

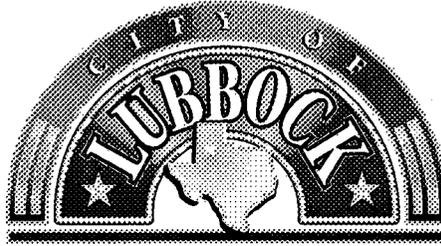


# CITY OF LUBBOCK, TEXAS

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## **C**OMPREHENSIVE **A**NNUAL **F**INANCIAL **R**EPORT

For the fiscal year ended September 30, 2002



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

### **CITY OF LUBBOCK, TEXAS**

**Fiscal Year October 1, 2001 through September 30, 2002**

**Bob Cass  
City Manager**

<b>Debra Brooks Forte'</b>	<b>Deputy City Manager</b>
<b>Quincy White</b>	<b>Assistant City Manager</b>
<b>Beverly Hodges, CPA</b>	<b>Director of Financial Services</b>
<b>Perry Stout, CPA</b>	<b>Chief Accountant</b>
<b>Andy Burcham</b>	<b>Cash and Debt Manager</b>
<b>Brack Bullock</b>	<b>Senior Accountant</b>
<b>Linda Cuellar</b>	<b>Senior Accountant</b>
<b>Veronica Valderaz</b>	<b>Senior Accountant</b>
<b>Bob Raef</b>	<b>Senior Accountant</b>
<b>Dena Morris</b>	<b>Accountant</b>
<b>Jeremy Osborne</b>	<b>Accountant</b>

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CITY OF LUBBOCK, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED SEPTEMBER 30, 2002

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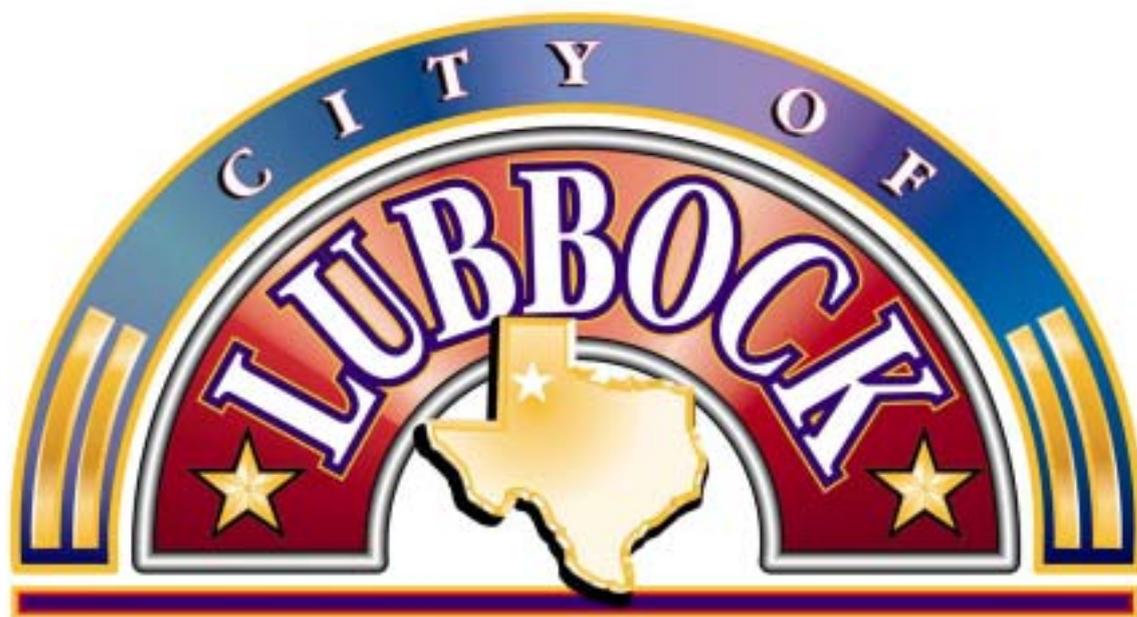
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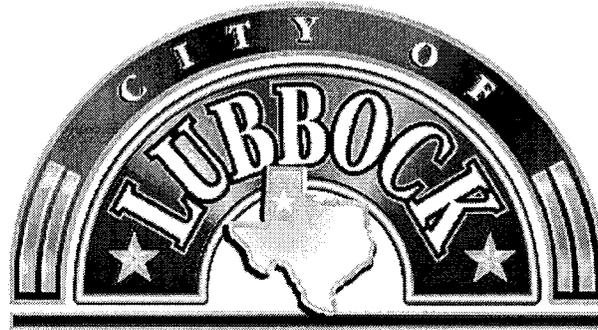
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# CITY OF LUBBOCK, TEXAS

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## **I**NTRODUCTORY **S**ECTION



**Finance Division  
P.O. Box 2000  
Lubbock, Texas 79457  
(806) 775-2156**

April 4, 2003

Honorable Mayor, City Council, and Citizens of the City of Lubbock, Texas:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Lubbock, Texas (City) for the fiscal year ended September 30, 2002. The purpose of this report is to provide the City Council, citizens, representatives of financial institutions and others with detailed information concerning the financial condition and performance of the City of Lubbock. In addition, the report provides assurance that the City presents fairly, in all material respects, its financial position as audited by independent auditors.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Robinson Burdette Martin Seright & Burrows, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2002, are free of material

misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

The City, incorporated in 1909, is located in the northwestern part of the state. The City currently occupies a land area of 115 square miles and serves a population exceeding 200,000. 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 periodically when deemed appropriate by the city council.

The City has operated under the council-manager form of government since 1917. Policy-making and legislative authority are vested in a city council consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and the City Secretary. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a two-year term. Six of the council members are elected by district. The mayor is elected at large.

The City provides a full range of services, including police and fire protection, the construction and maintenance of highways, streets, and other infrastructure, sanitation

services and recreational activities and cultural events. Also, the City provides utilities for electricity, water, sewer and storm water. The City also is financially accountable for a legally separate public transportation system, a civic services corporation and an economic development corporation, all of which are reported separately within the City's financial statements as discretely presented component units. Additional information on all three of these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All agencies of the City are required to submit requests for appropriation to the City Manager in July of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review prior to August 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may request transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for the general fund, as part of the basic financial statements for the governmental funds.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

**Local economy.** The City currently enjoys a favorable economic environment and local indicators point to continued stability. The area has a diverse composition of industries including agriculture, health care, institutions of higher education, and financial institutions.

The region (which includes the City and the surrounding unincorporated area within the same county) has an employed labor force of approximately 121,000, which is anticipated to grow at a rate of between 1 and 2 percent each year for the next several years. Unemployment rates for the area are approximately 2.7% which has been among the lowest in the state in recent periods.

**Long-term financial planning.** The City uses a 10-year rate model for long-range planning in the general fund and all enterprise funds. For fiscal year 2003 the City will form the Citizens Advisory Committee to survey City-wide infrastructure needs and priorities. The committee will develop a five year program for future capital needs for which general obligation bonds will be issued. The program must first be approved by the citizens of Lubbock in a bond election which is tentatively scheduled for November, 2003.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in obligations of the U.S. Treasury and U.S. Agencies, and investment pools. The maturities of the investments range from 1 day to 3 years, with an average maturity of approximately 1 year. The average yield on investments was 3.4 percent for the City's operating funds and 2.125 percent for the City's bond funds. Investment income may include appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

**Risk management.** During 2002, the City continued its use of third party workers' compensation coverage. The current coverage provides for coverage to begin with the initial dollar of claims. The City is primarily self-insured for medical and dental coverage. Stop loss coverage of \$150,000 is currently maintained with a third party insurer to mitigate risk associated with medical coverage. Additional information on the City's risk management activities can be found in the notes to the financial statements.

**Pension benefits.** The City sponsors a multiple-employer hybrid defined benefit pension plan for its employees other than firefighters. Each year, an independent actuary engaged by the plan calculates the amount of the annual contribution that the City must make to the plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the City's conservative funding policy, the City has succeeded as of December 31, 2001, in funding 80 percent of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 25 years as part of the annual required contribution calculated by the actuary.

The City also provides benefits for its firefighters. These benefits are provided through a single-employer defined benefit pension plan, the Lubbock Firemen's Relief and Retirement Fund (LFRRF), which is administered by the Board of Trustees of the LFRRF. The City contributes an amount that is determined by formula and is anticipated to average 15% of firefighter's pay annually.

The City does not provide post retirement health and dental care benefits for retirees or their dependents.

Additional information on the City's pension arrangements and post employment benefits can be found in the notes to the financial statements.

Honorable Mayor, City Council,  
and Citizens of the City of Lubbock, Texas  
April 4, 2003

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2001. This was the seventeenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

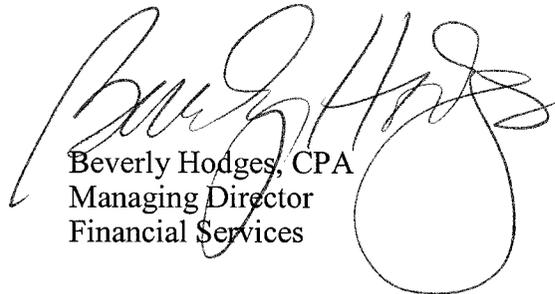
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division, and the Budget & Research department. Exceptional effort was invested by the Accounting Department, which made the timeliness of the report possible and increased the overall quality of the report. We would like to express our appreciation to all members of the departments who assisted with and contributed to the preparation of this report. We would also like to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

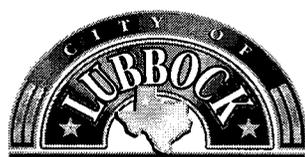


Quincy White  
Assistant City Manager  
Administrative Services



Beverly Hodges, CPA  
Managing Director  
Financial Services

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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lubbock,  
Texas

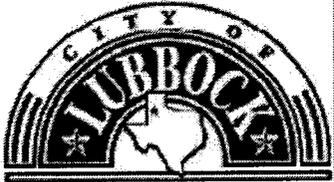
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Unless otherwise noted, all telephone prefixes are 775

# City of Lubbock Organizational Chart

**CITIZENS**

**CITY COUNCIL**

**MAYOR:** MARC MCDUGAL 2009  
**DISTRICT 1:** VICTOR HERNANDEZ 2027  
**DISTRICT 2:** T.J. PATTERSON 2007  
**DISTRICT 3:** GARY BOREN 2023  
**DISTRICT 4:** FRANK MORRISON 2008  
**DISTRICT 5:** TOM MARTIN 2011  
**DISTRICT 6:** ALEX "TY" COOKE 2031

**CITIZEN BOARDS AND COMMISSIONS**

**MUNICIPAL COURT**  
**ROBERT DOTY**  
 2462

COURT ADMIN.  
 TOM TROMBLEY  
 2460

ASSISTANT TO CITY MANAGER  
 HAROLD DOMINGUEZ 2018  
 AUDIT  
 HERMAN BOATMUN 2230  
 ENVIRONMENTAL COMPLIANCE  
 DAN DENNISON 2880

**CITY MANAGER**  
**BOB CASS**  
 2001  
**DEPUTY CITY MANAGER**  
**DEBRA B. FORTE'**  
 2015

**CITY ATTORNEY**  
**ANITA BURGESS**  
 2211

1st ASST. ATTY.  
 DON VANDIVER  
 2212

BUDGET & RESEARCH  
 MELISSA TREVINO  
 2984

**CITY SECRETARY**  
**BECKY GARZA**  
 2025

ASST. CITY SECRETARY  
 TOMMY COMBS  
 2026

**ASSISTANT CITY MANAGER**  
**ADMINISTRATIVE SERVICES**  
**QUINCY WHITE** 3089

**FINANCE**  
**BEVERLY HODGES**  
 2161

ACCOUNTING/  
 PAYROLL

INVESTMENTS/DEBT  
 ANDY BURCHAM  
 2149

PURCHASING  
 VICTOR KILMAN  
 2165

**HUMAN RESOURCES**  
**MARY HOUSE**  
 2315

ASST. DIRECTOR  
 SCOTT SNIDER  
 2312

BENEFITS  
 LOU MOORE 2317

COMPENSATION  
 STEVE SYNCK 2313

ORGANIZATIONAL  
 DEVELOPMENT  
 SANDY FORTENBERRY  
 2316

RECRUITING  
 ANTHONY JONES  
 2281

RISK MGT./ SAFETY  
 LEISA HUTCHESON  
 2277

**INFO TECHNOLOGY**  
**SHARLETT**  
**CHOWNING** 2399

ASST. DIRECTOR  
 MARK YEARWOOD  
 2355

RADIO SHOP  
 JACK MORRISON  
 2326

TELECOMMUNICATIONS  
 LESLIE COX  
 2376

**MGT. SERVICES**  
**MARTHA**  
**ELLERBROOK** 2002

CULTURAL ARTS  
 CONNIE GIBSONS  
 767-3119

FACILITIES MANAGE-  
 MENT  
 HARLAN STAUFFER  
 3078

FLEET SERVICES  
 RANDY ERVIN  
 2175

PRINT SHOP  
 DEAN MOUNTZ 2203

WAREHOUSE  
 CLINT SNEUMAKER 2196

**COMMUN / LEGIS**  
**TONY PRIVETT**  
 2280

CORPORATE COMM.  
 BOB GOODWIN 2008

PUBLIC INFORMATION  
 SANDY GLASS 3268

YOUTH SERVICES  
 SCOOP HOOPER 2093

**ELECTRIC UTILITIES**  
**PAUL THOMPSON**  
 2500

ADMIN/SALES  
 DERRELL OLIVER 2502

BILLING AND  
 COLLECTION  
 RICK SMITH  
 2503

DISTRIBUTION  
 GARY ZHENG  
 2551 and 2546

PRODUCTION  
 GARY DAVIS 3580

**FIRE**  
**STEVE HAILEY**  
 2630

EQUIPMENT  
 MAINTENANCE  
 MIKE HENRICKS  
 2637

OPERATIONS  
 RHEA COOPER  
 2633

PREVENTION  
 MIKE KEMP 2846

SUPPORT SERVICES  
 TIM DUNCAN 2631

TRAINING  
 LEWIS TREADWELL  
 2848

**POLICE**  
**CLAUDE JONES**  
 2750

ADMINISTRATION  
 TOM MAHN 2751

COMMUNICATION CTR  
 CLAUDIA FOX 2991

INVESTIGATIONS  
 RANDALL WARD 2749

PATROL  
 DALE HOLTON 2759

PUBLIC INFORMATION  
 BILL MORGAN 2790

**ASSISTANT CITY MANAGER**  
**DEVELOPMENT SERVICES**  
**RICHARD BURDINE** 2014

**PLANNING / TRANS.**  
**CRAIG FARMER**  
 3308

BUILDING INSPECTION  
 2080

BUS./NEIGH. DEV.  
 ROB ALLISON 2110

COMP. PLANNING  
 RANDY HENSON 2103

EMERGENCY MGT.  
 KEN OLSON 3052

METRO. PLAN. ORG.  
 SAM WOODS 1671

TRAFFIC  
 JERE HART 2130

AVIATION  
 MARK EARLE 3128

CONTRACT ADMIN.  
 WILLIAM de HAAS 3219

STREET DRAINAGE  
 LARRY HERTEL 2329

BUSINESS DEV.  
 CHERYL BROCK 2019

**PUBLIC WORKS**  
**TERRY ELLERBROOK**  
 2585

ENG/PLN. MAINT.  
 CHES CARTHEL 2344

ENVIRON. PROGRAMS  
 SHERRY STEPHENS 2989

LAKE ALAN HENRY  
 DIANE SELBY 2802

LAND APPLICATION  
 JOHN HINDMAN 767-3157

RECLAMATION  
 SCOTT CONNERY 3227

SOLID WASTE DISPOSAL  
 JOHN COBB 757-2751

SW RES. COLLECT.  
 DEBRA FRANKHOUSER  
 2486

STREETS  
 DON JENNINGS 2600

TREATMENT  
 BRUCE BLALACK 2613

CUSTOMER SERVICE  
 ROBERT ROBINSON 2604

**ASSISTANT CITY MANAGER**  
**COMMUNITY SERVICES**  
**TOMMY GONZALEZ** 2016

COMMUNITY DEV.  
 NANCY HANEY 2300

CD Administration  
 Housing  
 Keep Lubbock Beautiful

HEALTH DEPT.  
 TOMMY CAMDEN 2899

Education  
 Environ. Inspect.  
 Laboratory  
 Prevention  
 Surveillance  
 Vital Statistics  
 Vector Control

ANIMAL SERVICES  
 NANCY HICKMAN 2055

CIVIC CENTERS  
 VICKI KEY 2236

Civic Center  
 Coliseum/Auditorium

LIBRARY SERVICES  
 JANE CLAUSEN\* 2824  
 SHANNON ELROD\*

Mission  
 Goddke  
 Patterson  
 Groves

PARKS / REC  
 RANDY TRUESDELL  
 2671

Cemetery  
 Community Centers  
 Indoor Recreation  
 Outdoor Recreation  
 Park Maintenance  
 Tennis Centers

City of Lubbock, Texas  
List of Elected and Appointed Officials  
September 30, 2002

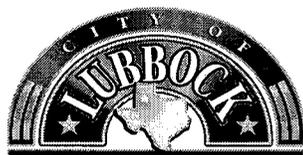
Elected Officials

Mayor	Marc McDougal
Council Member – District 1	Victor Hernandez
Council Member – District 2	T.J. Patterson
Council Member – District 3	Gary O. Boren
Council Member – District 4	Frank W. Morrison
Council Member – District 5	Tom Martin
Council Member – District 6	Alex “Ty” Cooke
Municipal Court Judge	Robert Doty

Appointed Officials

City Manager	Bob Cass
Deputy City Manager	Debra Forte’
Assistant City Manager	Richard Burdine
Assistant City Manager	Tommy Gonzalez
Assistant City Manager	Quincy White
City Attorney	Anita Burgess
City Secretary	Rebecca Garza
Budget and Research Manager	Melissa Trevino
Communications/Legislation Director	Tony Privett
Electric Utilities (Lubbock Power & Light) Director	Paul Thompson
Finance Director	Beverly Hodges
Fire Chief	Steve Hailey
Human Resources Director	Mary House
Information Technology Director	Sharlett Chowning
Internal Auditor	Herman Boatmun
Management Services Director	Martha Ellerbrook
Planning/Transportation Director	Craig Farmer
Police Chief	Claude Jones
Public Works Director	Terry Ellerbrook

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# CITY OF LUBBOCK, TEXAS

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**F**INANCIAL  
**S**ECTION

## Independent Auditors' Report

The Honorable Mayor Marc McDougal and Members of City Council  
The City of Lubbock, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lubbock, Texas ("the City") as of and for the year ended September 30, 2002, which collectively comprise the City's basic financial statements ("BFS") as listed in the table of contents. These BFS are the responsibility of the City's management. Our responsibility is to express an opinion on these BFS based on our audit.

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* ("GAS"), 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. The financial statements of City Transit Management Company, Inc., dba Citibus, Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc. and Civic Lubbock, Inc., component units of the City, were not audited in accordance with GAS. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the BFS referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 (L) to the BFS, an adjustment has been reflected in beginning-of-year net assets to restate the amount previously reported.

As described in Note 1(B), the City has implemented new Government Accounting Standards, as required by the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37 – *Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments – Omnibus*, GASB Statement No. 38 – *Certain Financial Statements Note Disclosures*, and GASB Interpretation No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, during the year ended September 30, 2002.

In accordance with GAS, we have also issued our report dated April 4, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with GAS and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis ("MD&A") on pages 17 through 31 is not a required part of the BFS but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the City's BFS taken as a whole. The information identified in the table of contents as combining and individual fund financial statements and schedules are presented in the City's Comprehensive Annual Financial Report ("CAFR") for purposes of additional analysis and are not a required part of the BFS of the City. Such information has been subjected to the auditing procedures applied in the audit of the City's BFS and, in our opinion, is fairly stated, in all material respects, in relation to the City's BFS taken as a whole.

The information provided in the Introductory, Statistical and Supplementary sections listed in the table of contents has not been subjected to the auditing procedures applied in our audit of the City's BFS and we express no opinion on that information.

*Robinson Burdette Martin*  
*Seright & Burrows, L.L.P.*

April 4, 2003  
Lubbock, Texas

**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

As management of the City of Lubbock, Texas (City), we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2002. In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the City has not presented comparative data in this narrative. A comparative analysis will be presented when prior year information is available.

This discussion and analysis is presented in conjunction with the City's Comprehensive Annual Financial Report (CAFR), which includes additional information deemed by the GASB to be essential to managers, legislative officials, creditors, financial analysts, the general public, and others having need for government financial information. The additional information that is not part of the general purpose external financial statements (GPEFS) that is presented in the CAFR includes: the introductory section (which includes the table of contents, letter of transmittal, and other material deemed appropriate by management), the financial section (described in more detail below), and the statistical section. The financial section in the CAFR also includes combining statements and individual fund statements and schedules, which are not a required part of the GPEFS but are a required part of the CAFR. The basic components of the GPEFS include: Management's Discussion and Analysis (MD&A), the Basic Financial Statements (BFS), and Required Supplementary Information Other Than MD&A (RSI). This discussion and analysis may therefore be presented in a standalone document with the other components of the GPEFS and not include the other components of the CAFR, yet still include references to the additional components of the CAFR. If this MD&A is being read as part of a standalone document, a complete CAFR can be obtained from the City by writing to the following address:

Managing Director of Financial Services  
P.O. Box 2000  
Lubbock, Texas 79457

The City's CAFR may also be obtained from the following website:

<http://finance.ci.lubbock.tx.us>

We encourage the readers of these financial statements to consider the information included in our transmittal letter and in the other sections of the CAFR (e.g., the statistical section) in conjunction with this discussion and analysis.

All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**City of Lubbock, Texas**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2002

**Financial Highlights**

These financial highlights summarize the City's financial position and operations as presented in more detail in the rest of the Basic Financial Statements (BFS), as listed in the accompanying table of contents.

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$551 million (*net assets*). Of this amount, \$44 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$14 million. Much of the increase is attributed to an increase in charges for services in the utility enterprise funds.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$65.4 million. Of this total amount, \$22 million is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$17 million or 20.5% of the total general fund expenditures.

**Overview of the Financial Statements**

**Basic Financial Statements.** The BFS include two kinds of statements and notes that present different perspectives of the City's financial activities.

**Government-Wide Financial Statements (GWFS).** The GWFS contains the *statement of net assets* and the *statement of activities*, described below:

The *statement of net assets* presents information on all of the City's assets and liabilities (including capital assets and short- and long-term liabilities), with the difference between the two reported as *net assets* using the accrual basis. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents a comparison between direct expenses and revenues for each of the City's functions/programs (referred to hereinafter as activities). Direct expenses are those that are specifically associated with an activity and are therefore clearly identifiable with that activity. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not programmatic are presented as general revenues, with certain limited exceptions. The comparison of direct expenses with revenues from activities identifies the extent to which each activity is self-financing or draws from any general revenues the City might generate. The governmental activities (activities that are principally supported by taxes and intergovernmental revenues) of the City include communication/legislation, community services,

**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

development services, electric (street lighting), financial services, fire, general government, human resources, management services, police, strategic planning, non-departmental, and public works. The business-type activities (activities intended to recover all or a significant portion of their costs through user fees and charges) of the City include electric, water, sewer, solid waste collection, airport, golf, and stormwater drainage services. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs (accrual basis), *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The GWFS can be found on pages 37-39 of this report.

**Fund Financial Statements (FFS).** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the FFS is on major funds. Major funds are those that meet minimum criteria (a percentage of assets, liabilities, revenue, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), or those that the City wishes to report as major. Nonmajor funds are aggregated and shown in a single column (combining schedules of nonmajor funds are included in the CAFR following the RSI). All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*:

**Governmental FFS.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the GWFS. However, unlike the GWFS, governmental FFS focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the GWFS (modified accrual versus accrual basis of accounting, and current financial resources versus economic resources, respectively), it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the GWFS. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to facilitate the comparison between *governmental funds* and *governmental activities*.

The City maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general

**City of Lubbock, Texas**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2002

fund only, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* following the RSI in the CAFR. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget, which is presented in the FFS following the statement of changes in revenues, expenditures, and changes in fund balances.

The governmental FFS can be found on pages 44-48 of this report.

**Proprietary FFS.** The City maintains 21 different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the GWFS. Proprietary FFS provide the same type of information as the GWFS, only in more detail. The City uses enterprise funds to account for its Electric, Water, Sewer, Solid Waste, Airport, Golf and Stormwater operations, all of which are considered to be major funds by the City. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, management information systems, its print shop and central warehouse activities among others. The services provided by the internal service funds benefit both governmental and business-type activities, and accordingly, they have been included within *governmental activities* and *business-type activities*, as appropriate, in the GWFS. All internal service funds are combined into a single, aggregated presentation in the proprietary FFS. Individual fund data for the internal service funds are provided in the form of *combining statements* following the RSI in the City's CAFR. Reconciliations are provided for both the proprietary fund statement of net assets and the proprietary fund statement of revenues, expenses, and changes in fund net assets to facilitate the comparison between *enterprise funds* and *business-type activities*.

The proprietary FFS can be found on pages 50-61 of this report.

**Fiduciary FFS.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the GWFS because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The only type of fiduciary fund included in the City's financial statements is an agency fund.

The fiduciary FFS can be found on page 62-63 of this report.

**Notes to Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the GWFS and FFS.

The Notes to Basic Financial Statements can be found on pages 64-96 of this report.

**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

**Required Supplementary Information Other Than MD&A.** GASB Statement No. 34 also requires that certain information be presented in RSI, immediately following the notes to the BFS. However, there are exceptions to this requirement if the information is provided elsewhere in the financial statements. The City has elected to present information relating to its progress in funding its obligation to provide pension benefits to its employees in the notes to the BFS. Additionally, the City has elected to present its budgetary comparison schedules for the general fund in the FFS following the statement of changes in revenues, expenditures, and changes in fund balances. The City therefore does not present a separate section for RSI in the financial statements.

**Combining statements and schedules.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds, in addition to other supporting schedules, are presented immediately following RSI in the City's CAFR.

Combining fund financial statements and schedules can be found on pages 104-129 of the City's CAFR.

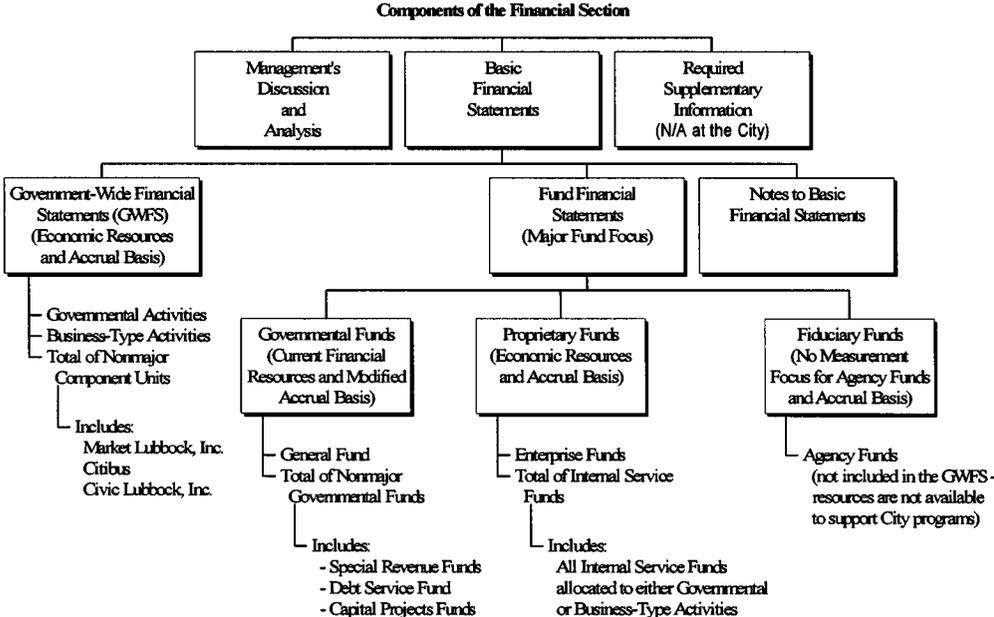
**Component Units.** The GWFS include not only the City itself (known as the *primary government*), but also three legally separate entities (known as *component units*) for economic development (Market Lubbock Economic Development Corporation dba Market Lubbock, Inc.), public transportation (City Transit Management Company, Inc. dba Citibus), and arts and cultural activities (Civic Lubbock, Inc.), for which the City is financially accountable. Financial information for these component units is reported in a separate column and row in the GWFS in order to differentiate them from the primary government's financial information. None of these component units are considered to be major funds.

Combining schedules for these component units can be found on pages 134-135 of the City's CAFR.

# City of Lubbock, Texas

## Management's Discussion and Analysis

### For the Year Ended September 30, 2002



**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$551 million (*net assets*) at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (74.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding at the close of the fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Lubbock Net Assets**  
**September 30, 2002**  
(in 000's)

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Current and other assets	\$ 90,732	\$ 165,204	\$ 255,936
Capital assets	117,285	544,989	662,274
Total assets	<u>208,017</u>	<u>710,193</u>	<u>918,210</u>
Current liabilities	15,416	17,749	33,165
Noncurrent liabilities	71,106	262,921	334,027
Total liabilities	<u>86,522</u>	<u>280,670</u>	<u>367,192</u>
Net assets:			
Invested in capital assets, net of related debt	78,256	332,050	410,306
Restricted	36,933	59,486	96,419
Unrestricted	6,306	37,987	44,293
Total net assets	<u><u>\$ 121,495</u></u>	<u><u>\$ 429,523</u></u>	<u><u>\$ 551,018</u></u>

An additional portion of the City's net assets (17.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$44.3 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The government's net assets increased by \$14 million during the current fiscal year. This growth largely reflects rate increases in utility services, property value increases, increased sales tax revenue, increases in operating grants and investment earnings.

**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

**Governmental activities.** Governmental activities increased the City's net assets by \$3.6 million, thereby accounting for 25.2% of the total growth in the net assets of the City. Key elements of the increase are as follows:

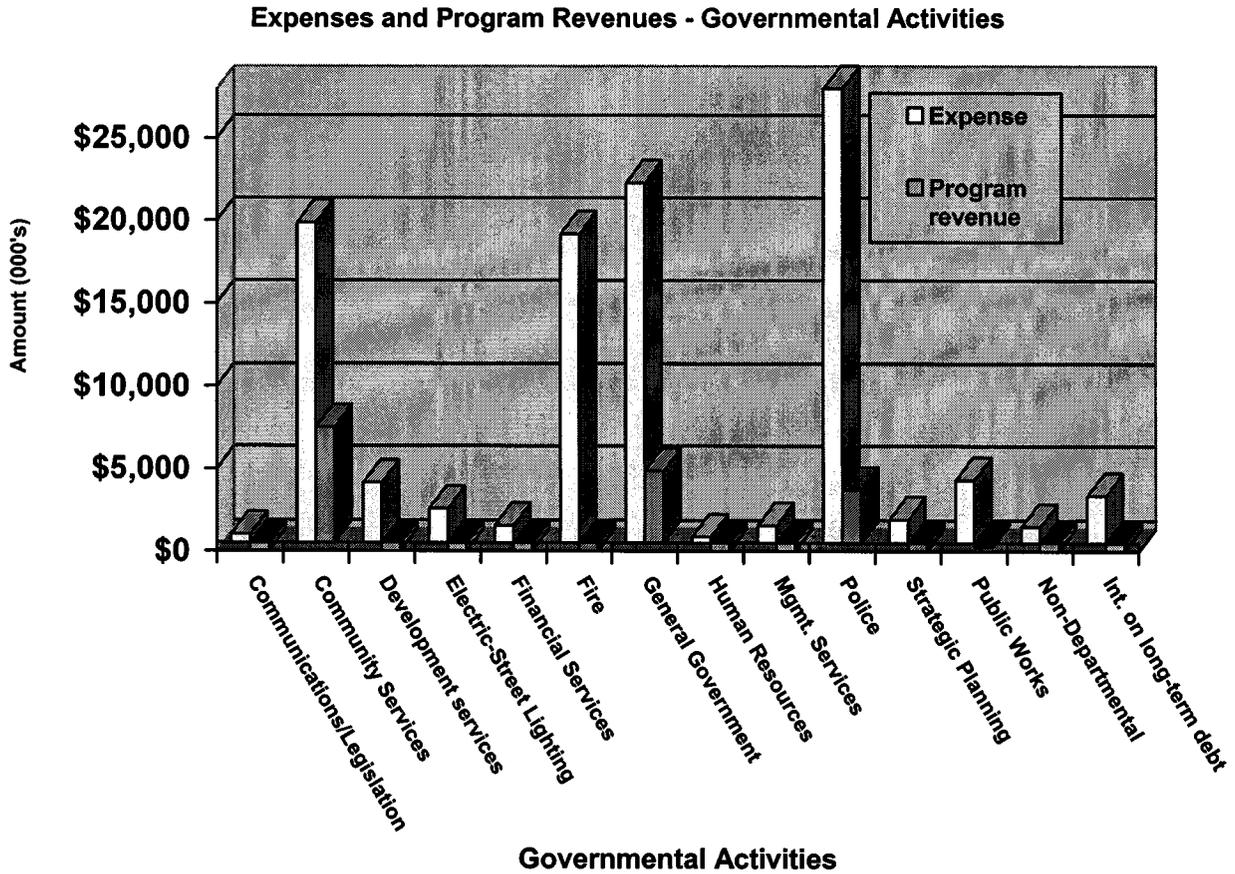
**City of Lubbock Changes in Net Assets**  
**For the Year Ended September 30, 2002**  
(in 000's)

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Revenues:</b>			
Program Revenues	\$ 16,376	\$ 175,619	\$ 191,995
General Revenues	86,192	9,879	96,071
	<u>102,568</u>	<u>185,498</u>	<u>288,066</u>
Total revenues			
<b>Expenses:</b>			
Governmental Activities	113,979	-	113,979
Enterprise Activities	-	159,271	159,271
Total Expenses	<u>113,979</u>	<u>159,271</u>	<u>273,250</u>
Change in net assets before transfers & special items	(11,411)	26,227	14,816
Special items	(687)	34	(653)
Transfers	<u>15,668</u>	<u>(15,668)</u>	<u>-</u>
Increase in net assets	3,570	10,593	14,163
Net assets - beginning of year	<u>117,925</u>	<u>418,930</u>	<u>536,855</u>
Net assets - end of year	<u>\$ 121,495</u>	<u>\$ 429,523</u>	<u>\$ 551,018</u>

- Property taxes increased by \$2.4 million (6.25%) in the current the year. Most of this increase is the product of increased assessed valuations imposed by the Lubbock Central Appraisal District (LCAD). LCAD is an independent entity charged with assessing property values, and levying, collecting and remitting the property taxes to appropriate entities.
- Sales taxes increased \$.5 million (1.64%) over the prior year, which is attributed to improved retail sales in the local economy.

