2,390
Total Liabilities	713,190	-	9,394,512	10,107,702
FUND BALANCES				
Reserved for Debt Service	-	-	388,128	388,128
Reserved for Capital Outlay	-	1,289,292	-	1,289,292
Unreserved - Reported in Special Revenue Funds	-	-	926,859	926,859
Unreserved	2,967,587	-	-	2,967,587
Total Fund Balances	<u>2,967,587</u>	<u>1,289,292</u>	<u>1,314,987</u>	<u>5,571,866</u>
Total Liabilities and Fund Balances	<u>\$ 3,680,777</u>	<u>\$ 1,289,292</u>	<u>\$10,709,499</u>	<u>\$ 15,679,568</u>

CITY OF BORGER, TEXAS
 RECONCILIATION OF THE BALANCE SHEET OF
 GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 September 30, 2013

Total Fund Balance - Governmental Funds \$ 5,571,866

Amounts reported for governmental activities in the statement of net assets
 are different because:

Net capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds 14,267,746

Utility Unbilled Accounts Receivable 112,706

Certain liabilities are not due and payable in the current period and therefore
 are not reported in the funds. Those liabilities include:

Accounts Payable	2,599
Sales Tax Payable	(7,731)
Accrued Interest	(31,875)
Accrued Vacation	(278,560)
Unfunded Defined-Benefit Retirement Obligation	(6,784,726)
Bond and Note Obligations	(7,906,629)

Net Position of Governmental Activities \$ 4,945,396

CITY OF BORGER, TEXAS
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended September 30, 2013

	General Fund	Capital Project Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$ 2,304,271	\$ -	\$ 1,171,351	\$ 3,475,622
Sales	2,993,674	-	-	2,993,674
Franchise	914,850	-	-	914,850
Occupancy	-	-	335,375	335,375
Other	12,273	-	-	12,273
Charges for Service	4,661,981	-	16,542	4,678,523
Penalties, Fines and Forfeitures	344,437	-	11,118	355,555
Licenses, Fees, and Permits	38,261	-	-	38,261
Intergovernmental Grants and Subsidies	300,473	-	1,896	302,369
Investment Income	3,449	829	21,423	25,701
Other Grants and Contributions	14,861	-	228,806	243,667
New General Obligation Debt and Other	113,265	3,009,596	-	3,122,861
Total Revenues	11,701,795	3,010,425	1,786,511	16,498,731
EXPENDITURES				
<i>Current</i>				
General Government:				
Administration	331,647	-	-	331,647
Information Systems	56,568	-	-	56,568
Fleet Services	220,344	-	-	220,344
Engineering	88,650	-	-	88,650
Facilities Maintenance	116,714	-	-	116,714
Planning and Zoning	450,307	-	-	450,307
Public Safety				
Animal Control	197,952	-	-	197,952
Code Enforcement	257,183	-	-	257,183
Central Dispatch	556,133	-	-	556,133
Police	2,330,581	-	23,213	2,353,794
Fire and Fire Prevention	2,061,281	-	-	2,061,281
Emergency Management	126,006	-	-	126,006
Municipal Court	389,288	-	-	389,288
Public Works				
General	283,678	-	-	283,678
Streets	813,845	-	-	813,845
Sanitation	542,436	-	-	542,436
Solid Waste Transfer Station	990,964	-	-	990,964
Recycling	13,139	-	83,374	96,513
Culture and Recreation				
Youth, Community and Recreation Centers	554,937	-	-	554,937
Parks	544,582	-	-	544,582
Economic Development and Tourism	-	-	177,596	177,596
<i>Capital Outlay</i>				
Capital Purchases	182,917	1,721,133	555,522	2,459,572
Minor Capital Purchases	-	-	-	-
<i>Debt Service</i>				
Principal	-	-	571,151	571,151
Interest and Administrative Fees	-	-	1,667	1,667
Total Operating Expenses	11,109,152	1,721,133	1,412,523	14,242,808
Excess (Deficit) of Revenues over Expenditures	592,643	1,289,292	373,988	2,255,923
OTHER FINANCING SOURCES (USES)				
Transfers Out	106,826	-	(243,255)	(136,429)
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	106,826	-	(243,255)	(136,429)
Net Change in Fund Balance	699,469	1,289,292	130,733	2,119,494
Fund Balance, Beginning of Year	2,268,118	-	1,184,254	3,452,372
Fund Balance, End of Year	\$ 2,967,587	\$ 1,289,292	\$ 1,314,987	\$ 5,571,866

See accompanying notes and independent auditors' report.

CITY OF BORGER, TEXAS
 RECONCILIATION TO THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended September 30, 2013

Net Changes in Fund Balance - Governmental Funds \$ 2,119,494

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

Governmental funds report capital outlays as expenditures. In the
 Statement of Activities, the cost of assets are allocated over their
 estimated useful lives in the form of depreciation. 2,516,784

Depreciation is recognized on the Statement of Activities as
 allocating the cost of the assets over their estimated useful lives
 but is not a Governmental Fund Expense (954,220)

The change in accrued utility accounts receivable is reported on
 the Statement of Activities but is not reflected in the Governmental funds (950)

New General Obligation debt is reported on the Statement of Activities
 reported as a liability in the Governmental funds (3,009,596)

Debt service is an expenditure for governmental funds consisting
 of both interest expense and principal for the Notes Payable.
 The principal portion reduces Notes Payable on the Governmental
 Activities Balance Sheet and is not an expense on the Statement
 of Activities 302,467

The change in accrued vacation benefit obligation liability is reported on
 the Statement of Activities but is not reflected in the Governmental funds (11,495)

The change in accrued interest liability is reported on the Statement
 of Activities but is not reflected in the Governmental funds 11,133

The change in retirement benefit obligation liability is reported on the
 Statement of Activities but is not reflected in the Governmental funds 795,260

Change in Net Position of Governmental Activities \$ 1,768,877

CITY OF BORGER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes:				
Property	\$ 2,173,014	\$ 2,173,014	\$ 2,304,271	\$ 131,257
Sales	2,760,000	2,760,000	2,993,673	233,673
Franchise	945,000	945,000	914,850	(30,150)
Other	10,000	10,000	12,273	2,273
Charges for Service	4,642,746	4,642,746	4,661,981	19,235
Penalties, Fines and Forfeitures	336,000	336,000	344,437	8,437
Licenses, Fees, and Permits	37,050	37,050	38,261	1,211
Intergovernmental Grants and Subsidies	290,790	290,790	300,473	9,683
Investment Income	4,000	4,000	3,449	(551)
Other Grants and Contributions	7,500	7,500	14,861	7,361
Other	97,000	97,000	113,265	16,265
Total Revenues	11,303,100	11,303,100	11,701,794	398,694
EXPENDITURES				
<i>Current</i>				
General Government:				
Administration	295,801	310,501	331,647	(21,146)
Information Systems	43,568	58,368	56,568	1,800
Fleet Services	218,498	221,658	220,344	1,314
Engineering	101,022	88,962	88,650	312
Facilities Maintenance	157,000	116,059	116,714	(655)
Planning and Zoning	467,249	451,149	450,307	842
Public Safety				
Animal Control	192,038	197,393	197,952	(559)
Code Enforcement	253,329	256,419	257,183	(764)
Central Dispatch	510,804	535,308	556,133	(20,825)
Police	2,249,898	2,279,749	2,330,581	(50,832)
Fire and Fire Prevention	1,934,300	1,945,422	2,061,281	(115,859)
Emergency Management	116,994	127,744	126,006	1,738
Municipal Court	416,569	392,399	389,288	3,111
Public Works				
General	309,094	292,694	283,678	9,016
Streets	824,198	811,898	813,845	(1,947)
Sanitation	554,376	538,576	542,436	(3,860)
Solid Waste Transfer Station	901,536	927,586	990,964	(63,378)
Recycling	15,000	15,000	13,139	1,861
Culture and Recreation				
Youth, Community and Recreation Centers	470,136	539,506	554,937	(15,431)
Parks	533,983	533,608	544,582	(10,974)
<i>Capital Outlay</i>				
Capital Purchases	222,500	193,244	182,917	10,327
Total Operating Expenses	10,787,893	10,833,243	11,109,152	(275,909)
Operating Gain (Loss)	515,207	469,857	592,642	122,785
OTHER FINANCING SOURCES (USES)				
Transfers Out	(481,807)	(469,857)	106,826	576,683
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	(481,807)	(469,857)	106,826	576,683
Net Change in Fund Balance	\$ 33,400	\$ -	699,468	\$ 699,468
Fund Balance, Beginning of Year - As Adjusted			2,268,118	
Fund Balance, End of Year			\$ 2,967,586	

See accompanying notes and independent auditors' report.

CITY OF BORGER, TEXAS
 CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Other Grants and Contributions	\$ -	\$ 3,009,595	\$ 3,009,596	\$ 1
Interest Income		800	829	29
Total Revenues	-	3,010,395	3,010,425	30
EXPENDITURES				
<i>Capital Outlay</i>				
Capital Purchases		1,999,500	1,721,133	278,367
Total Operating Expenses	-	1,999,500	1,721,133	278,367
Operating Income (Loss)	-	1,010,895	1,289,292	278,397
OTHER FINANCING SOURCES				
Transfers In				-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1,010,895</u>	1,289,292	<u>\$ 278,397</u>
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ 1,289,292</u>	

CITY OF BORGER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2013

	Water and Sewer Utility Fund
ASSETS	
CURRENT ASSETS	
Pooled Cash and Cash Equivalents	573,156
Investments	4,670,008
Accounts Receivables, Net:	844,179
Accrued Interest Receivable	
Due from Other Funds	
	<hr/>
Total Current Assets	6,087,343
NONCURRENT ASSETS	
Bond Issuance Costs, Net	30,956
Capital Assets, Net	29,724,923
	<hr/>
Total NonCurrent Assets	29,755,879
Total Assets	<hr/> <u>\$ 35,843,222</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	120,661
Accrued Payroll Expenses	15,056
Accrued Interest	5,044
Accrued Vacation	69,807
Due to Other Funds	-
Current Portion of Long-Term Debt	1,252,714
	<hr/>
Total Current Liabilities	1,463,282
NONCURRENT LIABILITIES	
Utility Customer Deposits	357,474
Deferred Revenue	724,841
Long Term Debt Due After One Year	11,888,630
	<hr/>
Total Noncurrent Liabilities	12,970,945
Total Liabilities	14,434,227
NET POSITION	
Invested in Capital Assets, Net of Related Debt	16,583,579
Restricted for Capital Improvements	523,779
Unrestricted	4,301,637
	<hr/>
Total Net Position	21,408,995
Total Liabilities and Net Position	<hr/> <u>\$ 35,843,222</u>

See accompanying notes and independent auditors' report.

