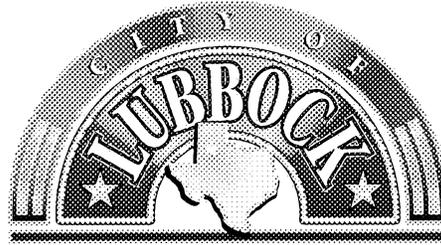




CITY OF LUBBOCK, TEXAS

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

For the fiscal year ended September 30, 2003



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF LUBBOCK, TEXAS

Fiscal Year October 1, 2002 through September 30, 2003

**Quincy White
Acting City Manager**

Anita Burgess	Acting Assistant City Manager
Steve Hailey	Acting Assistant City Manager
Claude Jones	Acting Assistant City Manager
Beverly Hodges, CPA	Interim Chief Financial Officer
Jeff Snyder, CPA	Chief Accountant
Andy Burcham	Cash and Debt Manager
Brack Bullock	Senior Accountant
Linda Cuellar, CPA	Senior Accountant
Veronica Valderaz	Senior Accountant
Damian Pantoya, CPA	Senior Accountant
Dena Morris	Accountant

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CITY OF LUBBOCK, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2003

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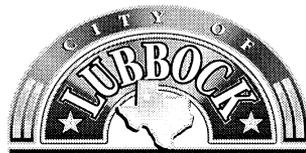
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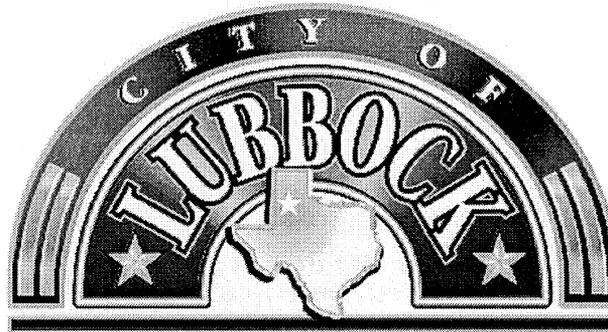
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CITY OF LUBBOCK, TEXAS

INTRODUCTORY
SECTION



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

May 12, 2004

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, 2003. 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 verified 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 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 KPMG LLP, 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, 2003, 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, 2003, 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 204,000. 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 as well as a public transportation system.

The City is financially accountable for a legally separate, civic services corporation and an economic development corporation, both of which are reported separately within the City's financial statements as discretely presented component units. Additional information on 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 June 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 funds, however, require the 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.

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 127,700, 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 3.4% 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 formed the Citizens Advisory Committee to survey City-wide infrastructure needs and priorities. The committee developed a six-year program for future capital needs for which general obligation bonds will be issued. The bond issuance must first be approved by the citizens of Lubbock in a bond election which is scheduled for May, 2004.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit, 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 3 months. The average yield on investments was 2.023 percent for the City's operating funds and 1.425 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 2003, 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, 2002, in funding 79.3 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 18.8 percent of firefighter's pay annually.

The City does provide 25% – 60% of 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
May 12, 2004

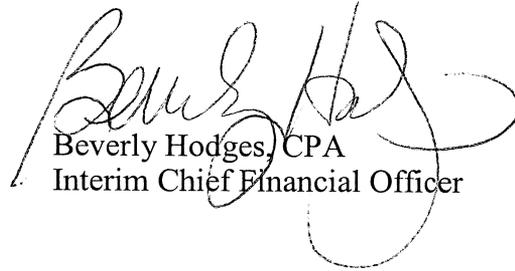
Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. Exceptional effort was invested by the Accounting Department. We would like to express our appreciation to all members of the departments who assisted with and contributed to the preparation of this report.

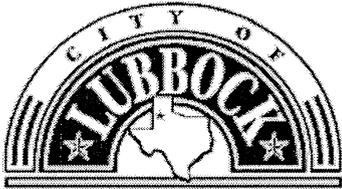
Respectfully submitted,



Quincy White
Interim City Manager

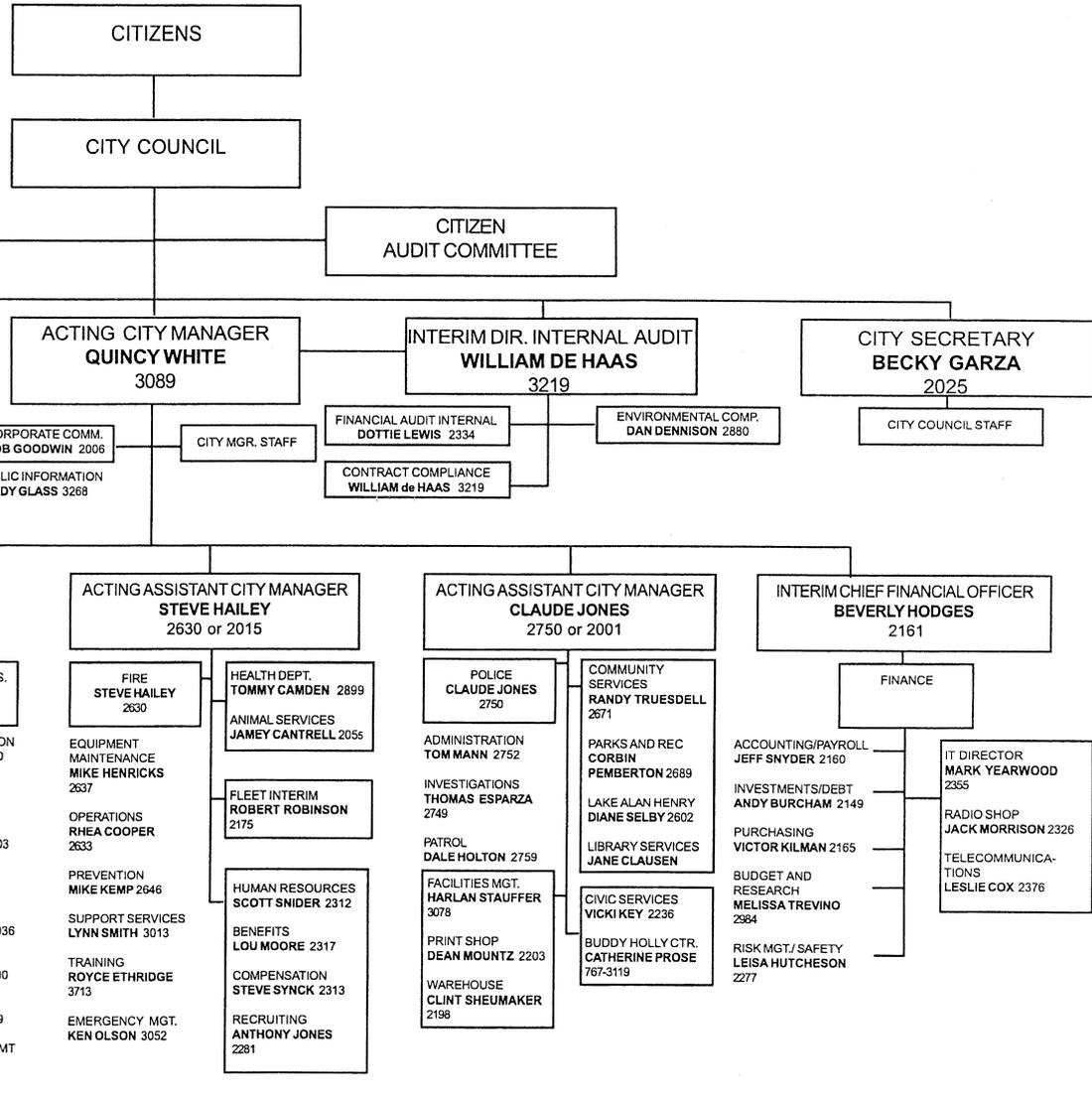


Beverly Hodges, CPA
Interim Chief Financial Officer



Unless otherwise noted, all telephone prefixes are 775

City of Lubbock TEMPORARY Organizational Chart until City Manager is hired



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City of Lubbock, Texas
List of Elected and Appointed Officials
September 30, 2003