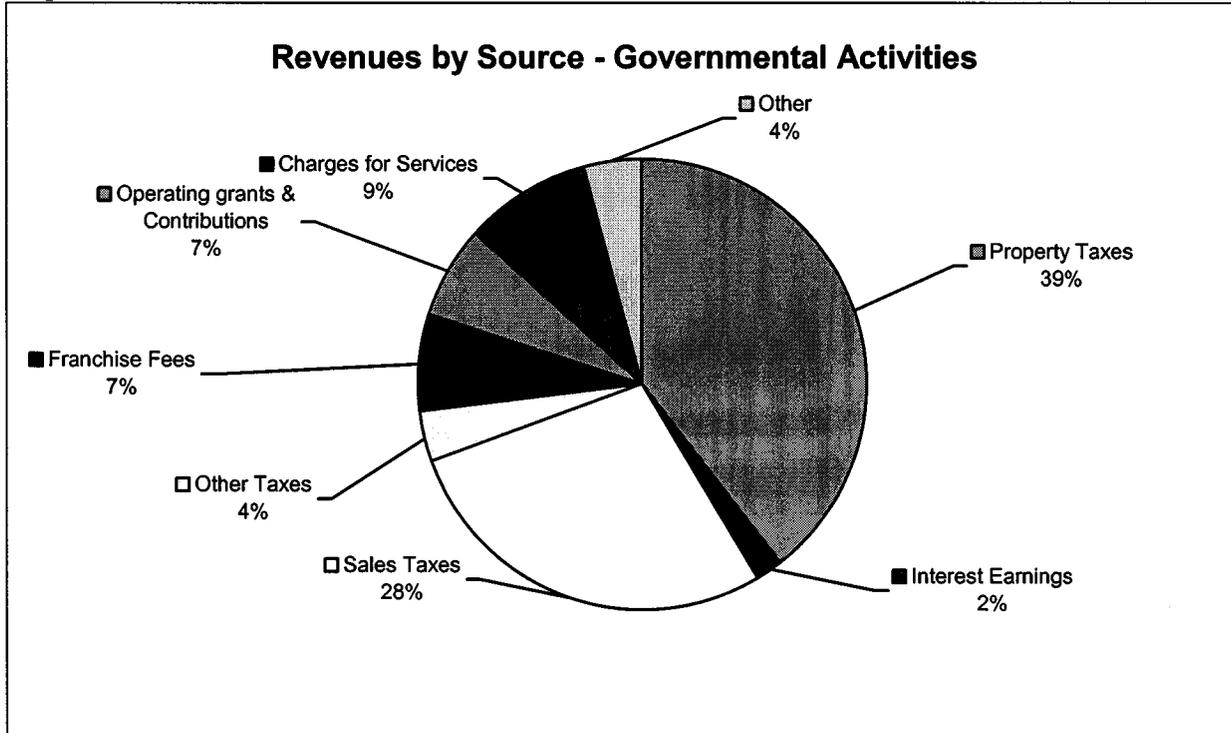
**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

The following graph depicts the expenses and program revenues generated through the City's various governmental activities.



**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

The following graph reflects the source of the revenue and the percentage each source represents of the total.

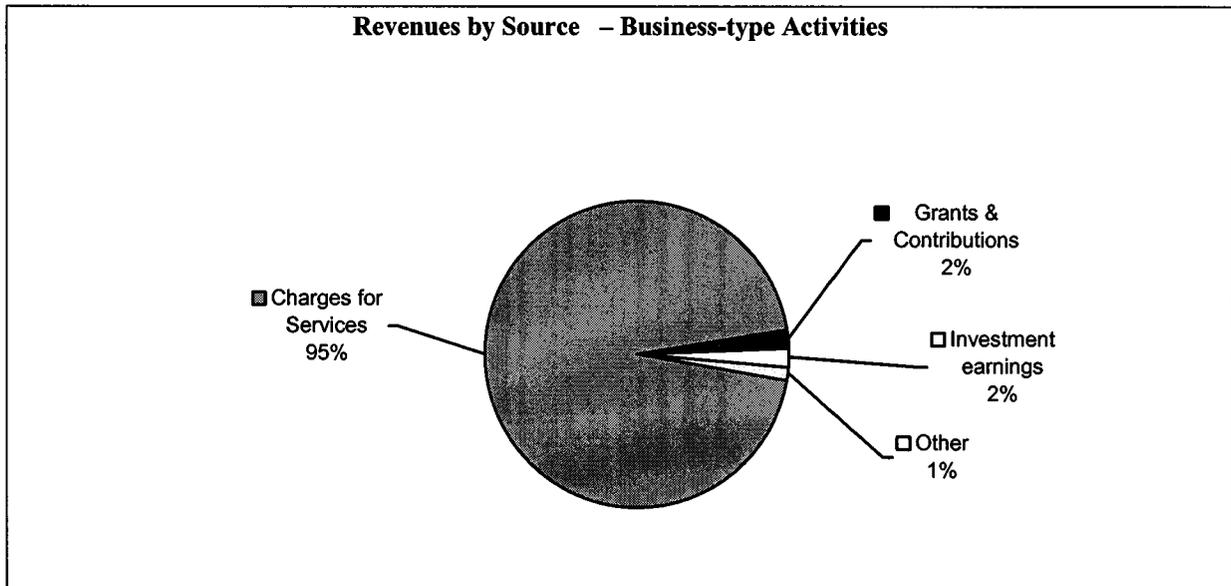


**Business-type activities.** Business-type activities increased the City's net assets by \$10.6 million, accounting for 74.8% of the total growth in government's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by less than 1% as a result of a modest increase in demand and rate increases. The remaining increase is attributable to investment earnings, and grants and contributions not restricted for a specific purpose.
- Capital contributions emerged as a significant revenue source for the Water and Sewer Funds during the current fiscal year, producing \$1.5 million in revenue. These contributions primarily came from water and sewer lines and taps that are funded by property owners.

**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

The following graph reflects the revenue sources generated by the business-type activities. As noted earlier, these activities include electric, water, sewer, solid waste, airport, golf and stormwater drainage.



**Financial Analysis of the City's Funds**

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$65 million. Much of this total amount (\$22 million) or 33.9% constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service, 2) for use in construction of capital projects or 3) for a variety of other restricted purposes.

The general fund is the chief operating fund of the City of Lubbock. At the end of the current fiscal year, unreserved fund balance of the general fund was approximately \$17.4 million, while total fund balance approximated \$18.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 20.5% of total general fund expenditures, while total fund balance represents 22% of that same amount.

**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

The fund balance of the City's general fund increased by \$1.9 million during the current fiscal year due mainly in increases in property taxes and sales taxes.

This increase compares favorably to the budget, which reflected a breakeven position.

**Proprietary funds.** The City of Lubbock's proprietary funds provide essentially the same type of information found in the GWFS, but in more detail.

Unrestricted net assets of the major proprietary funds at the end of the year are as follows (amounts presented in 000s):

Electric Fund	\$ 76,368
Water Fund	78,861
Sewer Fund	29,096
Solid Waste Fund	22,882
Airport Fund	(1,469)
Golf Fund	(1,951)
Stormwater Fund	<u>(8,556)</u>
Total	<u>\$ 195,231</u>

The Electric Fund incurred an increase in net assets of \$.2 million due mainly to lower maintenance costs.

The Water and Sewer Funds reflected an increase in net assets of \$4.3 million and \$1.2 million, respectively, due to increases in consumption and increased rates.

The Airport Fund experienced a \$4 million increase due mainly to contributions from Federal grants.

The Solid Waste Fund reflected an increase in net assets of \$1.2 million due to increases in consumption, a reduction of expenses and transfers.

The Stormwater Fund experienced an increase in net assets of \$3.6 million due a rate increase of \$1.71 per user per month to \$4.99 per user per month. This increase was necessitated to provide long-term funding for system improvements and maintenance.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget resulted in no effect to the planned change in fund balance. Adjustments were made to revenues for property and sales taxes and franchise fees, which were offset by equal amounts of expenditures primarily for utility costs and personnel costs.

**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

**Capital Assets and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of September 30, 2002 amounts to \$662 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and other improvements.

Major capital asset events during the current fiscal year included the following:

- Work continued on the outfall storm sewer from Clapp Park to Yellowhouse Canyon with cost of assets added this fiscal year of \$17.7 million with the total project expenditures to date of \$22.9 million.
- Major progress was made on the Airport project to construct an extension to the air cargo apron and taxiway system. The cost of the assets added this fiscal year were \$4.8 million with the total project expenditures to date of \$5.3 million.

**City of Lubbock Capital Assets**  
**September 30, 2002**  
(in 000's)

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Land	\$ 7,506	\$ 19,141	\$ 26,647
Buildings and system	24,359	66,970	91,329
Improvements other than buildings	36,640	305,154	341,794
Machinery and equipment	13,666	44,666	58,332
Construction in progress	35,114	109,057	144,171
<b>Total</b>	<b>\$ 117,285</b>	<b>\$ 544,988</b>	<b>\$ 662,273</b>

Additional information about the City's capital assets can be found on pages 80-83 of this report.

**City of Lubbock, Texas**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2002**

**Long-term debt.** At the end of the current fiscal year, the City's total bonded debt outstanding was as follows:

**City of Lubbock Outstanding Debt**  
**General Obligation and Revenue Bonds**  
**September 30, 2002**  
**(in 000's)**

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
General obligation bonds	\$ 58,505	\$ 164,123	\$ 222,628
Revenue bonds	-	86,200	86,200
<b>Total</b>	<b>\$ 58,505</b>	<b>\$ 250,323</b>	<b>\$ 308,828</b>

The City of Lubbock's total debt increased by \$10.3 million (3.4%) during the current fiscal year. The key factor in this increase is attributed to the issuance of general obligation bonds to fund the current capital improvement plan

The City of Lubbock maintains a "AA" rating from Standard & Poor's and Fitch Ratings, Inc. and a "Aa2" rating from Moody's Investors Service for general obligation debt. The revenue bonds of the Electric utility have been rated "A+" by Standard & Poor's and Fitch Ratings, Inc. and a "A2" by Moody's Investors Service.

There is no direct debt limitation in the City Charter or under State law. The City operates under a Home Rule Charter that limits the maximum tax rate for all City purposes, to \$2.50 per \$100 of assessed valuation. The Attorney General of the State of Texas permits allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service. The current tax rate per \$100 of assessed valuation is \$.57, which is significantly below the City's maximum allowable tax rate.

During the year, the City issued \$9.4 million of General Obligation Bonds, Series 2002. This issuance was the second installment of the capital improvement debt issuance approved by voters in 1999 to fund the current capital improvements plan.

Also during the year, the City issued another \$19.1 million of Self-Supported Obligation Bonds and Revenue Bonds. These issuances were used to improve the distribution and infrastructure of the Business-type activities.

Additional information about the City's long term debt can be found on pages 90-96 of this report.

**City of Lubbock, Texas**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2002

**Economic Factors and Next Year's Budget and Rates**

- The unemployment rate for the Lubbock area is currently 2.6 percent, which is an increase from a rate of 2.2 percent one year ago. This compares favorably to the state's average unemployment rate of 5.7 percent and the national average of 5.7 percent.
- Total retail sales reflect a 2.6 percent increase over the prior year.
- Inflationary trends in the region compare favorably to national indices.
- Building permits for new non-residential construction decreased from 6311 in 2001 to 2859 in 2002 or about a 55% decrease.
- Total occupancy in local hotels/motels reflected increases in Occupancy tax of about 7.4 percent or \$.2 million.

All of these factors were considered in preparing the City of Lubbock's budget for the 2002 - 2003 fiscal year.

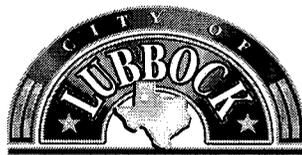
During the current fiscal year, unreserved fund balance in the general fund increased to \$17.4 million. It is intended that the unreserved undesignated fund balance be equal to two months operating expenditures.

Both the Water and Sewer funds rates were increased for the 2002-2003 budget year. The water and sewer rates were increased by an average of 4 percent for all customers. There are no scheduled electric or solid waste rate increases. The water and sewer rates affected both residential and commercial consumers by approximately the same percentage. These rate increases were necessary to cover increased operating costs due to inflationary pressures.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Lubbock's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the Managing Director of Financial Services, 1625 13<sup>th</sup> Street, Lubbock, Texas, 79401.

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# CITY OF LUBBOCK, TEXAS

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## **B**ASIC **F**INANCIAL **S**TATEMENTS

# **Government-Wide Financial Statements**

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**CITY OF LUBBOCK, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2002**

	Primary Government			Nonmajor Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 26,743,647	\$ 5,195,142	\$ 31,938,789	\$ 1,159,122
Investments	24,683,873	4,792,956	29,476,829	2,774,327
Receivables, net	13,153,308	30,130,880	43,284,188	673,123
Secured receivables	5,880,761	-	5,880,761	-
Internal balances	(3,297,244)	3,297,244	-	-
Due from other governments	276,141	-	276,141	-
Due from others	1,792,630	33,722	1,826,352	-
Advances to others	10,000,000	-	10,000,000	-
Inventories	145,800	1,561,371	1,707,171	478,110
Investment in property	236,363	-	236,363	-
Prepaid expenses	706	-	706	157,741
Restricted assets:				
Cash and cash equivalents	2,363,405	39,218,017	41,581,422	199,642
Incentives advances	-	-	-	3,870,242
Investments	8,752,942	55,212,068	63,965,010	6,356,540
Capital assets:				
Non-depreciable	42,619,874	128,198,098	170,817,972	1,387,266
Depreciable	74,665,045	416,790,761	491,455,806	12,834,616
Deferred charges	-	6,015,199	6,015,199	60,435
Other assets	-	19,747,588	19,747,588	96,501
<b>Total assets</b>	<b>208,017,251</b>	<b>710,193,046</b>	<b>918,210,297</b>	<b>30,047,665</b>
<b>LIABILITIES</b>				
Accounts payable	5,894,367	13,283,037	19,177,404	1,240,260
Due to others	890,772	-	890,772	-
Due to other governments	-	-	-	739,075
Accrued expenses	4,562,550	2,517,093	7,079,643	377,532
Accrued interest payable	243,929	1,930,158	2,174,087	-
Deferred revenue	3,824,499	18,221	3,842,720	10,210,742
Noncurrent liabilities:				
Due within one year:				
Bonds payable	4,347,143	13,095,358	17,442,501	-
Compensated absences	4,811,594	1,790,057	6,601,651	-
Contracts payable	-	-	-	2,144,192
Due in more than one year:				
Bonds payable	54,158,203	237,227,478	291,385,681	-
Compensated absences	7,506,402	1,962,340	9,468,742	-
Rebatable arbitrage	282,876	-	282,876	-
Accrued Insurance claims	-	4,500,000	4,500,000	23,223
Landfill closure and postclosure care	-	2,552,923	2,552,923	-
Contracts payable	-	1,787,180	1,787,180	2,099,935
Customer deposits	-	5,650	5,650	70,000
<b>Total Liabilities</b>	<b>86,522,335</b>	<b>280,669,495</b>	<b>367,191,830</b>	<b>16,904,959</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	78,256,348	332,049,641	410,305,989	14,221,882
Restricted for:				
Capital projects	34,225,008	56,424,049	90,649,057	100,000
Debt service	1,453,117	3,062,400	4,515,517	-
Other purposes	1,255,041	-	1,255,041	303,201
Unrestricted (deficit)	6,305,402	37,987,461	44,292,863	(1,482,377)
<b>Total net assets</b>	<b>\$ 121,494,916</b>	<b>\$ 429,523,551</b>	<b>\$ 551,018,467</b>	<b>\$ 13,142,706</b>

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**CITY OF LUBBOCK, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Communications/Legislation	\$ 1,037,720	\$ -	\$ -	\$ -
Community Services	19,876,147	3,104,443	4,403,861	-
Development Services	4,154,810	-	-	-
Electric	2,584,532	-	-	-
Financial Services	1,564,348	-	-	-
Fire	19,178,048	-	-	-
General Government	22,282,578	3,157,038	1,712,378	-
Human Resources	883,198	-	-	-
Management Services	1,569,412	-	-	-
Police	29,715,174	3,107,304	606,669	-
Strategic Planning	1,931,647	-	-	-
Non-departmental	1,497,485	-	-	-
Public works	4,322,357	-	283,907	-
Interest on Long-Term Debt	3,381,762	-	-	-
<b>Total governmental activities</b>	<b>113,979,218</b>	<b>9,368,785</b>	<b>7,006,815</b>	<b>-</b>
Business-Type Activities:				
Electric	89,803,676	97,424,993	-	-
Water	26,760,680	32,727,207	-	-
Sewer	17,766,514	18,492,113	-	-
Solid Waste	14,105,518	16,375,461	-	-
Airport	7,024,286	4,601,675	-	-
Golf	61,192	-	-	-
Stormwater	3,749,298	5,997,284	-	-
<b>Total business-type activities</b>	<b>159,271,164</b>	<b>175,618,733</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 273,250,382</b>	<b>\$ 184,987,518</b>	<b>\$ 7,006,815</b>	<b>\$ -</b>
<b>Component units:</b>				
Nonmajor component units	\$ 15,031,203	\$ 3,482,501	\$ 11,961,322	\$ 943,557

General revenues:  
Taxes:  
Property  
Sales  
Occupancy  
Other  
Franchise fees  
Grants and contributions not restricted to specific programs  
Unrestricted investment earnings  
Miscellaneous  
Special items: Gain or (loss) on sale of property  
Transfers, net

Total general revenues, special items and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**Net (Expense) Revenue and  
Changes in Net Assets**

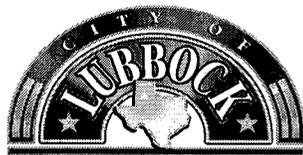
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Nonmajor Component Units</b>
\$ (1,037,720)	\$ -	\$ (1,037,720)	\$ -
(12,367,843)	-	(12,367,843)	-
(4,154,810)	-	(4,154,810)	-
(2,584,532)	-	(2,584,532)	-
(1,564,348)	-	(1,564,348)	-
(19,178,048)	-	(19,178,048)	-
(17,413,162)	-	(17,413,162)	-
(883,198)	-	(883,198)	-
(1,569,412)	-	(1,569,412)	-
(26,001,201)	-	(26,001,201)	-
(1,931,647)	-	(1,931,647)	-
(1,497,485)	-	(1,497,485)	-
(4,038,450)	-	(4,038,450)	-
(3,381,762)	-	(3,381,762)	-
<u>(97,603,618)</u>	<u>-</u>	<u>(97,603,618)</u>	<u>-</u>
-	7,621,317	7,621,317	-
-	5,966,527	5,966,527	-
-	725,599	725,599	-
-	2,269,943	2,269,943	-
-	(2,422,611)	(2,422,611)	-
-	(61,192)	(61,192)	-
-	2,247,986	2,247,986	-
<u>-</u>	<u>16,347,569</u>	<u>16,347,569</u>	<u>-</u>
<u>(97,603,618)</u>	<u>16,347,569</u>	<u>(81,256,049)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,356,177</u>
40,408,067	-	40,408,067	-
28,902,648	-	28,902,648	-
2,860,785	-	2,860,785	-
820,507	-	820,507	-
6,998,085	-	6,998,085	-
(25,027)	3,881,473	3,856,446	-
2,027,513	3,303,341	5,330,854	6,575
4,200,103	2,694,661	6,894,764	(2,151)
(687,016)	34,176	(652,840)	(41,663)
15,667,795	(15,667,795)	-	-
<u>101,173,460</u>	<u>(5,754,144)</u>	<u>95,419,316</u>	<u>(37,239)</u>
3,569,842	10,593,425	14,163,267	1,318,938
<u>117,925,074</u>	<u>418,930,126</u>	<u>536,855,200</u>	<u>11,823,768</u>
<u>\$ 121,494,916</u>	<u>\$ 429,523,551</u>	<u>\$ 551,018,467</u>	<u>\$ 13,142,706</u>

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## **Fund Financial Statements**

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## **General Fund**

The General Fund is the general operating fund of the City. It is used to account for all financial transactions except those required to be accounted for in another fund.

## **Other Governmental Funds**

The Other Governmental Funds include the total Special Revenue Funds, Debt Service Fund and Capital Project Funds.

**CITY OF LUBBOCK, TEXAS  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2002**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 1,977,704	\$ 23,814,838	\$ 25,792,542
Investments	1,825,572	21,980,359	23,805,931
Taxes receivable	6,318,978	584,422	6,903,400
Accounts receivable	5,973,377	2,075	5,975,452
Interest receivable	93,904	83,794	177,698
Secured receivables	-	5,880,761	5,880,761
Due from other funds	7,485,865	-	7,485,865
Due from other governments	13,637	262,504	276,141
Due from others	669,130	1,121,539	1,790,669
Investment in property	-	236,363	236,363
Prepaid items	706	-	706
Advances to other funds	1,254,335	-	1,254,335
Advances to others	-	10,000,000	10,000,000
Inventory	125,771	-	125,771
	<u>25,738,979</u>	<u>63,966,655</u>	<u>89,705,634</u>
Total assets	\$ <u>25,738,979</u>	\$ <u>63,966,655</u>	\$ <u>89,705,634</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,358,620	\$ 2,951,947	\$ 5,310,567
Due to others	890,772	-	890,772
Due to other funds	-	2,516,760	2,516,760
Due to other governments	-	-	-
Accrued liabilities	1,806,126	40,225	1,846,351
Advances from other funds	-	8,294,430	8,294,430
Deferred revenue	2,071,104	3,330,669	5,401,773
	<u>7,126,622</u>	<u>17,134,031</u>	<u>24,260,653</u>
Total liabilities	<u>7,126,622</u>	<u>17,134,031</u>	<u>24,260,653</u>
<b>FUND BALANCES</b>			
Reserved for:			
Prepaid items	706	-	706
Advances to other funds	1,254,335	-	1,254,335
Debt service fund	-	1,697,046	1,697,046
Capital projects funds	-	34,225,008	34,225,008
Special revenue funds-grants	-	6,117,124	6,117,124
Unreserved, reported in:			
General fund	17,357,316	-	17,357,316
Special revenue funds	-	4,793,446	4,793,446
	<u>18,612,357</u>	<u>46,832,624</u>	<u>65,444,981</u>
Total fund balances	<u>18,612,357</u>	<u>46,832,624</u>	<u>65,444,981</u>
Total liabilities and fund balances	\$ <u>25,738,979</u>	\$ <u>63,966,655</u>	\$ <u>89,705,634</u>

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**CITY OF LUBBOCK, TEXAS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2002**

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

Total fund balance - governmental funds	\$	65,444,981
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		117,284,919
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Internal service funds (ISF) are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the ISF primarily serving governmental funds are included in governmental activities in the statement of net assets as follows:

Net assets		10,668,511
Net book value of fixed assets		(1,420,804)
Compensated absences		226,437
Amounts due to business-type ISF for amounts overcharged		(936,255)

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

General obligation bonds		(58,505,346)
Compensated absences		(12,317,996)
Rebatable arbitrage		(282,876)
Accrued interest on general obligation bonds		(243,929)

Revenue earned but unavailable in the funds is deferred. Unavailable criteria is not used in the recognition criteria in the Statement of Net Assets		1,577,274
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Net assets of governmental activities	\$	<u>121,494,916</u>
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The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**CITY OF LUBBOCK, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes and fees	\$ 66,606,493	\$ 12,651,124	\$ 79,257,617
Fees and fines	3,069,362	-	3,069,362
Licenses and permits	1,475,451	-	1,475,451
Intergovernmental	351,878	6,722,908	7,074,786
Charges for services	4,472,094	283,907	4,756,001
Interest	433,393	896,491	1,329,884
Miscellaneous	1,058,237	3,339,254	4,397,491
	<u>77,466,908</u>	<u>23,893,684</u>	<u>101,360,592</u>
<b>EXPENDITURES</b>			
Current:			
General government	5,940,744	15,878,838	21,819,582
Communications/Legislation	1,011,648	-	1,011,648
Community Services	17,329,727	-	17,329,727
Development Services	4,134,114	-	4,134,114
Electric	2,168,620	-	2,168,620
Financial Services	1,614,175	-	1,614,175
Fire	18,485,419	-	18,485,419
Human Resources	895,311	-	895,311
Management Services	590,696	-	590,696
Police	28,905,651	-	28,905,651
Strategic Planning	1,588,051	-	1,588,051
Non-departmental	1,497,485	-	1,497,485
Public works	-	1,435,296	1,435,296
Debt service:			
Principal	-	4,113,177	4,113,177
Interest and other charges	-	3,390,300	3,390,300
Capital outlay	480,749	12,826,222	13,306,971
	<u>84,642,390</u>	<u>37,643,833</u>	<u>122,286,223</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,175,482)</u>	<u>(13,750,149)</u>	<u>(20,925,631)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	9,400,000	9,400,000
Refunded bonds issued	-	7,252,985	7,252,985
Payment to bond refunding escrow agent	-	(7,117,270)	(7,117,270)
Transfers in	15,023,466	28,685,600	43,709,066
Transfers out	(5,951,669)	(22,311,437)	(28,263,106)
	<u>9,071,797</u>	<u>15,909,878</u>	<u>24,981,675</u>
Net change in fund balances	1,896,315	2,159,729	4,056,044
Fund balances-beginning of year	<u>16,716,042</u>	<u>44,672,895</u>	<u>61,388,937</u>
Fund balances-end of year	<u>\$ 18,612,357</u>	<u>\$ 46,832,624</u>	<u>\$ 65,444,981</u>

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**CITY OF LUBBOCK, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

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

Net change in fund balances - total governmental funds \$ 4,056,044

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$13,306,971) exceeded depreciation (\$9,223,638) in the current period. 4,083,333

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments. (5,422,538)

Estimated long-term liabilities for compensated absences are recognized as expenses in the Statement of Activities as earned, but are recognized when current financial resources are used in the governmental funds. This amount is the net change in the estimated long-term liability for compensated absences this year. (188,206)

Estimated long-term liabilities for rebatable arbitrage are recognized as expenses in the Statement of Activities as earned, but are recognized when current financial resources are used in the governmental funds. This amount is the net change in the estimated long-term liability for rebatable arbitrage this year. 338,781

Property taxes levied, but not available, are not revenues in the governmental funds, but are accrued when earned (net of estimated uncollectibles) in the Statement of Activities. This amount is the net change in deferred property taxes for the year. 732,476

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 846,050

Other liabilities are recognized as expenses in the Statement of Activities as earned, but are recognized when current financial resources are used in the governmental funds. This amount is the net change in the other liabilities this year. 8,538

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to decrease net assets. (884,636)

Change in net assets of governmental activities \$ 3,569,842

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**CITY OF LUBBOCK, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes and fees	\$ 65,389,509	\$ 65,723,946	\$ 66,606,493	\$ 882,547
Fees and fines	3,280,000	3,180,000	3,069,362	(110,638)
Licenses and permits	1,303,515	1,282,540	1,475,451	192,911
Intergovernmental	282,275	331,090	351,878	20,788
Charges for services	4,473,446	4,351,248	4,472,094	120,846
Interest	713,366	497,175	433,393	(63,782)
Miscellaneous	990,341	1,013,949	1,058,237	44,288
	<u>76,432,452</u>	<u>76,379,948</u>	<u>77,466,908</u>	<u>1,086,960</u>
Total revenues				
<b>EXPENDITURES</b>				
General government	6,132,529	6,349,295	5,940,744	408,551
Communications/Legislation	1,053,031	1,027,587	1,011,648	15,939
Community Services	17,680,059	17,608,428	17,329,727	278,701
Development Services	4,975,640	4,685,027	4,134,114	550,913
Electric	2,374,811	2,256,214	2,168,620	87,594
Financial Services	1,618,573	1,634,648	1,614,175	20,473
Fire	19,190,968	18,838,660	18,485,419	353,241
Human Resources	929,298	927,016	895,311	31,705
Management Services	657,483	636,384	590,696	45,688
Police	29,354,474	29,288,219	28,905,651	382,568
Strategic Planning	1,624,612	1,609,302	1,588,051	21,251
Capital Outlay	533,596	561,596	480,749	80,847
Non-departmental	-	849,200	1,497,485	(648,285)
	<u>86,125,074</u>	<u>86,271,576</u>	<u>84,642,390</u>	<u>1,629,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,692,622)</u>	<u>(9,891,628)</u>	<u>(7,175,482)</u>	<u>2,716,146</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,357,009	15,140,577	15,023,466	(117,111)
Transfers out	<u>(5,664,387)</u>	<u>(5,348,949)</u>	<u>(5,951,669)</u>	<u>(602,720)</u>
Total other financing sources (uses)	<u>9,692,622</u>	<u>9,791,628</u>	<u>9,071,797</u>	<u>(719,831)</u>
Net change in fund balances	-	(100,000)	1,896,315	1,996,315
Fund balances-beginning of year	<u>16,716,042</u>	<u>16,716,042</u>	<u>16,716,042</u>	<u>-</u>
Fund balances-end of year	<u>\$ 16,716,042</u>	<u>\$ 16,616,042</u>	<u>\$ 18,612,357</u>	<u>\$ 1,996,315</u>

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

## **Proprietary Funds**

The Proprietary Funds are used to account for the operations of the City financed and operated in a manner similar to private business enterprises, where the intent is costing goods or services to the general public on a continuing basis to be recovered in whole or part through user charges.

### **Enterprise Funds**

**Electric Fund** - To account for the operations of the City-owned electric system.

**Water Fund** - To account for the operations of the City's water system.

**Sewer Fund** - To account for the operations of the City's sanitary sewer system.

**Solid Waste Fund** - To account for the operations of the City's landfills and its solid waste collection system.

**Airport Fund** - To account for the operations of Lubbock International Airport.

**Golf Fund** - To account for the operations of Meadowbrook Golf Course.

**Stormwater Fund** - To account for the operations of the stormwater utility which provides stormwater drainage for the City.

### **Internal Service Funds**

All Internal Service Funds that are allocated to Governmental or Business -type activities.