CITY OF BORGER, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended September 30, 2013

	Water and Sewer Utility Fund
OPERATING REVENUES	
Charges for Service	\$ 4,335,694
Industrial Water Sales	3,134,365
Late Charges	82,194
Tapping and Surcharge Fees	51,585
Other and Miscellaneous	<u>89,129</u>
Total Operating Revenues	7,692,967
OPERATING EXPENSES	
<i>Current</i>	
Salaries and Wages	1,578,661
Employee Benefits	550,510
Utilities	489,347
Departmental Operating Costs	1,828,088
Professional and Technical Services	77,608
Repairs and Maintenance	277,360
Other Purchased Services	120,800
Property and Facility	26,341
General and Administrative Supplies	176,447
Rental and Lease Agreements	9,750
Depreciation and Amortization	<u>1,028,800</u>
Total Operating Expenses	<u>6,163,712</u>
Operating Income	1,529,255
NONOPERATING REVENUES (EXPENSES)	
Investment Income	6,196
Loss on Disposal of Assets	
Interest Expense	<u>(438,451)</u>
Total Nonoperating Revenues (Expenses)	<u>(432,255)</u>
Income Before Transfers	1,097,000
TRANSFERS	
Transfers In	614,443
Transfers Out	<u>(478,015)</u>
Total Operating Transfers	<u>136,428</u>
Net Income	1,233,428
Net Position - Beginning of Year	<u>20,175,567</u>
Net Position - End of Year	<u>\$ 21,408,995</u>

CITY OF BORGER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended September 30, 2013

	Water and Sewer Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 8,349,888
Payments to and On Behalf of Employees	(2,126,724)
Payments to Suppliers and Contractors	<u>(2,966,856)</u>
Net Cash Provided By Operating Activities	3,256,308
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers, Net	<u>136,428</u>
Net Cash Provided By Noncapital Financing Activities	136,428
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Interest Expense	(441,708)
Prinicpal Payments on Debt	<u>(1,476,743)</u>
Net Cash Provided By Capital Financing Activities	(1,918,451)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Capital Assets	(1,209,475)
Purchase of Investments	(600,000)
Investment Income	<u>6,912</u>
Net Cash Used By Investing Activities	<u>(1,802,563)</u>
Net Increase in Cash and Cash Equivalents	(328,278)
Cash and Cash Equivalents at Beginning of Year	<u>901,434</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 573,156</u></u>
Reconciliation of Operating Income to Net Cash Flows Provided by Operating Activities	
Operating Income	\$ 1,529,255
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization	1,028,800
Changes in	
Accounts Receivable	18,157
Other Receivables	584,727
Accounts Payable	38,885
Accrued Payroll Expenses	1,492
Accrued Vacation	955
Deferred Revenue	51,972
Utility Customer Deposits	<u>2,065</u>
Net Cash Provided by Operating Activities	<u><u>\$ 3,256,308</u></u>
Supplemental Cash Flow Disclosures	
Reduction in Long Term Debt from Refinancing through CRMWA	\$ (118,686)

See accompanying notes and independent auditors' report.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The City is a municipal corporation governed by a Council-Manager form of government. The City, incorporated in October, 1926, is located in the Panhandle part of the State, occupies a land area of approximately 8.7 square miles and serves a population exceeding 13,250. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by State statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the City Council.

The City Council (the Council) is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board.

This reporting entity which consists of the City (the primary government), organizations for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion could cause the City's financial statements to be misleading or incomplete.

Discretely Presented Component Unit - The Component Unit Columns in the Government-Wide Financial Statements include financial data from the City's component unit. They are reported in a separate column to emphasize that they are legally separate from the City. The Component Unit is included in the reporting entity because the primary government is financially accountable and is able to impose its will (significantly influence operations and/or activities) on the organization.

The Borger Economic Development Corporation (BEDC) is a legally separate entity formed to create, manage, operate and supervise programs and activities to promote, assist, and enhance economic development within and around the City. The City Council appoints the board members and its operations and budget are approved by the Council. Copies of the Borger Economic Development Corporation's separately issued financial statements may be obtained from the City Secretary or from the Borger Economic Development Corporation, 1111 Penn Avenue, Borger, Texas, 79008. GASB Statement 14 requires portions of the BEDC component unit financial information to be presented along with the City information.

Government-wide and Fund Financial Statements - The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement activities) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business type, are reported in the GWFS using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The GWFS focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who use the segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The general revenues support the net costs of the functions and segments not covered by program revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds and major

individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary FFS. 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 have been met. Property taxes and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

Governmental Funds are those through which most of the governmental functions of the City are financed. The City reports the following major governmental funds:

The General Fund - The general fund is the City of Borger's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund presented in the financial statements consists of several individual funds: General, Government Gross Receipts Tax, Municipal Court Bonds, Payroll, Revenue Clearing, and Disbursement funds.

Capital Project Fund - This fund accounts for the City's capital projects and capital asset purchases for the City's Governmental and Proprietary funds.

Additionally, the City reports the following non-major governmental funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital outlays) that are restricted to expenditures for specified purposes.

Debt Service Fund is used to account for the accumulated resources and related payments of principal and interest on long term general obligation debts of the City.

Proprietary funds are those through which most of the costs of providing the services are funded through charges for services. The City reports the following proprietary funds.

Water and Sewer Utility Fund - The Water & Sewer Utility Fund is used to account for the provision of water and sewer services to the residents of the City

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The utilities also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is City policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Data - Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles for the proprietary funds, with the exceptions of capital outlays being considered a budgeted line item and depreciation is not. Governmental funds are budgeted on a basis appropriate for the specific funds. All annual appropriations lapse at the end of the fiscal year.

The finance director annually submits to the City Council a proposed operating budget for the upcoming fiscal year. Public hearings are conducted to obtain taxpayer comments, and the budget is legally enacted through passage by the City Council. Council action is required for the approval of a supplemental appropriation.

All budget amounts presented in the budget comparison statement reflect the final budget after legally authorized adjustments to the original budget during the year. Budgetary control is maintained by department with all budget supplements to be approved by the City Council. Management may make administrative transfers and increases or decreases in accounts within categories, as long as expenditures do not exceed budgeted appropriations at the fund level. No significant budget adjustments were made during the fiscal year.

Use of Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Equity in Pooled Cash and Investments - The City pools the resources of various funds in order to facilitate the management of cash and enhance investment earnings. Records are maintained which reflect each fund's equity in the pooled account. The City's investments are stated at fair value.

Cash Equivalents - Cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less when purchased which present and insignificant risk of changes in value because of changes in interest rates.

Use of Restricted Cash - 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.

Property Taxes Receivable - The value of all real and business property located in the City is assessed annually on January 1 in conformity with Subtitle E of the Texas Property Code. Property taxes are levied on October 1 on those assessed values and the taxes are due upon receipt of the tax bill. The taxes are considered delinquent if not paid by the end of January. At the City's fiscal year end, all property taxes receivable are considered delinquent and an account for an allowance for uncollectible taxes is adjusted to counter the receivable. The property taxes are recorded in the General Fund and Debt Service Fund as appropriate.

Proprietary Fund Accounts Receivable - Within the Water and Sewer Utility Fund, services rendered and billed but not collected as of the close of the fiscal year are accrued and this amount is reflected in the accounts receivable balance. Amounts billed are reflected as accounts receivable net of an allowance for uncollectible accounts.

Capital Assets and Depreciation - Capital assets, including public domain infrastructure (e.g. streets, bridges, sidewalks and other assets that are immovable and of value only to the City) are defined as assets with an initial, individual cost and an estimated useful life in excess of one year. These capital assets are reported in the GWFS and in the proprietary FFS. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair value on the date of donation.

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

Depreciation is based on the estimated useful lives, and has been calculated by use of the straight-line method applied to cost. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the proprietary FFS. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The city uses the following schedule to determine the useful lives of capital assets:

Infrastructure/Improvements	10-50 Years
Buildings	15-50 Years
Equipment	3-15 Years

Inventories - The City reports inventories of supplies at cost including consumable utility maintenance and office items. Supplies are recorded as expenditures when they are consumed, except for certain utility and other supplies.

Customer Deposits - Cash held in the Proprietary fund for customer deposits is reserved.

Long Term Debt - 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 Position. 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.

Fund Balances - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Sales Tax Revenue - The tax is collected by the vendor from consumers and is required to be submitted to the State of Texas by the 20th of the month following collection. The State then remits the allocated amount of sales tax to the City by the 10th of the month following vendor submission. These amounts are included in the gross receipts tax revenue and are recorded as revenue when the underlying exchange has taken place, regardless if the City has actually received the funds. The City collects and remits the appropriate portion designated for the Borger Economic Development Corporation.

Accrued Vacations - It is the City's policy to permit full-time employees to accumulate earned but unused vacation and sick pay benefits. Employees are generally allowed up to 25 days of vacation depending on the length of service and can carry over up to 40 hours from year to year and is payable to the employee upon resignation or termination. Sick leave accumulates at the rate of 12 days a year and is not payable at resignation or termination. All sick pay and vacation pay is accrued when incurred in the government-wide or proprietary fund financial statements.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an

acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City does not have any items that qualify for reporting in this category.

Risk Management - The City is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For the past several years the City has obtained outside insurance coverage to mitigate the effects of any losses. There were no significant reductions in insurance coverage from coverage in the prior year. Any settlement amounts have not exceeded coverage for the current year or the past three fiscal years.

Commitments and Contingencies - The City participates in some State and/or Federally assisted programs. In connection with grants under these programs, the City is required to comply with specific terms and agreements, as well as applicable Federal and State laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives. In the opinion of management the City has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the City expects the resulting liability to be immaterial.

Subsequent Events - Management has evaluated subsequent events through March 31, 2014, the date the financial statements were issued.

NOTE B - CASH DEPOSITS AND INVESTMENTS

Cash Deposits - The City's investment policies are governed by State statutes and City ordinances. The Public Funds Investment Act ("PFIA", Chapter 2256) requires the City to adopt, implement and publicize an investment policy which covers specific provisions in the Act regarding investment practices, management reporting and policy establishment. The investment policy in effect is available for public inspection at the City Hall. The PFIA establishes authorized investment vehicles for the City. The City is in substantial compliance with the PFIA at the end of the 2013 fiscal year.

Interest Rate Risk - The City and BEDC minimizes interest rate risk by limiting investments to having a maturity date of one year or less.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City manages its custodial credit risk by depositing its funds with institutions participating in the FDIC insurance programs and is able to collateralize the deposits in accordance to State statutes, or depositing into investment pools overseen by the Texas State Comptroller of Public Accounts, such as TexPool.

In accordance with FDIC, public unit deposits are funds owned by the City. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution through December 2012, when the coverage will revert back to the original \$100,000 limit.

Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the City for at least the amount on deposit with the institution. The types of collateral an institution is permitted to use as pledged securities are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of Texas.

As of September 30, 2013, the City's funds on deposit were adequately covered by either FDIC insurance or collateralized securities held by the financial institutions pledged to cover the City's deposits. The City had no bank deposits subject to custodial credit risk during the 2013 fiscal year.

Borger Economic Development Corporation - The BEDC maintains separate financial institution and Tex-Pool accounts. Although the organization is a component unit of the City, its FDIC and collateralization of its deposits are covered separately because the Corporation is a separate non-profit entity. BEDC also does not participate in the City's internal pooling of cash and investments as disclosed below.