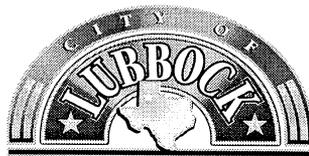
Elected Officials

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	Jim Gilbreath
Municipal Court Judge	Robert Doty

Appointed Officials

Acting City Manager	Quincy White
Acting Assistant City Manager/City Attorney	Anita Burgess
Acting Assistant City Manager/Fire Chief	Steve Hailey
Acting Assistant City Manager/Police Chief	Claude Jones
City Secretary	Rebecca Garza
Budget and Research Manager	Melissa Trevino
Corporate Communications/Legislation Director	Bob Goodwin
Electric Utilities (Lubbock Power & Light) Director	Carroll McDonald
Interim Chief Financial Officer	Beverly Hodges
Human Resources Director	Scott Snider
Information Technology Director	Mark Yearwood
Interim Director of Internal Auditor	William De Haas
Planning/Transportation Director	Craig Farmer
Public Works Director	Terry Ellerbrook

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CITY OF LUBBOCK, TEXAS

FINANCIAL
SECTION



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

The Honorable Mayor and Members of the City Council
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, as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lubbock's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Market Lubbock Economic Development Corporation and Civic Lubbock, Inc. which comprise the aggregate discretely presented component units. In addition, we did not audit the West Texas Municipal Power Agency, which is both a major fund and represents 4 percent and 5 percent of the assets and revenues of the business-type activities, respectively. Additionally, we did not audit the Transit Fund (non-major enterprise fund), which represents 7 percent and 4 percent of the assets and revenues of the aggregate remaining fund information, respectively, and 1 percent of both the assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Market Lubbock Economic Development Corporation, Civic Lubbock, Inc., the West Texas Municipal Power Agency, and the Transit Fund, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Market Lubbock Economic Development Corporation, Civic Lubbock, Inc., the West Texas Municipal Power Agency Fund, and the Transit Fund were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lubbock, Texas, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



As discussed in Note III M (unaudited) to the financial statements, the net assets of the governmental activities, the business-type activities, the discretely presented component units, the water fund, the sewer fund, the West Texas Municipal Power Agency fund, the electric fund, and the non-major enterprise funds, and the fund balances of the general fund and the non-major governmental funds as of September 30, 2002 have been restated.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 30, 2004 on our consideration of the City of Lubbock'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 *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and schedules of funding progress on pages 11 through 26 and 71 and 74, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lubbock's basic financial statements. The introductory section, combining fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. As discussed in Note III M (unaudited) to the financial statements, the fund balance of the community improvement fund, and the net assets of the golf fund and the transit fund as of September 30, 2002 have been restated. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

April 30, 2004, except as to the Management's
Discussion and Analysis, which is dated as of
September 1, 2004

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

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, 2003. As described in NOTE III (M) Restatements (Unaudited) found on pages 84-87 of this report, the City's financial position was impacted by significant changes in the reporting entity and prior period adjustments. All fiscal year 2002 data included in management's discussion and analysis has been restated to incorporate these changes.

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., combining statements and the statistical section) in conjunction with this discussion and analysis. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

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 September 30, 2003 by \$549 million (*net assets*). Of this amount, \$51 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$5 million as a result of operations during the fiscal year.
- The ending unreserved fund balance for the General Fund was \$8.4 million or approximately 10.0% of total General Fund expenditures.
- All of the City's governmental funds reported combined ending fund balances of \$50.3 million. Of this total amount, \$10.6 million is available for spending at the City's discretion.
- The Electric Fund's total net assets decreased by \$3.9 million from \$92.4 million to \$88.5 million. It had a \$6.3 million operating loss, and contributed \$586,688 to unrestricted net assets after a \$9.6 million transfer from the General Fund. A full discussion of the Electric Fund follows later in this MD&A.

Overview of the Financial Statements

Basic Financial Statements. The MD&A is intended to serve as an introduction to the City's Basic Financial Statements. The Basic Financial Statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the Basic Financial Statements.

Government-Wide Financial Statements (GWFS). The GWFS, shown on pages 27-29 of this report, contain the *statement of net assets* and the *statement of activities*, described below:

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

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 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 program 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, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not directly related to a specific activity are presented as general revenues. The comparison of direct expenses with revenues from activities identifies the extent to which each activity is self-financing or draws from any City generated general revenues. The governmental activities (activities that are principally supported by taxes and intergovernmental revenues) of the City include administration/community services, electric (street lighting), financial services, fire, general government, human resources, police, streets, and public works. The business-type activities (activities intended to recover all of their costs through user fees and charges) of the City include Electric, Water, Sewer, Solid Waste, Stormwater, Transit, Airport, and Golf. 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).

Component Units. The GWFS include not only the City itself (known as the *primary government*), but also two legally separate entities (known as *component units*) for economic development (Market Lubbock Economic Development Corporation dba Market Lubbock, Inc.), and arts and cultural activities (Civic Lubbock, Inc.), for which the City is financially accountable. Financial information for these component units is reported separately in the GWFS in order to differentiate them from the primary government's financial information. Neither of these component units are considered to be major.

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, as with 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 chooses to report as major given its qualitative significance. Nonmajor funds are aggregated and shown in a single column, in the appropriate financial statements (combining schedules of nonmajor

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

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 Fund only, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. 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 31-35 of this report.

Proprietary FFS. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the GWFS. Enterprise 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, West Texas Municipal Power Agency, Stormwater, Transit, Airport, and Golf activities, of which the first six activities are considered to be major funds by the City and are presented separately, the latter three activities are considered nonmajor funds by the City and combined into a single aggregated presentation. *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, risk management, 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

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

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. 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 36-47 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 City presents an agency fund as its only fiduciary fund in the financial statements. The fiduciary FFS can be found on page 48 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 51-91 of this report.

Required Supplementary Information Other Than MD&A. The City has presented required supplementary information relating to its progress in funding its obligation to provide pension benefits to its employees in the notes to the BFS.

Government-Wide Financial Analysis

As noted earlier, net assets serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$549 million (*net assets*) at the close of fiscal year 2003. This compares to assets exceeding liabilities by \$554 million (*net assets*) at the end of fiscal year 2002. As a result of operations, total net assets decreased by \$5 million during fiscal year 2002-2003.

By far the largest portion of the City's net assets (82%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, 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, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

City of Lubbock Net Assets
September 30, 2003
(in 000's)

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 78,784	\$ 79,380	\$ 188,077	\$ 150,515	\$ 266,861	\$ 229,895
Capital assets	121,735	117,285	617,465	603,279	739,200	720,564
Total assets	200,519	196,665	805,542	753,794	1,006,061	950,459
Current liabilities	25,697	15,416	37,774	24,201	63,471	39,617
Noncurrent liabilities	73,138	71,106	320,024	285,493	393,162	356,599
Total liabilities	98,835	86,522	357,798	309,694	456,633	396,216
Net assets:						
Invested in capital assets, net of related debt	78,475	78,256	371,427	404,035	449,902	482,291
Restricted	4,391	17,456	43,389	5,748	47,780	23,204
Unrestricted	18,818	14,430	32,928	34,317	51,746	48,747
Total net assets	\$ 101,684	\$ 110,142	\$ 447,744	\$ 444,100	\$ 549,428	\$ 554,242

Approximately \$47.8 million or 8.6%, of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$51.7 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, for the City as a whole as well as for its separate governmental activities, and business-type activities.

The City's governmental activities experienced a decrease in net assets \$8.5 million, while net assets decreased by \$5.8 million during the prior fiscal year. The City's business-type activities experienced an increase in net assets of \$3.6 million during the current fiscal year as compared to an increase of \$1.4 million during the prior fiscal year. A \$9.3 million transfer from the General Fund to the Electric Fund explains much of these changes in net assets. Also an increase of \$4.4 million in capital contributions and grants aided this increase.

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

Changes in Net Assets

Details of the following summarized information can be found on pages 28-29 of this report.