**CITY OF LUBBOCK, TEXAS  
STATEMENT OF NET ASSETS -  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2002**

**Business-Type Activities - Enterprise Funds**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Pooled cash and cash equivalents	\$ 521	\$ 1,735,481	\$ 2,072,311	\$ 547,118
Investments	480	1,601,982	1,912,903	505,032
Receivables, net	20,998,519	3,687,945	2,335,709	1,400,562
Interest receivable	-	43,372	20,533	21,003
Due from others	-	33,722	-	-
Due from other funds	-	6,615,810	400,000	4,000,000
Inventories	36,981	87,905	-	-
<b>Total current assets</b>	<b>21,036,501</b>	<b>13,806,217</b>	<b>6,741,456</b>	<b>6,473,715</b>
<b>Noncurrent assets:</b>				
Restricted cash and cash equivalents	7,709,024	10,047,446	3,497,985	3,717,207
Restricted investments	4,978,565	12,916,901	3,229,244	8,837,463
Receivables, net	-	-	-	-
Interest receivable	16,718	45,397	22,370	41,528
Deferred charges	6,015,199	-	-	-
Other assets	-	19,747,588	-	-
Advances to other funds	-	2,000,000	2,000,000	4,185,666
<b>Capital assets:</b>				
Land	756,714	1,599,297	12,578,774	1,607,932
Construction in progress	12,946,402	46,905,378	7,644,858	4,483,315
Buildings	7,535,840	21,552,272	23,857,432	1,399,523
Improvements other than buildings	157,532,875	161,522,565	91,950,854	14,766,137
Machinery and equipment	20,374,999	19,314,649	13,946,164	15,681,469
Less accumulated depreciation	(79,596,163)	(54,294,448)	(44,648,324)	(9,844,836)
<b>Total noncurrent assets</b>	<b>138,270,173</b>	<b>241,357,045</b>	<b>114,079,357</b>	<b>44,875,404</b>
<b>Total assets</b>	<b>\$ 159,306,674</b>	<b>\$ 255,163,262</b>	<b>\$ 120,820,813</b>	<b>\$ 51,349,119</b>

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**Business-Type Activities - Enterprise Funds**

<u>Airport</u>	<u>Golf</u>	<u>Stormwater</u>	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
\$ 15,914	\$ 2,773	\$ 88,827	\$ 4,462,945	\$ 1,683,302
14,689	-	81,995	4,117,081	1,553,817
675,938	-	689,510	29,788,183	410
4,596	-	964	90,468	24,520
-	-	-	33,722	1,961
-	-	-	11,015,810	-
-	-	-	124,886	1,456,514
<u>711,137</u>	<u>2,773</u>	<u>861,296</u>	<u>49,633,095</u>	<u>4,720,524</u>
1,444,743	22,899	12,256,296	38,695,600	2,885,822
3,102,324	21,138	11,313,504	44,399,139	19,565,871
-	-	-	-	65,060
33,503	-	22,280	181,796	77,201
-	-	-	6,015,199	-
-	-	-	19,747,588	-
-	-	-	8,185,666	-
2,482,327	-	115,669	19,140,713	65,343
11,591,312	18,690	24,796,515	108,386,470	838,380
33,788,504	9,372	64,580	88,207,523	1,614,935
66,176,657	821,342	7,170,659	499,941,089	223,894
6,553,593	-	2,326,486	78,197,360	8,555,576
<u>(54,589,893)</u>	<u>(791,633)</u>	<u>(7,381,133)</u>	<u>(251,146,430)</u>	<u>(7,615,190)</u>
<u>70,583,070</u>	<u>101,808</u>	<u>50,684,856</u>	<u>659,951,713</u>	<u>26,276,892</u>
\$ <u>71,294,207</u>	\$ <u>104,581</u>	\$ <u>51,546,152</u>	\$ <u>709,584,808</u>	\$ <u>30,997,416</u>

**CITY OF LUBBOCK, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2002**

**Business-Type Activities - Enterprise Funds**

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 8,507,801	\$ 1,060,560	\$ 685,321	\$ 447,755
Accrued expenses	192,525	284,236	72,711	91,714
Accrued interest payable	748,742	800,800	334,188	33,319
Accrued insurance claims	-	-	-	-
Due to other funds	12,865,810	170,000	395,000	-
Customer deposits	-	-	-	5,650
Bonds payable	3,518,159	4,270,701	3,998,347	323,151
<b>Total current liabilities</b>	<u>25,833,037</u>	<u>6,586,297</u>	<u>5,485,567</u>	<u>901,589</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	2,010,821	621,329	272,614	222,450
Deferred revenue	-	-	-	-
Contracts payable	-	923,532	863,648	-
Accrued insurance claims	-	-	-	-
Advances from other funds	-	-	-	-
Landfill closure and post closure care	-	-	-	2,552,923
Bonds payable	39,034,906	107,527,937	47,355,042	5,252,493
<b>Total noncurrent liabilities</b>	<u>41,045,727</u>	<u>109,072,798</u>	<u>48,491,304</u>	<u>8,027,866</u>
<b>Total liabilities</b>	<u>66,878,764</u>	<u>115,659,095</u>	<u>53,976,871</u>	<u>8,929,455</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	16,059,433	60,643,428	37,747,580	19,537,948
Restricted for claims payments	-	-	-	-
Unrestricted	76,368,477	78,860,739	29,096,362	22,881,716
<b>Total net assets</b>	<u>\$ 92,427,910</u>	<u>\$ 139,504,167</u>	<u>\$ 66,843,942</u>	<u>\$ 42,419,664</u>

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**Business-Type Activities - Enterprise Funds**

<u>Airport</u>	<u>Golf</u>	<u>Stormwater</u>	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
\$ 570,992	\$ -	\$ 1,336,588	\$ 12,609,017	\$ 1,257,820
61,940	-	236,660	939,786	107,581
13,109	-	-	1,930,158	-
-	-	-	-	4,185,925
250,000	2,014,105	-	15,694,915	290,000
-	-	-	5,650	-
435,000	-	550,000	13,095,358	-
<u>1,331,041</u>	<u>2,014,105</u>	<u>2,123,248</u>	<u>44,274,884</u>	<u>5,841,326</u>
216,373	-	61,226	3,404,813	574,021
18,221	-	-	18,221	-
-	-	-	1,787,180	-
-	-	-	-	4,500,000
1,145,571	-	-	1,145,571	-
-	-	-	2,552,923	-
4,175,000	-	33,882,100	237,227,478	-
<u>5,555,165</u>	<u>-</u>	<u>33,943,326</u>	<u>246,136,186</u>	<u>5,074,021</u>
<u>6,886,206</u>	<u>2,014,105</u>	<u>36,066,574</u>	<u>290,411,070</u>	<u>10,915,347</u>
65,877,175	41,931	24,036,026	223,943,521	3,682,938
-	-	-	-	10,811,840
<u>(1,469,174)</u>	<u>(1,951,455)</u>	<u>(8,556,448)</u>	<u>195,230,217</u>	<u>5,587,291</u>
<u>\$ 64,408,001</u>	<u>\$ (1,909,524)</u>	<u>\$ 15,479,578</u>	<u>\$ 419,173,738</u>	<u>\$ 20,082,069</u>

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**CITY OF LUBBOCK, TEXAS  
RECONCILIATION OF THE STATEMENT OF NET ASSETS OF PROPRIETARY FUNDS  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2002**

Amounts reported for business-type activities in the statement of net assets are different because:

Total net assets - proprietary funds	\$ 419,173,738
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Internal service funds (ISF's) are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the ISF's primarily serving enterprise funds are included in business-type activities in the statement of net assets as follows:

Net assets of business-type ISF's	9,413,558
Amounts due from governmental ISF's for amounts undercharged	<u>936,255</u>
Net assets of business-type activities	\$ 429,523,551

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**CITY OF LUBBOCK**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

**Business-Type Activities - Enterprise Funds**

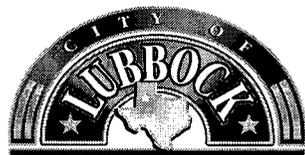
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 97,424,993	\$ 32,451,225	\$ 17,263,041	\$ 16,375,461
New taps and reconnects	-	275,982	-	-
Effluent water sales	-	-	682,253	-
Commodity sales	-	-	546,819	-
Landing fees	-	-	-	-
Parking	-	-	-	-
Rentals	-	-	-	-
Concessions	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>97,424,993</u>	<u>32,727,207</u>	<u>18,492,113</u>	<u>16,375,461</u>
<b>OPERATING EXPENSES</b>				
Personal services	9,392,588	4,957,742	3,407,397	3,657,622
Supplies	497,457	889,659	657,194	676,182
Maintenance	1,480,493	1,790,015	1,080,886	1,315,742
Uncollectible accounts	448,780	241,347	90,727	126,697
Purchase of fuel and power	62,475,256	-	-	-
Collection expense	-	2,094,377	422,685	356,505
Other services and charges	5,708,877	5,354,659	4,421,581	4,520,683
Depreciation and amortization	8,297,665	5,876,409	5,103,633	2,963,644
Total operating expenses	<u>88,301,116</u>	<u>21,204,208</u>	<u>15,184,103</u>	<u>13,617,075</u>
Operating income (loss)	<u>9,123,877</u>	<u>11,522,999</u>	<u>3,308,010</u>	<u>2,758,386</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest	220,608	879,650	252,869	555,357
Passenger facility charges	-	-	-	-
Disposition of properties	(7,103)	85,005	(104,749)	47,316
Miscellaneous	439,152	348,994	86,333	86,515
Interest on bonds	<u>(1,861,457)</u>	<u>(5,557,334)</u>	<u>(2,535,649)</u>	<u>(330,739)</u>
Total nonoperating revenues (expenses)	<u>(1,208,800)</u>	<u>(4,243,685)</u>	<u>(2,301,196)</u>	<u>358,449</u>
Income (loss) before contributions and transfers	7,915,077	7,279,314	1,006,814	3,116,835
Capital contributions/(distributions)	27,857	(646,410)	2,387,337	47,898
Transfers in (out)	<u>(7,785,936)</u>	<u>(2,355,078)</u>	<u>(2,154,387)</u>	<u>(1,988,241)</u>
Change in net assets	156,998	4,277,826	1,239,764	1,176,492
Total net assets - beginning (restated)	<u>92,270,912</u>	<u>135,226,341</u>	<u>65,604,178</u>	<u>41,243,172</u>
Total net assets - ending	<u>\$ 92,427,910</u>	<u>\$ 139,504,167</u>	<u>\$ 66,843,942</u>	<u>\$ 42,419,664</u>

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**Business-Type Activities - Enterprise Funds**

<u>Airport</u>	<u>Golf</u>	<u>Stormwater</u>	<u>Total Enterprise Funds</u>	<u>Total Internal Service Funds</u>
\$ -	\$ -	\$ 5,997,284	\$ 169,512,004	\$ 35,773,135
-	-	-	275,982	-
-	-	-	682,253	-
-	-	-	546,819	-
706,710	-	-	706,710	-
1,206,944	-	-	1,206,944	-
1,665,309	-	-	1,665,309	-
1,022,712	-	-	1,022,712	-
-	-	-	-	258,549
<u>4,601,675</u>	<u>-</u>	<u>5,997,284</u>	<u>175,618,733</u>	<u>36,031,684</u>
1,365,693	-	760,344	23,541,386	6,955,024
134,827	-	(91,994)	2,763,325	6,670,537
381,393	-	135,008	6,183,537	1,787,744
-	-	57,161	964,712	-
-	-	-	62,475,256	-
-	-	360,070	3,233,637	-
1,939,567	16	63,311	22,008,694	19,138,006
<u>3,163,331</u>	<u>61,176</u>	<u>394,539</u>	<u>25,860,397</u>	<u>1,356,933</u>
<u>6,984,811</u>	<u>61,192</u>	<u>1,678,439</u>	<u>147,030,944</u>	<u>35,908,244</u>
<u>(2,383,136)</u>	<u>(61,192)</u>	<u>4,318,845</u>	<u>28,587,789</u>	<u>123,440</u>
255,314	-	791,786	2,955,584	1,045,386
1,342,212	-	-	1,342,212	-
8,392	-	-	28,861	(7,242)
498,374	22,459	(3,250)	1,478,577	(113,339)
<u>(47,890)</u>	<u>-</u>	<u>(2,079,209)</u>	<u>(12,412,278)</u>	<u>-</u>
<u>2,056,402</u>	<u>22,459</u>	<u>(1,290,673)</u>	<u>(6,607,044)</u>	<u>924,805</u>
<u>(326,734)</u>	<u>(38,733)</u>	<u>3,028,172</u>	<u>21,980,745</u>	<u>1,048,245</u>
4,935,525	-	542,091	7,294,298	(3,437,852)
<u>(653,541)</u>	<u>-</u>	<u>(183)</u>	<u>(14,937,366)</u>	<u>(508,595)</u>
3,955,250	(38,733)	3,570,080	14,337,677	(2,898,202)
<u>60,452,751</u>	<u>(1,870,791)</u>	<u>11,909,498</u>	<u>404,836,061</u>	<u>22,980,271</u>
<u>\$ 64,408,001</u>	<u>\$ (1,909,524)</u>	<u>\$ 15,479,578</u>	<u>\$ 419,173,738</u>	<u>\$ 20,082,069</u>

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**CITY OF LUBBOCK, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS OF PROPRIETARY FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

Amounts reported for business-type activities in the statement of activities are different because:

Net change in fund net assets - total enterprise funds	\$	14,337,677
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Internal service funds (ISF's) are used by management to charge the costs of certain activities such as fleet services, central warehousing activities, management information activities, etc. to individual funds. The net revenue (expense) of certain ISF's is reported with business-type activities.		(3,744,252)
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Change in net assets of business-type activities	\$	10,593,425
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The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**CITY OF LUBBOCK, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Solid Waste Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 91,417,664	\$ 31,873,646	\$ 17,671,837	\$ 16,218,320
Payments to suppliers and employees	(72,661,395)	(14,887,876)	(9,271,281)	(10,519,158)
Other receipts (payments)	432,049	433,999	(18,416)	133,831
Net cash provided by (used for) operating activities	<u>19,188,318</u>	<u>17,419,769</u>	<u>8,382,140</u>	<u>5,832,993</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Operating transfers in from other funds	54,000	7,784,608	6,697,294	1,029,180
Operating transfers out to other funds	(7,839,936)	(10,139,686)	(8,851,681)	(3,017,421)
Short-term interfund borrowings	1,365,210	1,024,190	(5,000)	(4,000,000)
Advances to other funds	-	-	-	(2,622,013)
Payments received (made) on advances (to) from other funds	-	(1,830,509)	(2,000,000)	-
Net cash provided by (used for) noncapital and related financing activities	<u>(6,420,726)</u>	<u>(3,161,397)</u>	<u>(4,159,387)</u>	<u>(8,610,254)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Payments for gas reserves and other deferred charges	(548,014)	-	-	-
Purchases of property, plant and equipment	(12,620,369)	(9,389,081)	(4,702,127)	(4,145,891)
Sale of property, plant and equipment	734,550	78,651	151,515	77,333
Principal paid on revenue bonds	(3,985,000)	(1,545,000)	-	-
Interest paid on revenue bonds	(1,653,348)	(1,892,600)	-	-
Principal paid on general obligation bonds and other debt	-	(6,205,307)	1,299,867	(598,674)
Interest paid on general obligation bonds	-	(3,804,878)	(2,525,856)	(352,625)
Issuance of revenue, G.O. and C.O. bonds	8,500,000	7,621,399	-	-
Refunds of pro-rata contracts	-	(67,334)	(128,906)	-
Deposits on pro-rata contracts	-	35,797	74,240	-
Passenger facility charges	-	-	-	-
Contributed capital	33,307	(1,008,610)	1,887,914	-
Net cash provided by (used for) capital and related financing activities	<u>(9,538,874)</u>	<u>(16,176,963)</u>	<u>(3,943,353)</u>	<u>(5,019,857)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	5,577,067	15,554,746	5,542,025	13,181,812
Purchase of investments	(1,932,708)	(5,635,770)	(1,996,019)	(3,626,461)
Interest earnings on cash and investments	228,734	862,613	240,128	582,871
Net cash provided by (used for) investing activities	<u>3,873,093</u>	<u>10,781,589</u>	<u>3,786,134</u>	<u>10,138,222</u>
Net increase (decrease) in pooled cash and cash equivalents	7,101,811	8,862,998	4,065,534	2,341,104
Pooled cash and cash equivalents at beginning of year	607,734	2,919,929	1,504,762	1,923,221
Pooled cash and cash equivalents at end of year	<u>\$ 7,709,545</u>	<u>\$ 11,782,927</u>	<u>\$ 5,570,296</u>	<u>\$ 4,264,325</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 9,123,877	\$ 11,522,999	\$ 3,308,010	\$ 2,758,386
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation, amortization and accretion	8,297,665	6,284,641	5,459,942	2,963,644
Other income (expense)	432,049	433,999	(18,416)	133,831
Receipts from building rent	-	-	-	-
Increase (decrease) in long-term assets/liabilities not requiring cash flow	5,076,841	(21,763)	(11,659)	25,985
Change in current assets and liabilities:				
Accounts receivable	(6,007,329)	(853,561)	(820,276)	(157,141)
Inventory	57,886	9,969	-	-
Prepaid expenses	-	-	-	-
Due from other governments	-	23,800	-	-
Accounts payable	2,057,061	299,018	455,276	71,532
Due from others	-	-	-	-
Other accrued expenses	150,268	(279,333)	9,263	36,156
Customer deposits	-	-	-	600
Net cash provided by (used for) operating activities	<u>\$ 19,188,318</u>	<u>\$ 17,419,769</u>	<u>\$ 8,382,140</u>	<u>\$ 5,832,993</u>
<b>Supplemental cash flow information:</b>				
Noncash capital improvements and other changes	\$ 5,450	\$ 485,382	\$ 571,815	\$ 47,898

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**Business-Type Activities - Enterprise Funds**

<u>Airport Fund</u>	<u>Golf Fund</u>	<u>Stormwater Fund</u>	<u>Totals</u>	<u>Total Internal Service Funds</u>
\$ 4,223,306	\$ -	\$ 5,307,774	\$ 166,712,547	\$ 36,078,199
(3,517,394)	(22,475)	272,792	(110,606,787)	(35,134,448)
<u>506,766</u>	<u>22,459</u>	<u>(3,250)</u>	<u>1,507,438</u>	<u>(50,971)</u>
<u>1,212,678</u>	<u>(16)</u>	<u>5,577,316</u>	<u>57,613,198</u>	<u>892,780</u>
374,954	-	2,414,672	18,354,708	929,229
(1,028,495)	-	(2,414,855)	(33,292,074)	(1,437,824)
250,000	13	(50,000)	(1,415,587)	35,000
1,145,571	-	-	(1,476,442)	-
-	-	-	(3,830,509)	(627,994)
<u>742,030</u>	<u>13</u>	<u>(50,183)</u>	<u>(21,659,904)</u>	<u>(1,101,589)</u>
-	-	-	(548,014)	-
(10,301,314)	(15)	(21,150,452)	(62,309,249)	(1,147,873)
-	-	-	1,042,049	3,963,777
-	-	-	(5,530,000)	-
-	-	(2,395,508)	(5,941,456)	-
(430,000)	-	(160,000)	(6,094,114)	-
(49,296)	-	14,567	(6,718,088)	-
-	-	-	16,121,399	-
-	-	-	(196,240)	-
-	-	-	110,037	-
1,342,212	-	-	1,342,212	-
<u>4,935,525</u>	<u>-</u>	<u>-</u>	<u>5,848,136</u>	<u>(3,000,000)</u>
<u>(4,502,873)</u>	<u>(15)</u>	<u>(23,691,393)</u>	<u>(62,873,328)</u>	<u>(184,096)</u>
4,506,760	25,379	25,775,397	70,163,186	9,138,419
(1,209,926)	(8,205)	(4,423,372)	(18,832,461)	(8,222,503)
<u>246,627</u>	<u>-</u>	<u>769,017</u>	<u>2,929,990</u>	<u>1,054,670</u>
<u>3,543,461</u>	<u>17,174</u>	<u>22,121,042</u>	<u>54,260,715</u>	<u>1,970,586</u>
995,296	17,156	3,956,782	27,340,681	1,577,681
<u>465,361</u>	<u>8,516</u>	<u>8,388,341</u>	<u>15,817,864</u>	<u>2,991,443</u>
<u>\$ 1,460,657</u>	<u>\$ 25,672</u>	<u>\$ 12,345,123</u>	<u>\$ 43,158,545</u>	<u>\$ 4,569,124</u>
\$ (2,383,136)	\$ (61,192)	\$ 4,318,845	\$ 28,587,789	\$ 123,440
3,163,331	61,176	394,539	26,624,938	1,356,933
506,766	22,459	(3,250)	1,507,438	(133,365)
-	-	-	-	12,784
2,053	-	54,763	5,126,220	(568,604)
(378,369)	-	(689,510)	(8,906,186)	33,243
-	-	-	67,855	491,194
-	-	-	-	624,314
-	-	-	23,800	-
321,478	(22,459)	1,275,669	4,457,575	(1,130,094)
-	-	-	-	82,882
(19,445)	-	226,260	123,169	53
-	-	-	600	-
<u>\$ 1,212,678</u>	<u>\$ (16)</u>	<u>\$ 5,577,316</u>	<u>\$ 57,613,198</u>	<u>\$ 892,780</u>
\$ -	\$ -	\$ 542,091	\$ 1,652,636	\$ 437,852

**CITY OF LUBBOCK, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2002**

	<u>Living Memorial Agency Fund</u>	<u>Nonmajor Component Unit Agency Fund*</u>
<b>ASSETS</b>		
Pooled cash and cash equivalents	\$ 3,158	\$ -
Investments	2,915	31,670
Due fom other funds	<u>-</u>	<u>100,259</u>
Total assets	<u>\$ 6,073</u>	<u>\$ 131,929</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 6,073	\$ -
Incentitives payable	-	31,469
Due to other governments	<u>-</u>	<u>100,460</u>
Total liabilities	<u>\$ 6,073</u>	<u>\$ 131,929</u>

\* Held by Market Lubbock Economic Development Corporation, dba Market Lubbock, Inc., for the purpose of paying incentives on behalf of the City of Lubbock.

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**CITY OF LUBBOCK, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	<u>Balance 10/1/2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2002</u>
<b>Living Memorial Agency Fund</b>				
Pooled cash and cash equivalents	\$ 289	\$ 21,539	\$ 18,670	\$ 3,158
Investments	<u>1,925</u>	<u>3,218</u>	<u>2,228</u>	<u>2,915</u>
Total assets	<u>\$ 2,214</u>	<u>\$ 24,757</u>	<u>\$ 20,898</u>	<u>\$ 6,073</u>
Accounts payable	<u>\$ 2,214</u>	<u>\$ 3,859</u>	<u>\$ -</u>	<u>\$ 6,073</u>
Total liabilities	<u>\$ 2,214</u>	<u>\$ 3,859</u>	<u>\$ -</u>	<u>\$ 6,073</u>

The accompanying *Notes to Basic Financial Statements* are an integral part of these statements.

**CITY OF LUBBOCK**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

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**CITY OF LUBBOCK**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

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**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Basic Financial Statements (BFS) of the City of Lubbock, Lubbock County, Texas (City) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America as applied to government units, including specialized industry practices as specified in the American Institute of Certified Public Accountants audit and accounting guide titled *Audits of State and Local Governmental Units* (GAAP). The Government Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities related to business-type activities and enterprise funds, including component units, the City has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. The City applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant accounting policies are described below.

**A. REPORTING ENTITY**

The City is a municipal corporation governed by a Mayor-Council form of government. As required by GAAP, the BFS present the 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 BFS to be misleading or incomplete.

**BLENDED COMPONENT UNITS**

The following component unit has been included in the City's financial reporting entity using the blended method because although it is legally separate, its operations are so intertwined with the City that it is, in substance, a part of the City.

**The Urban Renewal Agency (URA)** was formed to provide urban renewal services for the City, that include rehabilitation of housing, acquisition of housing, and disposition of land. The Urban Renewal Agency Board is composed of nine members appointed by the Mayor, with the consent of the City Council, and acts only in an advisory capacity to the City Council. All powers to govern URA are held by the City Council.

**DISCRETELY PRESENTED COMPONENT UNITS**

The Component Unit columns in the Government-Wide Financial Statements include the financial data of the City's other Component Units. They are reported in a separate column to emphasize that they are legally separate from the City. The following Component Units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organization. A primary government has the ability to impose its will if it can significantly influence operations and/or activities of an organization.

**City Transit Management Co., Inc. dba Citibus (Citibus)** is a legally separate entity that operates a City-owned transportation system. In 1998, the City renewed a five-year management agreement with McDonald Transit Associates, Inc. to manage and operate Citibus. The City Council appoints the seven-member Lubbock Public Transit Advisory Board, and approves the annual budget. The City is responsible for funding deficits. Citibus is reported as a proprietary-type component unit.

**Civic Lubbock, Inc. (Civic)**, a legally separate entity, was organized to foster and promote the presentation of wholesome educational and cultural programs, attractions and entertainments for the general moral, intellectual, a physical improvement and welfare of the people of the City of Lubbock and surrounding area. The seven-member board is appointed by the City Council. City Council approves the annual budget for Civic. Civic is reported as a proprietary-type component unit.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY (CONTINUED)**

**Market Lubbock Economic Development Corporation dba Market Lubbock, Inc. (Market Lubbock, Inc.)**, a legally separate entity, was formed on October 10, 1995 by the City Council 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 seven-member board and its operations are funded by budgeted allocations of the City's property and hotel occupancy taxes and other City contributions. Market Lubbock, Inc. is reported as a governmental-type component unit.

Copies of financial statements of the individual component units may be obtained from their respective administrative offices listed below:

**Administrative Offices**

Citibus 801 Texas Lubbock, Texas	Civic Lubbock, Inc. 1501 6 <sup>th</sup> Street Lubbock, Texas	Market Lubbock, Inc 1301 Broadway Suite 200 Lubbock, Texas
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**RELATED ORGANIZATIONS**

The City's officials are also responsible for appointing the members of the boards of other organizations but the City's accountability for these organizations does not extend beyond making the appointments.

The following are related organizations, which have not been included in the reporting entity:

**Housing Authority of the City of Lubbock (Authority)** is a legally separate entity. The Mayor appoints the five-member board. It is the City Attorney's opinion that the Authority is independent of the City. The Authority is not fiscally dependent on the City and City Council is not able to impose its will on the entity. The City has no responsibility for debt issued by the Authority.

**Lubbock Firemen's Retirement and Relief Fund (LFRRF)** operates under provisions of the Firemen's Relief and Retirement Laws of the State of Texas for purposes of providing retirement benefits for the City's firefighters. The Mayor's designee, the Cash & Debt Manager, three firefighters elected by members of the LFRRF and two at-large members elected by the Board, governs its affairs. It is funded by contributions by the firefighters and matched by contributions from the City. As provided by enabling legislation, the City's responsibility to the LFRRF is limited to matching monthly contributions made by the members. Title to assets is vested in the LFRRF and not in the City. The State Firemen's Pension Commission is the governing body over the LFRRF; the City does not significantly influence operations.

**Lubbock Arts Alliance, Inc. (Alliance)** is dedicated to the promotion and improvement of the arts and sponsoring the annual Lubbock Arts Festival. Fiscal dependence by the Alliance on the City is not significant to the City. City Council does not appoint the board. The City is not able to exert its will on the Alliance.

**Lubbock Health Facilities Development Corporation (LHFDC)** promotes health facilities development. City Council appoints the seven-member board. Bonds issued by LHFDC do not constitute indebtedness of the City. The City does not govern operations of LHFDC.

**Lubbock Housing Finance Corporation, Inc. (LHFC)** was formed pursuant to the Texas Housing Finance Corporation Act, to finance the cost of decent, safe, affordable residential housing. The Mayor appoints the seven-member board. It is the opinion of the City Attorney that LHFC is independent of the City. Indebtedness of the LHFC does not constitute indebtedness of the City. The City is not able to impose its will on the LHFC.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY (CONTINUED)**

JOINT VENTURE

In May 1998, the City, along with three other cities in the West Texas area, entered into an agreement with the West Texas Municipal Power Agency (WTMPA) to purchase power generated by a co-generation facility to be constructed with the proceeds obtained from the issuance of \$28,910,000 of revenue bonds issued by WTMPA. The contractual arrangement with WTMPA calls for each participating city to guarantee payments of the WTMPA bond debt service in the event the net revenues of the power sales contracts with the participating cities is not adequate to cover the debt service. The City has an ongoing financial interest in WTMPA through the contractual arrangement to purchase generated power and is also considered to have an ongoing financial responsibility due to the manner in which the debt service is guaranteed as well as the responsibility for financing the operations of the joint venture by purchasing the power generated by WTMPA which will benefit the citizens of Lubbock.

Financial information for WTMPA can be obtained from the City of Lubbock, P.O. Box 2000, Lubbock, Texas 79401, (Attention Managing Director of Financial Services).

**B. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS – GASB # 34**

The City has implemented GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, GASB Statement No. 37 – *Basic Financial Statements and Management's Discussion and Analysis – For State and Local Governments – Omnibus*, GASB Statement No. 38 – *Certain Financial Statements Note Disclosures*, and GASB Interpretation No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. GASB Statement No. 34 represents changes in the financial reporting model. Under the new model, specified by Statement No. 34, the BFS include both Government-Wide and Fund Financial Statements.

The Government-Wide Financial Statements (GWFS) (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the City and its blended component units as a whole. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the City is reported separately from certain legally separate component units for which the City is financially accountable. 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 Government-Wide Statement of Net Assets reports all financial and capital resources of the City, excluding fiduciary funds. It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, when both restricted and unrestricted resources are available for use, the City will use restricted resources first then unrestricted resources, as they are needed.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**B. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS – GASB # 34 (CONTINUED)**

Reservations or designations of net assets imposed by the City, whether by administrative policy or legislative actions of the City Council, are not shown in the GWFS.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 purchase, use, or directly benefit from goods, services, or privileges provided by a given function or 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.

Also part of the BFS are Fund Financial Statements (FFS) for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the GWFS. The focus of the FFS is on major funds, as defined by GASB Statement No. 34. Although the new model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenue, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. The City has elected to add some funds as major funds because of outstanding debt or community focus. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the FFS. Other non-major funds are combined in a single column on the FFS.

**C. 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 and fiduciary FFS. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Because the enterprise funds are combined into a single business-type activities column on the GWFS, certain interfund activities between these funds may be eliminated in the consolidation for the GWFS, but be included in the fund columns in the proprietary FFS.

Governmental FFS are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the traditional basis of accounting for governmental funds. This presentation is deemed most appropriate to 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the City's actual revenues and expenditures conform to the annual budget. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Because the governmental FFS are presented on a different basis of accounting than the GWFS, reconciliation is provided immediately following each fund statement. These reconciliations explain the adjustments necessary to transform the FFS into the governmental activities column of the GWFS.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

The City uses funds to report its financial position and the results of its operations. Fund accounting segregates funds according to their intended purpose and is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which includes assets, liabilities, fund balance/net assets, revenues and expenditures/expenses.

Governmental funds are those through which most of the governmental functions of the City are financed. The measurement focus is based upon determination of changes in financial position rather than upon net income determination.

The City reports one major governmental fund:

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

The City reports the following major proprietary funds:

**The Electric Fund** accounts for the activities of Lubbock Power & Light, the City-owned electric production and distribution system.

**The Water Fund** accounts for the activities of the City's water system.

**The Sewer Fund** accounts for the activities of the City's sanitary sewer system.

**The Solid Waste fund** accounts for activities of the City's landfills and solid waste collection system.

**The Airport Fund** accounts for the activities of Lubbock International Airport.

**The Golf Fund** accounts for the activities of Meadowbrook Golf Course.

**The Stormwater Fund** accounts for the activities of the stormwater utility, which provides stormwater drainage for the City.

Additionally, the City reports the following fund types:

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

**The Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal and interest.

**Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital improvements (other than those financed by proprietary funds).

**Internal service funds** are used to account for services provided to other departments, agencies of the departments or to other governments on a cost reimbursement basis (i.e., fleet maintenance, central warehouse, print shop, self-insurance, etc.).

As a general rule the effect of interfund activity has been eliminated from the GWFS. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's electric, water and sewer functions 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.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

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, including special assessments. 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 nonoperating 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 of the City's internal service funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

**D. BUDGETARY ACCOUNTING**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except special revenue funds and project funds, which adopt project-length budgets. All annual appropriations lapse at the end of the fiscal year.