At September 30, 2013, the City and BEDC had insured bank balances as follows:

	City of Borger Amarillo National Bank	Borger Economic Development Corporation
Carrying Amounts		
Demand Accounts	1,420,446	\$ 220,504
Time Deposits		95,914
Net Reconciling Items	92,376	2,802
Total Public Funds on Deposit	1,512,822	319,220
Less FDIC Coverage	(250,000)	(252,445)
Amount to be Collateralized	1,262,822	66,775
Collateralized by Institution	(3,058,074)	
Under (Over) Collateralized	\$ (1,795,252)	\$ 66,775

The City utilizes a pooled cash method of disbursements, whereby one bank account is used by both types of activities to pay expenditures, and the bank account is reimbursed by each fund for the proportionate amount spent by each fund. Below is the amounts allocated to the specific activity:

Total carrying value of the cash and cash equivalents by activities as of September 30, 2013:

	Governmental Activities	Business-type Activities	City of Borger Total	Borger Economic Development Corporation
Pooled Cash	\$ 281,681	\$ 572,357	\$ 854,038	\$ -
Bank Deposits	566,408	-	566,408	316,418
Total Demand Accounts	848,089	572,357	1,420,446	316,418
Cash on Hand	465	800	1,265	343
Total Cash and Cash Equivalents	\$ 848,554	\$ 573,157	\$ 1,421,711	\$ 316,761
Statement of Net Asset Reconciliation				
Restricted Cash	\$ 388,715	\$ 523,779		
Unrestricted Cash	459,839	49,377		
Total Cash and Cash Equivalents	\$ 848,554	\$ 573,156		

Investments - The City and BEDC maintain accounts with Tex-Pool which is a public funds investment pool established under the authority of the Interlocal Cooperation Act and subject to the provisions of the Act. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires the pools to: 1) Have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) Maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by Standard and Poor's or other nationally recognized rating services; and 3) Maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The Weighted Average Maturity (WAM) of Tex-Pool is 27 days. Participation in the pools is allowed under the guidelines of the PFIA, is voluntary, and may be terminated and the funds withdrawn at the discretion of the City Council and/or the BEDC board of directors.

The City utilizes a pooled cash method for its investments, whereby one investment custodian is used by both types of activities and each fund is credited for the proportionate amount of investment income received by the investments. Below is the amounts allocated to the specific activity:

	Governmental Activities	Business-type Activities	City of Borger Total	Borger Economic Development Corporation
Certificates of Deposits		\$ -		\$ 157,569
TexPool Investments	4,668,413	4,670,008	9,338,421	
Total Investments	<u>\$ 4,668,413</u>	<u>\$ 4,670,008</u>	<u>\$ 9,338,421</u>	<u>\$ 157,569</u>

Other Investments - The City is a participant in the Amarillo Area Foundation, which is an area foundation serving the Texas Panhandle by providing grants and other services funded by donations and investment earnings. Agencies invest funds with the Foundation and related earnings are distributed yearly. The City has invested \$146,120 with the Foundation as of September 30, 2013 and is considered restricted for financial statement purposes.

NOTE C - RECEIVABLES

Accounts Receivable Net - Accounts receivable shown in the Governmental Activities and Business-type Activities at year end represents net balances due from customers of solid waste and utility services provided by the City. The City uses the reserve method to account for the allowance for bad debts and has reserved the following amounts of accounts receivable as of September 30, 2013:

	Governmental Activities	Business-Type Activities	Total
Refuse Collection Receivable	\$ 275,659	\$ -	\$ 275,659
Utilities Receivable	-	901,251	901,251
Allowance for Uncollectibles	<u>(25,128)</u>	<u>(57,072)</u>	<u>(82,200)</u>
	<u>\$ 250,531</u>	<u>\$ 844,179</u>	<u>\$ 1,094,710</u>

Property Taxes Receivable - Taxes receivable for the General and Other Governmental Funds as of September 30, 2013 are considered delinquent property taxes. State statutes prohibit governments to write off delinquent property taxes without prior legislative authorization. Property taxes of \$270,848 are outstanding and have been fully offset by an allowance.

Other Receivables - Accounts receivable shown in the Governmental Activities as Other Receivables at year end represents various receivables to the City in addition to providing services to its residents.

NOTE D – INTER-FUND TRANSFERS AND BALANCES

Inter-fund transfers are made for various purposes throughout the year. There were no inter-fund balances as of September 30, 2013.

The amounts due to the General Fund from the Central Supply fund is reported in the respective funds in the Fund Financial Statements, but are eliminated in the Government-wide Statement of Net Assets because both funds are considered Governmental Activities.

Because the City pools its Tex-Pool investments into one fund, the Fund Financial Statements report the investments designated and allocated to the other funds as Due to Other Funds and Due from Other Funds, respectively. For reporting in the Government-wide Statement of Net Position, these Due to and Due from Other Funds are eliminated and the investments reported in aggregate according the type of funds. A more detailed disclosure of investments may be found in Note C above.

Transfers made by the City during the fiscal year ended September 30, 2013 are listed below:

Transfer To	Transfer From	Amount	Purpose
General Fund	Water and Sewer Fund	\$ 1,150,000	Reimbursement of Expenses
Hotel/Motel Fund	City Tourism Fund	201,723	Designated funds transfer
General Fund	Central Supply Fund	91,551	Subsidize Operations
Water and Sewer Fund	Debt Service I & S Fund	614,443	Debt service payments
	Total Transfers	<u>\$ 2,057,717</u>	

NOTE E - CAPITAL ASSETS

Capital asset activity for the City for the fiscal year ended September 30, 2013 is detailed below:

	Balance 9/30/12	Additions	Deletions and Disposals	Ending Balance 9/30/13
Governmental Activities:				
Assets Not Depreciated:				
Land	\$ 1,182,283		\$ -	1,182,283
Depreciable Assets:				
Buildings and Improvements	9,799,194	37,498		8,025,884
Furniture and Equipment	9,333,574	1,064,272	(668,628)	10,341,010
Infrastructure	3,317,102	76,471		5,061,496
Construction In Progress	59,116	1,360,721		1,375,607
Total Depreciable Assets	<u>22,508,986</u>	<u>2,538,962</u>	<u>(668,628)</u>	<u>24,803,997</u>
Total Accumulated Depreciation	<u>(11,410,763)</u>	<u>(954,220)</u>	<u>646,449</u>	<u>(11,718,534)</u>
Net Depreciable Assets	<u>11,098,223</u>	<u>1,584,742</u>	<u>(22,179)</u>	<u>13,085,463</u>
Net Governmental Activities Capital Assets	<u>\$ 12,280,506</u>	<u>\$ 1,584,742</u>	<u>\$ (22,179)</u>	<u>\$ 14,267,746</u>

The City reported \$954,220 of depreciation in general fixed assets in use by governmental funds on the Government-Wide Statement of Activities. The City did not allocate the depreciation to the various governmental functions, instead presenting the amount separately from the departmental functions on the statement.

	Balance 9/30/12	Additions	Deletions and Disposals	Balance 9/30/13
Business-Type Activities:				
Assets Not Depreciated:				
Land	\$ 260,754	\$ -	\$ -	\$ 260,754
Depreciable Assets:				
Buildings and Improvements	297,053	-		297,053
Furniture and Equipment	1,599,756	127,729	(84,711)	1,642,774
Infrastructure	50,545,949	13,433		50,559,382
Construction in Progress	422,385	1,106,348	-	1,528,733
Total Depreciable Assets	52,865,143	1,247,510	(84,711)	54,027,942
Accumulated Depreciation:				
Buildings and Furniture and Equip	(17,368,337)	(720,786)	84,711	(18,004,412)
Infrastructure	(6,196,650)	(362,711)	-	(6,559,361)
Total Accumulated Depreciation	(23,564,987)	(1,083,497)	84,711	(24,563,773)
Net Depreciable Assets	29,300,156	164,013	-	29,464,169
Net Business-type Activities Capital Assets	29,560,910	164,013	-	29,724,923

Capital asset activity for Borger Economic Development Corporation is disclosed below.

	Beginning Balance 9/30/12	Additions	Deletions and Disposals	Ending Balance 9/30/13
Component Unit				
Assets Not Depreciated:				
Land	\$ 213,188	\$ 377	\$ -	\$ 213,565
Depreciable Assets:				
Buildings and Improvements	762,829	3,969	-	766,798
Furniture and Equipment	28,202		-	28,202
Total Depreciable Assets	791,031	3,969	-	795,000
Accumulated Depreciation:				
Buildings and Improvements	(52,167)	(28,038)	-	(80,205)
Furniture and Equipment	(16,273)	(2,804)	-	(19,077)
Total Accumulated Depreciation	(68,440)	(30,842)	-	(99,282)
Net Depreciable Assets	722,591	(26,873)	-	695,718
Net Component Unit Capital Assets	\$ 935,779	\$ (26,496)	\$ -	\$ 909,283

NOTE F - LONG-TERM DEBT

In recent years, the City has shifted the debt service of both Governmental Activities and Business-type Activities to the Interest and Sinking Fund. This fund collects and remits debt service payments from the General Fund, other

non-major governmental funds and the Water and Sewer Fund and remits the debt service payments to the proper lenders or agencies. The following detail the outstanding bonds, notes and capital lease obligations for the City as of September 30, 2013:

Governmental Activities:

2006 Certificates of Obligation - The City issued Certificates of Obligation in 2006 to fund the renovation to the Johnson Park Youth Center, public safety radio system, additions to various park facilities and improvements to the water and wastewater systems, including infrastructure improvements, establishing new wells, and purchasing related water rights. The Certificates of Obligations were issued in August, 2006. Principal payments ranging from \$200,000 to \$935,000 are due annually with interest paid on a semi-annual basis. The debt service is being funded by ad valorem taxes.

2013 Certificates of Obligation - The City issued Certificates of Obligation in 2013 to fund public works projects for street improvements, parks and recreation improvements, improving and equipping various facilities, drainage improvements and constructing and improving municipal parking facilities. The Certificates of Obligations were issued in February 2013, with the first principle payment due February 1, 2014. Principal payments ranging from \$110,000 to \$190,000 are due annually with interest paid on a semi-annual basis. The debt service is being funded by ad valorem taxes.

Happy State Bank - The City entered into a Note Payable with Happy State Bank in May, 2009 to fund the purchase of a fire engine. Annual principal and interest payments of \$56,531 are to be made. Funds from the City's general revenue are used for the debt service of this note payable.

Government Capital Corporation - The City entered into a Capital Lease Obligation with Government Capital Corporation in November 2006 for the purchase of a ladder truck for the Fire Department. Annual principal and interest payments of \$61,166 are to be made. Funds from the City's general revenue are used for the debt service of this Capital Lease Obligation.

Amarillo National Bank - The City entered into a note payable with Amarillo National Bank in November, 2007 to fund upgrade, enhance and replace of the police department's computer software and related hardware. This note was retired during 2013.