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

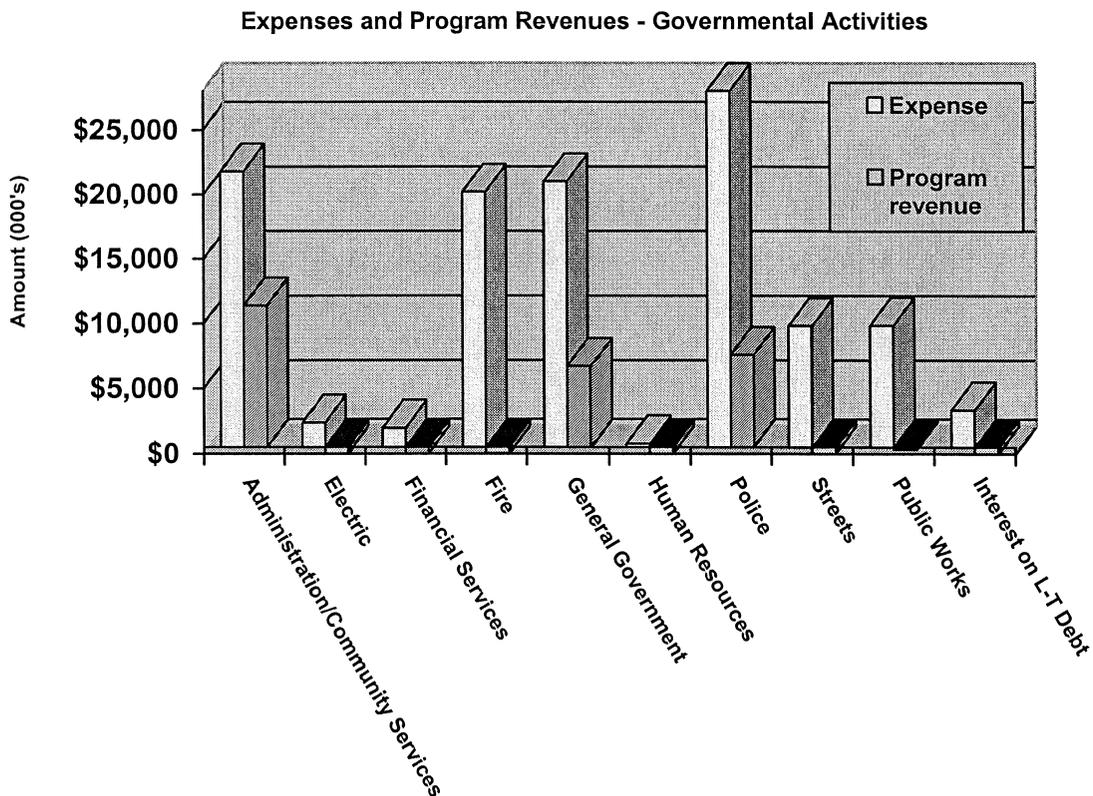
	Governmental Activities		Business- Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues:						
Charges for services	\$ 13,888	\$ 9,369	\$ 178,536	\$ 180,288	\$ 192,424	\$ 189,657
Operating grants & contributions	12,137	7,007	5,219	4,721	17,356	11,728
Capital grants & contributions	-	-	7,909	4,825	7,909	4,825
General Revenues:						
Property taxes	42,303	40,408	-	-	42,303	40,408
Sales taxes	29,092	28,903	-	-	29,092	28,903
Other taxes	3,712	3,681	-	-	3,712	3,681
Franchise fees	6,613	6,998	-	-	6,613	6,998
Grants/contributions not restricted to specific programs	-	(25)	259	3,303	259	3,278
Other	3,834	6,227	2,737	2,696	6,571	8,923
Total revenues	111,579	102,568	194,660	195,833	306,239	298,401
Expenses:						
Administrative/Community Services	21,793	32,483	-	-	21,793	32,483
Electric	2,373	2,585	-	-	2,373	2,585
Financial Services	1,965	1,908	-	-	1,965	1,908
Fire	20,207	18,664	-	-	20,207	18,664
General Government	21,009	23,436	-	-	21,009	23,436
Human Resources	786	883	-	-	786	883
Police	31,429	29,715	-	-	31,429	29,715
Streets	9,827	5,940	-	-	9,827	5,940
Public Works	9,856	4,322	-	-	9,856	4,322
Interest on L-T Debt	3,346	3,382	-	-	3,346	3,382
Electric	-	-	105,216	96,635	105,216	96,635
Water	-	-	27,461	26,761	27,461	26,761
Sewer	-	-	17,248	17,767	17,248	17,767
Solid Waste	-	-	19,559	14,106	19,559	14,106
Stormwater	-	-	3,315	3,749	3,315	3,749
Transit	-	-	9,163	8,937	9,163	8,937
Airport	-	-	6,479	3,749	6,479	3,749
Golf	-	-	21	7,085	21	7,085
Total Expenses	122,591	123,318	188,462	178,789	311,053	302,107
Change in net assets before special items & transfers	(11,012)	(20,750)	6,198	17,044	(4,814)	(3,706)
Special items	-	(687)	-	34	-	(653)
Transfers	2,554	15,668	(2,554)	(15,668)	-	-
Change in net assets	(8,458)	(5,769)	3,644	1,410	(4,814)	(4,359)
Net assets - beg of year, as restated	\$ 110,142	115,911	444,100	442,690	554,242	558,601
Net assets - end of year	\$ 101,684	\$ 110,142	\$ 447,744	\$ 444,100	\$ 549,428	\$ 554,242

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

Governmental activities. Governmental activities decreased the City's net assets by \$8.5 million. Discussion of the key elements of the decrease follows:

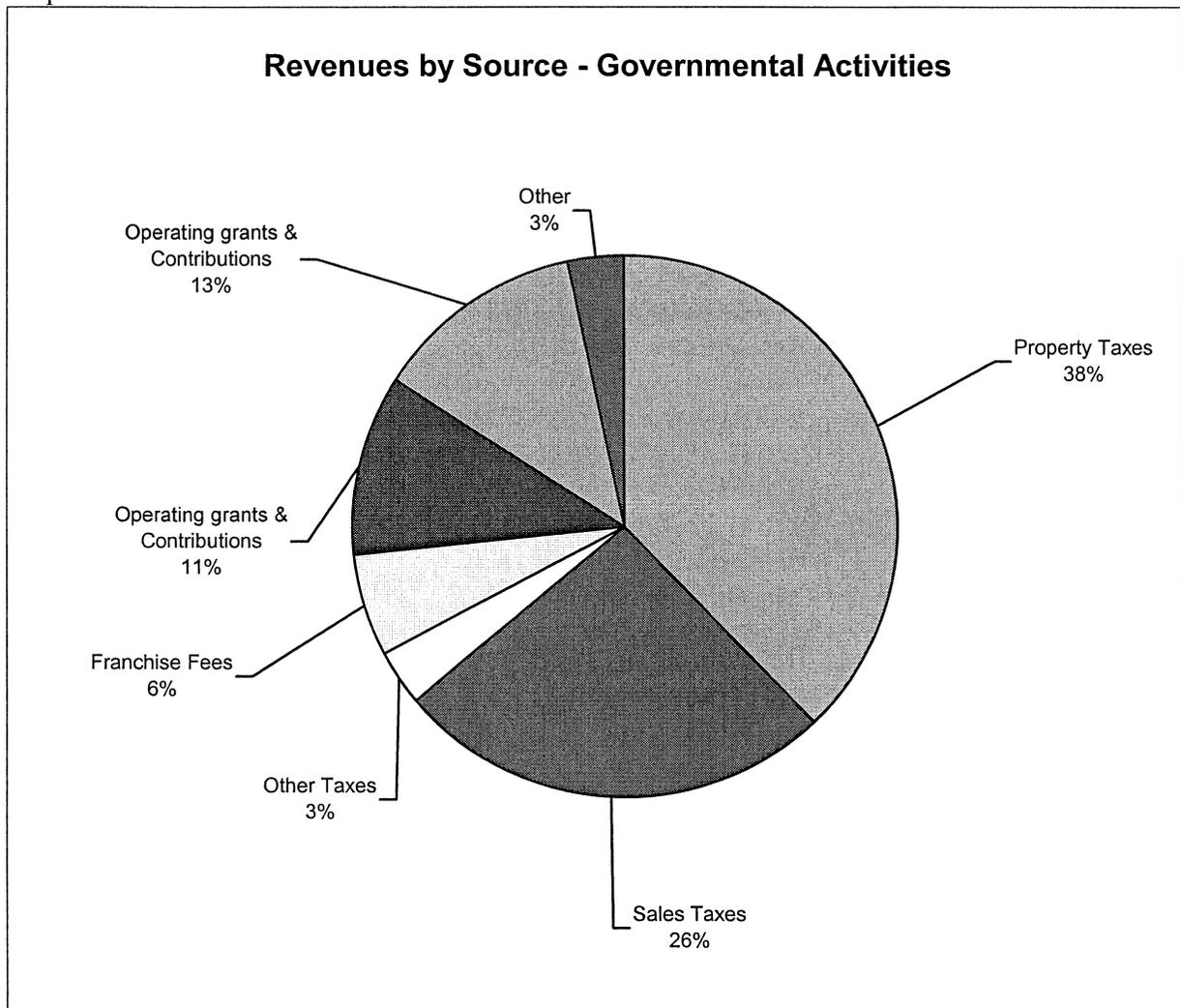
- Transfers to/from business type activities during the prior year increased governmental activities net assets by \$15.7 million; during the current year these transfers increased governmental activities net assets by approximately \$2.6 million. This is a net decrease of \$13.1 million in resources to governmental activities, which is the primary contributing factor for the decrease in net assets. . This decrease is mainly the result of the General Fund transfer of \$9.3 million to the Electric Fund, and forgiveness of originally budgeted payments in lieu of taxes, franchise fees and indirect costs of approximately \$4.8 million from the Electric Fund to the General Fund.
- Total expenses decreased by \$.7 million from the prior year due primarily to the one-time \$10 million Tyco economic incentive payment made in the prior year. However, the governmental activities did increase public works spending \$5.5 million for the City's share of the Marsha Sharp Freeway Project, which will be owned and maintained by the State of Texas and an increase in public safety spending, police and fire, of \$3.3 million. This was offset by increases in property taxes of \$1.9 million due to the additional property being added to the tax rolls, increases in charges for services of \$4.5 million due to changes in the fee structures and additional operating grants and contributions of \$5.1 million for the libraries, bio-terrorism, weapons of mass destruction and emergency management.

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, 2003

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 \$3.6 million, which helped offset the \$8.5 million decrease in the governmental activities. Key elements of this increase follows. A discussion of the Electric Fund follows this overall discussion of the business-type activities.

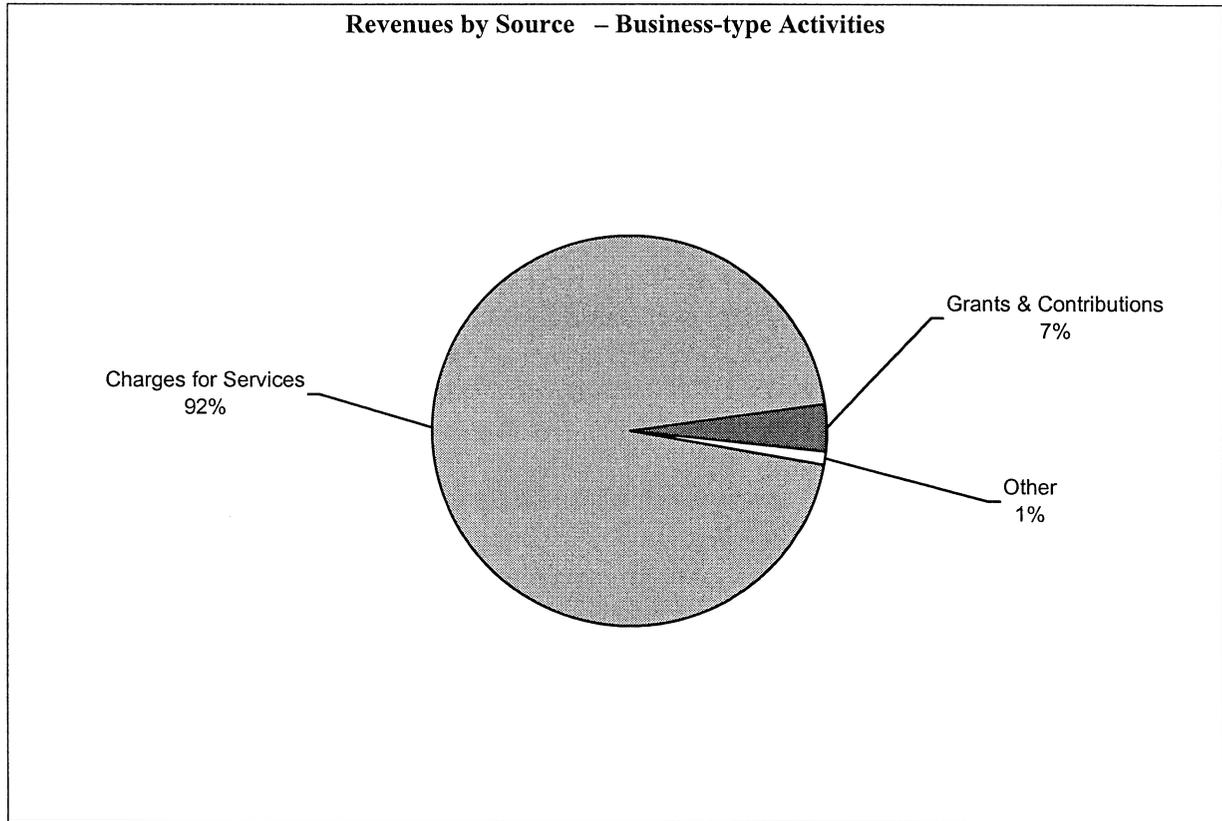
- Charges for services for business-type activities decreased by \$1.8 million due primarily to the \$5.7 million decrease in the Electric Fund.
- Operating grants and contributions totaled \$5.2 million compared to \$4.7 million in the prior year.
- Capital grants and contributions emerged as a significant revenue source for the transit, airport, water, and sewer funds during the current fiscal year, producing nearly \$7.9 million in revenue. This compares favorably to the prior fiscal year's support of \$4.8

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

million. These contributions primarily came from federal grants and from water and sewer lines and taps that are funded by property owners.

- Expenses increased in total by \$9.7 million over the prior fiscal year. This is due to a \$5.5 million increase in the Solid Waste Fund, which represents a change in the accounting estimate related to depreciation expense for the landfills. And, there was a \$15.4 million increase in the Electric Fund due to the steep increase in the cost of gas.

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



The City's electric utility, Lubbock Power & Light (LP&L) was created in 1916. The activities of LP&L are recorded in the Electric Fund which is an enterprise fund. A ten-year review of financial statements and comparisons to the previous fiscal year shows the following:

Total net assets have decreased from \$91.8 million in 1993 to \$88.5 million in 2003, with a peak of \$103.6 million in 1996. Fund equity decreased by \$3.9 million from the previous year. Total assets have increased from \$132.5 million in 1993 to \$155.8 million in 2003, decreasing by \$3.5 million over the past year.

Current assets were \$12.8 million in 1993, peaked at \$21 million in 2002, and were \$13.8 million at the end of 2003. The 2003 amount includes the \$9.3 million transfer from the

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

General Fund. Current liabilities were \$3 million in 1993, and have increased to \$12 million at 2003, although the 2003 amount is a decrease of \$9.6 million from the 2002 level.

Long-term liabilities were \$40.7 million in 1993, and have risen steadily over the period to \$67.3 million at the end of 2003, with only a modest increase from 2002 of less than \$400,000.