Annually, the City Manager submits to 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 of an ordinance by the City Council. City Council action is required for the approval of a supplemental appropriation.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Budgetary control is maintained by department and by the following categories of expenditures: personnel services, supplies, other charges, and capital outlay. All budget supplements must 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. Each year, in accordance with State law, the City Council sets an ad valorem tax levy for a sinking fund (General Obligation Debt Service) which, with cash and investments in the fund, would be sufficient to pay all the bonded indebtedness and interest due in the following fiscal year.

**E. ENCUMBRANCES**

At the end of the year, encumbrances for which goods and/or services have not been received are canceled. At the beginning of the next year, management reviews all open encumbrances. During the budget revision process, encumbrances may be re-established. On October 1, 2002, the General Fund had no significant amounts of open encumbrances.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**F. ASSETS, LIABILITIES AND FUND BALANCE/NET ASSETS**

**Equity in Pooled Cash and Investments** - The City pools the resources of the 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 has adopted the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. As a governmental entity, other than an external investment pool, the City's investments are stated at fair value, except for repurchase agreements with maturities, when purchased, of one year or less. Fair value is based on quoted market prices as of the valuation date.

**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 an insignificant risk of changes in value because of changes in interest rates.

**Property Tax 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 on receipt of the tax bill. On the following January 1, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. The taxes are considered delinquent if not paid before February 1. Therefore, at the City's fiscal year end, September 30, all property taxes receivable are delinquent, but are secured by a tax lien.

The City records property taxes receivable upon levy and defers tax revenue until the taxes are collected or available; for each fiscal year, the City recognizes revenue in the amount of taxes collected during the year plus an estimate of taxes to be collected in the subsequent 45 days. The City allocates property tax revenue between the General, certain Special Revenue and the Debt Service funds based on tax rates adopted for the year of levy. The Lubbock Central Appraisal District (District) assesses property values, bills, collects, and remits the property taxes to the City. The City adjusts the allowance for uncollectible taxes and deferred tax revenue at year-end based upon historical collection experience. Accordingly, at August 31 of each year, property taxes receivable less the allowance for uncollectible taxes and deferred tax revenue is equivalent to the projected tax collections from September 1 through October 15 of the same year. To write off property taxes receivable, the City eliminates the receivable and reduces the allowance for uncollectible accounts.

**Enterprise Fund Receivable** - Within the Electric, Water, Sewer and Solid Waste Enterprise Funds, services rendered but not billed as of the close of the fiscal year, are not considered significant. Amounts billed are reflected as accounts receivable net of an allowance for uncollectibles.

**Inventories** - Inventories consist of expendable supplies held for consumption. Inventories are valued at cost using the average cost method of valuation, and are accounted for using the consumption method of accounting (i.e., inventory is expensed when used rather than when purchased).

**Prepaid Items** - Prepaid items are accounted for under the consumption method.

**Restricted Assets** - Certain enterprise fund assets are restricted for construction, which has been funded through long-term debt, therefore net assets have been restricted for these amounts. The excess of other restricted assets over related liabilities are included as restricted net assets for capital projects, rate stabilization, economic development and bond indentures.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**F. ASSETS, LIABILITIES AND FUND BALANCE/NET ASSETS (CONTINUED)**

**Fixed Assets and Depreciation** - Prior to GASB Statement No. 34, capital assets for governmental funds were recorded in the General Fixed Asset Account Group and not depreciated. The new model requires that all capital assets, whether owned by governmental activities or business-type activities, be recorded and depreciated (unless the modified approach is used) in the GWFS. The City has chosen not to apply the modified approach to any networks or subsystems of infrastructure assets. No long-term assets or depreciation are shown in the governmental FFS.

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 of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the 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 computed using the straight-line method over the estimated useful lives as follows:

Improvements	10-50 years
Buildings	15-50 years
Equipment	3-15 years

**Interest Capitalization** - The City does not capitalize interest cost. Interest capitalization would not be significant to the BFS.

**Advances to Other Funds** - Amounts owed to one fund by another which are not due within one year are recorded as advances to other funds.

**G. RISK MANAGEMENT**

The Risk Management Fund was established to account for liability claims, worker's compensation claims, and premiums for property coverage. The Risk Management Fund generates its revenue through charges to other departments, which are based on costs.

In April 1999, the City purchased worker's compensation coverage, with no deductible, from a third party. Prior to April 1999 the City was self insured for worker's compensation claims. Any claims outstanding prior to April 1999 continue to be the responsibility of the City.

The City's self insurance liability program is on a cash flow basis, which means that the servicing contractor processes, adjusts and pays claims from a deposit provided by the City. The City accounts for the liability program by charging premiums based upon losses, administrative fees and reserve requirements. In order to control the risks associated with liability claims, the City purchased excess liability coverage in September 1999. The policy has a \$10 million annual aggregate limit and is subject to a \$250,000 deductible per claim.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**G. RISK MANAGEMENT (CONTINUED)**

For self-insured coverage, the Risk Management Fund establishes claim liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount, particularly for liability coverage. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the period in which they are incurred.

Additionally, property and boiler coverage is accounted for in the Risk Management Fund. The property insurance policy was purchased from an outside insurance carrier. The policy has a \$250,000 deductible per occurrence, and the boiler coverage insurance deductible is up to \$150,000 dependent upon the unit. Premiums are charged to funds based upon estimated premiums for the upcoming year.

Other small insurance policies, such as surety bond coverage and miscellaneous floaters, are accounted for in the Risk Management Fund. Funds are charged expenditures based on premium amounts and administrative charges. The City has had no significant reductions in insurance coverage during the year. Settlements in the current year and preceding two years have not exceeded insurance coverage. The City accounts for all insurance activity in Internal Service Funds.

**H. HEALTH INSURANCE**

The City provides medical and dental insurance for all full-time employees. Revenues for the health insurance premiums are generated from each cost center based upon the number of active employees. Premium costs are determined by the health insurance vendor based on 3 years of claims history.

The City also provides basic term life insurance in the amount of \$10,000 and Long Term Disability for all full-time City employees. Revenue for the life insurance premiums is also generated from each cost center based upon the number of active employees. Long Term Disability premiums are a rate per \$100 of annual salary.

Full-time employees may elect to purchase medical, dental, and life insurance coverage on eligible dependents. Employees also have the option to participate in several voluntary insurance plans such as vision insurance, a cancer income policy, voluntary life, and personal accident insurance. Each of these insurance plans is employee funded.

Retiring City of Lubbock employees may elect to retain medical insurance and reduced amounts of life insurance on themselves and eligible dependents at their expense.

**I. REVENUES, EXPENSES AND EXPENDITURES**

**Interest Income** on pooled cash and investments is allocated monthly based on the percentage of a fund's six-month rolling average monthly balance in pooled cash and investments to the total citywide six-month rolling average monthly balance in pooled cash and investments, except for certain Fiduciary Funds, certain Special Revenue Funds, Governmental Capital Project Funds, and certain Internal Service Funds. The interest income on pooled cash and investments of these funds is reported in the General Fund or the Debt Service Fund.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**I. REVENUES, EXPENSES AND EXPENDITURES (CONTINUED)**

**Sales Tax Revenue** for the City results from an allocation of 1.125% of the total sales tax levy of 7.875%, which is collected by the State of Texas and remitted to the City monthly. The tax is collected by the vendor, and is required to be remitted to the State by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. On January 21, 1995, voters approved a 1/8-cent increase in sales tax to reduce the property tax rate which went into effect October 1, 1995. The 60-day availability period provides for full accrual of sales taxes.

**Grant Revenue** from federal and state grants is recognized to the extent that the related expenditure has been incurred and reimbursement received or requested.

**Interfund Transactions** or quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from that fund that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. In addition, transfers are made between funds to shift resources from a fund legally authorized to receive revenue to a fund authorized to expend the revenue.

**Compensated Absences** consists of vacation leave and sick leave. Vacation leave of 10-20 days is granted to all regular employees dependent upon the date employed, years of service, and civil service status. Currently, up to 40 hours of vacation leave may be "carried over" to the next calendar year. The City is obligated to make payment upon retirement or termination for any available, unused vacation leave.

Sick leave for employees is accrued at 1 ¼ days per month with a maximum accrual status of 200 days. After 15 years of continuous full time services for non-civil service personnel, vested sick leave is paid on retirement or termination at the current hourly rate for up to 90 days. Upon retirement or termination, Civil Service Personnel (Police) are paid for up to 90 days accrued sick leave after one year of employment. Civil Service Personnel (Firefighters) are paid for up to 135 days of accrued sick leave upon retirement or termination. The Texas Civil Service laws dictate certain benefits and personnel policies above and beyond those policies of the City.

The liability for the accumulated vacation and sick leave is recorded in the GWFS for governmental fund employees and in the FFS for proprietary fund employees.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**I. REVENUES, EXPENSES AND EXPENDITURES (CONTINUED)**

**Post Employment Benefits** for retirees of the City of Lubbock include the option to purchase health and life insurance benefits at their own expense. Amounts to cover premiums and administrative costs, with an incremental charge for reserve funding, are determined by the City's health care administrator. Employer contributions are funded on a pay-as-you-go basis and approximated \$612,000 for fiscal 2002. These contributions are included in the amount of insurance expense reflected in the financial activity reported in the Health Insurance Internal Service Fund. The following schedule reflects participation in the City's health care program:

	2002
Participants	
Active	1,830
Retired	406
Cobra	18
Active Claims	\$6,478,468
Retired Claims	2,360,675
Cobra Claims	196,928
Total Claims	\$9,036,071
% of Employee Groups to total claims	
Active	71.70%
Retired	26.13%
Cobra	2.17%
Total %	100.00%

**NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. NET ASSET/FUND BALANCE DEFICITS**

The deficit of \$371,847 in the General Capital Projects Fund is due to timing differences of incurring capital outlay expenditures for an internally financed project. Over the term of the project, transfers in from Special Revenue Funds will eliminate the deficit.

The deficit of \$182,395 in the Library Special Revenue Fund is the result of a timing difference between expenditures incurred and the filing of requests for reimbursements. These funds have not been accrued, as certain reimbursement amounts are not measurable at September 30, 2002, which is consistent with the revenue recognition required by the modified accrual basis of accounting.

The deficit of \$2,406,326 in the Community Development Special Revenue Fund is the result of timing differences between expenditures incurred and the filing of requests for reimbursements. These funds have not been accrued, as certain reimbursement amounts are not available at September 30, 2002, which is consistent with the revenue recognition required by the modified accrual basis of accounting.

The deficit of \$7,408 in the Community Services Special Revenue Fund is the result of timing differences between expenditures incurred and the filing of requests for reimbursements. These funds have not been accrued, as certain reimbursement amounts are not available at September 30, 2002, which is consistent with the revenue recognition required by the modified accrual basis of accounting.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. NET ASSET/FUND BALANCE DEFICITS (CONTINUED)**

The deficit of \$575,088 in the Police Special Revenue Fund is the result of a timing difference between expenditures incurred and the filing of requests for reimbursements. These funds have not been accrued, as certain reimbursement amounts are not available at September 30, 2002, which is consistent with the revenue recognition required by the modified accrual basis of accounting.

The deficit of \$16,092 in the Other Grants Special Revenue Fund is the result of a timing difference between expenditures incurred and the filing of requests for reimbursements. These funds have not been accrued, as certain reimbursement amounts are not available at September 30, 2002, which is consistent with the revenue recognition required by the modified accrual basis of accounting.

The deficit of \$18,937 in the Tourism Reserve Special Revenue Fund results from not recovering actual costs thru hotel tax transfers. The transfers were reduced this fiscal year to fund a new special projects fund. Management is evaluating hotel tax transfers in order to recover actual costs and the fund balance deficit.

The deficit in the Golf Enterprise Fund of \$1,909,524 is the result of placing itself in a more competitive position through non-capital course equipment improvements. On October 13, 1994, the City contracted with Fore Star Golf, Inc. for management services to be provided for the golf course operations. The management agreement is effective through December 31, 2014. Over the term of the contract, Fore Star Golf, Inc. will receive a portion of the golf course revenues based on a sliding scale. Additionally, management has approved a 10 year funding source from the General Fund to eliminate the deficit beginning in fiscal 2002.

The deficit of \$312,186 in the Communications Internal Service Fund results from not recovering actual costs thru user charges. Management is evaluating user charges in order to recover actual costs and recover the net asset deficit. The Internal Service Communication Fund will be eliminated from the Internal Service Fund Type and be funded by the General Fund in fiscal 2003.

No other funds of the City had deficits in either total fund balances or total net assets.

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. POOLED CASH AND INVESTMENTS**

The City's investment policies are governed by State statute and City ordinances. Permissible investments include direct obligations of the United States or its agencies and instrumentalities, certificates of deposit, prime domestic banker's acceptances, commercial paper, repurchase agreements, and deposits in a qualifying investment pool. Collateral is required for demand deposits, certificates of obligation, and repurchase agreements at 102% of all amounts not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its subdivisions. The City's deposits and investments are categorized below to indicate the level of risk assumed by the City at September 30, 2002.

**INVESTMENT CATEGORY OF CREDIT RISK**

- (1) Insured, registered or in securities held by the City or its agent in the City's name.
- (2) Uninsured and unregistered, with securities held by the counter party's trust department or its agent in the City's name.
- (3) Uninsured and unregistered, with securities held by the counter party or by the trust department or agent but not in the City's name.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. POOLED CASH AND INVESTMENTS (CONTINUED)**

**DEPOSIT CATEGORY OF CREDIT RISK**

- (A) Insured or collateralized with securities held by the City or by its agent in the City's name.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- (C) Uncollateralized.

**Pooled Cash and Investments**

The City's pooled cash and investments consist of deposits with financial institutions, certificates of deposit, U.S. government and agency securities, commercial paper, and deposits in qualifying non-regulated money market investment pools (Logic and TexPool). These investments have varying maturities ranging from one day to three years. The weighted average maturity of the total portfolio is kept to under two years. The following is a schedule of the City's pooled cash and investments at September 30, 2002:

Investments	Category			Carrying Amount
	(1)	(2)	(3)	
<u>Primary Government:</u>				
U. S. Treasury and Agency Obligations	\$ 70,423,521	\$ -	\$ -	\$ 70,423,521
Mutual Funds	-	-	-	<u>95,547,369</u>
Subtotal				<u>165,970,890</u>
Component Units:				
U. S. Treasury and Agency Obligations	27,876	-	-	27,876
Mutual Funds	-	-	-	<u>9,102,991</u>
Subtotal				<u>9,130,867</u>
Total Investments				<u>\$ 175,101,757</u>

Cash and Bank Deposits	Category			Bank Balance	Carrying Amount
	(A)	(B)	(C)		
Primary Government	\$ 2,970,993	\$ -	\$ -	\$ 2,970,933	\$ 991,160
Component Units	<u>481,526</u>	<u>89,334</u>	<u>584,814</u>	<u>1,155,674</u>	<u>1,358,764</u>
Total	<u>\$ 3,452,519</u>	<u>\$ 89,334</u>	<u>\$ 584,814</u>	<u>\$ 4,126,607</u>	<u>\$ 2,349,924</u>

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. POOLED CASH AND INVESTMENTS (CONTINUED)**

Cash and investments are reported in the GWFS as:

	<b>Total Primary Government</b>	<b>Total Component Units</b>	<b>Total Reporting Entity</b>
Cash and Equivalents – Unrestricted	\$ 31,938,789	\$ 1,159,122	\$ 33,097,911
Cash and Equivalents – Restricted	41,581,422	199,642	41,781,064
<b>Total Cash and Equivalents</b>	<b>73,520,211</b>	<b>1,358,764</b>	<b>74,878,975</b>
Investments – Unrestricted	29,476,829	2,774,327	32,251,156
Investments – Restricted	63,965,010	6,356,540	70,321,550
<b>Total Investments</b>	<b>93,441,839</b>	<b>9,130,867</b>	<b>102,572,706</b>
<b>Total Cash and Investments</b>	<b>\$ 166,962,050</b>	<b>\$ 10,489,631</b>	<b>\$ 177,451,681</b>

**B. INTERFUND TRANSACTIONS**

Interfund receivables and payables consisting of due to/from and advances to/from other funds at September 30, 2002 were as follows:

<b>Funds</b>	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ 8,740,200	\$ -
Special Revenue Funds:		
Tourism Reserve	-	20,000
Hotel/Motel Tax	-	720,000
Community Improvement	-	6,850,000
Information Technology Improvements	-	80,000
Community Development	-	458,939
Community Services	-	45,294
Library	-	173,756
Other Grants	-	168,771
Capital Project Funds:		
Public Safety	-	1,040,095
General Capital Projects	-	1,254,335
Enterprise Funds:		
Electric	-	12,865,810
Water	8,615,810	170,000
Sewer	2,400,000	395,000
Solid Waste	8,185,666	-
Airport	-	1,395,571
Golf	-	2,014,105
Internal Service Funds:		
Communications	-	200,000
Investment Pool	-	90,000
<b>Total Primary Government</b>	<b>\$ 27,941,676</b>	<b>\$ 27,941,676</b>

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**C. DEFERRED CHARGES**

The total deferred charges of \$6,641,639 in the Electric Enterprise Fund, includes \$3,611,111 that represents an advertising contract with the United Spirit Arena. The advertising (and amortization) began with the opening of the sports arena in fiscal 2000 and will continue for 30 years.

The deferred charges also include an amount of \$1,643,133 at September 30, 2002, which represents prepayments for a contract for future delivery of natural gas as contracted for by the City. In 1988, a contract was entered into for the purchase of proven and unproven reserves, totaling 2,000,000 MMBTU at \$1.56 per MMBTU with an option, which the City has exercised, to purchase an additional 2,000,000 MMBTU at the same price. Quantities in excess of the first 4,000,000 MMBTU can then be purchased at market value. During 1988, proven reserves of 338,000 MMBTU were purchased at the \$1.56 rate. The remaining reserves are being purchased as proven. One-half the rate, or \$.78 per MMBTU, is paid upon proven determination of the reserves and the balance is to be paid upon delivery. The prepayments are to be expensed as the gas is taken until the prepaid units of gas have been consumed. At September 30, 2002 and 2001, 1,317,934 MMBTU had been delivered, and remaining proven reserves at September 30, 2002 and 2001 were 2,104,273 MMBTU.

The remaining deferred charges of \$1,387,395 represent infrastructure, prepaid postage and other economic development costs being amortized over their useful life.

**D. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2002, was as follows:

**Primary Government**

**Governmental activities**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Asset, not being depreciated:				
Land	\$ 7,413,395	\$ 300,607	\$ 208,479	\$ 7,505,523
Construction in Progress	31,120,193	12,485,792	8,491,634	35,114,351
Total capital assets, not being depreciated	<u>38,533,588</u>	<u>12,786,399</u>	<u>8,700,113</u>	<u>42,619,874</u>
Capital assets, being depreciated				
Buildings	46,096,404	2,971,034	613,549	48,453,889
Improvements other than buildings	142,771,017	2,515,967	22,539,670	122,747,314
Machinery and equipment	43,969,569	3,893,833	3,395,670	44,467,732
Total capital assets being depreciated	<u>232,836,990</u>	<u>9,380,834</u>	<u>26,548,889</u>	<u>215,668,935</u>
Less accumulated depreciation for:				
Buildings	22,595,926	2,020,085	495,243	24,094,828
Improvements other than buildings	105,026,898	3,709,526	22,448,829	86,107,694
Machinery and equipment	28,707,574	4,750,453	2,862,500	30,801,368
Total accumulated depreciation	<u>156,330,398</u>	<u>10,480,064</u>	<u>25,806,572</u>	<u>141,003,890</u>
Total capital assets, being depreciated, net	<u>76,506,592</u>	<u>(1,099,230)</u>	<u>742,317</u>	<u>74,665,045</u>
Governmental activities capital assets, net	<u>\$ 115,040,180</u>	<u>\$ 11,687,169</u>	<u>\$ 9,442,430</u>	<u>\$ 117,284,919</u>

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**D. CAPITAL ASSETS (CONTINUED)**

**Business-type activities**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Asset, not being depreciated:				
Land	\$ 13,261,802	\$ 5,878,911	\$ --	\$ 19,140,713
Construction in Progress	<u>90,534,491</u>	<u>58,867,054</u>	<u>40,344,160</u>	<u>109,057,385</u>
Total capital assets, not being depreciated	<u>103,796,293</u>	<u>64,745,965</u>	<u>40,344,160</u>	<u>128,198,098</u>
Capital assets, being depreciated				
Buildings	84,522,891	5,302,085	55,477	89,769,499
Improvements other than buildings	479,242,515	22,532,817	1,790,250	499,985,082
Machinery and equipment	<u>70,224,311</u>	<u>14,507,749</u>	<u>4,477,228</u>	<u>80,254,832</u>
Total capital assets being depreciated	<u>633,989,717</u>	<u>42,342,651</u>	<u>6,322,955</u>	<u>670,009,413</u>
Less accumulated depreciation for:				
Buildings	20,688,234	2,229,744	118,565	22,799,413
Improvements other than buildings	176,391,843	20,026,240	1,587,316	194,830,767
Machinery and equipment	<u>29,108,882</u>	<u>10,378,631</u>	<u>3,899,041</u>	<u>35,588,472</u>
Total accumulated depreciation	<u>226,188,959</u>	<u>32,634,615</u>	<u>5,604,922</u>	<u>253,218,652</u>
Total capital assets, being depreciated, net	<u>407,800,758</u>	<u>9,708,036</u>	<u>718,033</u>	<u>416,790,761</u>
Business-type activities capital assets, net	<u>\$ 511,597,051</u>	<u>\$ 74,454,001</u>	<u>\$ 41,062,193</u>	<u>\$ 544,988,859</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$	345,637
Financial Services		5,918
Human Resources		5,197
Management Services		1,097,135
Communications/Legislation		39,664
Fire		877,761
Police		1,047,400
Planning & Transportation		432,600
Development Services		13,773
Public Works		3,236,420
Community Services		2,970,718
Electric		<u>267,553</u>
Total depreciation expense - governmental activities	<u>\$</u>	<u>10,339,776</u>

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**D. CAPITAL ASSETS (CONTINUED)**

Business-type activities:		
Electric	\$	7,586,577
Water		5,410,654
Sewer		5,129,887
Solid Waste		2,972,541
Airport		3,194,430
Golf		61,777
Stormwater		<u>378,180</u>
Total depreciation expense - business-type activities	\$	<u><u>24,734,046</u></u>

**Construction Commitments**

The government has active construction projects as of September 30, 2002. Public Safety projects include a new Fire Administration Complex. Park projects include the development of a number of new parks. Bond funds provide for several different Lubbock street projects. Street projects include Subdivision Paving and a Curb Ramp Project. Projects in the general facility fund include a new Police Academy Firing Range and a remodeling of our building located at Municipal Square.

Electric projects include construction of a new substation that will help provide service reliability to the Lubbock Southwest area. Water projects include Lake Alan Henry recreational improvements. Sewer projects include improvements to the Hancock Land Application Site transmission system. Airport projects include the construction of an extension to the south of the air cargo apron and taxiway system. The largest active Stormwater project is providing for the construction of an outfall storm sewer from Clapp Park to Yellowhouse Canyon and a series of upstream storm sewers that will provide various protection around four playa lakes.

Projects	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Public Safety	\$ 6,083,337	\$ 1,297,222
Park Improvements	3,819,242	4,916,460
Street Improvements	18,332,793	19,534,979
Permanent Street Maintenance	1,326,952	173,048
General Facilities and System Improvements	7,882,885	2,241,005
Electric	6,018,620	683,116
Water	7,340,290	12,840,092
Sewer	4,729,632	5,491,212
Solid Waste	356,135	358,865
Airport	10,236,387	3,486,719
Stormwater	<u>24,426,399</u>	<u>14,627,757</u>
Total Life-to-Date Activity	<u>\$ 90,552,672</u>	<u>\$ 65,650,475</u>

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**D. CAPITAL ASSETS (CONTINUED)**

**Discretely presented component units**

Activity for nonmajor component units for the year ended September 30, 2002, was as follows:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Capital Asset, not being depreciated:				
Fine Art	\$ 366,333	\$ --	\$ --	\$ 366,333
Land	828,828	174,357	174,357	828,828
Construction in progress	125,559	310,201	243,655	192,105
Total capital assets, not being depreciated	<u>1,320,720</u>	<u>484,558</u>	<u>418,012</u>	<u>1,387,266</u>
Capital assets, being depreciated				
Buildings	4,159,174	188,260	--	4,347,434
Improvements other than buildings	1,179,543	144,698	--	1,324,241
Equipment	17,951,605	605,413	529,986	18,027,032
Leasehold improvements	48,534	--	--	48,534
Vehicles	55,016	--	--	55,016
Total capital assets being depreciated	<u>23,393,872</u>	<u>938,371</u>	<u>529,986</u>	<u>23,802,257</u>
Less accumulated depreciation for:				
Buildings	1,030,220	114,497	--	1,144,717
Improvements other than buildings	270,912	57,615	--	328,527
Equipment	8,063,268	1,908,513	526,250	9,445,531
Leasehold improvements	3,640	1,213	--	4,853
Vehicles	33,010	11,003	--	44,013
Total accumulated depreciation	<u>9,401,050</u>	<u>2,092,841</u>	<u>526,250</u>	<u>10,967,641</u>
Total capital assets, being depreciated, net	<u>13,992,822</u>	<u>(1,154,470)</u>	<u>3,736</u>	<u>12,834,616</u>
Component unit capital assets, net	<u>\$ 15,313,542</u>	<u>\$ (669,912)</u>	<u>\$ 421,748</u>	<u>\$ 14,221,882</u>

**E. RETIREMENT PLANS**

Each qualified employee is included in one of two retirement plans in which the City of Lubbock participates. These are the Texas Municipal Retirement System (TMRS) and the Lubbock Firemen's Relief and Retirement Fund (LFRRF). The City does not maintain the accounting records, hold the investments or administer either fund.

Summary of significant data for each retirement plan follows:

**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**

**Plan Description**

The City provides pension benefits for all of its full-time employees (with the exception of firefighters) through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide TMRS, one of 758 administered by TMRS, an agent multiple-employer public employee retirement system.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**E. RETIREMENT PLANS (CONTINUED)**

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 25 years of service regardless of age. As of January 2002, a member is vested after 5 years. During 2001, legislation was enacted that changed the vesting period from 10 years to 5 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**

The contribution rate for the employees is 7% and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. 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 is the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2000 valuation is effective for rates beginning January 2002).

**Actuarial Assumptions**

The actuarial assumptions for the December 30, 2001 valuations are as follows:

Actuarial cost method:	Unit credit
Amortization method:	Level percent of payroll
Remaining amortization period:	25 years- open period
Asset valuation method:	Amortized cost
Investment rate of return:	8%
Projected salary increases:	None
Includes inflation at:	None
Cost of Living adjustments:	None

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**E. RETIREMENT PLANS (CONTINUED)**

**TEXAS MUNICIPAL RETIREMENT SYSTEM REQUIRED SUPPLEMENTAL DISCLOSURE  
THREE-YEAR HISTORICAL SCHEDULE OF ACTUARIAL LIABILITIES  
AND FUNDING PROGRESS**

As of December 31	Actuarial Value of Assets	Actuarial Accrued Liability	Percentage Funded	Unfunded Actuarial Accrued Liability (UAAL)
1999	\$ 147,042,049	\$ 181,439,657	81.0%	\$ 34,397,608
2000	160,299,195	200,713,365	79.9%	40,414,170
2001	172,510,622	215,584,035	80.0%	43,073,413

As of December 31	Annual Covered Payroll	UALL as a % Of Covered Payroll	Annual Required Contribution (ARC)	Contribution Made
1999	\$ 51,627,837	66.6%	\$ 7,794,560	\$ 7,794,560
2000	54,589,153	74.0%	8,010,122	8,010,122
2001	58,173,019	74.0%	8,398,884	8,398,884

The City of Lubbock is one of 758 municipalities having the benefit plan administered by TMRS. Each of the municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2001 valuations are contained in the 2001 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

**LUBBOCK FIREFIGHTER'S RELIEF AND RETIREMENT FUND (LFRRF)**

**Plan Description**

The Board of Trustees of the LFRRF is the administrator of a single-employer defined benefit pension plan. This pension fund is a trust fund. It is reported by the City as a related organization and is not considered to be a part of the City financial reporting entity. Firefighters in the Lubbock Fire Department are covered by the LFRRF.

The LFRRF provides service retirement, death, disability and withdrawal benefits. These benefits vest after 20 years of credited service. Employees may retire at age 50 with 20 years of service. A reduced early service retirement benefit is provided for employees who terminate employment with 20 or more years of service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. The LFRRF Plan Effective December 1, 2001 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 70.02% of Final 48-Month Average Salary Plus \$335.05 per month for each year of service in excess of 20 years.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**E. RETIREMENT PLANS (CONTINUED)**

A firefighter has the option to participate in a Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced annuity upon termination of employment. Firefighters must be at least 51 with 21 years of service at the selected "RETRO DROP benefit calculation date" (which is prior to date of employment termination). Early RETRO DROP with benefit reductions is available at age 50 with 20 years of service for the selected "early RETRO DROP benefit calculation date". A Partial Lump Sum option is also available where a reduced monthly benefit is determined based on an elected lump sum amount such that the combined present value of the benefits under the option is actuarially equivalent to that of the normal form of the monthly benefit. Optional forms are also available at varying levels of surviving spouse benefits instead of the standard two-thirds form.

There is no provision for automatic postretirement benefit increases. The fund has the authority to provide, and has periodically in the past provided for, ad hoc postretirement benefit increases. The benefit provisions of this plan are authorized by the Texas Local Fire Fighter's Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions.

**Contributions Required and Contributions Made**

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

State law requires that each plan of benefits adopted by the fund must be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age actuarial cost method LFRRF's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize LFRRF's unfunded actuarial accrued liability (UAAL), if any, and the number of years needed to amortize LFRRF's unfunded actuarial liability, if any, is determined using a level percentage of payroll method.

When there is a negative UAAL, the actuarially required contribution rate for compliance with GASB 27 is determined by amortizing the negative UAAL over 30 years using a level percentage of payroll method. This will be the case for 2001 and 2002 (calendar years) based on the most recent results of the December 31, 2000 valuation.

The costs of administering the plan are financed from the trust.

LFRRF's funding policy requires contributions equal to 11% of pay by the firefighters. Contributions by the City are based on a formula which causes the City's contribution rate to fluctuate from year to year. The December 31, 2000 actuarial valuation (most recent) assumes that the City's contributions will average 15% of payroll in the future.

The plan of benefits most recently adopted effective December 1, 2001 was adopted cautiously, allowing for future unforeseen contingencies in light of the unsettled investment environment that existed in the fall of 2001 when various plan amendments were being studied and considered. Therefore, even though the actual contributions for the 2001 and 2002 plan years (calendar years) are somewhat greater than the Annual Required Contributions defined by GASB 27, the actuary certified the most recent plan of benefits assuming that the present financing arrangement would continue and would be necessary for an adequate financing arrangement for the long-term future.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**E. RETIREMENT PLANS (CONTINUED)**

**Annual Pension Cost**

The Annual Required Contributions (ARC), the Annual Pension Cost (APC) and the Net Pension Obligation (NPO) are developed in such a manner to satisfy the parameters of GASB Statement No. 27. The required contributions for the period prior to January 1, 2001 are based on the actuarial valuation as of December 31, 1998. The required contributions for the period beginning January 1, 2001 are based on the actuarial valuation as of December 31, 2000 and reflect the December 1, 2001 plan provisions. The ARC and the APC for the year ended September 30, 2002 was \$1,379,564 and the actual City contributions (ARC) made for the year was \$2,040,255 resulting in an NPO of \$(660,692).

The entry age actuarial cost method was used, with the normal cost calculated as a level percentage of payroll. The actuarial value of assets was determined based on a five-year smoothed fair-market value of assets. The actuarial assumptions included an investment return assumption of 8.5 % per year (net of administrative expenses), projected salary increases including promotion and longevity averaging 6.5% per year over a 25 year career, and no postretirement cost-of-living adjustments. An inflation assumption of 4.5% per year is included in the investment return and salary increase assumptions. As of the December 31, 2000 actuarial valuation date and based on plan provisions effective December 1, 2001, the fund's assets exceeded the actuarial accrued liability resulting in a negative unfunded actuarial accrued liability (UAAL). The negative UAAL is amortized over 30 years using an open, level percentage of payroll method, assuming that the payroll will increase 4.5% per year.

Further details concerning the financial position of the LFRRF and the latest actuarial valuation are available by contacting the Board of Trustees, LFRRF, City of Lubbock, P.O. Box 2000, Lubbock, Texas 79457. A stand-alone financial report is available by contacting the LFRRF at 762-1590 or 5402 S AV Q Dr., Lubbock, Texas 79412.

**Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
9/30/00	\$ 1,852,835	100 %	\$ -
9/30/01	1,366,293	143	(594,013)
9/30/02	1,379,564	148	(660,692)

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**E. RETIREMENT PLANS (CONTINUED)**

**LUBBOCK FIREMEN'S RELIEF AND RETIREMENT FUND**  
**ANALYSIS OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll 5 (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/96 1,2	\$ 73,626,537	\$ 80,105,898	\$ 6,479,361	91.9%	\$ 9,223,974	70.2%
12/31/98 1,3	90,364,681	97,533,314	7,168,633	92.7	10,290,190	69.7
12/31/00 1,4	119,660,788	114,675,049	(4,985,739)	104.3	12,243,913	(40.7)

- 1 Economic and demographic assumptions were revised.
- 2 Changes in plan benefit provisions were effective December 20, 1995, March 30, 1996 and November 1, 1997.
- 3 Reflects changes in plan benefit provisions effective November 1, 1999.
- 4 Reflects changes in plan benefit provisions effective December 1, 2001.
- 5 The covered payroll is based on estimated annualized salaries used in the valuation.

**F. DEFERRED COMPENSATION**

The City offers its employees three deferred compensation plans in accordance with Internal Revenue Code ("IRC") Section 457. The plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plans' assets are held in trust for the exclusive benefits of the participants and their beneficiaries.

The City does not provide administrative services or have any fiduciary responsibilities in regards to the City-sponsored deferred compensation plans. Therefore they are not presented in the BFS.

**G. SURFACE WATER SUPPLY**

**Canadian River Municipal Water Authority**

The Canadian River Municipal Water Authority (CRMWA) is a Conservation and Reclamation District established by the Texas Legislature to construct a dam, water reservoir and aqueduct system for the purpose of supplying water to surrounding cities. The District was created in 1953 and comprises eleven cities, including the City. The budget, financing and operations of the District are governed by a Board of Directors selected by the governing bodies of each of the member cities, each city being entitled to one or two members dependent upon population. At September 30, 2002, the Board was comprised of 18 members, two of which represented the City.

The City contracted with the CRMWA to reimburse it for a portion of the cost of the Canadian River Dam and aqueduct system in exchange for surface water. Accordingly, prior to fiscal 1999, such payments were made solely out of water system revenues and were not general obligations of the City. The City's pro rata share of annual fixed and variable operating and reserve assessments are recorded as an expense of obtaining surface water.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**G. SURFACE WATER SUPPLY (CONTINUED)**

**Canadian River Municipal Water Authority (Continued)**

Prior to fiscal 1999, the long-term debt was owed to the U.S. Bureau of Reclamation for the cost of construction of the facility, which was completed in 1969. The City's allocation of project cost was \$32,905,862. During the year ended September 30, 1999, bonds in the principal amount of \$12,300,000 were issued to payoff the construction obligation owed to the U.S. Bureau of Reclamation via CRMWA in the amount of \$20,809,067. The difference of \$8,509,067 was a discount in the remaining principal provided by the U.S. Bureau of Reclamation to the member cities. This discount has been recorded as a deferred gain on refunding and is being amortized over the life of the refunding bonds. At September 30, 2002, \$7,254,528 remains unamortized. The annual principal and interest payments are included in the disclosures for other City related long-term debt. The above cost for the rights are recorded as other assets and are being amortized over 85 years. The cost and debt are recorded in the Water Enterprise Fund.

**Brazos River Authority - Lake Alan Henry**

During 1989, the City entered into an agreement with the Brazos River Authority (BRA) for the construction, maintenance and operation of the facilities known as Lake Alan Henry. The BRA, which is authorized by the State of Texas to provide for the conservation and development of surface waters in the Brazos River Basin, has issued bonds for the construction of the dam and lake facilities on the South Fork of the Double Mountains Fork of the Brazos River. Total costs are expected to exceed \$120 million.

The agreement obligates the City to provide revenues to BRA in amounts sufficient to cover all maintenance and operating costs, management fees to the authority, as well as funds sufficient to pay all capital costs associated with construction. The City will receive surface water for the payments to BRA. Approximately \$294,325 was paid to the BRA for maintenance and operating costs in fiscal year 2002.

The BRA issued \$16,970,000 in revenue bonds in 1989 and \$39,685,000 in revenue bonds in 1991. These bonds were refunded July 1995. Disclosure of the refunding can be found in Note III. K. Construction of the dam and lake facilities began in 1989. The City is obligated to provide sufficient funds over the remaining life of the bonds to service the debt requirement. The financial activity, along with the related obligation, is accounted for in the Water Enterprise Fund.

**H. OTHER ENTERPRISE FUND ACTIVITIES**

**Enterprise Fund Transfers**

Transfers to the General Fund from the Electric, Water, Solid Waste, and Sewer Enterprise Funds, in the opinion of management, exceed the amount that would have been paid to the City if these funds were private sector companies engaged in the same enterprises. In addition to the amount transferred in excess of private sector taxes, there is also an amount transferred to compensate the General Fund for shared services and indirect costs.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**I. LONG-TERM DEBT**

**GENERAL OBLIGATION BONDS AND CERTIFICATES OF OBLIGATION:**

<u>Average Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Balance Outstanding 9-30-02</u>
7.86%	11-15-85	02-15-03	\$ 60,614,070	\$ 134,682
9.01	05-15-91	02-15-11	1,085,000	480,000
5.50	05-15-92	02-15-04	34,520,000	5,175,000
3.97	05-01-93	02-15-15	14,425,000	9,370,000
5.39	10-01-93	02-15-14	3,625,000	2,185,000
5.39	10-01-93	02-15-14	2,550,000	1,550,000
5.20	10-01-93	02-15-14	1,470,000	900,000
5.14	10-01-93	02-15-14	19,215,000	4,815,000
5.50	05-15-95	02-15-15	4,690,000	3,055,000
5.07	12-15-95	02-15-16	6,505,000	4,555,000
5.07	12-15-95	02-15-16	10,000,000	7,000,000
4.91	01-15-97	02-15-09	17,530,000	13,500,000
4.61	01-01-98	02-15-08	1,330,000	875,000
4.71	01-01-98	02-15-18	10,260,000	8,220,000
4.36	01-15-99	02-15-14	20,835,000	19,305,000
4.58	01-15-99	02-15-19	15,355,000	13,045,000
4.77	04-01-99	02-15-19	6,100,000	5,185,000
4.71	04-01-99	02-15-19	12,300,000	10,540,000
5.37	09-15-99	02-15-20	24,800,000	23,270,000
5.54	03-15-00	02-15-20	7,000,000	6,795,000
4.90	02-01-01	02-15-21	9,100,000	9,035,000
4.81	02-01-01	02-15-21	2,770,000	2,630,000
5.25	06-01-01	02-15-31	35,000,000	34,840,000
4.68	02-15-02	02-15-22	9,400,000	9,400,000
4.71	02-15-02	02-15-22	6,450,000	6,450,000
4.70	02-15-02	02-15-22	1,545,000	1,545,000
4.62	07-01-02	02-15-22	2,605,000	2,605,000
3.18	07-01-02	02-15-10	10,810,000	10,810,000
Total			<u>\$351,889,070</u>	<u>\$217,269,682 (A)</u>

(A) Excludes net deferred gains and losses on advance refundings, bond issuance costs and discounts of \$5,358,388. Additionally, this amount includes \$158,764,336 of bonds used to finance enterprise fund activities.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**I. LONG-TERM DEBT (CONTINUED)**

**ELECTRIC REVENUE BONDS:**

<u>Interest Rate(%)</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Balance Outstanding 9-30-02</u>
3.80 to 5.50	6-15-95	4-15-08	\$ 13,560,000	\$ 6,865,000
4.25 to 6.25	1-01-98	4-15-18	9,170,000	7,350,000
3.10 to 5.00	1-15-99	4-15-19	14,975,000	11,865,000
4.00 to 5.25	7-01-01	4-15-21	9,200,000	8,740,000
4.75	8-15-02	4-15-21	8,500,000	8,500,000
Total			<u>\$ 55,405,000</u>	<u>\$ 43,320,000 *</u>

\* Balance outstanding includes \$(766,935) of discount on bonds sold and bond issuance costs.

**WATER REVENUE BONDS:**

<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount Issued</u>	<u>Balance Outstanding 9-30-02</u>
3.80 to 5.50%	6-1-95	8-15-21	<u>\$58,170,000</u>	<u>\$48,810,000 *</u>

\* Balance outstanding includes \$(5,162,953) discount, bond issuance costs and deferred losses on bonds sold or refunded.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**I. LONG-TERM DEBT (CONTINUED)**

The annual requirements to amortize all outstanding debt of the City as of September 30, 2002, including interest payments of \$148,274,131 are as follows:

<b>Fiscal Year</b>	<b>General Obligation</b>	<b>Revenue</b>	<b>Total</b>
2002-03	\$ 24,444,812	\$ 9,697,562	\$ 34,142,374
2003-04	22,431,151	10,288,963	32,720,114
2004-05	21,893,775	9,608,900	31,502,675
2005-06	21,349,489	9,415,283	30,764,772
2006-07	20,828,615	9,251,773	30,080,388
2007-08	19,705,641	8,764,558	28,470,199
2008-09	18,824,861	7,835,585	26,660,446
2009-10	17,892,098	7,753,750	25,645,848
2010-11	17,528,047	7,681,005	25,209,052
2011-12	15,936,793	7,262,645	23,199,438
2012-13	15,587,018	7,216,400	22,803,418
2013-14	15,248,449	6,083,240	21,331,689
2014-15	11,976,353	6,039,000	18,015,353
2015-16	10,857,714	5,988,960	16,846,674
2016-17	9,910,239	5,945,825	15,856,064
2017-18	9,809,099	5,895,560	15,704,659
2018-19	9,209,221	5,399,020	14,608,241
2019-20	7,487,135	3,469,150	10,956,285
2020-21	4,850,150	3,448,700	8,298,850
2021-22	3,983,535	-	3,983,535
2022-23	2,317,900	-	2,317,900
2023-24	2,318,470	-	2,318,470
2024-25	2,319,339	-	2,319,339
2025-26	2,320,614	-	2,320,614
2026-27	2,321,575	-	2,321,575
2027-28	2,317,068	-	2,317,068
2028-29	2,317,260	-	2,317,260
2029-30	2,321,623	-	2,321,623
2030-31	2,319,890	-	2,319,890
Total	<u>\$320,627,934</u>	<u>\$137,045,879</u>	<u>\$ 457,673,813</u> *

\* This schedule does not include the effect of premiums or discounts.

The City has complied in all material respects with the bond covenants as outlined in each issue's indenture.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**I. LONG-TERM DEBT (CONTINUED)**

Long-term debt transactions for governmental and proprietary funds for the year ended September 30, 2002 are as follows:

	<u>Debt Payable</u> <u>9-30-01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Debt Payable</u> <u>9-30-02</u>
<b>Governmental activities:</b>				
Tax-Supported				
Obligation Bonds	\$ 53,082,808	\$ 9,400,000	\$ 3,977,462	\$ 58,505,346
Rebatable arbitrage	621,657	-	338,781	282,876
Compensated Absences	<u>12,179,659</u>	<u>195,329</u>	<u>56,992</u>	<u>12,317,996</u>
<b>Total Governmental</b>	<u>65,884,124</u>	<u>9,595,329</u>	<u>4,373,235</u>	<u>71,106,218</u>
<b>Business-type activities:</b>				
Self-Supported				
Obligation Bonds	163,893,747	10,768,568	10,539,591	164,122,724
Revenue Bonds	81,575,667	8,500,300	3,875,855	86,200,112
Compensated Absences	<u>3,659,405</u>	<u>149,369</u>	<u>56,377</u>	<u>3,752,397</u>
<b>Total Business-type</b>	<u>249,128,819</u>	<u>19,418,237</u>	<u>14,471,823</u>	<u>254,075,233</u>
<b>Total City-Wide:</b>				
Obligation Bonds	216,976,555	20,168,568	14,517,053	222,628,070
Revenue Bonds	81,575,667	8,500,300	3,875,855	86,200,112
Rebatable arbitrage	621,657	-	338,781	282,876
Compensated Absences	<u>15,839,064</u>	<u>344,698</u>	<u>113,369</u>	<u>16,070,393</u>
<b>Total City-Wide</b>	<u>\$ 315,012,943</u>	<u>\$ 29,013,566</u>	<u>\$ 18,845,058</u>	<u>\$ 325,181,451</u>

The total long-term debt is reconciled to the total annual requirements to amortize long-term debt as follows:

Long-term debt	\$ 325,181,451	
Interest	<u>148,274,131</u>	
Total amount of debt		\$ 473,455,582
Net gains/losses, discounts, etc.	571,500	
Rebatable arbitrage	(282,876)	
Compensated absences	<u>(16,070,393)</u>	<u>(15,781,769)</u>
Total future debt requirements		<u>\$ 457,673,813</u>

The City Council called an election for September 18, 1999 to seek voter approval to issue general purpose tax-supported bonds in the amount of \$37,385,000, which represents the City's current five year general purpose debt plan. The following four propositions were approved by the voters: parks, \$14,765,000; city-wide drainage projects, \$2,160,000; city-wide street projects, \$17,165,000; and traffic signal systems, \$3,295,000. The City has not submitted a capital improvement plan to voters since 1993, when voters in the City approved a \$28,690,000 capital improvement plan. In February 2002, the City issued \$9,400,000 General Obligation Bonds, Series 2002. This issuance was the third installment of the capital improvement debt issuance approved by the voters in 1999. The proceeds from the sale of the Obligations will be used to fund projects in the following areas: Parks, \$4,245,000; Streets \$4,075,000; and Traffic Control \$1,080,000.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**J. ADVANCED REFUNDING**

In fiscal years 1994, 1999 and 2002 the City defeased portions of City of Lubbock General Obligation Bonds. All of the defeased portions of the following bonds were called and retired during the 2001-2002 fiscal year:

Combination Tax & Sewer Subordinate Lien Revenue Certificates of Obligation, Series 1991.

Tax & Waterworks System (Limited Pledge) Revenue Certificates of Obligation, Series 1992.

General Obligation Refunding Bonds, Series 1993.

In fiscal year 1999, the City defeased certain General Obligation Bonds. A portion of the proceeds of the Series 1999 General Obligation Refunding Bonds were used to purchase United States Treasury Securities State and Local Government Series, which were placed in an irrevocable trust to be used solely to partially refund the portion of the Series 1992 Combination Tax & Sewer Subordinate Lien Revenue Certificates of Obligation payments due February 15, 2006 through 2014. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's BFS. On the September 30, 2002, \$15,545,000 of bonds outstanding are considered defeased.

In fiscal year 2002, the City defeased certain General Obligation Bonds. A portion of the proceeds of the Series 2002 General Obligation Refunding Bonds were used to purchase United States Treasury Securities State and Local Government Series, which were placed in an irrevocable trust to be used solely to partially refund the portion of the Series 1993 General Obligation Bonds due February 15, 2004 through 2010, scheduled to be called February 15, 2003 at par. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's BFS. The City advance refunded the 1993 Series bonds to reduce its total debt service payments over the next eight years by approximately \$296,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$350,000. On the September 30, 2002, \$6,720,000 of bonds outstanding are considered defeased.

**K. ACCRUED INSURANCE CLAIMS**

As discussed in Note I.G., the Self-Insurance Funds establish a liability for self-insurance for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the Insurance Funds during the past two years ended September 30:

	<u>2002</u>	<u>2001</u>
Worker's Compensation and Liability Reserves at beginning of fiscal year	\$ 6,000,000	\$ 3,734,340
Claims expenses	3,368,160	5,735,258
Claims payments	<u>(3,368,160)</u>	<u>(3,469,598)</u>
Worker's Compensation and liability reserves at end of fiscal year	6,000,000	6,000,000
Medical and Dental Claims Liability at end of fiscal year *	<u>2,685,925</u>	<u>3,264,865</u>
Total Self-Insurance Liability at end of fiscal year	<u>\$ 8,685,925</u>	<u>\$ 9,264,865</u>
Total Assets to pay claims at end of fiscal year	<u>\$ 19,450,532</u>	<u>\$ 18,534,516</u>
Accrued insurance claims payable from restricted assets-current	\$ 4,185,925	\$ 4,764,865
Accrued insurance claims-non-current	<u>4,500,000</u>	<u>4,500,000</u>
Total accrued insurance claims	<u>\$ 8,685,925</u>	<u>\$ 9,264,865</u>

\* The information necessary to prepare the separate disclosures for medical and dental claims liabilities is unavailable.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**L. LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the City to place final covers on its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and postclosure costs as operating expenses (and recognizing a corresponding liability) in each period based on landfill capacity used as of each balance sheet date.

The \$2,552,923 included in landfill closure and postclosure care liability at September 30, 2002, represents the cumulative amount expensed by the City to date for its two landfills that are registered under TCEQ permit numbers 69 (Landfill 69) and 2252 (Landfill 2252), less amounts that have been recognized. Over 90 percent of the estimated capacity of Landfill 69 has been used to date, with \$751,182 remaining to be recognized over the remaining closure period, which is estimated at 5 years. Approximately 1.5 percent of the estimated capacity of Landfill 2252 has been used to date, with \$22,448,347 remaining to be recognized over the remaining closure period, which is estimated at over 80 years. Postclosure care costs are based on prior estimates and have been adjusted for inflation. Actual costs may be different due to inflation, deflation, changes in technology, or changes in regulations.

The City accounts for its Municipal Solid Waste Landfill in accordance with GASB Statement No. 18; however, in prior years the amount of closure costs used in the calculation of current cost for Landfill 69 was incorrect resulting in overstatement of the liability for closure and postclosure care costs. In order to properly reflect the estimated total current cost of the landfill's closure and postclosure care, a reduction in the liability of approximately \$3,600,000 has been recorded, with a corresponding increase in beginning-of-year net assets.

The City is required by state and federal laws and regulations to provide assurance that financial resources will be available to provide for closure, postclosure care, and remediation or containment of environmental hazards at its landfill. The City is in compliance with these requirements and has chosen the Local Government Financial Test mechanism for providing this assurance. The City expects to finance costs through normal operations.

**NOTE IV. CONTINGENT LIABILITIES**

**A. FEDERAL GRANTS**

In the normal course of operations, the City receives grant funds from various Federal and state agencies. The grant programs are subject to audits by agents of the granting authority to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grants is not believed to be material.

**B. LITIGATION**

The City is involved in lawsuits arising in the normal course of business, including claims for property damage, personal injury and personnel practices, disputes over contract awards and property condemnation proceedings, suits contesting the legality of certain taxes and public safety practices. In the opinion of management, the ultimate outcome of these lawsuits will not have a materially adverse effect on the City's financial position as of September 30, 2002.

**CITY OF LUBBOCK, TEXAS**  
**Notes to Basic Financial Statements**  
**September 30, 2002**

**NOTE IV. CONTINGENT LIABILITIES**

**C. SITE REMEDIATION**

The City has identified specific locations requiring site remediation relative to underground fuel storage tanks and historical fire training sites. The potential exposure is not readily determinable as of September 30, 2002. In the opinion of management, the ultimate liability will not have a materially adverse effect on the City's financial position.

**D. WEST TEXAS MUNICIPAL POWER AGENCY**

In fiscal 1998, the West Texas Municipal Power Agency (WTMPA) issued \$28,910,000 of WTMPA Revenue Bonds, Series 1998 maturing through February of 2018. These bonds are secured by the net revenues of certain power sales contracts with participating cities of which the City is one. In the event the net revenues of the power sales contracts are not sufficient to cover the debt service of the bonds, the participating cities are required under a debt service guarantee provision of the agreement, to provide funds sufficient to cover any debt service deficit to the extent of their respective participation percentages for the preceding 12 months. The City's percentage share in this agreement for the coming year approximates 85.21%. At September 30, 2002, the City had current accounts receivable of approximately \$3.7 million and long-term accounts receivable of \$4.0 million from WTMPA. During the year ended September 30, 2002, the City reported expenses of approximately \$37.1 million for power purchased from WTMPA and approximately \$2.1 million in contract service revenue. At September 30, 2002, the City owed WTMPA approximately \$5.4 million for purchased power.



# CITY OF LUBBOCK, TEXAS

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## **C**OMBINING **F**UND STATEMENTS AND **S**CHEDULES

## **Non-Major Governmental Funds**

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## Special Revenue Funds

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

**Civic Center Renovation and Marketing (“Civic Center Renovation”)** - To account for a portion of the hotel-motel occupancy tax allocated specifically to renovating the interior of the Civic Center with newer aesthetics and functional improvements and to promote usage of municipal facilities.

**Municipal Arts Administration (“Municipal Arts”)** - To account for a portion of the hotel-motel occupancy tax allocated specifically for building or renovating the existing facility to offer a suitable environment for the visual arts and visitor information center and to provide administrative services focused on raising funds and programs.

**Visitor Information Center Administration (“Visitor Information Center”)** - To account for a portion of the hotel-motel occupancy tax allocated specifically to operate a central location for all information on what to see and do in Lubbock.

**Inbound Tourist Travel Airport Marketing (“Inbound Tourism and Travel”)** - To account for a portion of the hotel-motel occupancy tax allocated specifically to promote the accessibility of Lubbock and position Lubbock as the mini-hub of the Southwest.

**Lubbock Arts Alliance Inc. Grants Review Committee (“Arts and Related Items”)** - To account for a portion of the hotel-motel occupancy tax allocated specifically to promote local visual and performing arts programs.

**Tourism Reserve Fund (“Tourism Reserve”)** - To account for a portion of the hotel-motel occupancy tax allocated specifically to place in reserves for use in special projects or unanticipated events upon approval by the City Council.

**Criminal Investigation Fund (“Criminal Investigation”)** - To account for the allocation of revenues derived from court ordered forfeitures of monies to criminal investigations and related activities.

**Economic Development Incentive Fund (“Economic Development Incentive”)** - To account for a portion of tax revenues to promote industrial and economic development.

**Tax Increment Fund (“Tax Increment”)** - To account for incremental tax funds dedicated to the development of a specified central district.

**Hotel/Motel Tax Fund (“Hotel/Motel Tax”)** - To account for total hotel-motel occupancy tax receipts and to distribute to appropriate funds as directed by City Council.

**Excess Sales Tax Fund (“Excess Sales Tax”)** - To reserve the excess of actual sales tax over budgeted sales tax for the portion that reduces the property tax rate.

**Community Improvement Fund (“Community Improvement”)** - To account for funds transferred from the General Fund and Enterprise Funds that may be used for economic development initiatives.

**Information Technology Improvements Fund (“Information Technology Improvements”)** - To account for the incremental increase in cable franchise fees to be used for City-wide improvements in areas of technology.

**Special Projects Fund (“Special Projects”)** – To account for excess Hotel/Motel Tax revenues that may be used for projects approved by City Council and meeting the specific use guidelines of Hotel/motel Tax regulations.

(Continued)

## **Special Revenue Funds (Continued)**

**Community Development Fund (“Community Development”)** - To account for the receipt and disbursement of Community Development Block Grant funds from the United States Department of Housing & Urban Development.

**Urban Renewal Agency ("URA")** - To account for housing rehabilitation, housing acquisition, and land disposition. The URA is governed by the City Council.

**Community Services Fund (“Community Services”)** - To account for the receipt and disbursement of funds received from the Texas Department of Human Resources, Texas Department of Community Affairs and United States Department of Energy.

**Health Services Fund (“Health”)** - To account for the receipt and disbursement of funds received from the Texas Department of Health and United States Department of Health and Human Services.

**Library Fund (“Library”)** - To account for the receipt and disbursement of funds received from the Texas State Library and Archives Commission, and United States Department of Education.

**Police Fund (“Police”)** - To account for the receipt and disbursement of funds received from the State Department of Highways and Public Transportation and the Office of the Governor, Criminal Justice Division and United States Department of Justice.

**Other Grants Fund (“Other Grants”)** - To account for the receipt and disbursement of funds received from the Texas State Department of Highways, Texas Historical Commission, United States Department of Transportation and United States Department of the Interior, Texas Department of Human Services, and South Plains Association of Governments.

## **Debt Service Fund**

This fund is used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments made by enterprise funds. Ad valorem taxes and interest earned on the investments of the Debt Service Fund are used for the payment of principal, interest, and commissions to fiscal agents on the City's general obligation bonds, which are reflected in the Government-Wide Financial Statements.

## **Capital Project Funds**

The Capital Projects Funds account for all capital improvements, except for those accounted for in proprietary funds, which are financed by the City's general obligation bond issues, certain sales taxes, certain Federal grants and other specific receipts.

**Public Safety Capital Projects Fund (“Public Safety”)** - To account for the financing and construction of public safety improvements.

**Park Improvements Fund (“Park Improvements”)** - To account for the financing and construction of park improvements.

**Streets Improvements Fund (“Street Improvements”)** - To account for the financing and construction of streets and alleys financed primarily by bond issues and property owner participation.

**Street Facilities and System Improvements Fund (“Permanent Street Maintenance”)** - To account for the financing and reconstruction of public streets, thoroughfares and public ways.

**General Capital Projects Fund (“General Capital Projects”)** - To account for the financing and expenditures related to the purchase and/or construction of municipal buildings and equipment.

**General Facilities and System Improvements Fund (“General Facilities and System Improvements”)** - To account for the maintenance, repair or replacement of major components of all public buildings and public facilities owned by the City.

**CITY OF LUBBOCK, TEXAS  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2002**

<b>Special Revenue</b>							
	<b>Civic Center Renovation</b>	<b>Municipal Arts</b>	<b>Visitor Information Center</b>	<b>Inbound Tourism and Travel</b>	<b>Arts and Related Items</b>	<b>Special Projects</b>	<b>Tourism Reserve</b>
<b>ASSETS</b>							
Pooled cash and cash equivalents	\$ 84,507	\$ 706	\$ 115,306	\$ 4,766	\$ 43,142	\$ 193,542	\$ 346
Investments	78,007	652	106,436	4,400	39,824	178,654	320
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	364	306	866	35	380	-	397
Mortgages receivable	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Due from others	-	-	-	-	-	-	-
Investment in property	-	-	-	-	-	-	-
Advances to other governments	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 162,878</b>	<b>\$ 1,664</b>	<b>\$ 222,608</b>	<b>\$ 9,201</b>	<b>\$ 83,346</b>	<b>\$ 372,196</b>	<b>\$ 1,063</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	20,000
Accrued liabilities	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000</b>
<b>FUND BALANCES</b>							
Reserved for:							
Special revenue funds-grants	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Designated for:							
Subsequent years expenditures	-	1,664	-	-	83,346	-	-
Unreserved	162,878	-	222,608	9,201	-	372,196	(18,937)
<b>Total fund balances</b>	<b>162,878</b>	<b>1,664</b>	<b>222,608</b>	<b>9,201</b>	<b>83,346</b>	<b>372,196</b>	<b>(18,937)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 162,878</b>	<b>\$ 1,664</b>	<b>\$ 222,608</b>	<b>\$ 9,201</b>	<b>\$ 83,346</b>	<b>\$ 372,196</b>	<b>\$ 1,063</b>

See accompanying *Independent Auditor's Report*.

**Special Revenue**

<u>Criminal Investigation</u>	<u>Economic Development Incentive</u>	<u>Tax Increment</u>	<u>Hotel/Motel Tax</u>	<u>Excess Sales Tax</u>	<u>Community Improvement</u>	<u>Information Technology Improvements</u>	<u>Community Development</u>	<u>Urban Renewal Agency (URA)</u>
\$ 274,981	\$ 200,758	\$ -	\$ 4,969	\$ 910,488	\$ 541,065	\$ 1,211	\$ 1,365	\$ -
253,829	185,315	-	4,586	840,451	499,444	1,118	-	-
-	73,215	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,600	2,387	-	-	6,583	-	-	-	-
-	-	-	-	-	-	-	-	5,880,761
-	-	-	-	-	-	-	5,351	-
-	12,171	-	712,827	-	-	148,769	-	-
-	-	-	-	-	-	-	-	236,363
-	-	-	-	-	10,000,000	-	-	-
<u>\$ 530,410</u>	<u>\$ 473,846</u>	<u>\$ -</u>	<u>\$ 722,382</u>	<u>\$ 1,757,522</u>	<u>\$ 11,040,509</u>	<u>\$ 151,098</u>	<u>\$ 6,716</u>	<u>\$ 6,117,124</u>
\$ 137,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,954,050	\$ -
-	-	-	720,000	-	850,000	80,000	458,939	-
-	-	-	-	-	-	-	53	-
-	-	-	-	-	6,000,000	-	-	-
-	62,407	-	-	-	-	-	-	-
<u>137,220</u>	<u>62,407</u>	<u>-</u>	<u>720,000</u>	<u>-</u>	<u>6,850,000</u>	<u>80,000</u>	<u>2,413,042</u>	<u>-</u>
-	-	-	-	-	-	-	-	6,117,124
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
393,190	411,439	-	2,382	1,757,522	4,190,509	71,098	(2,406,326)	-
<u>393,190</u>	<u>411,439</u>	<u>-</u>	<u>2,382</u>	<u>1,757,522</u>	<u>4,190,509</u>	<u>71,098</u>	<u>(2,406,326)</u>	<u>6,117,124</u>
<u>\$ 530,410</u>	<u>\$ 473,846</u>	<u>\$ -</u>	<u>\$ 722,382</u>	<u>\$ 1,757,522</u>	<u>\$ 11,040,509</u>	<u>\$ 151,098</u>	<u>\$ 6,716</u>	<u>\$ 6,117,124</u>

**CITY OF LUBBOCK, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2002**

	<u>Special Revenue</u>					<u>Debt Service</u>	
	<u>Community Services</u>	<u>Health</u>	<u>Library</u>	<u>Police</u>	<u>Other Grants</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>							
Pooled cash and cash equivalents	\$ 550	\$ 177,728	\$ 865	\$ 70,775	\$ 1,900	\$ 2,628,970	\$ 850,084
Investments	-	164,056	-	65,331	1,753	2,424,176	784,692
Taxes receivable	-	-	-	-	-	73,215	511,207
Accounts receivable	-	-	-	1,143	932	2,075	-
Interest receivable	-	-	-	-	-	12,918	1,905
Mortgages receivable	-	-	-	-	-	5,880,761	-
Due from other governments	37,336	-	-	11,250	208,567	262,504	-
Due from others	-	-	-	-	-	873,767	-
Investment in property	-	-	-	-	-	236,363	-
Advances to other governments	-	-	-	-	-	10,000,000	-
<b>Total assets</b>	<b>\$ 37,886</b>	<b>\$ 341,784</b>	<b>\$ 865</b>	<b>\$ 148,499</b>	<b>\$ 213,152</b>	<b>\$ 22,394,749</b>	<b>\$ 2,147,888</b>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 18,747	\$ 8,173	\$ 6,078	\$ 46,241	\$ 2,170,509	\$ 10,366
Due to other funds	45,294	-	173,756	-	168,771	2,516,760	-
Accrued liabilities	-	1,378	-	-	14,232	15,663	-
Advances from other funds	-	-	-	-	-	6,000,000	-
Deferred revenue	-	-	1,331	717,509	-	781,247	440,476
<b>Total liabilities</b>	<b>45,294</b>	<b>20,125</b>	<b>183,260</b>	<b>723,587</b>	<b>229,244</b>	<b>11,484,179</b>	<b>450,842</b>
<b>FUND BALANCES</b>							
Reserved for:							
Special revenue funds-grants	-	-	-	-	-	6,117,124	-
Debt service	-	-	-	-	-	-	1,697,046
Capital projects	-	-	-	-	-	-	-
Designated for:							
Subsequent years expenditures	-	-	-	-	-	85,010	-
Unreserved	(7,408)	321,659	(182,395)	(575,088)	(16,092)	4,708,436	-
<b>Total fund balances</b>	<b>(7,408)</b>	<b>321,659</b>	<b>(182,395)</b>	<b>(575,088)</b>	<b>(16,092)</b>	<b>10,910,570</b>	<b>1,697,046</b>
<b>Total liabilities and fund balances</b>	<b>\$ 37,886</b>	<b>\$ 341,784</b>	<b>\$ 865</b>	<b>\$ 148,499</b>	<b>\$ 213,152</b>	<b>\$ 22,394,749</b>	<b>\$ 2,147,888</b>

See accompanying *Independent Auditor's Report*.