The debt service activity for the Government-type Activities of the City for the fiscal year ended September 30, 2013 is disclosed below:

	Balance 9/30/12	Additions	Payments	Balance 9/30/13
2006 Certificates of Obligation	\$ 4,600,000	\$ -	\$ (205,000)	\$ 4,395,000
2013 Certificates of Obligation		\$ 2,910,000		2,910,000
Happy State Bank	338,503	-	(42,800)	295,703
Government Capital Corporation	263,415	-	(47,489)	215,926
Amarillo National Bank	7,179	-	(7,179)	-
	<u>\$ 5,209,097</u>	<u>\$ 2,910,000</u>	<u>\$ (302,468)</u>	<u>\$ 7,816,629</u>

The following schedule details the interest rate and current portion of the liabilities of the Governmental Activities as of September 30, 2013:

	Interest Rate	Original Amount	Maturity	Principal Due Within One Year
2006 Certificates of Obligation	4% to 5%	\$ 5,000,000	Sep, 2019	\$ 210,000
2013 Certificates of Obligation	2% to 3.25%	2,910,000	Feb, 2033	110,000
Happy State Bank	4.00%	457,200	May, 2019	44,535
Government Capital Corporation	5.00%	470,000	Nov, 2017	49,955
				\$ 414,490

The following schedule details the future maturities of the liabilities of the Governmental Activities as of September 30, 2013:

Year Ended December 31,	Principal	Interest	Total Debt Service
2014	\$ 414,490	\$ 295,607	\$ 710,097
2015	798,890	279,507	1,078,397
2016	1,078,475	243,322	1,321,797
2017	1,118,322	193,325	1,311,647
2018	1,097,211	150,221	1,247,432
2019-2023	1,649,241	351,478	2,000,719
2024-2028	760,000	209,138	969,138
2029-2033	900,000	74,750	974,750
	\$ 7,816,629	\$ 1,797,348	\$ 9,613,977

Business-type Activities:

Certificates of Obligation Series 2002 - The City issued Certificates of Obligation in 2002 to fund improvements to the water and wastewater systems, including infrastructure improvements, establishing new wells, and purchasing related water rights. These certificates were refinanced during 2013.

General Obligation Bonds Series 2002 - The City issued General Obligation Bonds in 2002 to fund improvements to the water and wastewater systems, including infrastructure improvements, establishing new wells, and purchasing related water rights. These bonds were refinanced during 2013.

Canadian River Municipal Water Authority Bond Obligations - The City is a member of the Canadian River Municipal Water Authority (CRMWA), which is a governmental entity created by the Texas legislature with the purpose of providing a municipal and industrial water source for the eleven (11) member cities of the Authority. Being a member, the City is obligated to proportionately share in the financing of the construction and maintenance of the dam and aqueduct, as well as the purchase of additional water rights and the development of the Roberts County well fields.

The CRMWA related liabilities disclosed below are the obligations of the City as prorated and passed through by CRMWA. The bonds are payable and secured by an irrevocable first lien and pledge of the City's water and sewer revenues in accordance with the City's agreements with CRMWA.

The following disclosures are not intended to represent the full amount of notes and bond liabilities of CRMWA. CRMWA issues a publicly available comprehensive annual financial report that includes financial statements and

required supplementary information for the Authority; the report also provides detailed explanations of the contributions, liabilities and other information and assumptions concerning the member cities and the Authority. The financial report may be obtained by writing to CRMWA, PO Box 9, Sanford, TX 79078.

The descriptions of the Authority's bond obligations following bonds are detailed below, as well as the City's proportionate share and debt service activity. Respective principal payments are made annually in February and interest payments are made semiannually in February and August of the fiscal year. Funding for these obligations comes from the operations of the Water and Sewer Fund.

USBR Series 1999 Refunding Series 2010 - In the fiscal year ended September 30, 2000, the Authority issued the 1999 Series Contract Revenue Refunding bonds for refinancing the U.S. Bureau of Reclamation's Prepayment Project. The bond proceeds were used to retire the Bureau of Reclamation debt for the construction of Sanford Dam, Lake Meredith and the original aqueduct system. In the fiscal year ended September 30, 2010, the Authority issued Contract Revenue Refunding Bonds, Series 2010 for refunding of the Series 1999 Bureau of Reclamation Prepayment Project.

As a result of the 1999 series USBR refinancing, the City realized a profit of \$2,164,133 from the debt restructuring and recorded the amount as deferred revenue. During the fiscal year ending September 30, 2013, the City recognized approximately \$102,798 of the gain as a reduction of interest expense with a remaining amount of \$724,840 to be amortized over the life of the original 1999 series prior to the refunding.

Contract Revenue Refunding Bonds Series 2005 - In the fiscal year ended September 30, 2000, the Authority issued Contract Revenue Bonds, Series 1999 for financing the construction of the Conjunctive Use Groundwater Supply project and for the advance refunding of the Contract Revenue Bonds, Series 1996. In the year ended September 30, 2005 the Authority issued Contract Revenue Refunding Bonds, Series 2005 for the advance refunding of a portion of the Series 1999 bonds.

Contract Revenue Refunding Bonds Series 2010 - In the fiscal year ended September 30, 2000, the Authority issued Contract Revenue Bonds, Series 1999 for financing the construction of the Conjunctive Use Groundwater Supply project and for the advance refunding of the Contract Revenue Bonds, Series 1996. In the year ended September 30, 2010 the Authority issued Contract Revenue Refunding Bonds, Series 2010 for the advance refunding of the remaining portion of the Series 1999 bonds that the Series 2005 refunding did not cover.

The Authority considers the refunding Series 2005 and Series 2010 as separate issues although both issues proportionately refinanced the 1999 series.

Conjunctive Use Groundwater Series 2005 - In the fiscal year ended September 30, 2005 the Authority issued Contract Revenue Bonds, Series 2005 for financing the purchases of various water rights. This debt was refinanced during 2013.

Conjunctive Use Groundwater Series 2006 - In the fiscal year ended September 30, 2006 the Authority issued Contract Revenue Bonds, Series 2006 for financing the purchases of various water rights.

Conjunctive Use Groundwater Series 2009 - In the fiscal year ended September 30, 2005 the Authority issued Contract Revenue Bonds, Series 2009 to finance the continuation and expansion of the Conjunctive Use Groundwater Supply Project.

Conjunctive Use Groundwater Series 2011 - In the fiscal year ended September 30, 2012 the Authority issued Contract Revenue Bonds, Series 2011 to finance the continuation and expansion of the Conjunctive Use Groundwater Supply Project

Revenue Refunding Bonds Series 2012 - In the fiscal year ended September 30, 2013 the Authority issued Revenue Refunding Bonds, Series 2012 to refinance the Conjunctive Use Groundwater Series 2005 debt.

General Obligation Bonds Series 2012 - The City entered issued General Obligation Bonds in 2012 to fund the

refinancing of the General Obligation Bonds Series 2002 and the Certificates of Obligation Series 2002.

The following schedule details the interest rate and current portion of the liabilities of the Business-type Activities as of September 30, 2013:

	Interest Rate	Original Amount	Maturity	Due Within One Year
Certificates of Obligation Series 2012	3.0-3.75%	\$ 1,420,000	Feb, 2015	\$ 835,000
General Obligation Bonds Series 2012	3.0-3.6%	2,515,661	Feb, 2025	-
CRMWA Related Debt				
USBR Series 1999 Refunding Series 2010	3.00%	866,743	Oct, 2018	84,450
Contract Revenue Refunding CUG Series 2005	5.00%	2,677,635	Feb, 2020	260,089
Contract Revenue Refunding CUG Series 2010	3.00%	496,016	Feb, 2020	50,691
Conjunctive Use Groundwater Series 2005	4.00%	2,659,346	Feb, 2025	-
Conjunctive Use Groundwater Series 2006	5.00%	2,781,080	Feb, 2027	112,490
Conjunctive Use Groundwater Series 2009	3.00%	1,171,146	Feb, 2029	44,114
Conjunctive Use Groundwater Series 2011	5.00%	496,016	Feb, 2031	166,326
				<u>\$ 1,553,160</u>

The following schedule details the future maturities of the liabilities of the Governmental Activities as of September 30, 2013:

Year Ended December 31,	Principal	Interest	Total Debt Service
2014	1,553,160	\$ 592,564	\$ 2,145,724
2015	752,831	549,403	1,302,234
2016	761,905	514,300	1,276,205
2017	796,127	479,389	1,275,516
2018	909,490	445,648	1,355,138
2019-2023	4,928,993	1,619,719	6,548,712
2024-2028	2,539,894	549,190	3,089,084
2029-2033	898,944	66,367	965,311
	<u>\$ 13,141,344</u>	<u>\$ 4,816,580</u>	<u>\$ 17,957,924</u>

NOTE G - OPERATING LEASE COMMITMENTS

The City leases equipment under operating leases expiring on various dates. Total operating leases rental expense for 2013 fiscal year was \$33,361.

The following is a schedule by year of future minimum lease payments under operating leases as of September 30, 2013 that have initial or remaining terms in excess of one year:

Year Ended September 30,	Amount
2014	24,929
2015	18,942
2016	14,968
2017	12,951
2018	6,244
	\$ 78,034

NOTE H - TRANSFER STATION COMPLIANCE STATEMENT

The City meets the Local Government Financial Test and Government Guarantee as specified in the Texas Administrative Code (TAC), Chapter 37. The City is the owner of Transfer Station, MSW #40015, for which financial assurance for closure and post-closure care is achieved through the financial tests specified in Paragraph 37.271 of the TAC.

NOTE I - PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

Pension Trust Fund:

Plan Description - The City provide pension benefits for all of its eligible full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. The report may be obtained from the TMRS website at www.tMrs.org or by writing to TMRS, PO Box 149153, Austin, TX 78714-9153.

Employees can retire at age 60 or later with 10 or more years of service or with 20 years of service regardless of age. Employees are vested after 10 years. The plan provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions - Under State law governing TMRS, the contribution rate for the City is determined annually by the actuary, using the Protected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member’s projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The employee contribution rate is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. The total contribution rate for the City is 17.50% for the calendar years 2013, respectively. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one year delay between the actuarial valuation that serves as the basis for the rate and the calendar year for when the rate goes into effect (i.e. December 31, 2008 valuation is effective for rates beginning January, 2010).

Employee contributions for the fiscal year ending September 30, 2013 were approximately \$475,143. Contributions made by the City totaled approximately \$1,170,847. Total contributions to TMRS were approximately \$1,663,493, which includes approximate contributions of \$12,000 to the Supplemental Death Benefit Fund.

Funded Status and Funding Progress – In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2012 TMRS Comprehensive Annual Financial Report (CAFR).

Actuarial Changes - In December, 2007, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of the actuarial assumptions and definitions may be found in the TMRS Comprehensive Annual Financial Report for the year ended December 31, 2007. Previously, TMRS had used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but did not project the potential future liability of provisions adopted by the City. For the December 31, 2007 valuation, the TMRS board determine that the Projected Unit Credit funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis.

In addition, the board also adopted a change in the amortization period from a 25-year “open” to a 25-year “closed” period. TMRS rules provide that, whenever a change in actuarial assumptions or methods result in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result in initially higher required contributions and lower funded ratios; however the funded ratio should show steady improvement over time. To assist in the transition to higher rates, the TMRS board also approved an eight-year phase in period, which would allow cities the opportunity to increase their contributions gradually to the full or required contribution rate.