Operating revenues for LP&L have risen to \$91.7 million in 2003 from \$52.9 million in 1993, peaking in 2001 at \$112.1 million. The 2003 amount is down \$5.7 million from the prior year. Operating expenses grew from \$43 million in 1993 to \$98.1 million in 2003, showing an increase of \$9.8 million over the 2002 amount.

In 2003 the Electric Fund showed a \$9 million loss before transfers. This is the first loss in the 10-year period. Purchased fuel expenses have increased from \$28.4 million in 1993 to \$73.1 million in 2003. The highest total cost of fuel over the decade occurred in 2001, at an amount of \$79.8 million (which was offset by the highest level of operating revenues over the decade). The average operating income over the prior nine years is \$8 million.

From 1993 through 2002, transfers were made from the Electric Fund to the General Fund for PILOT and costs of business. These averaged \$8 million per year that is essentially the same as the average operating income over the same 9-year period.

Briefly stated, when gas prices began increasing in 2002, LP&L's rates and working capital balances or reserves were insufficient to absorb the escalating costs of delivering power. City Council took immediate steps to resolve the financial stability and integrity of LP&L. Outlined next are the key changes made by them:

- Rates were raised by 1 cent/kw hour in March of 2003.
- Nearly 100 positions were eliminated, both in the General Fund and in LP&L.
- All transfers from the Electric Fund to the General Fund were discontinued in mid 2003
- A retired director of LP&L was re-hired to oversee the operations and restructuring.
- The LP&L Board was vested additional powers by the City Council to be an operating and oversight board, rather than advisory in nature.
- A November 2004 Charter election is scheduled to more permanently separate LP&L governance and to give the Board hiring authority for its own executive director.
- The City Council negotiated with WTMPA and its three other member cities to swap \$4 million in accumulated debt for their 15% equity interest in the gas turbine generator.
- The City Council re-negotiated its contract with Xcel and is now a "full requirements customer," enabling the City to buy power at more favorable rates and allowing the City to sell power during peak periods to Xcel.
- Through the new Xcel contract, the City's rate is tied to the competition's rate, providing some reduction in the overall energy cost risks.

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

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

useful in assessing the City's financing requirements. In particular, *unreserved fund balance* serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's governmental funds reported combined ending fund balances of \$50.3 million. This compares to \$53 million as of the end of the prior fiscal year. A significant portion of this decrease was a result of the City's support for the Electric Fund that included a \$9.3 million transfer from the General Fund and the forgiveness of payments in lieu of taxes, franchise fees, and indirect costs of approximately \$4.8 million due to the General Fund. Of the ending fund balance, \$10.6 million, or 21.1%, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. This compares to \$10.2 million, or 19%, as of the end of the prior fiscal year. The remainder of the fund balance is *reserved* and 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 and is not otherwise available for appropriation.

The General Fund is the chief operating fund of the City of Lubbock. The unreserved fund balance of the General Fund was approximately \$8.4 million. This compares to \$15.4 million from the previous year. Total fund balance was \$9.4 million at the end of the current fiscal year compared to \$16.6 million at the end of the prior year. As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9.8% of total general fund expenditures. This compares unfavorably to the 18.1% level for the prior year. Total fund balance represents 11.0% of total general fund expenditures compared to 19.6% for the prior year.

Proprietary funds. The City'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 fiscal year end for 2003 and 2002 are shown next (amounts presented in 000s):

	2003	2002
Electric Fund	\$ 2,367	\$ 2,743
Water Fund	15,551	11,991
Sewer Fund	4,286	6,140
Solid Waste Fund	4,992	14,326
WTMPA	2,155	(330)
Stormwater	869	(751)
	\$ 30,220	\$ 34,119

The Water Fund reflected a current year increase in unrestricted net assets of \$3.6 million compared to \$4.3 million during the prior year. This is due to increases in consumption;

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

2003 was the second driest year on record. A 3% rate increase for water was also implemented.

The Sewer Fund reflected a decrease in unrestricted net assets of \$1.9 million; this compares to a \$1.2 million increase during the prior year. New operating expenses related to the initiation of stream discharge of treated effluent and other effluent management system improvements explain this decrease. Annual operating expenses increased when disposal of treated effluent was shifted from land application to stream discharge. Additionally, revenue was reduced when grazing operations were ceased at the Land Application Site.

The Solid Waste Fund reflected a decrease in unrestricted net assets of \$9.3 million during the year as compared to an increase in net assets of \$1.2 million during the prior year. A \$6 million interfund loan from Solid Waste Fund to the Community Investment Fund was written off with the closing of the Community Investment Fund. The change in accounting estimate for the landfills also contributed to the decrease.

The WTMPA Fund reflects an increase in unrestricted net assets of \$2.5 million, which is a function of increased sales for the operation of the electric co-generation facility.

The Stormwater Fund experienced an increase in unrestricted net assets of \$1.6 million during the current year compared to a \$3.6 million increase in the prior year. This is due to the nearly 200% increase in stormwater rates. This increase provides long-term funding for major capital system improvements, in addition to ongoing maintenance scheduled in the City's Stormwater Master Plan.

General Fund Budgetary Highlights

With the financial operating results of the Electric Fund, a transfer from the General Fund fund balance amounting to \$9.3 million was made to maintain financial stability in the Electric Fund. The PILOT payment and other budgeted transfers from the Electric Fund to the General Fund were also forgiven. General Fund expenditures were reduced by management initiative to lessen the financial impact on the General Fund. The General Fund ended the fiscal year with expenditures more than \$2.5 million under budget.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business type activities as of September 30, 2003 amounts to \$739 million (net of accumulated depreciation) which is a \$18.6 million increase over the prior year's balance of \$720 million. This investment in capital assets includes land, buildings and improvements, equipment, construction in progress, and infrastructure.

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

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

- Work continued on the outfall storm sewer from Clapp Park to Yellowhouse Canyon with capital additions of \$14.5 million and total project expenditures to date of \$37.4 million.
- A large amount of work was completed on the installation of a sewer main to serve established subdivisions within the most recent annexation area. Capital assets added totaled \$2.2 million with the total project expenditures to date of \$5.3 million.
- Scheduled improvements to the Electric Fund's distribution infrastructure totaled \$3.9 million.
- Work continues on the Hancock Land Application Site Transmission System with additions to capital assets of \$1.7 million, and total project to date expenditures in excess of \$3 million.
- The airport continues their quest to improve their facilities with the construction of a high-speed taxiway, spending \$1.7 million during this fiscal year.
- The City spent in excess of \$1 million on a flood relief project linking many of the playa lakes with an underground drainage system.

At the end of the fiscal year the City has construction commitments of \$110 million.

City of Lubbock Capital Assets
(Net of Accumulated Depreciation)
September 30
(in 000's)

	Governmental		Business-		Totals	
	Activities		Type			
	2003	2002	2003	2002	2003	2002
Land	\$ 7,996	\$ 7,506	\$ 31,676	\$ 19,459	\$ 39,672	\$ 26,965
Buildings and system Improvements other than buildings	25,602	24,359	71,525	70,963	97,127	95,322
Machinery and equipment	37,100	36,640	329,618	324,898	366,718	361,538
Construction in progress	14,881	13,666	79,957	78,710	94,838	92,376
Total	36,156	35,114	104,689	109,249	140,845	144,363
	<u>\$ 121,735</u>	<u>\$ 117,285</u>	<u>\$ 617,465</u>	<u>\$ 603,279</u>	<u>\$ 739,200</u>	<u>\$ 720,564</u>

Additional information about the City's capital assets can be found on pages 67-69 of this report.

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

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
(in 000's)

	Governmental Activities		Business- Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 69,808	\$ 58,505	\$ 229,947	\$ 164,123	\$ 299,755	\$ 222,628
Revenue bonds	-	-	95,978	110,535	95,978	110,535
Total	\$ 69,808	\$ 58,505	\$ 325,925	\$ 274,658	\$ 395,733	\$ 333,163

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 \$0.5457, which is below the City's maximum allowable tax rate.