**Capital Projects**

<u>Public Safety</u>	<u>Park Improvements</u>	<u>Street Improvements</u>	<u>Permanent Street Maintenance</u>	<u>General Capital Projects</u>	<u>General Facilities and System Imp.</u>	<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,467,067	\$ 4,289,117	\$ 10,538,207	\$ 179,947	\$ 460,025	\$ 3,401,421	\$ 20,335,784	\$ 23,814,838
1,354,215	3,959,184	9,727,576	166,104	424,638	3,139,774	18,771,491	21,980,359
-	-	-	-	-	-	-	584,422
-	-	-	-	-	-	-	2,075
5,150	5,060	29,801	3,232	1,985	23,743	68,971	83,794
-	-	-	-	-	-	-	5,880,761
-	-	-	-	-	-	-	262,504
182,608	-	65,164	-	-	-	247,772	1,121,539
-	-	-	-	-	-	-	236,363
-	-	-	-	-	-	-	10,000,000
<u>\$ 3,009,040</u>	<u>\$ 8,253,361</u>	<u>\$ 20,360,748</u>	<u>\$ 349,283</u>	<u>\$ 886,648</u>	<u>\$ 6,564,938</u>	<u>\$ 39,424,018</u>	<u>\$ 63,966,655</u>
\$ 60,802	\$ 296,613	\$ 172,285	\$ 101,798	\$ 4,160	\$ 135,414	\$ 771,072	\$ 2,951,947
-	-	-	-	-	-	-	2,516,760
-	-	-	24,562	-	-	24,562	40,225
1,040,095	-	-	-	1,254,335	-	2,294,430	8,294,430
-	-	2,108,946	-	-	-	2,108,946	3,330,669
<u>1,100,897</u>	<u>296,613</u>	<u>2,281,231</u>	<u>126,360</u>	<u>1,258,495</u>	<u>135,414</u>	<u>5,199,010</u>	<u>17,134,031</u>
-	-	-	-	-	-	-	6,117,124
-	-	-	-	-	-	-	1,697,046
1,908,143	7,956,748	18,079,517	222,923	(371,847)	6,429,524	34,225,008	34,225,008
-	-	-	-	-	-	-	85,010
-	-	-	-	-	-	-	4,708,436
<u>1,908,143</u>	<u>7,956,748</u>	<u>18,079,517</u>	<u>222,923</u>	<u>(371,847)</u>	<u>6,429,524</u>	<u>34,225,008</u>	<u>46,832,624</u>
<u>\$ 3,009,040</u>	<u>\$ 8,253,361</u>	<u>\$ 20,360,748</u>	<u>\$ 349,283</u>	<u>\$ 886,648</u>	<u>\$ 6,564,938</u>	<u>\$ 39,424,018</u>	<u>\$ 63,966,655</u>

**CITY OF LUBBOCK, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	<b>Special Revenue</b>						
	<b>Civic Center Renovation</b>	<b>Municipal Arts</b>	<b>Visitor Information Center</b>	<b>Inbound Tourism and Travel</b>	<b>Arts and Related Items</b>	<b>Special Projects</b>	<b>Tourism Reserve</b>
<b>REVENUES</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel and motel taxes	-	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Interest	2,378	911	5,394	216	2,975	-	2,845
Miscellaneous	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>2,378</b>	<b>911</b>	<b>5,394</b>	<b>216</b>	<b>2,975</b>	<b>-</b>	<b>2,845</b>
<b>EXPENDITURES</b>							
Current:							
General government	54,666	-	57,248	-	152,612	-	20,525
Public works	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>54,666</b>	<b>-</b>	<b>57,248</b>	<b>-</b>	<b>152,612</b>	<b>-</b>	<b>20,525</b>
Excess (deficiency) of revenues over (under) expenditures	(52,288)	911	(51,854)	216	(149,637)	-	(17,680)
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	-	-	-	-	-	-	-
Refunded bonds issued	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-
Transfers in	666,241	142,207	71,459	26,664	142,207	372,196	108,880
Transfers out	(708,328)	(142,207)	(20,000)	(26,664)	(140,000)	-	(305,000)
<b>Total other financing sources (uses)</b>	<b>(42,087)</b>	<b>-</b>	<b>51,459</b>	<b>-</b>	<b>2,207</b>	<b>372,196</b>	<b>(196,120)</b>
<b>Net change in fund balances</b>	<b>(94,375)</b>	<b>911</b>	<b>(395)</b>	<b>216</b>	<b>(147,430)</b>	<b>372,196</b>	<b>(213,800)</b>
Fund balances-beginning of year	257,253	753	223,003	8,985	230,776	-	194,863
Fund balances-end of year	<u>\$ 162,878</u>	<u>\$ 1,664</u>	<u>\$ 222,608</u>	<u>\$ 9,201</u>	<u>\$ 83,346</u>	<u>\$ 372,196</u>	<u>\$ (18,937)</u>

See accompanying *Independent Auditor's Report*.

**Special Revenue**

<b>Criminal Investigation</b>	<b>Economic Development Incentive</b>	<b>Tax Increment</b>	<b>Hotel/Motel Tax</b>	<b>Excess Sales Tax</b>	<b>Community Improvement</b>	<b>Information Technology Improvements</b>	<b>Community Development</b>
\$ -	\$ 2,064,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	2,860,785	-	-	-	-
-	-	-	-	-	-	-	3,544,067
-	-	-	-	-	-	-	-
10,374	10,716	-	-	46,994	13,729	74	-
50,891	-	-	-	-	-	682,610	428,745
<u>61,265</u>	<u>2,075,680</u>	<u>-</u>	<u>2,860,785</u>	<u>46,994</u>	<u>13,729</u>	<u>682,684</u>	<u>3,972,812</u>
96,664	2,204,747	967	1,350,970	-	3,576,350	2,250	4,534,344
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	163,970
<u>96,664</u>	<u>2,204,747</u>	<u>967</u>	<u>1,350,970</u>	<u>-</u>	<u>3,576,350</u>	<u>2,250</u>	<u>4,698,314</u>
<u>(35,399)</u>	<u>(129,067)</u>	<u>(967)</u>	<u>1,509,815</u>	<u>46,994</u>	<u>(3,562,621)</u>	<u>680,434</u>	<u>(725,502)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	187,500	-	-	-	2,327,152	-	-
-	-	-	(1,509,854)	(230,000)	(625,000)	(898,040)	-
<u>-</u>	<u>187,500</u>	<u>-</u>	<u>(1,509,854)</u>	<u>(230,000)</u>	<u>1,702,152</u>	<u>(898,040)</u>	<u>-</u>
<u>(35,399)</u>	<u>58,433</u>	<u>(967)</u>	<u>(39)</u>	<u>(183,006)</u>	<u>(1,860,469)</u>	<u>(217,606)</u>	<u>(725,502)</u>
<u>428,589</u>	<u>353,006</u>	<u>967</u>	<u>2,421</u>	<u>1,940,528</u>	<u>6,050,978</u>	<u>288,704</u>	<u>(1,680,824)</u>
<u>\$ 393,190</u>	<u>\$ 411,439</u>	<u>\$ -</u>	<u>\$ 2,382</u>	<u>\$ 1,757,522</u>	<u>\$ 4,190,509</u>	<u>\$ 71,098</u>	<u>\$ (2,406,326)</u>

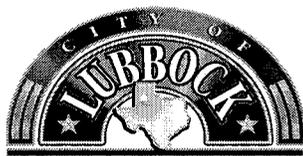
**CITY OF LUBBOCK, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2002**

	<u>Special Revenue</u>						<u>Total Special Revenue Funds</u>
	<u>Urban Renewal Agency (URA)</u>	<u>Community Services</u>	<u>Health</u>	<u>Library</u>	<u>Police</u>	<u>Other Grants</u>	
<b>REVENUES</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,064,964
Hotel and motel taxes	-	-	-	-	-	-	2,860,785
Intergovernmental revenue	-	360,610	499,184	630,518	606,669	1,081,860	6,722,908
Charges for services	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	96,606
Miscellaneous	-	-	276,882	9,165	265,765	361,805	2,075,863
<b>Total revenues</b>	<u>-</u>	<u>360,610</u>	<u>776,066</u>	<u>639,683</u>	<u>872,434</u>	<u>1,443,665</u>	<u>13,821,126</u>
<b>EXPENDITURES</b>							
Current:							
General government	9,901	339,686	630,298	614,080	711,068	1,522,462	15,878,838
Public works	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	-	-	17,594	28,611	228,608	81,494	520,277
<b>Total expenditures</b>	<u>9,901</u>	<u>339,686</u>	<u>647,892</u>	<u>642,691</u>	<u>939,676</u>	<u>1,603,956</u>	<u>16,399,115</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,901)</u>	<u>20,924</u>	<u>128,174</u>	<u>(3,008)</u>	<u>(67,242)</u>	<u>(160,291)</u>	<u>(2,577,989)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Long-term debt issued	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	4,044,506
Transfers out	-	-	(25,000)	-	-	(72,604)	(4,702,697)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(72,604)</u>	<u>(658,191)</u>
<b>Net change in fund balances</b>	<u>(9,901)</u>	<u>20,924</u>	<u>103,174</u>	<u>(3,008)</u>	<u>(67,242)</u>	<u>(232,895)</u>	<u>(3,236,180)</u>
Fund balances-beginning of year	<u>6,127,025</u>	<u>(28,332)</u>	<u>218,485</u>	<u>(179,387)</u>	<u>(507,846)</u>	<u>216,803</u>	<u>14,146,750</u>
Fund balances-end of year	<u>\$ 6,117,124</u>	<u>\$ (7,408)</u>	<u>\$ 321,659</u>	<u>\$ (182,395)</u>	<u>\$ (575,088)</u>	<u>\$ (16,092)</u>	<u>\$ 10,910,570</u>

See accompanying *Independent Auditor's Report*.

Debt Service		Capital Projects							Total
Debt Service Fund	Public Safety	Park Improvements	Street Improvements	Permanent Street Maintenance	General Capital Projects	General Facilities and System Imp.	Total Capital Project Funds	Nonmajor Governmental Funds	
\$ 7,725,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,790,339	
-	-	-	-	-	-	-	-	2,860,785	
-	-	-	-	-	-	-	-	6,722,908	
-	-	908	113,010	-	-	169,989	283,907	283,907	
60,054	70,154	139,303	380,841	19,638	22,197	107,698	739,831	896,491	
-	182,608	31,205	1,049,578	-	-	-	1,263,391	3,339,254	
<u>7,785,429</u>	<u>252,762</u>	<u>171,416</u>	<u>1,543,429</u>	<u>19,638</u>	<u>22,197</u>	<u>277,687</u>	<u>2,287,129</u>	<u>23,893,684</u>	
-	-	-	-	-	-	-	-	15,878,838	
-	70,364	33,364	652,733	-	373,594	305,241	1,435,296	1,435,296	
4,113,177	-	-	-	-	-	-	-	4,113,177	
3,390,300	-	-	-	-	-	-	-	3,390,300	
-	1,243,207	4,408,071	1,622,941	1,545,654	413,403	3,072,669	12,305,945	12,826,222	
<u>7,503,477</u>	<u>1,313,571</u>	<u>4,441,435</u>	<u>2,275,674</u>	<u>1,545,654</u>	<u>786,997</u>	<u>3,377,910</u>	<u>13,741,241</u>	<u>37,643,833</u>	
<u>281,952</u>	<u>(1,060,809)</u>	<u>(4,270,019)</u>	<u>(732,245)</u>	<u>(1,526,016)</u>	<u>(764,800)</u>	<u>(3,100,223)</u>	<u>(11,454,112)</u>	<u>(13,750,149)</u>	
-	-	4,245,000	5,155,000	-	-	-	9,400,000	9,400,000	
-	-	-	-	-	7,252,985	-	7,252,985	7,252,985	
-	-	-	-	-	(7,117,270)	-	(7,117,270)	(7,117,270)	
16,868,750	725,979	777,308	426,597	1,500,000	862,034	3,480,426	7,772,344	28,685,600	
(16,868,750)	-	(76,396)	-	(231,386)	(122,068)	(310,140)	(739,990)	(22,311,437)	
<u>-</u>	<u>725,979</u>	<u>4,945,912</u>	<u>5,581,597</u>	<u>1,268,614</u>	<u>875,681</u>	<u>3,170,286</u>	<u>16,568,069</u>	<u>15,909,878</u>	
281,952	(334,830)	675,893	4,849,352	(257,402)	110,881	70,063	5,113,957	2,159,729	
<u>1,415,094</u>	<u>2,242,973</u>	<u>7,280,855</u>	<u>13,230,165</u>	<u>480,325</u>	<u>(482,728)</u>	<u>6,359,461</u>	<u>29,111,051</u>	<u>44,672,895</u>	
<u>\$ 1,697,046</u>	<u>\$ 1,908,143</u>	<u>\$ 7,956,748</u>	<u>\$ 18,079,517</u>	<u>\$ 222,923</u>	<u>\$ (371,847)</u>	<u>\$ 6,429,524</u>	<u>\$ 34,225,008</u>	<u>\$ 46,832,624</u>	

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## **Internal Service Funds**

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## **Internal Service Funds**

The Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a user charge basis.

**Fleet Maintenance Fund** - Established to account for the vehicle service operations.

**Central Warehouse Fund** - Established to account for the central warehouse operations.

**Management Information Fund** - Established to account for the data processing services provided to City departments and other governmental agencies.

**Self-Insurance Risk Management (“Risk Management Fund”)** - Established to account for the self-insurance fund which accounts for activities related to general liability, auto liability, public official’s liability and worker’s compensation liability.

**Print Shop and Office Store Fund** - Established to account for the printing services and central office supply provided to City departments.

**Radio Shop Fund** - Established to account for the mobile telephone and radio shop operations.

**Custodial Services Fund** - Established to account for custodial services provided for the City’s facilities.

**Building Services Fund** - Established to account for the City's building services.

**Switchboard Operations Fund** - Established to assure customer satisfaction by providing immediate and efficient telecommunications services.

**Communications Fund** - Established to account for communication services provided to City departments.

**Environmental Compliance Fund** - Established to provide for environmental regulations.

**Self-Insurance Health Fund** - Established to account for the activities of the health and dental insurance fund.

**Investment Pool Fund**- Established to account for the purpose of centralizing the activities relative to the City's investment portfolio.

**Legislation Fund** - Established to house the operating costs associated with the legislative support for the City.

**CITY OF LUBBOCK, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2002**

	<b>Business-Type Activities</b>				
	Fleet Maintenance Fund	Central Warehouse Fund	Management Information Fund	Risk Management Fund	Total Business-Type Activities
<b>ASSETS</b>					
Current assets:					
Pooled cash and cash equivalents	\$ 231,381	\$ 336,434	\$ 164,382	\$ -	\$ 732,197
Investments	213,583	310,555	151,737	-	675,875
Accounts receivable	-	-	-	-	-
Due from others	-	-	-	-	-
Interest receivable	1,582	1,888	5,695	-	9,165
Inventory, at average cost	301,608	1,134,877	-	-	1,436,485
<b>Total current assets</b>	<b>748,154</b>	<b>1,783,754</b>	<b>321,814</b>	<b>-</b>	<b>2,853,722</b>
Restricted assets:					
Capital projects:					
Pooled cash and cash equivalents	9,927	-	433,502	-	443,429
Facilities/system improvements:					
Pooled cash and cash equivalents	78,988	-	-	-	78,988
Self-insurance - health:					
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Self-insurance - risk management:					
Investments	-	-	-	10,812,929	10,812,929
Accounts receivable	-	-	-	20,409	20,409
Interest receivable	-	-	-	40,859	40,859
<b>Total restricted assets</b>	<b>88,915</b>	<b>-</b>	<b>433,502</b>	<b>10,874,197</b>	<b>11,396,614</b>
Property, plant, and equipment:					
Land	-	-	-	-	-
Buildings	1,423,123	138,853	-	-	1,561,976
Improvements other than buildings	-	-	43,993	-	43,993
Machinery and equipment	660,758	74,495	1,322,219	-	2,057,472
Construction in progress	56,243	-	614,672	-	670,915
<b>Total property, plant, and equipment</b>	<b>2,140,124</b>	<b>213,348</b>	<b>1,980,884</b>	<b>-</b>	<b>4,334,356</b>
Less accumulated depreciation	(813,507)	(213,348)	(1,045,367)	-	(2,072,222)
<b>Net property, plant, and equipment</b>	<b>1,326,617</b>	<b>-</b>	<b>935,517</b>	<b>-</b>	<b>2,262,134</b>
<b>Total assets</b>	<b>\$ 2,163,686</b>	<b>\$ 1,783,754</b>	<b>\$ 1,690,833</b>	<b>\$ 10,874,197</b>	<b>\$ 16,512,470</b>

See accompanying *Independent Auditor's Report*.

**Governmental Activities**

<u>Print Shop &amp; Office Store Fund</u>	<u>Radio Shop Fund</u>	<u>Custodial Services Fund</u>	<u>Building Services Fund</u>	<u>Switchboard Operations Fund</u>	<u>Communi- cations Fund</u>	<u>Environmental Compliance Fund</u>
\$ 213,765	\$ 91,074	\$ 70,116	\$ 360,652	\$ 119,343	\$ 2,932	\$ 14,689
197,322	84,069	64,722	332,910	110,162	2,706	13,559
-	-	-	410	-	-	-
1,961	-	-	-	-	-	-
1,605	6,805	932	2,414	860	-	2,175
-	20,029	-	-	-	-	-
<u>414,653</u>	<u>201,977</u>	<u>135,770</u>	<u>696,386</u>	<u>230,365</u>	<u>5,638</u>	<u>30,423</u>
-	1,778,114	-	-	-	9,146	573,670
-	2,475	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>1,780,589</u>	-	-	-	<u>9,146</u>	<u>573,670</u>
-	65,343	-	-	-	-	-
-	14,878	-	38,081	-	-	-
-	-	-	179,901	-	-	-
354,244	5,537,054	-	162,667	-	-	432,839
-	167,465	-	-	-	-	-
<u>354,244</u>	<u>5,784,740</u>	-	<u>380,649</u>	-	-	<u>432,839</u>
<u>(68,052)</u>	<u>(4,903,539)</u>	-	<u>(280,571)</u>	-	-	<u>(288,559)</u>
<u>286,192</u>	<u>881,201</u>	-	<u>100,078</u>	-	-	<u>144,280</u>
\$ <u>700,845</u>	\$ <u>2,863,767</u>	\$ <u>135,770</u>	\$ <u>796,464</u>	\$ <u>230,365</u>	\$ <u>14,784</u>	\$ <u>748,373</u>

**CITY OF LUBBOCK, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2002**

ASSETS	Governmental Activities				Grand Total Internal Service Funds
	Self- Insurance Health Fund	Invest- ment Pool Fund	Legis- lation Fund	Total Governmental Activities	
Current assets:					
Pooled cash and cash equivalents	\$ -	\$ 51,325	\$ 27,209	\$ 951,105	\$ 1,683,302
Investments	-	47,376	25,116	877,942	1,553,817
Accounts receivable	-	-	-	410	410
Due from others	-	-	-	1,961	1,961
Interest receivable	-	-	564	15,355	24,520
Inventory, at average cost	-	-	-	20,029	1,456,514
	-	-	-	20,029	1,456,514
Total current assets	-	98,701	52,889	1,866,802	4,720,524
Restricted assets:					
Capital projects:					
Pooled cash and cash equivalents	-	-	-	2,360,930	2,804,359
Facilities/system improvements:					
Pooled cash and cash equivalents	-	-	-	2,475	81,463
Self-insurance - health:					
Investments	8,752,942	-	-	8,752,942	8,752,942
Accounts receivable	44,651	-	-	44,651	44,651
Interest receivable	36,342	-	-	36,342	36,342
Self-insurance - risk management:					
Investments	-	-	-	-	10,812,929
Accounts receivable	-	-	-	-	20,409
Interest receivable	-	-	-	-	40,859
	-	-	-	-	40,859
Total restricted assets	8,833,935	-	-	11,197,340	22,593,954
Property, plant, and equipment:					
Land	-	-	-	65,343	65,343
Buildings	-	-	-	52,959	1,614,935
Improvements other than buildings	-	-	-	179,901	223,894
Machinery and equipment	6,000	5,300	-	6,498,104	8,555,576
Construction in progress	-	-	-	167,465	838,380
	-	-	-	167,465	838,380
Total property, plant, and equipment	6,000	5,300	-	6,963,772	11,298,128
Less accumulated depreciation	(333)	(1,914)	-	(5,542,968)	(7,615,190)
	(333)	(1,914)	-	(5,542,968)	(7,615,190)
Net property, plant, and equipment	5,667	3,386	-	1,420,804	3,682,938
Total assets	\$ 8,839,602	\$ 102,087	\$ 52,889	\$ 14,484,946	\$ 30,997,416

See accompanying *Independent Auditor's Report*.

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**CITY OF LUBBOCK, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2002**

	<b>Business-Type Activities</b>				
	Fleet Maintenance Fund	Central Warehouse Fund	Management Information Fund	Risk Management Fund	Total Business-Type Activities
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 349,467	\$ 50,151	\$ 270,036	\$ -	\$ 669,654
Due to other funds	-	-	-	-	-
Accrued liabilities	<u>27,975</u>	<u>3,205</u>	<u>40,841</u>	<u>-</u>	<u>72,021</u>
Total current liabilities	<u>377,442</u>	<u>53,356</u>	<u>310,877</u>	<u>-</u>	<u>741,675</u>
Liabilities (payable from restricted assets):					
Self-insurance - health:					
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Health claims payable	-	-	-	-	-
Self-insurance - risk management:					
Accounts payable	-	-	-	4,367	4,367
Accrued liabilities	-	-	-	5,286	5,286
Accrued insurance claims	-	-	-	1,500,000	1,500,000
Capital projects:					
Accounts payable	-	-	-	-	-
Total liabilities (payable from restricted assets)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,509,653</u>	<u>1,509,653</u>
Long-term liabilities:					
Accrued insurance claims	-	-	-	4,500,000	4,500,000
Accrued vacation and sick leave	<u>122,156</u>	<u>17,303</u>	<u>203,705</u>	<u>4,420</u>	<u>347,584</u>
Total long-term liabilities	<u>122,156</u>	<u>17,303</u>	<u>203,705</u>	<u>4,504,420</u>	<u>4,847,584</u>
Total liabilities	<u>499,598</u>	<u>70,659</u>	<u>514,582</u>	<u>6,014,073</u>	<u>7,098,912</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,326,617	-	935,517	-	2,262,134
Reserved for insurance claims	-	-	-	4,860,124	4,860,124
Unrestricted	<u>337,471</u>	<u>1,713,095</u>	<u>240,734</u>	<u>-</u>	<u>2,291,300</u>
Total net assets	<u>\$ 1,664,088</u>	<u>\$ 1,713,095</u>	<u>\$ 1,176,251</u>	<u>\$ 4,860,124</u>	<u>\$ 9,413,558</u>

See accompanying *Independent Auditor's Report*.

**Governmental Activities**

Print Shop & Office Store Fund	Radio Shop Fund	Custodial Services Fund	Building Services Fund	Switchboard Operations Fund	Communi- cations Fund	Environmental Compliance Fund
\$ 52,565	\$ 64,841	\$ 90,141	\$ 117,389	\$ -	\$ 24,065	\$ -
-	-	-	-	-	200,000	-
<u>3,273</u>	<u>3,354</u>	<u>-</u>	<u>11,538</u>	<u>-</u>	<u>-</u>	<u>4,007</u>
<u>55,838</u>	<u>68,195</u>	<u>90,141</u>	<u>128,927</u>	<u>-</u>	<u>224,065</u>	<u>4,007</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	390	-	-	-	-	29,266
-	<u>390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,266</u>
-	-	-	-	-	-	-
<u>18,309</u>	<u>11,555</u>	<u>2,073</u>	<u>40,178</u>	<u>-</u>	<u>102,905</u>	<u>38,973</u>
<u>18,309</u>	<u>11,555</u>	<u>2,073</u>	<u>40,178</u>	<u>-</u>	<u>102,905</u>	<u>38,973</u>
<u>74,147</u>	<u>80,140</u>	<u>92,214</u>	<u>169,105</u>	<u>-</u>	<u>326,970</u>	<u>72,246</u>
286,192	881,201	-	100,078	-	-	144,280
-	-	-	-	-	-	-
<u>340,506</u>	<u>1,902,426</u>	<u>43,556</u>	<u>527,281</u>	<u>230,365</u>	<u>(312,186)</u>	<u>531,847</u>
<u>\$ 626,698</u>	<u>\$ 2,783,627</u>	<u>\$ 43,556</u>	<u>\$ 627,359</u>	<u>\$ 230,365</u>	<u>\$ (312,186)</u>	<u>\$ 676,127</u>

**CITY OF LUBBOCK, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2002**

<b>LIABILITIES</b>	<b>Governmental Activities</b>				<b>Grand Total Internal Service Funds</b>
	Self- Insurance Health Fund	Invest- ment Pool Fund	Legis- lation Fund	Total Governmental Activities	
<b>Current liabilities:</b>					
Accounts payable	\$ -	\$ 6,288	\$ 14,529	\$ 369,818	\$ 1,039,472
Due to other funds	-	90,000	-	290,000	290,000
Accrued liabilities	-	1,793	2,801	26,766	98,787
<b>Total current liabilities</b>	<b>-</b>	<b>98,081</b>	<b>17,330</b>	<b>686,584</b>	<b>1,428,259</b>
<b>Liabilities (payable from restricted assets):</b>					
<b>Self-insurance - health:</b>					
Accounts payable	184,325	-	-	184,325	184,325
Accrued liabilities	3,508	-	-	3,508	3,508
Health claims payable	2,685,925	-	-	2,685,925	2,685,925
<b>Self-insurance - risk management:</b>					
Accounts payable	-	-	-	-	4,367
Accrued liabilities	-	-	-	-	5,286
Accrued insurance claims	-	-	-	-	1,500,000
<b>Capital projects:</b>					
Accounts payable	-	-	-	29,656	29,656
<b>Total liabilities (payable from restricted assets)</b>	<b>2,873,758</b>	<b>-</b>	<b>-</b>	<b>2,903,414</b>	<b>4,413,067</b>
<b>Long-term liabilities:</b>					
Accrued insurance claims	-	-	-	-	4,500,000
Accrued vacation and sick leave	8,461	3,983	-	226,437	574,021
<b>Total long-term liabilities</b>	<b>8,461</b>	<b>3,983</b>	<b>-</b>	<b>226,437</b>	<b>5,074,021</b>
<b>Total liabilities</b>	<b>2,882,219</b>	<b>102,064</b>	<b>17,330</b>	<b>3,816,435</b>	<b>10,915,347</b>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	5,667	3,386	-	1,420,804	3,682,938
Reserved for insurance claims	5,951,716	-	-	5,951,716	10,811,840
Unrestricted	-	(3,363)	35,559	3,295,991	5,587,291
<b>Total net assets</b>	<b>\$ 5,957,383</b>	<b>\$ 23</b>	<b>\$ 35,559</b>	<b>\$ 10,668,511</b>	<b>\$ 20,082,069</b>

See accompanying *Independent Auditor's Report*.

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**CITY OF LUBBOCK, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	<b>Business-Type Activities</b>				
	<b>Fleet Maintenance Fund</b>	<b>Central Warehouse Fund</b>	<b>Management Information Fund</b>	<b>Risk Management Fund</b>	<b>Total Business-Type Activities</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,065,161	\$ 3,031,934	\$ 5,548,884	\$ 3,905,491	\$ 17,551,470
Administrative charges	258,549	-	-	-	258,549
<b>Total operating revenue</b>	<b>5,323,710</b>	<b>3,031,934</b>	<b>5,548,884</b>	<b>3,905,491</b>	<b>17,810,019</b>
<b>OPERATING EXPENSES</b>					
Personal services	1,430,519	163,542	1,903,017	250,941	3,748,019
Insurance	-	-	-	3,368,160	3,368,160
Supplies	57,992	5,638	26,174	2,524	92,328
Materials	3,477,083	2,756,421	-	-	6,233,504
Maintenance	81,743	9,051	1,315,364	4,293	1,410,451
Other services and charges	393,811	82,799	1,335,170	235,649	2,047,429
Depreciation	97,221	18,152	125,422	-	240,795
<b>Total operating expenses</b>	<b>5,538,369</b>	<b>3,035,603</b>	<b>4,705,147</b>	<b>3,861,567</b>	<b>17,140,686</b>
<b>Total operating income (loss)</b>	<b>(214,659)</b>	<b>(3,669)</b>	<b>843,737</b>	<b>43,924</b>	<b>669,333</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest earnings	9,120	11,314	40,181	287,142	347,757
Disposition of properties	6,193	(878)	-	-	5,315
Junk sales	1,094	14,303	969	43	16,409
Building rent	-	-	-	-	-
Miscellaneous	(40,536)	(102,000)	-	-	(142,536)
<b>Total nonoperating revenues (expenses)</b>	<b>(24,129)</b>	<b>(77,261)</b>	<b>41,150</b>	<b>287,185</b>	<b>226,945</b>
<b>Income (loss) before contributions and operating transfers</b>	<b>(238,788)</b>	<b>(80,930)</b>	<b>884,887</b>	<b>331,109</b>	<b>896,278</b>
Capital contributions(reductions)	(412,825)	-	(3,000,000)	-	(3,412,825)
Operating transfers in	196,394	-	250,000	-	446,394
Operating transfers out	(41,894)	-	(1,134,930)	-	(1,176,824)
<b>Change in net assets</b>	<b>(497,113)</b>	<b>(80,930)</b>	<b>(3,000,043)</b>	<b>331,109</b>	<b>(3,246,977)</b>
<b>Net assets - beginning of year</b>	<b>2,161,201</b>	<b>1,794,025</b>	<b>4,176,294</b>	<b>4,529,015</b>	<b>12,660,535</b>
<b>Net assets - end of year</b>	<b>\$ 1,664,088</b>	<b>\$ 1,713,095</b>	<b>\$ 1,176,251</b>	<b>\$ 4,860,124</b>	<b>\$ 9,413,558</b>

See accompanying *Independent Auditor's Report*.

**Governmental Activities**

<b>Print Shop &amp; Office Store Fund</b>	<b>Radio Shop Fund</b>	<b>Custodial Services Fund</b>	<b>Building Services Fund</b>	<b>Switchboard Operations Fund</b>	<b>Communi- cations Fund</b>	<b>Environmental Compliance Fund</b>
\$ 521,233	\$ 1,311,304	\$ 849,422	\$ 1,244,537	\$ -	\$ 1,846,903	\$ 225,364
-	-	-	-	-	-	-
<u>521,233</u>	<u>1,311,304</u>	<u>849,422</u>	<u>1,244,537</u>	<u>-</u>	<u>1,846,903</u>	<u>225,364</u>
178,986	188,340	37,912	549,706	63,456	1,613,225	189,433
-	-	-	-	-	-	-
2,306	6,648	423	19,990	23	15,156	3,200
187,350	95,648	-	-	-	-	-
66,199	112,067	931	138,628	1,098	38,521	2,789
90,776	61,927	816,400	423,361	1,340	149,528	25,817
40,529	921,729	-	2,815	-	4,685	144,280
<u>566,146</u>	<u>1,386,359</u>	<u>855,666</u>	<u>1,134,500</u>	<u>65,917</u>	<u>1,821,115</u>	<u>365,519</u>
<u>(44,913)</u>	<u>(75,055)</u>	<u>(6,244)</u>	<u>110,037</u>	<u>(65,917)</u>	<u>25,788</u>	<u>(140,155)</u>
12,078	41,836	4,661	15,313	6,560	215	15,046
(20,522)	-	-	7,965	-	-	-
4	-	-	-	-	-	-
-	-	-	12,784	-	-	-
-	-	-	-	-	-	-
<u>(8,440)</u>	<u>41,836</u>	<u>4,661</u>	<u>36,062</u>	<u>6,560</u>	<u>215</u>	<u>15,046</u>
(53,353)	(33,219)	(1,583)	146,099	(59,357)	26,003	(125,109)
-	-	-	-	-	(25,027)	-
-	10,775	-	-	73,822	39,000	-
-	-	-	<u>(86,500)</u>	<u>(174,500)</u>	-	-
(53,353)	(22,444)	(1,583)	59,599	(160,035)	39,976	(125,109)
<u>680,051</u>	<u>2,806,071</u>	<u>45,139</u>	<u>567,760</u>	<u>390,400</u>	<u>(352,162)</u>	<u>801,236</u>
<u>\$ 626,698</u>	<u>\$ 2,783,627</u>	<u>\$ 43,556</u>	<u>\$ 627,359</u>	<u>\$ 230,365</u>	<u>\$ (312,186)</u>	<u>\$ 676,127</u>

**CITY OF LUBBOCK, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	<b>Governmental Activities</b>			<b>Total Governmental Activities</b>	<b>Grand Total Internal Service Funds</b>
	<b>Self- Insurance Health Fund</b>	<b>Invest- ment Pool Fund</b>	<b>Legis- lation Fund</b>		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 12,222,902	\$ -	\$ -	\$ 18,221,665	\$ 35,773,135
Administrative charges	-	-	-	-	258,549
<b>Total operating revenue</b>	<b>12,222,902</b>	<b>-</b>	<b>-</b>	<b>18,221,665</b>	<b>36,031,684</b>
<b>OPERATING EXPENSES</b>					
Personal services	176,283	76,496	133,168	3,207,005	6,955,024
Insurance	11,584,290	-	-	11,584,290	14,952,450
Supplies	7,046	4,250	2,665	61,707	154,035
Materials	-	-	-	282,998	6,516,502
Maintenance	14,822	807	1,431	377,293	1,787,744
Other services and charges	96,302	254,309	218,367	2,138,127	4,185,556
Depreciation	333	1,767	-	1,116,138	1,356,933
<b>Total operating expenses</b>	<b>11,879,076</b>	<b>337,629</b>	<b>355,631</b>	<b>18,767,558</b>	<b>35,908,244</b>
<b>Total operating income (loss)</b>	<b>343,826</b>	<b>(337,629)</b>	<b>(355,631)</b>	<b>(545,893)</b>	<b>123,440</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest earnings	259,201	337,630	5,089	697,629	1,045,386
Disposition of properties	-	-	-	(12,557)	(7,242)
Junk sales	-	-	-	4	16,413
Building rent	-	-	-	12,784	12,784
Miscellaneous	-	-	-	-	(142,536)
<b>Total nonoperating revenues (expenses)</b>	<b>259,201</b>	<b>337,630</b>	<b>5,089</b>	<b>697,860</b>	<b>924,805</b>
<b>Income (loss) before contributions and operating transfers</b>	<b>603,027</b>	<b>1</b>	<b>(350,542)</b>	<b>151,967</b>	<b>1,048,245</b>
Capital contributions(reductions)	-	-	-	(25,027)	(3,437,852)
Operating transfers in	-	-	359,238	482,835	929,229
Operating transfers out	-	-	-	(261,000)	(1,437,824)
<b>Change in net assets</b>	<b>603,027</b>	<b>1</b>	<b>8,696</b>	<b>348,775</b>	<b>(2,898,202)</b>
<b>Net assets - beginning of year</b>	<b>5,354,356</b>	<b>22</b>	<b>26,863</b>	<b>10,319,736</b>	<b>22,980,271</b>
<b>Net assets - end of year</b>	<b>\$ 5,957,383</b>	<b>\$ 23</b>	<b>\$ 35,559</b>	<b>\$ 10,668,511</b>	<b>\$ 20,082,069</b>

See accompanying *Independent Auditor's Report*.