**City of Borger Pension Plan Trend Information
(Unaudited)**

Fiscal Year Ending	Annual Pension Cost (APC)	Supplemental Death Benefit	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,133,551	\$ 11,959	100.00%	\$ 6,784,726
2011	\$ 1,170,847	\$ 12,352	100.00%	\$ 7,579,986
2010	\$ 1,063,047	\$ 9,743	100.00%	\$ 7,641,398

**City of Borger Pension Plan Schedule of Funding Progress
(Unaudited)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	GASB 27 Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$ 27,617,878	\$ 34,402,604	\$ 6,784,726	80.3%	\$ 6,667,127	101.8%
12/31/11	\$ 25,989,500	\$ 33,569,486	\$ 7,579,986	77.4%	\$ 6,381,402	118.8%
12/31/10	\$ 24,452,350	\$ 32,093,748	\$ 7,641,398	76.2%	\$ 6,001,735	127.3%

City of Borger
Actuarial Valuation Information
Pension Plan and Supplemental Death Benefit Fund

Actuarial Valuation Date	12/31/10	12/31/11	12/31/12
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization Period	27 years; closed period	26 years; closed period	25 years; closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return*	7.0%	7.1%	7.1%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.0%	3.0%	3.0%
Cost of Living Adjustments	2.1%	2.1%	2.1%

Supplemental Death Benefits Fund:

Plan Description - The City participates in the Supplemental Death Benefits Fund (SDBF), which is a cost-sharing multiple-employer defined benefit group term life insurance plan operated by TMRS. This is a separate trust administered by the TMRS Board of Trustees. TMRS issued a publicly available Comprehensive Annual Financial Report that included financial and supplementary information for the SDBF. The report may be obtained from the TMRS website at www.tmr.org or by writing to TMRS, PO Box 149153, Austin, TX 78714-9153.

Contributions - The City contributes monthly to the SDBF at a contractually required rate as determined by an annual actuarial valuation. Such rates were 0.19% and 0.19% in 2013 and 2012, respectively, as a percentage of covered payrolls. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City and is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during the employees' entire careers. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund. The TMRS Act requires the Pension Trust fund to allocate the investment income to the SDBF on an annual basis. There is a one year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect (i.e. December 31, 2011 valuation is effective for rates beginning January, 2013).

Benefits - The City elected to provide group-term life insurance coverage for both current and retired employees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculation based on the employee's actual earnings for a 12 month period preceding the month of death). Retired employees are insured for \$7,500.

The City's contributions to the SDBF for the current and previous fiscal years are scheduled above, which equaled

the required contributions for each fiscal year. The actuarial valuation information for the City of Borger Supplemental Death Benefit Fund is also scheduled above.

NOTE J - DISCRETELY PRESENTED 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, 2013:

CONDENSED STATEMENT OF NET ASSETS			
<i>Current Assets</i>		<i>Current Liabilities</i>	
Cash and Cash Equivalents	\$ 316,761	Accrued Payables and Expenses	\$ 4,769
Investments	157,569	Security Deposits	3,000
Sales Tax Receivables	164,407	Unearned Income	<u>82,820</u>
Notes and Loans Receivable - Current	302,085	Total Current Liabilities	90,589
Advances on Incentive Grants	37,500		
Prepays	<u>57,584</u>		
Total Current Assets	1,035,906		
<i>NonCurrent Assets</i>		<i>Net Position</i>	
Notes and Loans Receivable - Long Term	516,940	Invested in Capital Assets	909,283
Capital Assets, Net	<u>909,283</u>	Unrestricted	<u>1,462,257</u>
Total NonCurrent Assets	<u>1,426,223</u>	Total Net Assets	<u>2,371,540</u>
Total Assets	<u>\$ 2,462,129</u>	Total Assets and Liabilities	<u>\$ 2,462,129</u>

**CONDENSED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**

<i>Revenues</i>	
Sales Taxes	\$ 997,276
Economic Loan Interest	38,169
Other Income	<u>67,549</u>
Total Revenue	1,102,994
<i>Expenses</i>	
Salaries and Employee Benefits	\$ 175,109
Projects, Grants and Other Expenses	<u>820,637</u>
Total Expenses	<u>995,746</u>
Change in Net Assets	107,248
Net Position at Beginning of Period	<u>2,303,062</u>
Prior Period Adjustment	<u>(38,770)</u>
Net Position at Beginning of Period, Restated	<u>2,264,292</u>
Net Position at End of Period	<u>\$ 2,371,540</u>

NOTE K – CHANGE IN ACCOUNTING PRINCIPLE

The accompanying financial statements reflect the implementation of GASB statements Nos. 62 and 63. Significant impacts of GASB Statement No. 62 include the adoption of regulated operations guidance which allows for enterprise funds that are used to account for rate-regulated activities to defer certain expenses and revenues that would otherwise be recognized when incurred, provided that such amounts are being recovered or expected to be

recovered or refunded in rates charged to its customers. Significant impacts of GASB statement No. 63 include changing the title of the statement of net assets to the statement of net position and reformatting the statement of net position to add separate sections for deferred inflows of resources and deferred outflows of resources.

NOTE L – SUBSEQUENT PRONOUNCEMENTS

In March 2012, GASB Statement No. 65 Items Previously Reported as Assets and Liabilities was issued. The provisions of this Statement are effective for financial statements with periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year September 30, 2014.

In March 2012, GASB Statement No. 66 Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62 was issued. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. This standard will be implemented during fiscal year June 30, 2014.

In June 2012, GASB Statement No. 67 Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25 was issued. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the City in upcoming years.

In June 2012, GASB Statement No. 68 Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27 was issued. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The City will implement this standard during the fiscal year September 30, 2015.

In January 2013, GASB Statement No. 69 Government Combinations and Disposals of Government Operations was issued. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The City is evaluating how this reporting standard will affect the City.

In April 2013, GASB Statement No. 70 Accounting and Financial Reporting for Non-exchange Financial Guarantees was issued. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The City is evaluating how this reporting standard will affect the City.

NOTE M – SUBSEQUENT EVENT

Subsequent to September 30, 2013, the City issued Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation – Taxable Series 2013 in the amount of \$5,245,000 for improvements to the water and sewer system. The certificates will be payable from ad valorem taxes and a pledge of the net revenues of the City's combined Waterworks and Sewer System.

COMBINING FUND STATEMENTS AND SCHEDULES

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

Tourism Fund – Accounts for the operations and expenses of attracting visitors and other events to the city.

Tub Grinder Fund – Accounts for the operations and activities of the composting program.

Park and Recreation Project Fund - Accounts for the improvements and maintenance of the municipal parks and special projects.

Police/100 Fund - Accounts for the donations supporting various police department projects.

Fire Equipment Fund – Accounts for the expenditures, grants, appropriations and other revenues designated for the purchase of equipment for the fire department.

Police Grants Fund – Accounts for the expenditures, grants, appropriations and other revenues designated for specific programs or the purchase of equipment for the police department.

Emergency Operations Fund – Accounts for the expenditures, grants, appropriations and other revenues designated for the operations of the Emergency Management department.

Municipal Court Security Fund - Accounts for state-mandated fees designated to maintain and upgrade the court's security system.

Police Benevolent Fund - Accounts for the donations designated for supporting families of officers injured or killed in the line of duty.

Municipal Court Technology Fund - Accounts for state-mandated fees designated for the court's technology upgrades and improvements.

Hotel/Motel Tax Fund - Accounts for the special assessment tax on motel room rentals used for the promotion of the City.

Multi-Purpose Events Center Fund – Accounts for the expenditures, grants, appropriations and other revenues for the proposed Multi-Purpose Events Center.

Borger Community Designated Fund – Accounts for the expenditures, grants, appropriations and other revenues for specific community maintenance or improvements as designated by the donors.

Cofield Community Center Fund – Accounts for the expenditures, grants, appropriations and other revenues for the operations, maintenance or improvements of the Community Center.

Capital Equipment Fund – Accounts for the expenditures, appropriations and other revenues designated for the purchase of capital equipment for all departments.

Special Crime Fund - Accounts for the expenditures, grants, appropriations and other revenues seized or forfeited and designated for specific crime prevention or detection program of the police department.

OTHER GOVERNMENTAL FUNDS

Central Supply Fund – Accounts for the purchase of office, maintenance and other supplies and the distribution to the various departments of the City.

Investment Fund – Accounts and is custodian for the City's investments that are allocated to the other Special Revenue funds and the General Fund.

Group Hospitalization Fund - Accounts for the premiums paid and expenses for the employees' insurance coverage.

Debt Service Interest and Sinking Fund - Accounts for the designated tax funds and the associated principal and interest expenditures related to the City's current bond issuances.

CITY OF BORGER, TEXAS
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2013

	Tourism Fund	Central Supply Fund	Tub Grinder Fund	Park and Recreation Project Fund
ASSETS				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 277,463	\$ 14,172	\$ (17,000)	\$ 18,972
Restricted Pooled Cash and Cash Equivalents				
Investments	-	-	-	-
Accrued Interest	-	-	-	-
Inventories	-	11,990	-	-
Other Receivables				3,528
Due from Other Funds	<u>140,550</u>		<u>17,000</u>	<u>42,500</u>
Total Assets	<u><u>\$ 418,013</u></u>	<u><u>\$ 26,162</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,000</u></u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 2,766	\$ -	\$ -	\$ -
Other Payables	-	-	-	-
Due to Other Funds	<u>-</u>		<u>-</u>	<u>-</u>
Total Liabilities	2,766	-	-	-
FUND BALANCES				
Reserved for Debt Service	-	-	-	-
Unreserved	<u>415,247</u>	<u>26,162</u>	<u>-</u>	<u>65,000</u>
Total Fund Balances	<u>415,247</u>	<u>26,162</u>	<u>-</u>	<u>65,000</u>
Total Liabilities and Fund Balances	<u><u>\$ 418,013</u></u>	<u><u>\$ 26,162</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 65,000</u></u>

Investment Fund	Group Hospitalization Fund	Police/ 100 Fund	Fire Equipment Fund	Police Grants Fund	Emergency Operations Fund	Municipal Court Security Fund
(16,194)	\$ 27,828	\$ 4,430	\$ 14,695	\$ 132	\$ 3,131	\$ 19,543
9,338,421	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	8,000	1,500	-	-	29,200
<u>\$ 9,322,227</u>	<u>\$ 27,828</u>	<u>\$ 12,430</u>	<u>\$ 16,195</u>	<u>\$ 132</u>	<u>\$ 3,131</u>	<u>\$ 48,743</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	27,828	-	-	-	-	-
<u>9,322,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
9,322,227	27,828	-	-	-	-	-
-	-	-	-	-	-	-
-	-	12,430	16,195	132	3,131	48,743
-	-	12,430	16,195	132	3,131	48,743
<u>\$ 9,322,227</u>	<u>\$ 27,828</u>	<u>\$ 12,430</u>	<u>\$ 16,195</u>	<u>\$ 132</u>	<u>\$ 3,131</u>	<u>\$ 48,743</u>

CITY OF BORGER, TEXAS
 COMBINING BALANCE SHEETS - Continued
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2013

	Debt Service I & S Fund	Police Benevolent Fund	Municipal Court Technology Fund	Hotel/ Motel Fund
ASSETS				
ASSETS				
Pooled Cash and Cash Equivalents	\$ -	\$ 1,056	\$ (2,004)	\$ 41,104
Restricted Pooled Cash and Cash Equivalents	388,715			
Investments	-	-	-	-
Accrued Interest		-	-	-
Inventories	-	-	-	-
Other Receivables				-
Due from Other Funds		5,000	4,500	-
Total Assets	<u>\$ 388,715</u>	<u>\$ 6,056</u>	<u>\$ 2,496</u>	<u>\$ 41,104</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 587	\$ -	\$ -	\$ 41,104
Other Payables				
Due to Other Funds		-	-	
Total Liabilities	<u>587</u>	<u>-</u>	<u>-</u>	<u>41,104</u>
FUND BALANCES				
Reserved for Debt Service	388,128	-	-	-
Unreserved	-	6,056	2,496	-
Total Fund Balances	<u>388,128</u>	<u>6,056</u>	<u>2,496</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 388,715</u>	<u>\$ 6,056</u>	<u>\$ 2,496</u>	<u>\$ 41,104</u>