At fiscal year end, the City's total bonded debt increased by \$62.5 million, or 18.8%. This increase is attributed to the issuance of self-supporting debt to fund business-type activities and the issuance of general obligation bonds to fund the current capital improvement plan.

During the fiscal year, the City issued \$11.9 million of General Obligation Bonds, Series 2003. This issuance was the fourth and final installment of the capital improvement debt issuance approved by voters in 1999 to fund the current capital improvements plan. The City also issued \$3.8 million of Tax and Tax Increment Revenue Certificates of Obligation, Series 2003. This issuance was the first installment of debt to be incurred for the construction of public works in the North Overton Tax Increment Financing Reinvestment Zone.

The City also issued \$71.2 million of Self-Supported Obligation Bonds. These issuances were used to improve the distribution and infrastructure of the Business-type activities. Also, \$8.9 million of Refunding Bonds were issued to defease the \$8.5 million Electric Light and Power System Revenue Bonds, Series 2002.

All bonds issued during the fiscal year were insured to provide a lower cost of interest expense for the City's taxpayers. It is the City's policy to evaluate each bond issue to determine whether it is economically feasible to purchase bond insurance.

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

The City, LP&L and WTMPA received several rating changes throughout the year from Moody's Investors Services, Standard & Poor's and Fitch Ratings, Inc. Following is a recap of those changes:

April 25, 2003: Moody's lowered the City's General Obligation bond rating from Aa2 to Aa3 and changed the Rating Outlook to *negative* from *stable*. Moody's maintained the A2 rating on LP&L debt, but placed a *negative* outlook on LP&L's and WTMPA outstanding revenue bonds.

July 16, 2003: Fitch Ratings lowered the City's General Obligation bond rating from AA+ to AA-.

August 22, 2003: Standard & Poor's lowered LP&L's and WTMPA's bond ratings from A+ to BBB- and revised the outlook to *negative* from *stable*. Standard & Poor's also lowered the City's General Obligation bond ratings from AA+ to AA- and maintained a *stable* outlook. FitchRatings lowered LP&L's and WTMPA's bond ratings from A+ to BBB+ and maintained their *negative* outlook.

In summary, the City's General Obligation bonds maintain a "AA-" rating from Standard & Poor's and Fitch Ratings, Inc. and a "Aa3" rating from Moody's Investors Service. The revenue bonds of the LP&L and WTMPA have been rated "BBB-" by Standard & Poor's, "BBB+" by Fitch Ratings, Inc. and "A2" by Moody's Investors Service.

The Electric Fund, Lubbock Power & Light (LP&L) did not generate sufficient income to meet rate covenants as required by the revenue bond covenants. This violation does not impact the long-term nature of the bonds or LP&L's ability to make debt payments. Additional disclosure about this issue can be found in Note III (H) located on page 77 of this report.

Additional information about the City's long-term debt can be found on pages 76-81 of this report.

Economic Factors and Next Year's Budget and Rates

- At the end of the fiscal year the unemployment rate for the Lubbock area was 3.4%, which is an increase from a rate of 2.7% one year earlier. This compares favorably to the state's average unemployment rate of 6.6 percent and the national average of 5.8% on September 30, 2003.
- Total retail sales reflect a 1.4% increase over the prior year.
- Building permits for new construction decreased from 4,171 during 2002 to 3,125 in 2003, an approximate 25% decrease. This compares to a 43% decrease during the prior period.

City of Lubbock, Texas
Management's Discussion and Analysis
For the Year Ended September 30, 2003

- Total occupancy in local hotels/motels remained constant and Occupancy Tax, nearly \$2.9 million, was nearly equal to the amount received during the prior year.
- City Council decided to continue to support operations of the Electric Fund by forgoing transfers for the PILOT and other transfers.
- As a result of the City's decision to support the Electric Fund's operations through transfers and a concentrated effort to reduce expenses, the City eliminated ninety-two positions, reducing the cost of wages and salaries by approximately \$6 million for FY 2003-04.
- The Electric Fund increased rates in May 2003 by an average of 12.5% for both residential and commercial users.
- Water and Sewer Funds rates were increased during FY 2002-03 with the full impact of rate increases recognized for FY 2003-04. Water rates were increased by an average of 3% and sewer rates were increased by an average of 5% for all customers. The City is currently conducting a rate study. It is anticipated that this study will impact future water and sewer rates, ensuring that rate increases cover rising operation costs and scheduled capital improvements.
- An audit committee was formed to monitor the 2002-03 fiscal year audit.

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 Chief Financial Officer, P.O. Box 2000, 1625 13th Street, Lubbock, Texas, 79401.



CITY OF LUBBOCK, TEXAS

BASIC
FINANCIAL
STATEMENTS

**CITY OF LUBBOCK, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Pooled cash and cash equivalents	\$ 23,709,048	\$ 12,972,036	\$ 36,681,084	\$ 997,873
Investments	21,884,738	10,953,272	32,838,010	1,055,546
Receivables, net	13,601,263	30,179,947	43,781,210	122,145
Internal balances	840,448	(840,448)	-	-
Due from other governments	304,354	-	304,354	-
Due from others	1,032,287	943,139	1,975,426	-
Inventories	147,034	1,955,999	2,103,033	103,437
Investment in property	225,568	-	225,568	-
Prepaid expenses	883,329	-	883,329	27,556
Restricted assets:				
Cash and cash equivalents	1,999,279	64,554,203	66,553,482	100,000
Incentives advances	-	-	-	10,201,360
Investments	8,292,630	63,427,303	71,719,933	255,411
Mortgage receivables	5,863,642	-	5,863,642	-
Capital assets:				
Non-depreciable	44,152,096	136,365,362	180,517,458	674,758
Depreciable	77,583,057	481,100,007	558,683,064	287,497
Deferred charges	-	3,927,107	3,927,107	627,805
Other assets	-	4,069	4,069	-
Total assets	<u>200,518,773</u>	<u>805,541,996</u>	<u>1,006,060,769</u>	<u>14,453,388</u>
LIABILITIES				
Accounts payable	6,863,863	13,453,292	20,317,155	335,568
Due to others	35,195	-	35,195	499,188
Due to other governments	-	-	-	230,554
Accrued expenses	2,198,550	1,721,757	3,920,307	45,291
Accrued interest payable	330,295	1,896,879	2,227,174	-
Customer deposits	-	331,091	331,091	-
Deferred revenue	3,121,756	23,622	3,145,378	10,219,926
Noncurrent liabilities:				
Due within one year:				
Rebatable arbitrage	122,984	119,152	242,136	-
Bonds payable	4,498,304	16,142,718	20,641,022	-
Compensated absences	5,144,823	1,944,033	7,088,856	-
Accrued Insurance claims	2,720,897	1,500,000	4,220,897	-
Capital leases payable	658,835	641,335	1,300,170	2,400,378
Due in more than one year:				
Bonds payable	65,309,899	309,782,680	375,092,579	-
Compensated absences	7,492,144	1,751,209	9,243,353	-
Accrued Insurance claims	-	4,500,000	4,500,000	-
Landfill closure and postclosure care	-	2,690,001	2,690,001	-
Capital leases payable	337,642	1,299,888	1,637,530	2,670,007
Total Liabilities	<u>98,835,187</u>	<u>357,797,657</u>	<u>456,632,844</u>	<u>16,400,912</u>
NET ASSETS				
Invested in capital assets, net of related debt	78,474,427	371,427,445	449,901,872	832,251
Restricted for:				
Capital projects	3,057,557	36,621,856	39,679,413	-
Debt service	1,333,300	1,189,732	2,523,032	-
Other purposes	-	5,577,790	5,577,790	355,411
Unrestricted (deficit)	18,818,302	32,927,516	51,745,818	(3,135,186)
Total net assets	<u>\$ 101,683,586</u>	<u>\$ 447,744,339</u>	<u>\$ 549,427,925</u>	<u>\$ (1,947,524)</u>

See accompanying notes to basic financial statements.