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**CITY OF LUBBOCK, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2002**

	Business-Type Activities					Governmental Activities	
	Fleet Maintenance Fund	Central Warehouse Fund	Management Information Fund	Risk Management Fund	Total	Print Shop & Office Store Fund	Radio Shop Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers	\$ 5,323,710	\$ 3,031,934	\$ 5,548,884	\$ 3,927,191	\$ 17,831,719	\$ 534,505	\$ 1,311,304
Payments to suppliers and employees	(5,301,474)	(2,688,553)	(4,708,536)	(3,865,487)	(16,564,050)	(731,307)	(560,956)
Other receipts (payments)	36,361	(88,575)	969	43	(51,202)	(20,518)	-
Net cash provided by (used for) operating activities	<u>58,597</u>	<u>254,806</u>	<u>841,317</u>	<u>61,747</u>	<u>1,216,467</u>	<u>(217,320)</u>	<u>750,348</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Operating transfers in from other funds	196,394	-	250,000	-	446,394	-	10,775
Operating transfers out to other funds	(41,894)	-	(1,134,930)	-	(1,176,824)	-	-
Short-term interfund borrowings	(46,000)	-	-	-	(46,000)	(12,000)	-
Payments on advances from other funds	-	-	(484,194)	-	(484,194)	-	(42,915)
Net cash provided by (used for) noncapital and related financing activities	<u>108,500</u>	<u>-</u>	<u>(1,369,124)</u>	<u>-</u>	<u>(1,260,624)</u>	<u>(12,000)</u>	<u>(32,140)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Purchase of property, plant and equipment	(59,626)	878	(859,461)	-	(918,209)	(20,772)	(190,473)
Sale of property, plant and equipment	1,243	-	3,920,077	-	3,921,320	30,039	-
Contributed capital	-	-	(3,000,000)	-	(3,000,000)	-	-
Net cash provided by (used for) capital and related financing activities	<u>(58,383)</u>	<u>878</u>	<u>60,616</u>	<u>-</u>	<u>3,111</u>	<u>9,267</u>	<u>(190,473)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Proceeds from sales and maturities of investments	221,413	142,228	324,836	3,889,207	4,577,684	417,985	77,632
Purchase of investments	(82,906)	(120,548)	(58,899)	(4,197,237)	(4,459,590)	(76,594)	(32,633)
Interest earned on cash investments	7,538	9,426	34,486	246,283	297,733	10,473	35,031
Net cash provided by (used for) investing activities	<u>146,045</u>	<u>31,106</u>	<u>300,423</u>	<u>(61,747)</u>	<u>415,827</u>	<u>351,864</u>	<u>80,030</u>
Net increase (decrease) in pooled cash and cash equivalents	254,759	286,790	(166,768)	-	374,781	131,811	607,765
Pooled cash and cash equivalents at beginning of year	65,537	49,644	764,652	-	879,833	81,954	1,263,898
Pooled cash and cash equivalents at end of year	<u>\$ 320,296</u>	<u>\$ 336,434</u>	<u>\$ 597,884</u>	<u>\$ -</u>	<u>\$ 1,254,614</u>	<u>\$ 213,765</u>	<u>\$ 1,871,663</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>							
Operating income (loss)	\$ (214,659)	\$ (3,669)	\$ 843,737	\$ 43,924	\$ 669,333	\$ (44,913)	\$ (75,055)
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation, amortization and accretion	97,221	18,152	125,422	-	240,795	40,529	921,729
Other income (expense)	(33,249)	(88,575)	969	43	(120,812)	(20,518)	-
Receipts from building rent	-	-	-	-	-	-	-
Increase (decrease) in long-term assets/liabilities not requiring cash flow	2,522	2,025	54,971	688	60,206	333	3,631
Change in current assets and liabilities:							
Accounts receivable	-	-	-	21,700	21,700	-	-
Inventory	103,485	383,131	-	-	486,616	16,943	(12,365)
Prepaid expenses	-	-	-	624,314	624,314	-	-
Accounts payable	27,367	(57,532)	(196,540)	(631,114)	(857,819)	(223,340)	(88,479)
Other accrued expenses	6,300	1,274	12,758	2,192	22,524	374	887
Due from others	69,610	-	-	-	69,610	13,272	-
Net cash provided by (used for) operating activities	<u>\$ 58,597</u>	<u>\$ 254,806</u>	<u>\$ 841,317</u>	<u>\$ 61,747</u>	<u>\$ 1,216,467</u>	<u>\$ (217,320)</u>	<u>\$ 750,348</u>
<b>Supplemental cash flow information:</b>							
Noncash capital improvements and other changes	\$ 412,825	\$ -	\$ -	\$ -	\$ 412,825	\$ -	\$ -

See accompanying *Independent Auditor's Report* .

**Governmental Activities**

Custodial Services Fund	Building Services Fund	Switchboard Operations Fund	Communications Fund	Environmental Compliance Fund	Self-Insurance Health Fund	Legislative Fund	Investment Pool Fund	Total	Grand Total Internal Service Funds
\$ 849,422	\$ 1,249,893	\$ -	\$ 1,846,917	\$ 225,364	\$ 12,229,075	\$ -	\$ -	\$ 18,246,480	\$ 36,078,199
(840,102)	(1,105,568)	(66,811)	(1,845,249)	(261,970)	(12,483,714)	(340,598)	(334,123)	(18,570,398)	(35,134,448)
-	20,749	-	-	-	-	-	-	231	(50,971)
9,320	165,074	(66,811)	1,668	(36,606)	(254,639)	(340,598)	(334,123)	(323,687)	892,780
-	-	73,822	39,000	-	-	359,238	-	482,835	929,229
-	(86,500)	(174,500)	-	-	-	-	-	(261,000)	(1,437,824)
(61,000)	-	-	64,000	-	-	-	90,000	81,000	35,000
-	-	-	(100,885)	-	-	-	-	(143,800)	(627,994)
(61,000)	(86,500)	(100,678)	2,115	-	-	359,238	90,000	159,035	(1,101,589)
-	(12,419)	-	-	-	(6,000)	-	-	(229,664)	(1,147,873)
12,418	-	-	-	-	-	-	-	42,457	3,963,777
-	-	-	-	-	-	-	-	-	(3,000,000)
12,418	(12,419)	-	-	-	(6,000)	-	-	(187,207)	(184,096)
12,049	330,937	273,025	-	3,709	3,435,395	10,002	-	4,560,735	9,138,419
(25,123)	(129,225)	(42,761)	(1,092)	(5,263)	(3,397,615)	(9,749)	(42,857)	(3,762,913)	(8,222,503)
114,734	12,899	5,700	215	12,871	222,859	4,525	337,630	756,937	1,054,670
101,660	214,611	235,964	(877)	11,317	260,639	4,778	294,773	1,554,759	1,970,586
62,398	280,766	68,475	2,906	(25,289)	-	23,418	50,650	1,202,900	1,577,681
7,718	79,886	50,868	9,172	613,648	-	3,791	675	2,111,610	2,991,443
\$ 70,116	\$ 360,652	\$ 119,343	\$ 12,078	\$ 588,359	\$ -	\$ 27,209	\$ 51,325	\$ 3,314,510	\$ 4,569,124
\$ (6,244)	\$ 110,037	\$ (65,917)	\$ 25,788	\$ (140,155)	\$ 343,826	\$ (355,631)	\$ (337,629)	\$ (545,893)	\$ 123,440
-	2,815	-	4,685	144,280	333	-	1,767	1,116,138	1,356,933
-	7,965	-	-	-	-	-	-	(12,553)	(133,365)
-	12,784	-	-	-	-	-	-	12,784	12,784
(56,762)	(230)	-	-	1,406	(577,341)	-	153	(628,810)	(568,604)
-	5,356	-	14	-	6,173	-	-	11,543	33,243
-	-	-	-	-	-	-	-	4,578	491,194
-	-	-	-	-	-	-	-	-	624,314
72,763	22,224	-	1,072	(43,454)	(28,536)	14,529	946	(272,275)	(1,130,094)
(437)	4,123	(894)	(29,891)	1,317	906	504	640	(22,471)	53
-	-	-	-	-	-	-	-	13,272	82,882
\$ 9,320	\$ 165,074	\$ (66,811)	\$ 1,668	\$ (36,606)	\$ (254,639)	\$ (340,598)	\$ (334,123)	\$ (323,687)	\$ 892,780
\$ -	\$ -	\$ -	\$ 25,027	\$ -	\$ -	\$ -	\$ -	\$ 25,027	\$ 437,852

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## **Non-Major Component Units**

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## **Non-Major Component Units**

The following Component Units, which are legally separate entities, are included in the reporting entity because the City is financially accountable and is able to impose its will on them.

**City Transit Management Co., Inc. dba Citibus (Citibus)** operates a City-owned transportation system.

**Civic Lubbock, Inc. (Civic)**, was organized to foster and promote the presentation of wholesome educational and cultural programs, attractions and entertainments for the general moral, intellectual, a physical improvement and welfare of the people of the City of Lubbock and surrounding area.

**Market Lubbock Economic Development Corporation dba Market Lubbock, Inc. (Market Lubbock, Inc.)**, was formed to create, manage, operate and supervise programs and activities to promote, assist and enhance economic development within and around the City.

**CITY OF LUBBOCK, TEXAS  
COMBINING STATEMENT OF NET ASSETS -  
NONMAJOR COMPONENT UNITS  
SEPTEMBER 30, 2002**

	<u>Citibus</u>	<u>Civic Lubbock, Inc.</u>	<u>Market Lubbock, Inc.</u>	<u>Total Nonmajor Component Units</u>
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 259,063	\$ 700,177	\$ 199,882	\$ 1,159,122
Investments	-	-	2,774,327	2,774,327
Receivables, net	654,954	12,045	6,124	673,123
Inventories	367,008	86,410	24,692	478,110
Restricted assets:				
Cash and cash equivalents	99,642	100,000	-	199,642
Incentives advances	-	-	3,870,242	3,870,242
Investments	-	-	6,356,540	6,356,540
Prepaid expenses	157,741	-	-	157,741
Capital assets:				
Non-depreciable	712,508	366,333	308,425	1,387,266
Depreciable	12,650,612	60,276	123,728	12,834,616
Deferred charges	-	-	60,435	60,435
Other assets	-	96,501	-	96,501
<b>Total assets</b>	<u>14,901,528</u>	<u>1,421,742</u>	<u>13,724,395</u>	<u>30,047,665</u>
<b>LIABILITIES</b>				
Accounts payable	1,038,022	22,835	179,403	1,240,260
Due to others	-	-	-	-
Due to other governments	-	502,386	236,689	739,075
Accrued expenses	330,744	17,208	29,580	377,532
Deferred revenue	-	172,815	10,037,927	10,210,742
Noncurrent liabilities:				
Due within one year:				
Contracts payable	-	-	2,144,192	2,144,192
Due in more than one year:				
Contracts payable	-	-	2,099,935	2,099,935
Advance from external parties	70,000	-	-	70,000
Accrued insurance claims	23,223	-	-	23,223
<b>Total Liabilities</b>	<u>1,461,989</u>	<u>715,244</u>	<u>14,727,726</u>	<u>16,904,959</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	13,363,120	426,609	432,153	14,221,882
Restricted for:				
Capital projects	-	100,000	-	100,000
Other purposes	76,419	-	226,782	303,201
Unrestricted (deficit)	-	179,889	(1,662,266)	(1,482,377)
<b>Total net assets</b>	<u>\$ 13,439,539</u>	<u>\$ 706,498</u>	<u>\$ (1,003,331)</u>	<u>\$ 13,142,706</u>

See accompanying *Independent Auditor's Report*.

CITY OF LUBBOCK, TEXAS  
 COMBINING STATEMENT OF ACTIVITIES -  
 NONMAJOR COMPONENT UNITS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Civic Lubbock, Inc.	Citibus	Market Lubbock, Inc.	Total
<b>Civic Lubbock, Inc.</b>								
General government	\$ 1,234,223	\$ 1,180,931	\$ -	\$ -	\$ (53,292)	\$ -	\$ -	\$ (53,292)
<b>Citibus</b>								
General government	8,931,527	2,243,105	4,721,253	943,557	-	(1,023,612)	-	(1,023,612)
<b>Market Lubbock, Inc.</b>								
General government	<u>4,865,453</u>	<u>58,465</u>	<u>7,240,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,433,081</u>	<u>2,433,081</u>
<b>Total nonmajor component units</b>	<u>\$ 15,031,203</u>	<u>\$ 3,482,501</u>	<u>\$ 11,961,322</u>	<u>\$ 943,557</u>	<u>(53,292)</u>	<u>(1,023,612)</u>	<u>2,433,081</u>	<u>1,356,177</u>
General revenues:								
Unrestricted investment earnings					6,575	-	-	6,575
Miscellaneous					-	(2,151)	-	(2,151)
Special item: Sale of property					-	(3,736)	(37,927)	(41,663)
Total general revenues, special items and transfers					<u>6,575</u>	<u>(5,887)</u>	<u>(37,927)</u>	<u>(37,239)</u>
Change in net assets					(46,717)	(1,029,499)	2,395,154	1,318,938
Net assets - beginning of year					<u>753,215</u>	<u>14,469,038</u>	<u>(3,398,485)</u>	<u>11,823,768</u>
Net assets - end of year					<u>\$ 706,498</u>	<u>\$ 13,439,539</u>	<u>\$ (1,003,331)</u>	<u>\$ 13,142,706</u>

See accompanying *Independent Auditor's Report*.

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## **Capital Assets**

# CITY OF LUBBOCK, TEXAS

## Schedule of Governmental Capital Assets

Year Ended September 30, 2002

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Governmental fund capital assets:

Land	\$	7,505,523
Buildings		48,453,889
Improvements other than Buildings		122,747,314
Machinery and Equipment		44,467,732
Construction in Progress		<u>35,114,351</u>
Total capital assets	\$	<u><u>258,288,809</u></u>

Investment in governmental funds capital assets by source:

Capital Projects Fund Expenditures	\$	170,410,465
General Fund Expenditures		51,686,396
Community Development Expenditures		22,132,740
Federal Revenue Sharing Fund Expenditures		9,278,456
Contributions and Transfers		2,784,591
Investments prior to October 1, 1956		<u>1,996,161</u>
Total investments in capital assets	\$	<u><u>258,288,809</u></u>

**CITY OF LUBBOCK, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

**Year Ended September 30, 2002**

Function and Activity	Governmental Funds Capital Assets 10-1-01	Additions*	Deletions*	Governmental Funds Capital Assets 9-30-02
<b>General Government:</b>				
City Council	\$ 79,867	\$ 150,063	\$ 14,395	\$ 215,535
City Manager	5,030	93,790	-	98,820
City Secretary	118,581	7,069	-	125,650
City Attorney	1,018,298	-	65,673	952,625
General Multipurpose	8,963,616	62,199	205,635	8,820,180
Support Services - Business Dev.	9,000	-	-	9,000
<b>Total General     Government</b>	<u>10,194,392</u>	<u>313,121</u>	<u>285,703</u>	<u>10,221,810</u>
<b>Financial Services:</b>				
Accounting and Reporting	79,186	24,695	24,695	79,186
Purchasing	10,401	-	-	10,401
Municipal Court	83,944	-	-	83,944
<b>Total Financial     Services</b>	<u>173,531</u>	<u>24,695</u>	<u>24,695</u>	<u>173,531</u>
<b>Management Services:</b>				
Budget and Research	18,957	-	-	18,957
Personnel	69,535	-	-	69,535
Public Information	126,334	230,852	-	357,186
Community Services	-	2,959,518	-	2,959,518
Emergency Services	543,388	-	-	543,388
Building Maintenance	9,606,462	117,194	-	9,723,656
<b>Total Management     Services</b>	<u>10,364,676</u>	<u>3,307,564</u>	<u>-</u>	<u>13,672,240</u>
<b>Development Services:</b>				
Planning	83,476	34,350	-	117,826
Zoning and Environment	369,484	-	133,105	236,379
Community Development	2,923,900	-	-	2,923,900
Neighborhood Redevelopment	692,935	163,970	7,326	849,579
Building Inspection	85,214	15,418	22,384	78,248
Traffic Engineering	7,085,956	804,442	5,062,607	2,827,791
Streets - Paved	96,520,179	1,557,883	38,584	98,039,478
Streets - Unpaved	1,312,937	216,956	172,939	1,356,954
Street Cleaning	826,203	148,549	974,752	-
Storm Sewer	6,019,530	-	6,019,530	-
Public Service Engineering	514,808	39,703	93,250	461,261
<b>Total Development     Services</b>	<u>\$ 116,434,622</u>	<u>\$ 2,981,271</u>	<u>\$ 12,524,477</u>	<u>\$ 106,891,416</u>

(continued)

**CITY OF LUBBOCK, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

**Year Ended September 30, 2002**

Function and Activity	Governmental Funds Capital Assets 10-1-01	Additions*	Deletions*	Governmental Funds Capital Assets 9-30-02
<b>Public Safety and Services:</b>				
Parks and Recreation	\$ 24,701,209	\$ 967,249	\$ 11,505,466	\$ 14,162,992
Cemetery	852,904	-	521,791	331,113
Swimming Pools	467,149	-	-	467,149
Civic Center/Auditorium/Coliseum	26,345,489	71,104	431,121	25,985,472
Canyon Lakes	6,868,861	-	-	6,868,861
Library	11,975,779	658,130	19,395	12,614,514
Fire	13,366,506	943,908	1,213,129	13,097,285
Health	2,130,244	386,084	78,543	2,437,785
Animal Shelter	1,337,199	245,890	-	1,583,089
Police	9,301,195	805,368	722,026	9,384,537
Street Lights	<u>5,736,629</u>	<u>47,043</u>	<u>501,008</u>	<u>5,282,664</u>
Total Public Safety and Services	<u>103,083,164</u>	<u>4,124,776</u>	<u>14,992,479</u>	<u>92,215,461</u>
Construction in Progress	<u>31,120,193</u>	<u>12,485,792</u>	<u>8,491,634</u>	<u>35,114,351</u>
Total Capital Assets	<u>\$ 271,370,578</u>	<u>\$ 23,237,219</u>	<u>\$ 36,318,988</u>	<u>\$ 258,288,809</u>

\*Includes Transfers

**CITY OF LUBBOCK, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**

Year Ended September 30, 2002

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
<b>General Government:</b>					
City Council	\$ -	\$ 150,063	\$ 65,472	\$ -	215,535
City Manager	-	93,789	-	5,031	98,820
City Secretary	-	-	-	125,650	125,650
City Attorney	-	353,068	445,783	153,774	952,625
General Multipurpose	241,853	431,205	233,993	7,913,129	8,820,180
Support Services - Business Dev.	-	-	-	9,000	9,000
<b>Total General     Government</b>	<u>241,853</u>	<u>1,028,125</u>	<u>745,248</u>	<u>8,206,584</u>	<u>10,221,810</u>
<b>Financial Services:</b>					
Accounting and Reporting	-	79,186	-	-	79,186
Purchasing	-	-	-	10,401	10,401
Municipal Court	-	14,246	-	69,698	83,944
<b>Total Financial     Services</b>	<u>-</u>	<u>93,432</u>	<u>-</u>	<u>80,099</u>	<u>173,531</u>
<b>Management Services:</b>					
Budget and Research	-	18,957	-	-	18,957
Personnel	-	69,535	-	-	69,535
Public Information	-	42,414	-	314,772	357,186
Community Services	162,000	2,558,916	-	238,602	2,959,518
Emergency Services	-	366,346	-	177,042	543,388
Building Maintenance	485,060	8,363,257	767,523	107,816	9,723,656
<b>Total Management     Services</b>	<u>647,060</u>	<u>11,419,425</u>	<u>767,523</u>	<u>838,232</u>	<u>13,672,240</u>
<b>Development Services:</b>					
Planning	-	-	-	117,826	117,826
Zoning and Environment	-	-	-	236,379	236,379
Community Development	311,212	209,907	2,388,194	14,587	2,923,900
Neighborhood Redevelopment	-	232,265	468,048	149,266	849,579
Building Inspection	-	-	-	78,248	78,248
Traffic Engineering	-	185,089	1,081,140	1,561,562	2,827,791
Streets - Paved	242,387	463,307	95,318,695	2,015,089	98,039,478
Streets - Unpaved	-	-	14,440	1,342,514	1,356,954
Public Service Engineering	78,055	-	108,947	274,259	461,261
<b>Total Development     Services</b>	<u>\$ 631,654</u>	<u>\$ 1,090,568</u>	<u>\$ 99,379,464</u>	<u>\$ 5,789,730</u>	<u>\$ 106,891,416</u>

(continued)

**CITY OF LUBBOCK, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**

**Year Ended September 30, 2002**

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
<b>Public Safety and Services:</b>					
Parks and Recreation	\$ 1,074,199	\$ 3,355,613	\$ 6,128,306	\$ 3,604,874	\$ 14,162,992
Cemetery	14,097	45,588	22,251	249,177	331,113
Swimming Pools	87,292	379,857	-	-	467,149
Civic Center/Auditorium/Coliseum	1,238,454	16,821,483	2,507,867	5,417,668	25,985,472
Canyon Lakes	3,472,689	16,494	3,379,678	-	6,868,861
Library	12,866	4,184,071	5,289,924	3,127,653	12,614,514
Fire	63,434	6,119,995	242,263	6,671,593	13,097,285
Health	-	1,547,034	14,806	875,945	2,437,785
Animal Shelter	21,925	1,289,443	19,980	251,741	1,583,089
Police	-	1,062,761	18,911	8,302,865	9,384,537
Street Lights	-	-	4,231,093	1,051,571	5,282,664
<b>Total Public Safety     and Services</b>	<u>5,984,956</u>	<u>34,822,339</u>	<u>21,855,079</u>	<u>29,553,087</u>	<u>92,215,461</u>
<b>Total allocated to functions</b>	<u>\$ 7,505,523</u>	<u>\$ 48,453,889</u>	<u>\$ 122,747,314</u>	<u>\$ 44,467,732</u>	<u>223,174,458</u>
 Construction in Progress					35,114,351
<b>Total Capital Assets</b>					<u>\$ 258,288,809</u>



# CITY OF LUBBOCK, TEXAS

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**S**TATISTICAL  
**S**ECTION

## **Statistical/ Supplementary Information**

The statistical/supplementary information section contains certain bond and financial information presented in proactive compliance with Securities and Exchange Commission Rule 15c2-12, as amended.

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## **Government-Wide Information**

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# CITY OF LUBBOCK, TEXAS

## TABLE A - Government-wide Expenditures by Function

<u>Function</u>	<u>Fiscal Year 2002</u>
Communications/ Legislative	\$ 1,037,720
Community Service	19,876,147
Development Services	4,154,810
Electric	2,584,532
Financial Services	1,564,348
Fire	19,178,048
General Government	22,282,578
Human Resources	883,198
Management Services	1,569,412
Police	29,715,174
Strategic Planning	1,931,647
Non-Departmental	1,497,485
Public Works	4,322,357
Interest on Long-term Debt	3,381,762
Electric	89,803,676
Water	26,760,680
Sewer	17,766,514
Solid Waste	14,105,518
Airport	7,024,286
Golf	61,192
Stormwater	3,749,298
Total	\$ 273,250,382

\* First year of implementation

\* Additional information will be provided as it becomes available.

# CITY OF LUBBOCK, TEXAS

## TABLE B - Government-wide Revenue by Function

<b>Fiscal Year</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Taxes</b>	<b>Franchise Fees</b>	<b>Grants and Contributions Not Restricted To Specific Programs</b>	<b>Unrestricted Investment Earnings</b>	<b>Miscellaneous</b>	<b>Total</b>
2002	\$ 184,987,518	\$ 7,006,815	\$ -	\$ 72,992,007	\$ 6,998,085	\$ 3,856,446	\$ 5,330,854	\$ 6,894,764	\$ 288,066,489

\* First year of implementation.

\* Additional information will be provided as it becomes available.

## **Fund Information**

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# CITY OF LUBBOCK, TEXAS

## TABLE C - General Government Expenditures by Function <sup>(1)</sup>

Last Ten Fiscal Years

Fiscal year	Civc Services <sup>(2)</sup>	Fire	General Government <sup>(3)</sup>	Health & Community <sup>(4)</sup>	Police	Financial Services	Transportation <sup>(5)</sup>	Other <sup>(6)</sup>
1993	\$ -	\$ -	\$ 2,671,138	\$ -	\$ -	\$ 2,065,725	\$ -	\$ -
1994	-	-	2,748,219	-	-	2,071,418	-	-
1995	-	-	4,143,860	-	-	1,780,443	-	-
1996	-	-	4,356,679	-	-	1,834,463	-	-
1997	12,347,987	13,897,682	6,044,225	4,398,348	20,519,946	1,067,281	4,993,564	3,338,030
1998	12,667,406	14,468,027	6,887,593	4,519,880	22,013,906	1,196,779	5,007,496	3,434,158
1999	12,630,738	15,616,543	7,069,279	4,522,041	23,478,729	1,366,006	5,195,459	3,469,495
2000	12,893,179	17,080,371	7,261,034	4,744,830	25,561,261	1,458,232	5,439,855	3,618,579
2001	13,668,823	17,785,641	8,846,645	4,831,348	28,139,048	1,499,967	4,771,680	4,007,975
2002	13,489,357	18,485,419	8,456,946	4,956,070	28,950,964	1,614,175	4,134,114	3,964,649

Fiscal year	Management Services	Development Services	Fire and Police	Total General Fund	Special Revenue Fund	Debt Service Fund <sup>(7)</sup>	Total Governmental Funds
1993	\$ 2,037,481	\$ 6,397,086	\$ 45,611,706	\$ 58,783,136	\$ 1,054,188	\$ 7,318,519	\$ 67,155,843
1994	1,989,477	6,662,148	47,253,201	60,724,463	985,985	14,022,347	75,732,795
1995	2,320,670	6,716,104	48,339,953	63,301,030	2,120,405	7,159,419	72,580,854
1996	2,526,119	7,041,640	50,891,276	66,650,177	8,830,171	8,510,658	83,991,006
1997	1,170,948	-	-	67,778,011	4,634,697	8,995,150	81,407,858
1998	389,583	-	-	70,584,828	4,366,757	8,717,935	83,669,520
1999	396,216	-	-	73,744,506	4,495,736	9,642,546	87,882,788
2000	561,653	-	-	78,618,994	4,529,238	7,738,784	90,887,016
2001	629,903	-	-	84,181,030	5,044,166	7,757,392	96,982,588
2002	590,596	-	-	84,642,290	7,516,999	7,503,477	99,662,766

**Notes:**

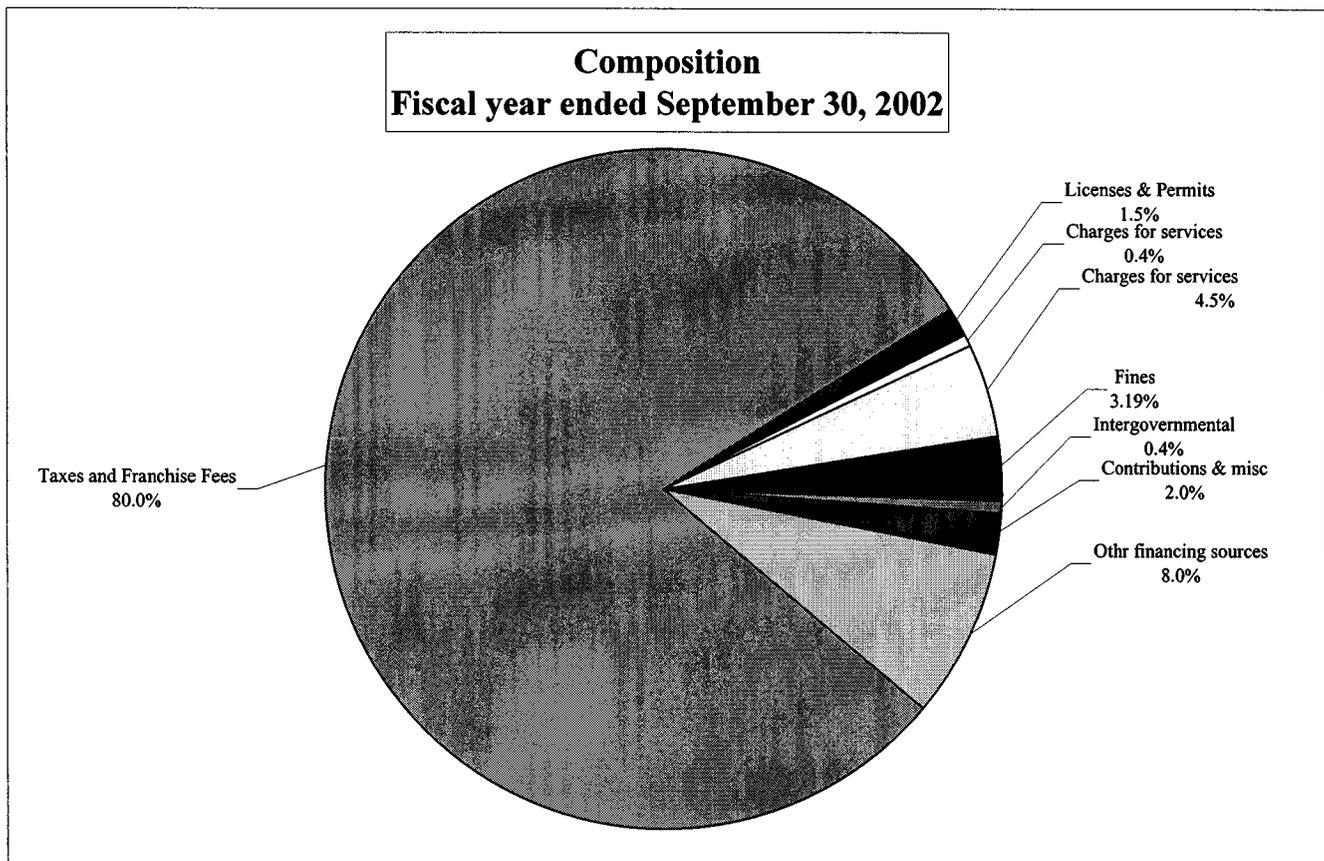
- (1) Includes General, Special Revenue, and Debt Service Funds. Capital outlay expenditures in these funds have been included in the appropriate classification.
- (2) Includes library, parks and recreation, cemetery, and civic center/auditorium/coliseum.
- (3) Includes communication/legislation, general government, and non-departmental.
- (4) Includes animal control, health, vector control, business and neighborhood development, and building inspection.
- (5) Includes streets and traffic engineering.
- (6) Includes street lighting, human resources, emergency management, comprehensive planning, and neighborhood services.
- (7) Includes paying agent fees.