Events Center Fund	Borger Community Designated Fund	Cofield Community Center Fund	Capital Equipment Fund	Special Crime Fund	Total Non Major Governmental Funds
\$ 10,000	\$ (50,000)	\$ 174	\$ 92,600	\$ 4,007	\$ 444,109
90,108	56,012	-	-	-	388,715
-	-	-	-	-	9,484,541
-	-	-	-	-	-
-	-	-	-	-	11,990
-	-	-	-	-	3,528
		975	124,616	2,775	376,616
<u>\$ 100,108</u>	<u>\$ 6,012</u>	<u>\$ 1,149</u>	<u>\$ 217,216</u>	<u>\$ 6,782</u>	<u>\$ 10,709,499</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,457
					27,828
					9,322,227
					9,394,512
-	-	-	-	-	388,128
<u>100,108</u>	<u>6,012</u>	<u>1,149</u>	<u>217,216</u>	<u>6,782</u>	<u>926,859</u>
<u>100,108</u>	<u>6,012</u>	<u>1,149</u>	<u>217,216</u>	<u>6,782</u>	<u>1,314,987</u>
<u>\$ 100,108</u>	<u>\$ 6,012</u>	<u>\$ 1,149</u>	<u>\$ 217,216</u>	<u>\$ 6,782</u>	<u>\$ 10,709,499</u>

CITY OF BORGER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended September 30, 2013

	Tourism Fund	Central Supply Fund	Tub Grinder Fund	Park and Recreation Project Fund
REVENUES				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Occupancy	-	-	-	-
Charges for Service	-	11,667	4,875	-
Penalties, Fines and Forfeitures	-	-	-	-
Intergovernmental Grants and Subsidies	-	-	-	-
Other Grants and Contributions	-	-	-	33,088
Investment Income	224	-	28	69
	<u>224</u>	<u>-</u>	<u>28</u>	<u>69</u>
Total Revenues	224	11,667	4,903	33,157
EXPENDITURES				
<i>Current:</i>				
Public Safety	-	-	-	-
Public Works	-	-	75,182	8,192
Economic Development and Tourism	43,944	-	-	-
<i>Capital Outlay</i>	-	-	-	-
<i>Debt Service</i>				
Principal and Interest	-	-	-	-
Administrative Fees	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	43,944	-	75,182	8,192
Excess (Deficit) of Revenues over Expenditures	(43,720)	11,667	(70,279)	24,965
OTHER FINANCING SOURCES				
Transfers In (Out)	201,723	(91,551)	-	-
	<u>201,723</u>	<u>(91,551)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	201,723	(91,551)	-	-
Net Change in Fund Balance	158,003	(79,884)	(70,279)	24,965
Fund Balance (Deficit) - Beginning of Year	257,244	106,046	70,279	40,035
	<u>257,244</u>	<u>106,046</u>	<u>70,279</u>	<u>40,035</u>
Fund Balance, End of Year	<u>\$ 415,247</u>	<u>\$ 26,162</u>	<u>\$ -</u>	<u>\$ 65,000</u>

Police/ 100 Fund	Fire Equipment Fund	Police Grants Fund	Emergency Operations Fund	Municipal Court Security Fund	Debt Service I & S Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,171,351
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,765	-
-	-	-	-	-	-
54	25,162	-	-	-	-
13	2	118	-	46	1,931
<u>67</u>	<u>25,164</u>	<u>118</u>	<u>-</u>	<u>4,811</u>	<u>1,173,282</u>
-	17,624	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	571,151
-	-	-	-	-	1,667
<u>-</u>	<u>17,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572,818</u>
67	7,540	118	-	4,811	600,464
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(614,443)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(614,443)</u>
67	7,540	118	-	4,811	(13,979)
<u>12,363</u>	<u>8,655</u>	<u>14</u>	<u>3,131</u>	<u>43,932</u>	<u>402,107</u>
<u>\$ 12,430</u>	<u>\$ 16,195</u>	<u>\$ 132</u>	<u>\$ 3,131</u>	<u>\$ 48,743</u>	<u>\$ 388,128</u>

CITY OF BORGER, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - Continued
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended September 30, 2013

	Police Benevolent Fund	Municipal Court Technology Fund	Hotel/ Motel Fund
REVENUES			
Taxes			
Property	\$ -	\$ -	\$ -
Occupancy	-	-	335,375
Charges for Service	-	-	-
Penalties, Fines and Forfeitures	-	6,353	-
Intergovernmental Grants and Subsidies	-	-	-
Other Grants and Contributions	-	-	-
Investment Income	8	7	-
	<hr/>	<hr/>	<hr/>
Total Revenues	8	6,360	335,375
EXPENDITURES			
<i>Current:</i>			
Public Safety	-	5,589	-
Public Works	-	-	-
Economic Development and Tourism	-	-	133,652
<i>Capital Outlay</i>	-	-	-
<i>Debt Service</i>			
Principal and Interest	-	-	-
Administrative Fees	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	5,589	133,652
Excess (Deficit) of Revenues over Expenditures	8	771	201,723
OTHER FINANCING SOURCES			
Transfers In (Out)	-	-	(201,723)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	-	-	(201,723)
Net Change in Fund Balance	8	771	-
Fund Balance (Deficit) - Beginning of Year	6,048	1,725	-
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	<u>\$ 6,056</u>	<u>\$ 2,496</u>	<u>\$ -</u>

Multi-Purpose Events Center Fund	Borger Community Designated Fund	Cofield Community Center Fund	Capital Equipment Fund	Special Crime Fund	Total Non Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,171,351
-	-	-	-	-	335,375
-	-	-	-	-	16,542
-	-	-	-	-	11,118
10,000	-	-	160,502	1,896	1,896
<u>108</u>	<u>18,656</u>	<u>2</u>	<u>198</u>	<u>13</u>	<u>21,423</u>
10,108	18,656	2	160,700	1,909	1,786,511
-	-	-	-	-	23,213
-	-	-	-	-	83,374
-	-	-	-	-	177,596
-	-	-	555,522	-	555,522
-	-	-	-	-	571,151
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,667</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>555,522</u>	<u>-</u>	<u>1,412,523</u>
10,108	18,656	2	(394,822)	1,909	373,988
<u>90,000</u>	<u>(90,000)</u>	<u>-</u>	<u>462,739</u>	<u>-</u>	<u>(243,255)</u>
<u>90,000</u>	<u>(90,000)</u>	<u>-</u>	<u>462,739</u>	<u>-</u>	<u>(243,255)</u>
100,108	(71,344)	2	67,917	1,909	130,733
<u>-</u>	<u>77,356</u>	<u>1,147</u>	<u>149,299</u>	<u>4,873</u>	<u>1,184,254</u>
<u>\$ 100,108</u>	<u>\$ 6,012</u>	<u>\$ 1,149</u>	<u>\$ 217,216</u>	<u>\$ 6,782</u>	<u>\$ 1,314,987</u>

CITY OF BORGER, TEXAS
 TOURISM FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Contributions	\$ -	\$ -	\$ -	\$ -
Interest Income	300	300	224	(76)
Total Revenues	300	300	224	(76)
EXPENDITURES				
Economic Development and Tourism	173,000	223,000	43,944	179,056
Total Operating Expenses	173,000	223,000	43,944	179,056
Excess (Deficit) of Revenues over (under) Expenditures	(172,700)	(222,700)	(43,720)	178,980
OTHER FINANCING SOURCES				
Transfers In	109,150	159,150	201,723	42,573
Total Other Financing Sources	109,150	159,150	201,723	42,573
Net Change in Fund Balance	<u>\$ (63,550)</u>	<u>\$ (63,550)</u>	158,003	<u>\$ 221,553</u>
Fund Balance, Beginning of Year			257,244	
Fund Balance, End of Year			<u>\$ 415,247</u>	

CITY OF BORGER, TEXAS
TUB GRINDER FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Charges for Service	\$ -	\$ 5,000	\$ 4,875	\$ (125)
Interest Income			27	27
Total Revenues	<u>-</u>	<u>5,000</u>	<u>4,902</u>	<u>(98)</u>
EXPENDITURES				
Public Works		88,950	75,182	13,768
Total Operating Expenses	<u>-</u>	<u>88,950</u>	<u>75,182</u>	<u>13,768</u>
Excess (Deficit) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ (83,950)</u>	<u>(70,280)</u>	<u>\$ 13,670</u>
Fund Balance, Beginning of Year			<u>70,280</u>	
Fund Balance, End of Year			<u>\$ -</u>	

CITY OF BORGER, TEXAS
 PARK AND RECREATION PROJECT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Contributions	\$ 33,800	\$ 33,800	\$ 33,088	\$ (712)
Interest Income	<u>200</u>	<u>200</u>	<u>69</u>	<u>(131)</u>
Total Revenues	34,000	34,000	33,157	(843)
EXPENDITURES				
Parks and Recreation	<u>34,000</u>	<u>34,000</u>	<u>8,192</u>	<u>25,808</u>
Total Operating Expenses	<u>34,000</u>	<u>34,000</u>	<u>8,192</u>	<u>25,808</u>
Excess (Deficit) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	24,965	<u>\$ 24,965</u>
Fund Balance, Beginning of Year			<u>40,035</u>	
Fund Balance, End of Year			<u>\$ 65,000</u>	

CITY OF BORGER, TEXAS
POLICE CLUB 100 FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Contributions	\$ -	\$ -	\$ 54	\$ 54
Interest Income	<u>10</u>	<u>10</u>	<u>13</u>	<u>3</u>
Total Revenues	10	10	67	57
EXPENDITURES				
Public Safety	<u>10,010</u>	<u>10,010</u>	<u> </u>	<u>10,010</u>
Total Operating Expenses	<u>10,010</u>	<u>10,010</u>	<u>-</u>	<u>10,010</u>
Excess (Deficit) of Revenues over (under) Expenditures	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	67	<u>\$ 10,067</u>
Fund Balance, Beginning of Year			<u>12,363</u>	
Fund Balance, End of Year			<u>\$ 12,430</u>	

CITY OF BORGER, TEXAS
 FIRE EQUIPMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental Grants and Subsidies	\$ -	\$ -	\$ -	\$ -
Contributions	12,000	12,000	25,162	13,162
Interest Income			2	2
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>25,164</u>	<u>13,164</u>
EXPENDITURES				
Public Safety	<u>15,000</u>	<u>15,000</u>	<u>17,624</u>	<u>(2,624)</u>
Total Operating Expenses	<u>15,000</u>	<u>15,000</u>	<u>17,624</u>	<u>(2,624)</u>
Excess (Deficit) of Revenues over (under) Expenditures	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	7,540	<u>\$ 10,540</u>
Fund Balance, Beginning of Year			<u>8,655</u>	
Fund Balance, End of Year			<u>\$ 16,195</u>	