**CITY OF LUBBOCK, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

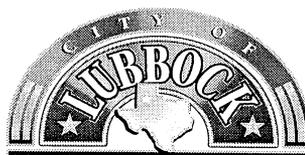
<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Administration/Community Services	\$ 21,793,053	\$ 3,451,247	\$ 7,929,309	\$ -
Electric	2,372,936	-	-	-
Financial Services	1,964,729	-	-	-
Fire	20,207,240	4,369	-	-
General Government	21,008,713	3,638,229	3,083,466	-
Human Resources	786,231	-	-	-
Police	31,429,080	6,461,521	1,124,326	-
Streets	9,826,857	-	-	-
Public Works	9,856,148	333,029	-	-
Interest on Long-Term Debt	3,345,931	-	-	-
Total governmental activities	122,590,917	13,888,395	12,137,101	-
Business-Type Activities:				
Electric	105,216,078	99,969,264	-	14,066
Water	27,461,215	32,770,781	-	1,672,213
Sewer	17,247,936	17,894,203	-	2,176,517
Solid Waste	19,558,444	14,948,379	-	-
Stormwater	3,315,261	5,988,651	-	-
Transit	9,163,091	2,710,599	3,867,637	91,532
Airport	6,478,728	4,254,013	1,351,358	3,955,253
Golf	20,711	-	-	-
Total business-type activities	188,461,464	178,535,890	5,218,995	7,909,581
Total primary government	\$ 311,052,381	\$ 192,424,285	\$ 17,356,096	\$ 7,909,581
Component units:				
Civic Lubbock, Inc.	\$ 1,652,376	\$ 1,650,653	\$ -	\$ -
Market Lubbock, Inc.	5,877,647	23,335	3,992,578	-
Total component units	\$ 7,530,023	\$ 1,673,988	\$ 3,992,578	\$ -
General revenues:				
Taxes:				
Property				
Sales				
Occupancy				
Other				
Franchise fees				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers, net				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning of year, as restated (unaudited)				
Net assets - end of year				

See accompanying notes to basic financial statements.

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ (10,412,497)	\$ -	\$ (10,412,497)	\$ -
(2,372,936)	-	(2,372,936)	-
(1,964,729)	-	(1,964,729)	-
(20,202,871)	-	(20,202,871)	-
(14,287,018)	-	(14,287,018)	-
(786,231)	-	(786,231)	-
(23,843,233)	-	(23,843,233)	-
(9,826,857)	-	(9,826,857)	-
(9,523,119)	-	(9,523,119)	-
(3,345,931)	-	(3,345,931)	-
<u>(96,565,421)</u>	<u>-</u>	<u>(96,565,421)</u>	<u>-</u>
-	(5,232,748)	(5,232,748)	-
-	6,981,779	6,981,779	-
-	2,822,784	2,822,784	-
-	(4,610,065)	(4,610,065)	-
-	2,673,390	2,673,390	-
-	(2,493,323)	(2,493,323)	-
-	3,081,896	3,081,896	-
-	(20,711)	(20,711)	-
-	<u>3,203,002</u>	<u>3,203,002</u>	<u>-</u>
<u>(96,565,421)</u>	<u>3,203,002</u>	<u>(93,362,419)</u>	<u>-</u>
-	-	-	(1,723)
-	-	-	(1,861,734)
-	-	-	<u>(1,863,457)</u>
42,303,280	-	42,303,280	-
29,092,032	-	29,092,032	-
2,862,719	-	2,862,719	-
848,816	-	848,816	-
6,612,822	-	6,612,822	-
-	258,736	258,736	-
1,244,022	2,336,454	3,580,476	7,707
2,589,886	399,783	2,989,669	-
2,553,927	(2,553,927)	-	-
<u>88,107,504</u>	<u>441,046</u>	<u>88,548,550</u>	<u>7,707</u>
(8,457,917)	3,644,048	(4,813,869)	(1,855,750)
110,141,503	444,100,291	554,241,794	(91,774)
<u>\$ 101,683,586</u>	<u>\$ 447,744,339</u>	<u>\$ 549,427,925</u>	<u>\$ (1,947,524)</u>

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**CITY OF LUBBOCK, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2003**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Pooled cash and cash equivalents	\$ 1,379,102	\$ 21,649,487	\$ 23,028,589
Investments	1,273,017	19,983,387	21,256,404
Taxes receivable (net)	6,269,382	568,152	6,837,534
Accounts receivable (net)	4,497,786	2,120,554	6,618,340
Interest receivable	48,522	14,591	63,113
Due from other funds	2,331,679	-	2,331,679
Due from other governments	13,637	290,717	304,354
Due from others	311,626	719,050	1,030,676
Investment in property	-	225,568	225,568
Prepaid items	706	-	706
Inventory	124,730	-	124,730
Secured receivables	-	5,863,642	5,863,642
Advances to other funds	911,841	-	911,841
	<u>\$ 17,162,028</u>	<u>\$ 51,435,148</u>	<u>\$ 68,597,176</u>
LIABILITIES			
Accounts payable	\$ 1,488,353	\$ 4,832,122	\$ 6,320,475
Due to others	35,195	-	35,195
Due to other funds	-	277,042	277,042
Accrued liabilities	2,101,122	55,241	2,156,363
Advances from other funds	-	1,943,941	1,943,941
Deferred revenue	4,120,012	3,413,925	7,533,937
	<u>7,744,682</u>	<u>10,522,271</u>	<u>18,266,953</u>
FUND BALANCES			
Reserved for:			
Prepaid items/Inventory	125,436	-	125,436
Advances to other funds	911,841	-	911,841
Debt service	-	1,993,890	1,993,890
Capital projects	-	30,601,511	30,601,511
Special revenue - grants	-	6,089,210	6,089,210
Unreserved, reported in			
General fund	8,380,069	-	8,380,069
Special revenue funds	-	2,290,624	2,290,624
Capital projects funds	-	(62,358)	(62,358)
	<u>9,417,346</u>	<u>40,912,877</u>	<u>50,330,223</u>
	<u>\$ 17,162,028</u>	<u>\$ 51,435,148</u>	<u>\$ 68,597,176</u>

See accompanying notes to basic financial statements.

**CITY OF LUBBOCK, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003**

Total fund balance - governmental funds	\$	50,330,223
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	121,735,153
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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 portion of the assets and liabilities of the ISF's primarily serving governmental funds are included in governmental activities in the statement of net assets as follows:

Net assets	9,247,972
Net book value of capital assets	(985,006)
Compensated absences	137,455
Amounts due to business-type ISF for amounts overcharged	(182,089)

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	(69,808,203)
Capital leases payable	(996,477)
Compensated absences	(12,636,967)
Rebatable arbitrage	(122,984)
Accrued interest on general obligation bonds	(330,295)

Actual City contributions to the fire fighter's pension trust fund is greater than the actuarially determined required contribution. This will reduce future funding requirements and is not recognized as an asset at the fund level but is a prepaid expense in the Statement of Net Assets.	882,623
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Revenue earned but unavailable in the funds is deferred.	4,412,181
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Net assets of governmental activities	\$	<u>101,683,586</u>
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See accompanying notes to basic financial statements.