# CITY OF LUBBOCK, TEXAS

## TABLE D - Revenues and Other Financing Sources (Uses)<sup>(1)</sup>

Last Ten Fiscal Years

Fiscal year	Taxes <sup>(2)</sup> and Fees	Licenses and Permits	Inter-governmental	Charges for services	Fines	Interest earnings <sup>(3)</sup>	Contributions and miscellaneous	Other financing sources(uses)	Total
1993	\$56,142,297	\$882,878	\$1,280,182	\$2,160,504	\$2,421,749	\$2,378,192	\$1,256,326	\$6,090,710	\$72,612,838
1994	60,825,627	1,038,772	1,310,604	2,326,521	2,141,811	3,196,127	1,599,040	2,238,369	74,676,871
1995	60,234,506	1,184,292	1,422,117	2,420,122	2,339,288	2,305,215	2,093,493	6,223,434	78,222,467
1996	62,454,295	1,125,809	1,417,496	2,725,584	3,144,431	2,222,370	1,722,038	5,170,052	79,982,075
1997	65,523,160	1,077,878	884,834	3,522,397	3,460,453	1,847,277	2,802,657	1,909,102	81,027,758
1998	69,078,511	1,037,458	917,572	4,016,475	3,313,233	1,386,946	1,328,086	4,252,063	85,330,344
1999	69,579,355	976,091	576,136	4,032,665	3,335,340	1,347,527	2,122,618	6,780,947	88,750,679
2000	73,269,866	1,138,924	365,671	4,210,334	2,834,208	1,368,623	1,800,728	8,083,364	93,071,718
2001	77,590,314	1,202,794	333,171	4,299,958	3,051,055	1,296,818	1,670,899	10,096,023	99,541,032
2002	79,034,461	1,477,320	351,879	4,453,250	3,069,362	529,775	2,024,553	7,876,325	98,816,925



**Notes:**

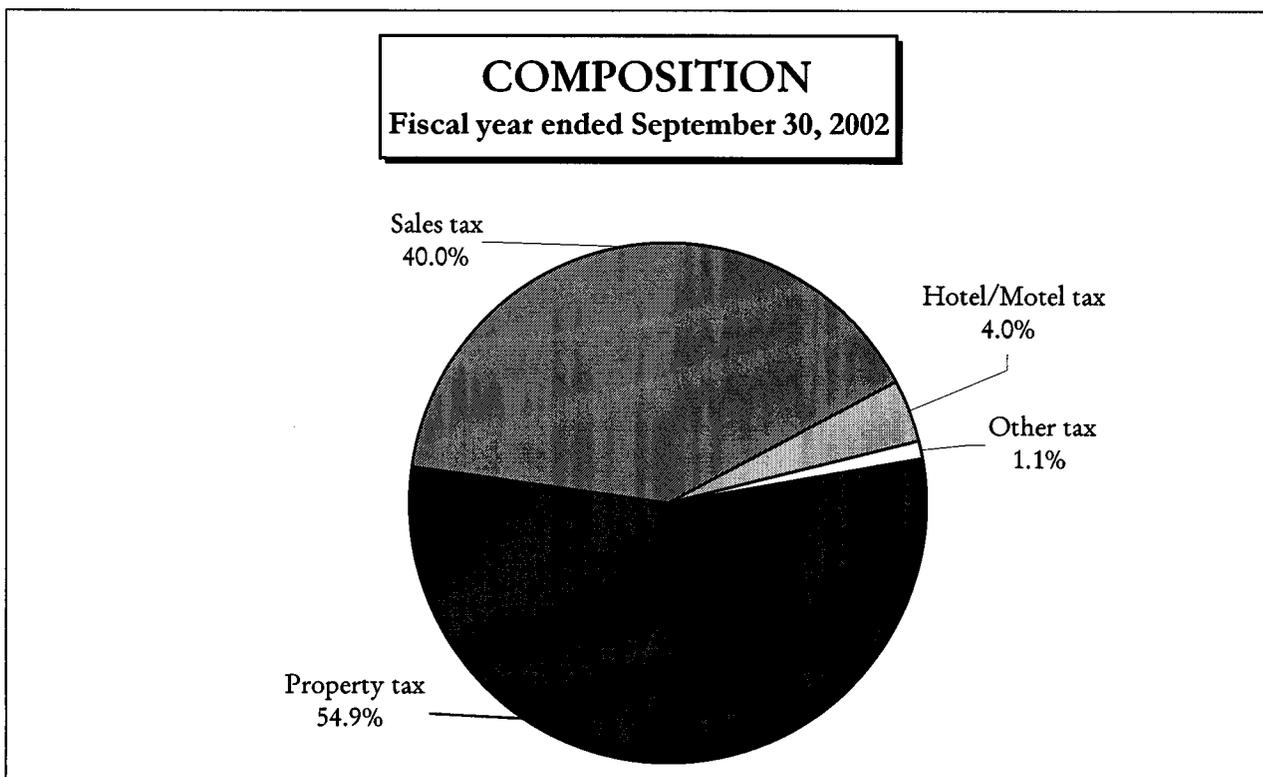
- (1) Includes General, Special Revenue, and Debt Service Funds.
- (2) See schedule of Tax Revenues by Source (Table C).
- (3) Interest earnings are separated from contributions and miscellaneous revenue for purposes of this schedule.

# CITY OF LUBBOCK, TEXAS

## TABLE E - Tax Revenues by Source

Last Ten fiscal years

Fiscal year	Property tax revenues <sup>(1)</sup>	Sales tax revenues	Hotel and motel tax revenues <sup>(1)</sup>	Other tax revenues <sup>(2)</sup>	Total tax revenues
1993	\$ 30,110,166	\$ 20,036,081	\$ 1,396,788	\$ 100,341	\$ 51,643,376
1994	31,536,341	22,022,223	1,884,274	135,438	55,578,276
1995	32,924,887	20,082,629	1,850,499	207,666	55,065,681
1996	32,006,813	22,983,167	2,077,604	205,837	57,273,421
1997	32,955,182	24,391,081	2,050,634	687,574	60,084,471
1998	34,171,004	25,002,759	2,101,020	675,694	61,950,477
1999	35,121,964	25,231,686	2,368,699	721,907	63,444,256
2000	35,940,214	27,397,170	2,568,957	743,770	66,650,111
2001	38,030,370	28,436,970	2,663,704	774,587	69,905,631
2002	39,675,589	28,902,649	2,860,785	820,507	72,259,530



**Notes:**

(1) Includes General, Special Revenue, and Debt Service Funds. Also includes Penalty and Interest on Delinquent Taxes, and Reimbursement by BCD (1993).

(2) Includes bingo tax and mixed beverage tax.

**CITY OF LUBBOCK, TEXAS**

**TABLE F - Property Tax Levies and Collections**

**Last Ten Fiscal Years**

Fiscal year	Total tax levy	Current tax collections	Percent of levy collected	Delinquent tax collections	Total tax collections	Percent of total tax collections to tax levy	Outstanding delinquent taxes	Percent of delinquent taxes to tax levy
1993	\$ 29,879,149	\$ 29,142,236	97.5%	\$ 654,639	\$ 29,796,875	99.7%	\$ 4,182,940	14.0%
1994	31,334,334	30,674,554	97.9%	861,787	31,536,341	100.6%	3,897,536	12.4%
1995	32,481,841	31,944,366	98.3%	741,546	32,685,912	100.6%	3,693,465	11.4%
1996	31,634,830	31,063,085	98.2%	579,893	31,642,978	100.0%	3,113,571	9.8%
1997	32,617,479	31,962,038	98.0%	583,746	32,545,784	99.8%	3,012,718	9.2%
1998	33,817,813	33,069,903	97.8%	595,604	33,665,507	99.5%	3,594,390	10.6%
1999	34,988,031	34,174,361	97.7%	547,498	34,721,859	99.2%	2,923,225	8.4%
2000	35,831,812	34,880,119	97.3%	552,775	35,432,894	98.9%	2,733,017	7.6%
2001	37,841,145	36,925,573	97.6%	646,658	37,572,231	99.3%	2,486,192	6.6%
2002	39,391,179	38,446,405	97.6%	711,130	39,157,535	99.4%	2,459,038	6.2%

Source: Lubbock Central Appraisal District Collection Activity Report for September 30, 2002

**Table G - Assessed and Estimated Actual Value of Taxable Property**

**Last Ten Fiscal Years**

Fiscal year	Real Property		Personal Property		Exemptions	Total		Ratio of total assessed value to total estimated actual value
	Assessed value	Estimated actual value	Assessed value	Estimated actual value	All Property	Assessed value	Estimated actual value	
1993	\$ 3,830,815,430	\$ 4,005,375,749	\$ 836,934,738	\$ 875,071,287	\$ 212,696,868	\$ 4,667,750,168	\$ 4,880,447,036	95.6%
1994	4,002,181,680	4,218,743,456	908,581,368	908,581,368	\$ 216,561,776	4,910,763,048	5,127,324,824	95.8%
1995	4,114,545,547	4,341,014,405	972,766,473	972,766,473	\$ 226,468,858	5,087,312,020	5,313,780,878	95.7%
1996	4,335,043,928	4,569,711,436	1,064,312,534	1,064,312,534	\$ 234,667,508	5,399,356,462	5,634,023,970	95.8%
1997	4,581,834,893	4,833,288,787	985,237,748	985,237,748	\$ 251,453,894	5,567,072,641	5,818,526,535	95.7%
1998	4,753,046,144	5,017,598,349	1,077,203,029	1,077,203,029	\$ 264,552,205	5,830,249,173	6,094,801,378	95.7%
1999	4,925,727,049	5,231,934,736	1,093,861,300	1,093,861,300	\$ 306,207,687	6,019,588,349	6,325,796,036	95.2%
2000	5,049,788,819	5,306,197,556	1,209,373,598	1,267,062,431	\$ 314,097,570	6,259,162,417	6,573,259,987	95.2%
2001	5,524,769,736	5,786,749,443	1,229,735,158	1,289,565,602	\$ 321,810,151	6,754,504,894	7,076,315,045	95.5%
2002	5,668,005,835	6,038,538,207	1,246,369,470	1,310,018,689	\$ 434,181,591	6,914,375,305	7,348,556,896	94.1%

Source: Lubbock Central Appraisal District

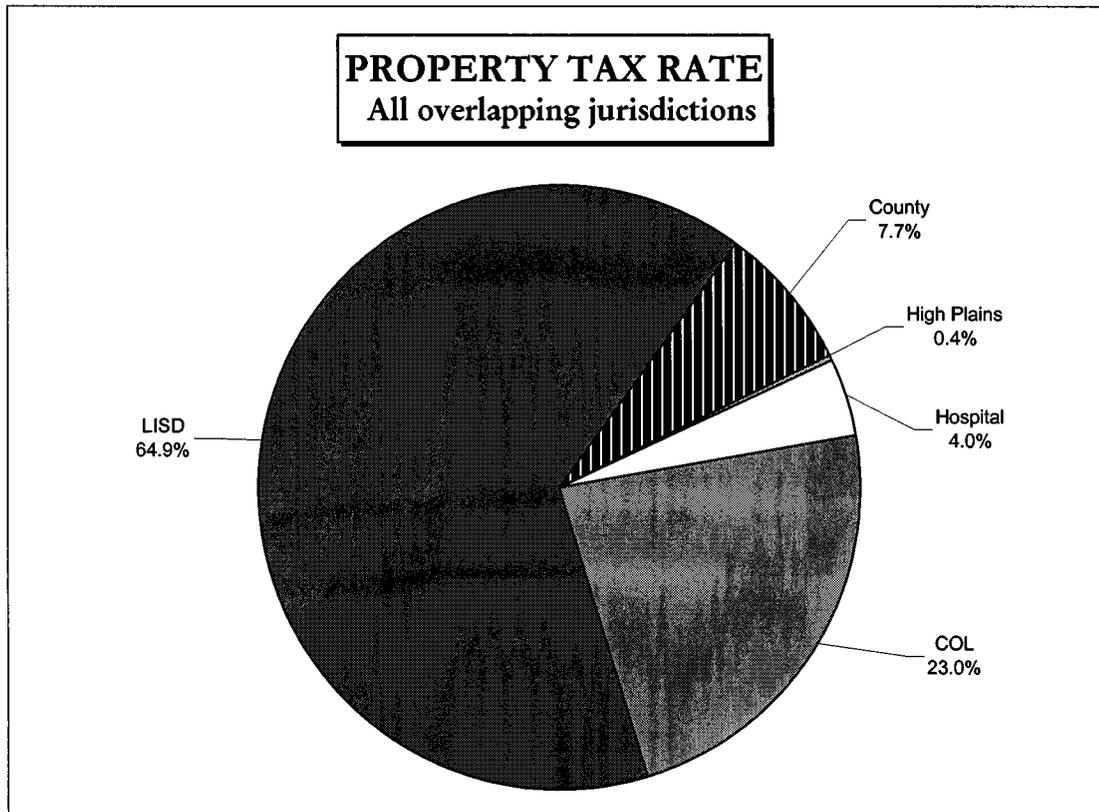
Notes: Assessed and estimated actual value amounts for each fiscal year are based on the prior tax roll including supplemental and error rolls.

# CITY OF LUBBOCK, TEXAS

**TABLE H - Property Tax Rates - All Direct and Overlapping Governments  
(per \$100 of Assessed Value)**

Last Ten Fiscal Years

Fiscal year	City of Lubbock			Total City of Lubbock (COL)	Lubbock Independent School District (LISD)		High Plains Underground Water District (High Plains)	Lubbock County Hospital District (Hospital)		Total
	General Fund	Economic Development	Interest & Sinking Fund		Lubbock County (County)	High Plains	Hospital			
1993	\$0.40	\$0.04	\$0.20	\$0.64	\$1.46	\$0.17	\$0.01	\$0.11	\$0.11	\$2.39
1994	\$0.42	\$0.02	\$0.20	\$0.64	\$1.47	\$0.17	\$0.01	\$0.11	\$0.11	\$2.40
1995	\$0.43	\$0.03	\$0.18	\$0.64	\$1.48	\$0.17	\$0.01	\$0.11	\$0.11	\$2.41
1996	\$0.40	\$0.03	\$0.16	\$0.59	\$1.47	\$0.17	\$0.01	\$0.10	\$0.10	\$2.34
1997	\$0.38	\$0.03	\$0.18	\$0.59	\$1.48	\$0.17	\$0.01	\$0.10	\$0.10	\$2.35
1998	\$0.40	\$0.03	\$0.15	\$0.58	\$1.57	\$0.17	\$0.01	\$0.10	\$0.10	\$2.43
1999	\$0.42	\$0.03	\$0.13	\$0.58	\$1.57	\$0.19	\$0.01	\$0.10	\$0.10	\$2.45
2000	\$0.43	\$0.03	\$0.12	\$0.58	\$1.59	\$0.19	\$0.01	\$0.10	\$0.10	\$2.47
2001	\$0.43	\$0.03	\$0.11	\$0.57	\$1.61	\$0.19	\$0.01	\$0.10	\$0.10	\$2.48
2002	\$0.43	\$0.03	\$0.11	\$0.57	\$1.61	\$0.19	\$0.01	\$0.10	\$0.10	\$2.48



Source: Lubbock Central Appraisal District

# CITY OF LUBBOCK, TEXAS

## TABLE I - Principal Taxpayers

**September 30, 2002**

Name of Taxpayer	Type of Business	2002 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Macerich Lubbock LTD Partnership	Regional Shopping Mall	\$ 111,202,071	1.57%
Southwestern Bell Telephone Co.	Telephone Utility	70,703,934	1.00%
Southwestern Public Service	Electric Utility	56,941,488	0.80%
PYCO Industries Inc.	Cottonseed Oil Mill	55,647,910	0.78%
Wal-Mart Supercenter #861	Retail Store	34,337,581	0.48%
Noble Construction Equipment	Construction Equipment Manufacture	24,863,482	0.35%
US Distribution Center LLC	Grocery Distribution Center	23,906,084	0.34%
Fleming Companies Inc.	Retail Grocery	22,689,744	0.32%
Energas	Natural Gas Utility	22,177,765	0.31%
Cox Communications West Texas	Telecommunications Company	20,500,010	0.29%
		<b>\$ 442,970,069</b>	<b>6.25%</b>

Source: Lubbock Central Appraisal District

## Table J - Special Assessment Billings and Collections

**Last Ten Fiscal Years**

Fiscal year	Assessments billed	Assessments collected
1993	\$ 27,030	\$ 28,135
1994	-	50,510
1995	-	53,634
1996	-	40,688
1997	-	37,644
1998	172,437	114,454
1999	-	32,020
2000	24,777	57,998
2001	-	44,087
2002	-	33,739

## CITY OF LUBBOCK, TEXAS

### Table K - Computation of Legal Debt Margin

September 30, 2002

There is no direct debt limitation in the City Charter or under State Law. The City operates under a Home Rule Charter that limits the maximum tax rate, for all City Purposes, to \$2.50 per \$100 Assessed Valuation. Administratively the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

### Table L - Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita

Last Ten Fiscal Years

Fiscal year	Population*	Assessed value (in thousands)	Gross bonded debt <sup>(1)</sup>	Debt service monies available	Debt payable from enterprise revenues	Net bonded debt	Ratio of net bonded debt to assessed value	Net bonded debt per capita
1993	187,981	\$ 4,667,750	\$ 137,358,752	\$ 1,175,197	\$ 98,284,227	\$ 37,899,328	0.81%	\$ 201.61
1994	190,038	4,910,763	152,633,955	268,630	103,465,477	48,899,848	1.00%	257.32
1995	191,020	5,087,312	148,130,295	1,614,523	96,590,300	49,925,472	0.98%	261.36
1996	193,064	5,399,356	151,720,965	1,676,182	88,631,753	61,413,030	1.14%	318.10
1997	195,367	5,567,073	138,039,535	505,449	81,601,282	55,932,804	1.00%	286.30
1998	196,679	5,830,249	137,104,242	1,420,101	85,538,141	50,146,000	0.86%	254.96
1999	197,117	6,019,588	158,117,749	1,151,270	112,274,771	44,691,708	0.74%	226.73
2000	199,445	6,176,964	176,847,762	1,260,450	128,467,416	47,119,896	0.76%	236.26
2001	201,097	6,638,911	210,408,321	1,415,094	157,325,512	51,667,715	0.78%	256.93
2002	202,000	6,909,310	217,269,682	1,697,046	158,764,335	56,808,300	0.82%	281.23

\*Source: City of Lubbock Business Development estimates.

Note:

(1) Includes all long-term general obligation debt.

## CITY OF LUBBOCK, TEXAS

### Table M - Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures

#### Last Ten Fiscal Years

Fiscal year	Principal	Interest	Total debt service <sup>(1)</sup>	Total general expenditures <sup>(2)</sup>	Percentage of debt service to total general expenditures
1993	\$ 8,935,000	\$ 8,753,951	\$ 17,688,951	\$ 67,155,843	26.3%
1994	9,015,000	8,786,704	17,801,704	75,732,795	23.5%
1995	11,515,000	8,036,548	19,551,548	72,580,854	26.9%
1996	12,920,000	8,369,841	21,289,841	83,991,006	25.3%
1997	13,519,434	7,376,805	20,896,239	81,407,858	25.7%
1998	13,400,076	7,323,705	20,723,781	83,669,520	24.8%
1999	13,846,493	7,137,266	20,983,760	87,882,788	23.9%
2000	13,069,986	10,882,679	23,952,665	90,887,016	26.4%
2001	13,309,441	10,051,694	23,361,135	96,982,588	24.1%
2002	13,324,682	11,120,130	24,444,812	109,362,878	22.4%

Notes:

(1) Includes debt service requirements on General Obligation bonds included in Enterprise Funds.

(2) Includes General, Special Revenue, and Debt Service Funds.

### Table N - Computation of Direct and Overlapping Bonded Debt General Obligation Bonds

	Funded debt outstanding at 09/30/2002	Percentage applicable to City of Lubbock	Amount applicable to City of Lubbock
City of Lubbock	\$ 62,940,460 <sup>(1)</sup>	100.00%	\$ 62,940,460
Subtotal Directs	\$ 62,940,460		\$ 62,940,460
Lubbock County	79,935,000	82.94%	66,298,089
Lubbock Independent School District	72,838,204	98.91%	72,044,268
Lubbock- Cooper Independent School District	14,938,555	15.30%	2,285,599
Frenship Independent School District	32,924,112	64.44%	21,216,298
Idalou Independent School District	1,480,000	1.10%	16,280
Subtotal Overlapping	202,115,871		161,860,534
Total	<u>\$ 265,056,331</u>		<u>\$ 224,800,994</u>

<sup>(1)</sup> General Purpose funded debt payable from ad valorem taxes (self-supporting electric, waterworks system, sewer system, solid waste disposal system and storm drainage system general obligation debt excluded).

**CITY OF LUBBOCK, TEXAS**

**TABLE O - Revenue Bond Coverage - Electric, Water and Airport Bonds**

**Last Ten Fiscal Years**

**ELECTRIC BONDS:**

Fiscal year	Net revenue <sup>(1)</sup>	Direct operating expenses <sup>(2)</sup>	Net revenue available for debt service	Debt service requirements			Coverage
				Principal	Interest	Total	
1993	\$ 56,843,700	\$ 39,574,526	\$ 17,269,174	\$ 3,930,000	\$ 2,681,852	\$ 6,611,852	2.61
1994	57,599,720	41,725,274	15,874,446	3,640,000	2,367,970	6,007,970	2.64
1995	57,272,355	39,873,027	17,399,328	3,635,000	2,081,845	5,716,845	3.04
1996	60,714,224	44,756,958	15,957,266	3,560,000	1,483,753	5,043,753	3.16
1997	63,185,595	50,199,268	12,986,327	2,644,243	2,028,480	4,672,723	2.78
1998	70,903,644	55,780,777	15,122,867	2,298,598	1,909,172	4,207,770	3.59
1999	64,296,441	50,968,221	13,328,220	2,798,098	2,373,385	5,171,483	2.58
2000	74,319,223	66,100,345	8,218,878	3,064,025	2,389,340	5,453,365	1.51
2001	114,607,693	99,288,733	15,318,960	3,625,000	1,569,418	5,194,418	2.95
2002	98,084,753	80,010,554	18,074,199	3,985,000	1,726,648	5,711,648	3.16

**WATER BONDS:**

Fiscal year	Net revenue <sup>(1)</sup>	Direct operating expenses <sup>(2)</sup>	Net revenue available for debt service	Debt service requirements			Coverage
				Principal	Interest	Total	
1993	\$ 25,843,263	\$ 10,339,316	\$ 15,503,947	\$ 670,000	\$ 4,058,772	\$ 4,728,772	3.28
1994	29,323,656	10,666,555	18,657,101	710,000	3,997,558	4,707,558	3.96
1995	29,560,731	10,871,374	18,689,357	755,000	1,966,329	2,721,329	6.87
1996	28,950,626	11,002,625	17,948,001	710,000	3,687,828	4,397,828	4.08
1997	27,873,916	11,664,279	16,209,637	1,350,000	3,032,047	4,382,047	3.70
1998	30,851,142	14,115,431	16,735,711	1,380,000	2,976,698	4,356,698	3.84
1999	29,354,414	12,952,686	16,401,728	1,420,000	2,918,048	4,338,048	3.78
2000	32,598,266	14,082,918	18,515,348	1,455,000	2,856,278	4,311,278	4.29
2001	33,048,984	15,996,460	17,052,524	1,500,000	2,791,530	4,291,530	3.97
2002	34,040,856	15,327,799	18,713,057	1,545,000	2,723,280	4,268,280	4.38

**AIRPORT BONDS:**

Fiscal year	Gross revenue <sup>(3)</sup>	Direct operating expenses <sup>(2)</sup>	Net revenue available for debt service	Debt service requirements			Coverage
				Principal	Interest	Total	
1993	\$ 4,661,266	\$ 3,778,187	\$ 883,079	\$ 90,000	\$ 28,710	\$ 118,710	7.44
1994	4,444,384	3,245,354	1,199,030	90,000	23,850	113,850	10.53
1995	6,329,224	3,414,114	2,915,110	90,000	18,900	108,900	26.77
1996	6,510,573	3,351,803	3,158,770	0	0	0	N/A
1997	6,627,691	2,980,113	3,647,578	0	0	0	N/A
1998	6,491,547	2,616,391	3,875,156	0	0	0	N/A
1999	6,505,172	2,746,225	3,758,947	0	0	0	N/A
2000	6,544,479	3,042,164	3,502,315	0	0	0	N/A
2001	6,879,716	3,745,069	3,134,647	0	0	0	N/A
2002	6,705,967	3,821,480	2,884,487	0	0	0	N/A

**Notes:**

- (1) Net Revenue is gross revenue less refunds and allowances plus net nonoperating revenues.
- (2) Direct Operating expenses exclude depreciation. For Water, it includes CRMWA debt payment in years 1993-1998.
- (3) Airport revenue is based on gross revenue.

# CITY OF LUBBOCK, TEXAS

## TABLE P - Demographic Statistics

Last Ten Fiscal Years

Fiscal year	Popu- lation <sup>(1)</sup>	Per capita income <sup>(2)</sup>	Median age <sup>(1)</sup>	Education level in years of formal schooling completed <sup>(1)</sup>	School enrollment <sup>(2)</sup>	Unemployment rate <sup>(4)</sup>
1993	187,981	\$ 14,651	29	12.4	30,631	5.0%
1994	190,038	14,795	29	12.4	30,414	4.0%
1995	191,020	15,091	29	12.4	30,442	4.5%
1996	193,064	15,468	30	12.4	30,154	4.4%
1997	195,367	15,885	30	12.4	29,918	4.4%
1998	196,679	14,237	31	12.4	30,082	3.6%
1999	197,117	16,890	31	12.6	29,397	2.9%
2000 <sup>(3)</sup>	199,445	16,890	31	12.6	29,150	2.6%
2001	201,097	17,312	30	12.4	29,020	2.6%
2002	202,000	17,658	30	12.4	28,898	3.0%

Sources:

- (1) City of Lubbock Planning Department estimates.
- (2) City of Lubbock Business Development Department
- (3) Census
- (4) TWC

## TABLE Q - Construction and Bank Deposits

Last Ten Fiscal Years

Fiscal year	Commercial construction <sup>(2)</sup>		Residential construction <sup>(2)</sup>		Bank Deposits <sup>(3)</sup>
	Number of units <sup>(4)</sup>	Value	Number of units	Value	(in billions)
1993	1,339	\$ 71,715,175	1,034	\$ 77,752,059	2.27 <sup>(1)</sup>
1994	1,696	93,740,449	1,084	86,362,010	2.40
1995	1,483	100,781,405	956	78,392,716	2.46
1996	1,016	59,872,232	587	68,735,630	2.54
1997	5,950	11,299,542	1,012	78,014,771	2.64
1998	2,098	135,587,515	1,053	87,779,078	2.67
1999	1,732	156,970,341	743	97,005,882	2.76
2000	2,630	219,094,150	886	101,697,154	2.56
2001	5,243	155,941,718	1,362	135,936,681	2.78
2002	4,266	100,912,765	1,783	183,002,301	3.24

Notes:

- (1) Does not include City Bank. Figures were unavailable.

Source:

- (2) For 1993 - 1995, the source was the Business Development Support Services Department at the City of Lubbock. Since 1996, numbers are provided by the Building Inspection Department monthly reports.
- (3) Amounts obtained from applicable banks for 1993; amounts subsequent to 1993 were obtained from FDIC (amounts are as of 06/30 of the respective year).
- (4) Estimated

# CITY OF LUBBOCK, TEXAS

## TABLE R - Miscellaneous Statistics

### Last Five Fiscal Years

Date of incorporation	1909				
Form of Government	Council - Manager				
Date present Charter adopted	December 27, 1917				
Date Charter amended	January 18, 1992				
Area	115 square miles				
	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
Miles of streets:					
Paved	947	946	945	919	890
Unpaved	79	79	77	70	59
Number of street lights	14,157	14,157	14,093	14,105	14,034
Fire protection:					
Number of stations	14	14	14	14	13
Number of fire fighters and officers	260	251	251	251	236
Police protection:					
Number of stations	1	1	1	1	1
Number of police officers and other personnel	310	308	310	321	321
Municipal employees:					
Full-time equivalents	1,980	1,943	1,935	1,907	1,858
Education:					
Colleges (enrollment):					
Texas Tech University	25,178	24,558	22,078	22,040	24,158
Lubbock Christian University	1,823	1,617	1,406	1,400	1,363
South Plains College	3,809	3,967	3,596	2,811	2,495
Wayland Baptist University	691	550	550	380	405
Public schools (number of):					
High schools	4	4	4	4	4
Junior high schools	9	9	10	10	10
Elementary schools	36	36	38	40	40
Private schools	10	10	10	10	10
Building permits issued (annualized)	8,113	3,081	3,270	1,421	1,780
Recreation and culture:					
Number of parks and playgrounds	125	125	117	115	115
Number of recreation centers	18	18	18	18	18
Number of golf courses	8	8	8	7	7
Number of swimming pools	11	11	10	10	10
Number of auditoriums/coliseums	2	2	2	2	2
Number of amphitheaters	1	1	0	0	0
Number of civic centers	1	1	1	1	1
Number of libraries (excl. education)	4	4	4	4	4
Number of volumes	341,214	334,744	323,374	323,835	325,338
News media:					
Number of daily newspapers	1	1	1	1	1
Number of radio stations	28	21	21	21	21
Number of television stations	10	10	10	9	9

# CITY OF LUBBOCK, TEXAS

## TABLE R - Micellaneous Statistics

Last Five Fiscal Years

	2002	2001	2000	1999	1998
<b>Medical facilities:</b>					
Number of hospitals	4	4	4	5	5
Number of beds	1,817	1,535	1,518	1,861	1,796
Number of clinics	102	102	125	82	82
Number of medical schools	1	1	1	1	1
Number of nursing schools	3	3	3	3	3
<b>Churches:</b>					
Number of churches all denominations	305	305	271	271	271
<b>Banks:</b>					
Number of national banks	8	8	8	8	8
Number of state banks	9	9	8	8	9
Number of savings banks	0	0	0	0	0
<b>Municipal electric system:</b>					
Number of meters	65,135	62,196	58,431	57,411	56,293
Average daily consumption (kwh)	3,731,289	3,532,489	3,387,493	3,206,647	3,182,523
Number of sub-stations	12	12	12	11	11
Number of steam turbines	6	6	6	6	5
Number of diesel engines	2	2	2	2	2
Number of gas turbo engines	5	5	5	4	4
Miles of distribution lines	969	948	928	913	907
Miles of transmission lines	79	79	79	78	78
<b>Municipal water system:</b>					
Number of meters	71,444	70,148	69,232	68,449	68,127
Average daily consumption (gal)	38,350,000	39,510,000	37,500,000	36,983,000	36,680,000
Miles of distribution lines	1,264	1,250	1,211	1,198	1,182
Number of fire hydrants	3,882	3,826	3,600	3,534	3,484
Number of water wells	248	248	251	251	251
Acres of water rights	99,152	99,152	99,152	99,152	99,152
Number of gallons allocated annually by Canadian River Municipal Water Authority (in millions of gallons)	12,438	12,438	11,194	11,193	9,950
<b>Municipal sewer system:</b>					
Miles of sanitary sewer lines	877	848	834	816	807
Miles of storm sewer lines	69	59	46	46	41
<b>Municipal solid waste system (# of records billed):</b>					
Number of residential customers	58,792	55,112	55,172	54,135	54,692
Number of commercial customers	2,943	2,931	2,931	2,684	3,038
<b>Municipal airport:</b>					
Number of airline passengers enplaned (annual projection)	536,670	565,000	585,000	574,780	597,333
Daily average of airplane departures and landings	247	275	360	258	482
Number of major airlines	4	4	4	4	4
Number of scheduled daily flights	60	65	68	68	70