CITY OF BORGER, TEXAS
POLICE GRANTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Grants and Contributions	\$ -	\$ -	\$ -	\$ -
Interest Income			118	118
	<u>-</u>	<u>-</u>	<u>118</u>	<u>118</u>
Total Revenues	-	-	118	118
EXPENDITURES				
<i>Current:</i>				
Public Safety				-
<i>Capital Outlay</i>				-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	-	-	-	-
Net Change in Fund Balance	-	-	118	118
Fund Balance, Beginning of Year			<u>14</u>	<u>-</u>
Fund Balance, End of Year			<u>\$ 132</u>	<u>\$ 118</u>

CITY OF BORGER, TEXAS
 EMERGENCY OPERATIONS FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Interest Income	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Public Safety	-	-	-	-
Total Operating Expenses	-	-	-	-
Excess (Deficit) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning of Year			<u>3,131</u>	
Fund Balance, End of Year			<u>\$ 3,131</u>	

CITY OF BORGER, TEXAS
MUNICIPAL COURT SECURITY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Penalties, Fines and Forfeitures	\$ 4,500	\$ 4,500	\$ 4,765	\$ 265
Interest Income	100	100	46	(54)
Total Revenues	4,600	4,600	4,811	211
EXPENDITURES				
Public Safety	40,000	40,000	-	40,000
Total Operating Expenses	40,000	40,000	-	40,000
Excess (Deficit) of Revenues over (under) Expenditures	<u>\$ (35,400)</u>	<u>\$ (35,400)</u>	4,811	<u>\$ 40,211</u>
Fund Balance, Beginning of Year			43,932	
Fund Balance, End of Year			<u>\$ 48,743</u>	

CITY OF BORGER, TEXAS
INTEREST AND SINKING SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 1,114,120	\$ 1,114,120	\$ 1,171,351	\$ 57,231
Interest Income	1,500	1,500	1,931	431
Total Revenues	<u>1,115,620</u>	<u>1,115,620</u>	<u>1,173,282</u>	<u>57,662</u>
EXPENDITURES				
<i>Debt Service</i>				
Principal and Interest	408,975	456,975	453,454	3,521
Capital Lease Payments	117,697	117,697	117,697	-
Administrative Fees	1,236	1,236	1,667	(431)
Total Operating Expenses	<u>527,908</u>	<u>575,908</u>	<u>572,818</u>	<u>3,090</u>
Excess (Deficit) of Revenues over (under) Expenditures	587,712	539,712	600,464	60,752
OTHER FINANCING USES				
Transfers Out	<u>(615,006)</u>	<u>(615,006)</u>	<u>(614,443)</u>	<u>563</u>
Total Other Financing Uses	<u>(615,006)</u>	<u>(615,006)</u>	<u>(614,443)</u>	<u>563</u>
Net Change in Fund Balance	<u>\$ (27,294)</u>	<u>\$ (75,294)</u>	<u>(13,979)</u>	<u>\$ 61,315</u>
Fund Balance, Beginning of Year			<u>402,107</u>	
Fund Balance, End of Year			<u>\$ 388,128</u>	

CITY OF BORGER, TEXAS
MUNICIPAL COURT TECHNOLOGY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Penalties, Fines and Forfeitures	\$ 7,000	\$ 7,000	\$ 6,353	\$ (647)
Interest Income			7	7
Total Revenues	<u>7,000</u>	<u>7,000</u>	<u>6,360</u>	<u>(640)</u>
EXPENDITURES				
Public Safety	<u>7,025</u>	<u>7,025</u>	<u>5,589</u>	<u>1,436</u>
Total Operating Expenses	<u>7,025</u>	<u>7,025</u>	<u>5,589</u>	<u>1,436</u>
Excess (Deficit) of Revenues over (under) Expenditures	<u>\$ (25)</u>	<u>\$ (25)</u>	771	<u>\$ 796</u>
Fund Balance, Beginning of Year			<u>1,725</u>	
Fund Balance, End of Year			<u>\$ 2,496</u>	

CITY OF BORGER, TEXAS
HOTEL MOTEL TAX FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Occupancy Taxes	\$ 235,000	\$ 285,000	\$ 335,375	\$ 50,375
Total Revenues	235,000	285,000	335,375	50,375
EXPENDITURES				
Economic Development and Tourism	125,850	125,850	133,652	(7,802)
Total Operating Expenses	125,850	125,850	133,652	(7,802)
Excess (Deficit) of Revenues over (under) Expenditures	109,150	159,150	201,723	42,573
OTHER FINANCING USES				
Transfers Out	(109,150)	(159,150)	(201,723)	(42,573)
Total Other Financing Uses	(109,150)	(159,150)	(201,723)	(42,573)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning of Year			-	
Fund Balance, End of Year			<u>\$ -</u>	

CITY OF BORGER, TEXAS
 CAPITAL EQUIPMENT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Grants and Contributions	\$ 184,394	\$ 184,394	\$ 160,502	\$ (23,892)
Interest Income	<u>500</u>	<u>500</u>	<u>198</u>	<u>(302)</u>
Total Revenues	184,894	184,894	160,700	(24,194)
EXPENDITURES				
Capital Outlay	<u>672,500</u>	<u>684,500</u>	<u>555,522</u>	<u>128,978</u>
Total Operating Expenses	<u>672,500</u>	<u>684,500</u>	<u>555,522</u>	<u>128,978</u>
Excess (Deficit) of Revenues over (under) Expenditures	(487,606)	(499,606)	(394,822)	104,784
OTHER FINANCING USES				
Transfers In	<u>481,807</u>	<u>481,807</u>	<u>462,739</u>	<u>(19,068)</u>
Total Other Financing Uses	<u>481,807</u>	<u>481,807</u>	<u>462,739</u>	<u>(19,068)</u>
Net Change in Fund Balance	<u>\$ (5,799)</u>	<u>\$ (17,799)</u>	67,917	<u>\$ 85,716</u>
Fund Balance, Beginning of Year			<u>149,299</u>	
Fund Balance, End of Year			<u>\$ 217,216</u>	

ENTERPRISE FUNDS

BUDGET VS. ACTUAL

Water and Sewer Utility Fund - The Water and Sewer Utility Fund is used to accounts for the billings and collections of water and wastewater services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including administration, operations billing and maintenance.

CITY OF BORGER, TEXAS
 BUDGETARY COMPARISON
 WATER AND SEWER UTILITY FUND
 Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES				
Charges for Service	\$ 4,620,968	\$ 4,620,968	\$ 4,335,694	\$ (285,274)
Industrial Water Sales	2,792,460	2,892,460	3,134,365	241,905
Late Charges	82,514	82,514	82,194	(320)
Tapping and Surcharge Fees	43,500	43,500	51,585	8,085
Other and Miscellaneous	46,000	66,000	89,129	23,129
Total Operating Revenues	7,585,442	7,705,442	7,692,967	(12,475)
OPERATING EXPENSES				
<i>Current</i>				
Salaries and Wages	1,570,628	1,578,878	1,578,661	217
Employee Benefits	560,216	564,266	550,510	13,756
Utilities	530,100	531,600	489,347	42,253
Departmental Operating Costs	2,087,907	2,167,407	1,828,088	339,319
Professional and Technical Services	73,750	70,500	77,608	(7,108)
Repairs and Maintenance	222,775	220,275	117,903	102,372
Other Purchased Services	114,564	126,064	120,800	5,264
Property and Facility	21,684	29,584	26,341	3,243
General and Administrative Supplies	172,273	181,023	176,447	4,576
Rental and Lease Agreements	15,000	14,500	9,750	4,750
<i>Capital Outlay</i>				
	898,469	1,681,269	1,406,966	274,303
<i>Debt Service</i>				
Principal Payments	698,332	698,332	1,358,055	(659,723)
Total Operating Expenses	6,965,698	7,863,698	7,740,476	123,222
Operating Income (Loss)	619,744	(158,256)	(47,509)	110,747
NONOPERATING REVENUES (EXPENSES)				
Investment Income	9,000	9,000	6,196	(2,804)
Loss on Disposal of Assets				-
Interest Expense	(628,744)	(628,744)	(438,451)	190,293
Total Nonoperating Revenues (Expenses)	(619,744)	(619,744)	(432,255)	187,489
Income Before Transfers	-	(778,000)	(479,764)	298,236
TRANSFERS				
Transfers In			614,443	614,443
Transfers Out	-	(1,200,000)	(1,001,794)	198,206
Total Operating Transfers	-	(1,200,000)	(387,351)	812,649
Net Income (Loss)	\$ -	\$ (1,978,000)	\$ (867,115)	\$ 1,110,885

**Reconciliation of Net Loss for Budgetary Basis to
 Statement of Activities for Water Utility Fund**

Net Income - Budgetary Basis	\$ (867,115)
Amounts reported in the Statement of Activities are different because:	
Depreciation is reported in the Proprietary Funds Statement of Activities but is not a budget expenditure item	(1,028,800)
Debt Service Expenditures reduce Water Fund liabilities and are not considered current year expenses	1,358,055
Capital Outlay is a budget expenditure but is reported on the Proprietary Funds Statement of Net Assets	1,247,509
Net Income - Financial Statement Basis	<u>\$ 709,649</u>

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SUPPLEMENTAL INFORMATION

CITY OF BORGER, TEXAS
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
September 30, 2013

YEAR	BALANCE			COLLECTIONS	BALANCE
	10/01/2012	ADJUSTMENTS	9/30/2013		
2003 & PRIOR	\$ 21,111	\$ -	\$ 5,148	\$ 15,963	
2004	\$ 7,417	\$ -	\$ 1,639	\$ 5,778	
2005	\$ 9,900	\$ -	\$ 1,774	\$ 8,126	
2006	\$ 15,006	\$ -	\$ 2,652	\$ 12,354	
2007	\$ 22,738	\$ -	\$ 4,430	\$ 18,308	
2008	\$ 38,739	\$ -	\$ 10,007	\$ 28,732	
2009	\$ 56,659	\$ -	\$ 14,709	\$ 41,950	
2010	\$ 99,278	\$ -	\$ 25,573	\$ 73,705	
2011	\$ 144,285	\$ -	\$ 49,412	\$ 94,873	
2012	\$ -	\$ -	\$ -	\$ -	
DELENQUENTS	\$ 415,133	\$ -	\$ 115,344	\$ 299,789	
CURRENT (2012)	\$ 3,468,425	\$ -	\$ 3,316,712	\$ 151,713	
TOTALS	\$ 3,883,558	\$ -	\$ 3,432,056	\$ 451,502	

CITY OF BORGER, TEXAS
GENERAL FUND
SCHEDULE OF ASSET VALUATION, M&O/I&S TAX RATE, LEVY, AND PERCENT COLLECTED

FISCAL YEAR	TAX YEAR	ASSESSED VALUATION	M&O RATE	I&S RATE	COMBINED		PERCENT COLLECTED
					TAX RATE	TAX LEVY	
FY2003-2004	2003	\$ 346,719,610	\$ 0.36000	\$ 0.13400	\$ 0.49400	\$ 1,712,795	99.66%
FY2004-2005	2004	\$ 339,081,890	\$ 0.37000	\$ 0.13254	\$ 0.50254	\$ 1,704,022	99.52%
FY2005-2006	2005	\$ 343,747,290	\$ 0.38846	\$ 0.12928	\$ 0.51774	\$ 1,779,717	99.31%
FY2006-2007	2006	\$ 344,866,990	\$ 0.40206	\$ 0.17833	\$ 0.58039	\$ 2,001,574	99.09%
FY2007-2008	2007	\$ 355,773,799	\$ 0.38958	\$ 0.19039	\$ 0.57997	\$ 2,063,381	98.61%
FY2008-2009	2008	\$ 377,466,838	\$ 0.33973	\$ 0.25233	\$ 0.59206	\$ 2,234,830	98.12%
FY2009-2010	2009	\$ 412,107,000	\$ 0.33310	\$ 0.28251	\$ 0.61561	\$ 2,536,972	97.09%
FY2010-2011	2010	\$ 418,880,018	\$ 0.40678	\$ 0.32907	\$ 0.73585	\$ 3,082,329	100.00%
FY2011-2012	2011	\$ 422,861,490	\$ 0.48357	\$ 0.29643	\$ 0.78000	\$ 3,298,320	100.00%
FY2012-2013	2012	\$ 425,317,907	\$ 0.54153	\$ 0.27396	\$ 0.81549	\$ 3,468,425	95.63%
AVERAGE COLLECTION RATE PERCENT							98.70%

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

NUMBER OF CUSTOMERS AS OF:	WATER	SEWER
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
September 30, 2008	5,778	5,393
September 30, 2009	5,750	5,367
September 30, 2010	5,712	5,321
September 30, 2011	5728	5346
September 30, 2012	5688	5320
September 30, 2013	5788	5401

CITY OF BORGER
SCHEDULE OF INSURANCE COVERAGE
September 30, 2013

ID		Coverage	Contents
1	Animal Shelter-W. 3rd. Street 5/10 Mi W of Cedar	\$ 250,000	\$ 40,000
4	Booster Pump Station -1800A S Florida	\$ 114,000	\$ 10,000
6	City Hall-600 N Main	\$ 2,316,400	\$ 750,000
7	Elevated Water Tank-1800B South Florida	\$ 1,000,000	
8	Elevated Water Tank-FM 1551	\$ 2,664,700	
9	Elevated Water Tank-521 East 10th	\$ 2,700,000	
10	F/SL3 Refuse Containers Various Locations	\$ 234,630	
11	Fire Station-200/204 N Cedar	\$ 1,200,000	\$ 100,000
14	Pavillion 200 Pine Street (Huber Park)	\$ 1,200,000	\$ 400,000
15	Police Station-613 N Weatherly	\$ 841,500	\$ 250,000
16	Radio Control Building & Tower-206 West Sixth	\$ 20,000	\$ 75,000
18	Recreation Building-1228 S Main	\$ 75,000	\$ 10,000
19	Sludge Press Building-1302 West Third	\$ 40,000	\$ 20,000
21	Vehicle Service Center-801 N Florida	\$ 1,000,000	\$ 250,000
22	Warehouse-901 Whittenburg	\$ 500,000	\$ 150,000
23	Wastewater Treatment Plant-1302 West Third Street	\$ 100,000	\$ 50,000
24	Wastewater Plant Equipment-1302 W 3rd Street	\$ 1,573,160	
25	Water Treatment Plant-1800 S Florida	\$ 1,612,530	\$ 200,000
27	Transfer Station-920 N Florida	\$ 1,059,200	\$ 160,000
28	Scale House-920 N Florida	\$ 73,200	\$ 15,000
29	Recycle Office-920 N Florida	\$ 8,500	\$ 500
31	Ground Water Store Tank-1600 Sterling	\$ 250,000	\$ 25,000
34	10666 McCall RD-Radar System	\$ 260,000	
35	901 N Florida-Police Storage	\$ 25,300	\$ 16,000
36	901 N Florida-Public Works Storage	\$ 25,300	\$ 150,000
37	1/8 Mile West of City-55k Water Tank	\$ 500,000	
38	1/8 Mile West of City-Chlorinator Building	\$ 6,000	\$ 14,000
39	1/8 Mile West of City-Radio Tower	\$ 10,000	\$ 15,000
40	7 Miles West of City-Degussa Pump Station	\$ 10,000	
41	7 Miles West of City-Water Well #16	\$ 15,000	
42	7 Miles West of City-Water Well #17	\$ 15,000	
43	7 Miles West of City-Water Well #19	\$ 15,000	
44	1205 Brain - Cofield Community Center	\$ 250,000	\$ 20,000
45	1205 Brain - BBQ Pit	\$ 1,500	
46	1835 S. Florida - Radio Tower w/Radio House	\$ 10,000	\$ 20,000
48	Johnson Park Youth Center	\$ 4,000,000	\$ 200,000
49	417 N. Main - Gazebo	\$ 12,800	
50	Corner 4th & Main - Planter Box	\$ 25,000	
51	515 N. Main - Gazebo	\$ 12,800	
52	516 N. Main - Gazebo	\$ 12,800	
53	517 N. Main - Planter Box	\$ 25,000	
54	500 N. Main - Planter Box	\$ 25,000	
55	430 N. Main - Planter Box	\$ 50,000	

CITY OF BORGER
SCHEDULE OF INSURANCE COVERAGE
September 30, 2013

ID	Coverage	Contents
56	415 N. Main - Planter Box	\$ 25,000
57	414 N. Main - Gazebo	\$ 12,800
58	416 N. Main - Planter Box	\$ 25,000
59	613 N. Main - Planter Box	\$ 25,000
60	617 N. Main - Gazebo	\$ 12,800
61	616 N. Main - Gazebo	\$ 12,800
62	618 N. Main - Planter Box	\$ 25,000
63	601 N. Main - Planter Box	\$ 25,000
64	531 N. Main - Planter Box	\$ 25,000
65	514 N. Main - Planter Box	\$ 25,000
66	514 N. Main - Wanda Klause Center City Park	\$ 80,000
67	1 Mile W. of FM687 & HWY 152 - Water Well #1	\$ 15,000
68	1 1/4 Mile W. of FM687 & HWY 152 - Water Well #2	\$ 15,000
69	1 1/2 Mile W. of FM687 & HWY 152 - Water Well #3	\$ 15,000
70	1 1/4 Mile W. of FM687 & HWY 152 /N. 1/4 Mile - Water Well #4	\$ 15,000
71	1 1/4 Mile W. of FM687 & HWY 152 /N. 1/2 Mile - Water Well #5	\$ 15,000
72	1 1/2 Mile W. of FM687 & HWY 152 /N. 1/4 Mile - Water Well #6	\$ 15,000
73	1 1/4 Mile W. of FM687 & HWY 152 /N. 3/4 Mile - Water Well #7	\$ 15,000
75	1 1/4 Mile W. of FM687 & HWY 152 /N. 1 Mile - Water Well #9	\$ 15,000
77	1 1/4 Mile W. of FM687 & HWY 152 /N. 1 1/4 Mile - Water Well #11	\$ 15,000
78	1/4 Mile W. of FM687 & HWY 152 /N. 1/4 Mile - Water Well #12	\$ 40,000
79	1/4 Mile W. of FM687 & HWY 152 /S. 500 Feet - Water Well #13	\$ 40,000
80	1/8 Mile W. of FM687 & HWY 152 - 1M Gallon Storage Tank	\$ 752,500
81	1/8 Mile W. of FM687 & HWY 152 - Cl2 Building	\$ 5,500 \$ 10,000
82	1 Mile W. of FM687 & HWY 152 @ Water Well #1 - Cntl Bldg	\$ 15,000 \$ 50,000
83	Various Locations - MESH System	\$ 50,000
84	Various Locations - Remote Camara System	\$ 10,000
85	2239 Huber Ave. Agnes Howe Restrooms	\$ 20,000 \$ 2,500
86	2239 Huber Ave. Agnes Howe Concession	\$ 20,000 \$ 7,500
87	2239 Huber Ave. Agnes Howe TCY Building	\$ 50,000 \$ 18,000
88	2239 Huber Ave. Agnes Howe Bulldog Softball Building	\$ 30,000 \$ 18,000
89	2239 Huber Ave. Agnes Howe Little League Building	\$ 20,000 \$ 10,000
90	5 Mile W. of City - Trigg Booster	\$ 20,000 \$ 30,000
91	West Hwy 136 - Bunavista Booster	\$ 35,000 \$ 45,000
92	West of City - Agrium Mixing Basin Pump 1	\$ 12,000
93	West of City - Agrium Mixing Basin Pump 2	\$ 12,000

Total amount of coverage for buildings and contents: \$ 25,699,720 \$ 3,131,500

CITY OF BORGER
 SCHEDULE OF INSURANCE COVERAGE
 September 30, 2013

Coverage Extensions

Valuable Paper & Records & EDP Media	\$ 100,000
Accounts Receivable	\$ 100,000
Loss of Revenues, Extra Expense and Rents	\$ 100,000
Personal Effects	\$ 20,000
Leasehold Interest	\$ 5,000
Outdoor Trees & Shrubs (\$250 Each)	\$ 50,000
Newly Aquired Property	\$ 1,000,000
Employee Honesty Bond-Blanket	\$ 25,000
Pollutant Cleanup and Removal	\$ 20,000

Automobile & Vehicle Coverages

Vehicle - 147 Items	\$ 3,704,913
Auto Liability - 147 Items	
Auto Medical Payments - 129 Items	
Auto Physical Damage - 139 Items	
Hired & Non-owned Auto - 138 FTE's	

Equipment Coverages

Moble Equipment - 47 Items	\$ 1,382,832
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Liability Coverages

	Deductable	Limits
Workers Compensation	\$ -	\$ 5,000,000
General Liability	\$ -	\$ 5,000,000
Law Enforcement Liability	\$ 1,000	\$ 3,000,000
Errors & Ommissions Liability	\$ 5,000	\$ 3,000,000
Supplemental Sewarge Backup	\$ 250	\$ 50,000
Automobile Medical Payments	\$ -	\$ 25,000
Automobile Liability	\$ -	\$ 1,000,000
Automobile Physical Damage	\$ 1,000	Per Schedule

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COMPLIANCE

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JW ANDERSON & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Borger, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2013, and the related notes to the financial statements, which collectively comprise City of Borger, Texas's basic financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Borger, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Borger, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Borger, Texas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

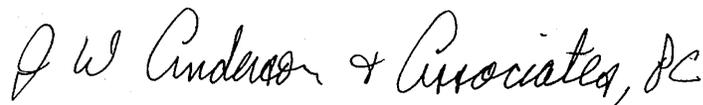
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Borger, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lubbock, Texas
March 31, 2014

City of Borger
City Council
2012-2013

Jeff Brain, Mayor
P.O. Box 5250
Borger, Texas 79008

- Owner: NGS Inc-Natural Gas Services Co.

Robert Vinyard, Mayor ProTem
P.O. Box 5250
Borger, Texas 79008

- Owner: Robert Vinyard Locksmith

Charles Gillingham
P.O. Box 5250
Borger, Texas 79008

- Chemist: J.M Huber – (Retired)

Marvin “Bubba” Dickson
P.O. Box 5250
Borger, Texas 79008

- Chevron Phillips: Maint. Supervisor (Retired)

Brandy Callahan
P.O. Box 5250
Borger, Texas 79008

- Therapeutic Massage Therapist

Administrative Officials

Eddie Edwards
P.O. Box 5250
Borger, Texas 79008

- City Manager

Scott Radach
P.O. Box 5250
Borger, Texas 79008

- Director of Finance

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