CITY OF LUBBOCK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 68,747,757	\$ 12,934,696	\$ 81,682,453
Fees and fines	3,672,509	-	3,672,509
Licenses and permits	1,875,118	-	1,875,118
Intergovernmental	348,787	11,788,314	12,137,101
Charges for services	4,945,591	596,154	5,541,745
Interest	285,756	524,687	810,443
Miscellaneous	1,532,346	2,668,177	4,200,523
Total revenues	<u>81,407,864</u>	<u>28,512,028</u>	<u>109,919,892</u>
EXPENDITURES			
Current:			
Administration/Community Services	17,837,076	-	17,837,076
Electric - street lighting	2,078,277	-	2,078,277
Financial Services	1,969,413	-	1,969,413
Fire	19,511,797	-	19,511,797
General Government	5,717,151	14,450,643	20,167,794
Human Resources	780,529	-	780,529
Police	30,321,182	-	30,321,182
Streets	6,610,394	-	6,610,394
Non-departmental	175,499	-	175,499
Public Works	-	9,797,648	9,797,648
Debt service:			
Principal	-	4,347,143	4,347,143
Interest and other charges	-	3,259,565	3,259,565
Capital outlay	378,059	17,318,409	17,696,468
Total expenditures	<u>85,379,377</u>	<u>49,173,408</u>	<u>134,552,785</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,971,513)</u>	<u>(20,661,380)</u>	<u>(24,632,893)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	15,650,000	15,650,000
Capital Leases	-	2,023,414	2,023,414
Transfers in	10,345,945	30,257,153	40,603,098
Transfers out	<u>(13,555,338)</u>	<u>(23,188,932)</u>	<u>(36,744,270)</u>
Total other financing sources (uses)	<u>(3,209,393)</u>	<u>24,741,635</u>	<u>21,532,242</u>
Net change in fund balances	<u>(7,180,906)</u>	<u>4,080,255</u>	<u>(3,100,651)</u>
Fund balances-beginning of year, as restated	16,598,252	36,832,622	53,430,874
Fund balances-end of year	<u>\$ 9,417,346</u>	<u>\$ 40,912,877</u>	<u>\$ 50,330,223</u>

See accompanying notes to basic financial 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, 2003

Net change in fund balances - total governmental funds	\$	(3,100,651)
Amounts reported for governmental activities in the statement of activities are different because:		
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 (\$17,703,567) exceeded depreciation (\$10,927,484) in the current period.		6,776,083
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 (\$15,650,000) exceeded repayments (\$4,347,143).		(11,302,857)
Capital lease transactions provide current financial resources to governmental funds and repayment of principal is an expenditure. This is the amount by which proceeds (\$2,023,414) exceed repayments (\$1,026,937)		(996,477)
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.		(407,953)
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.		159,892
Property taxes levied and court fines & fees earned, but not available, are deferred in the governmental funds, but are recognized when earned (net of estimated uncollectibles) in the Statement of Activities. This amount is the net change in deferred property taxes and court fines & fees for the year.		2,836,237
Actual City contributions to the fire fighter's pension trust fund are greater than the actuarially determined Net Pension Obligation (NPO). This amount is recognized as an expenditure at the fund level but is accrued when overpaid and reduces expenses on the Statement of Activities		221,931
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.		(666,373)
Accrued Interest are recognized as expenses in the Statement of Activities as incurred, but are recognized when current financial resources are used in the governmental funds. This amount is the net change in the accrued interest this year.		(86,366)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to decrease net assets. (See Note III (Q) for details)		(1,891,383)
Change in net assets of governmental activities	\$	(8,457,917)

See accompanying notes to basic financial statements.

CITY OF LUBBOCK, TEXAS
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes and fees	\$ 68,408,718	\$ 68,428,721	\$ 68,747,757	\$ 319,036
Fees and fines	3,205,000	3,212,000	3,672,509	460,509
Licenses and permits	1,377,066	1,475,150	1,875,118	399,968
Intergovernmental	371,047	366,672	348,787	(17,885)
Charges for services	4,188,640	4,694,171	4,945,591	251,420
Interest	569,242	446,792	285,756	(161,036)
Miscellaneous	953,093	1,075,579	1,532,346	456,767
Total revenues	<u>79,072,806</u>	<u>79,699,085</u>	<u>81,407,864</u>	<u>1,708,779</u>
EXPENDITURES				
Administration/Community Services	18,363,245	18,174,460	17,837,076	337,384
Electric - street lighting	2,221,586	2,175,481	2,078,277	97,204
Financial Services	2,056,371	1,989,322	1,969,413	19,909
Fire	20,141,585	20,109,641	19,511,797	597,844
General Government	5,618,735	5,535,883	5,717,151	(181,268)
Human Resources	826,164	778,400	780,529	(2,129)
Police	30,803,850	30,539,619	30,321,182	218,437
Streets	7,672,980	7,664,934	6,610,394	1,054,540
Capital Outlay	719,518	85,863	378,059	(292,196)
Non-departmental	849,200	849,200	175,499	673,701
	<u>89,273,234</u>	<u>87,902,803</u>	<u>85,379,377</u>	<u>2,523,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,200,428)</u>	<u>(8,203,718)</u>	<u>(3,971,513)</u>	<u>4,232,205</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	14,881,872	10,765,616	10,345,945	(419,671)
Transfers out	(4,681,444)	(7,195,220)	(13,555,338)	(6,360,118)
Total other financing sources (uses)	<u>10,200,428</u>	<u>3,570,396</u>	<u>(3,209,393)</u>	<u>(6,779,789)</u>
Net change in fund balances	-	(4,633,322)	(7,180,906)	(2,547,584)
Fund balances-beginning of year, as restated (unaudited)	<u>18,612,357</u>	<u>18,612,357</u>	<u>16,598,252</u>	<u>(2,014,105)</u>
Fund balances-end of year	<u>\$ 18,612,357</u>	<u>\$ 13,979,035</u>	<u>\$ 9,417,346</u>	<u>\$ (4,561,689)</u>

See accompanying notes to basic financial statements.

**CITY OF LUBBOCK, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2003**

ASSETS	Business-type Activities-Enterprise Funds			
	Electric	Water	Sewer	Solid Waste
Current assets:				
Pooled cash and cash equivalents	\$ 329,873	\$ 5,594,897	\$ 3,021,846	\$ 2,180,560
Investments	-	3,318,366	2,789,396	3,858,978
Receivables, net	13,467,384	4,891,306	2,542,174	1,588,135
Interest receivable	-	16,474	6,972	10,563
Due from others	-	46,367	-	-
Due from other funds	-	3,940,000	5,909	-
Inventories	36,981	117,150	-	-
Total current assets	<u>13,834,238</u>	<u>17,924,560</u>	<u>8,366,297</u>	<u>7,638,236</u>
Noncurrent assets:				
Restricted cash and cash equivalents	18,450,460	13,230,134	790,868	4,773,235
Restricted investments	-	16,034,266	863,771	6,184,236
Receivables, net	-	-	-	-
Interest receivable	6,636	26,815	23,110	4,459
Deferred charges	3,477,777	-	-	-
Other assets	-	4,069	-	-
Advances to other funds	-	-	-	2,068,840
Capital assets:				
Land	756,714	12,724,350	12,578,774	1,607,932
Construction in progress	7,753,192	37,132,719	12,130,982	3,363,284
Buildings	8,067,549	21,573,970	23,857,432	1,399,523
Improvements other than buildings	164,015,233	197,784,829	94,728,587	15,768,155
Machinery and equipment	25,255,993	19,953,421	15,505,059	19,429,580
Less accumulated depreciation	(85,808,677)	(72,611,965)	(49,859,051)	(17,136,906)
Total Capital Assets	<u>120,040,004</u>	<u>216,557,324</u>	<u>108,941,783</u>	<u>24,431,568</u>
Total noncurrent assets	<u>141,974,877</u>	<u>245,852,608</u>	<u>110,619,532</u>	<u>37,462,338</u>
Total assets	<u>155,809,115</u>	<u>263,777,168</u>	<u>118,985,829</u>	<u>45,100,574</u>

See accompanying notes to basic financial statements.

Business-type Activities-Enterprise Funds

<u>West Texas Municipal Power Agency (WTMPA)</u>	<u>Stormwater</u>	<u>Total Nonmajor Enterprise Funds</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Funds</u>
\$ 776,118	\$ 400,021	\$ 7,684	\$ 12,310,999	\$ 1,341,496
-	369,250	7,093	10,343,083	1,238,523
5,303,658	733,888	1,521,405	30,047,950	-
-	1,602	1,462	37,073	7,967
-	-	896,772	943,139	1,611
-	-	-	3,945,909	-
-	-	425,633	579,764	1,398,539
<u>6,079,776</u>	<u>1,504,761</u>	<u>2,860,049</u>	<u>58,207,917</u>	<u>3,988,136</u>
1,189,732	24,075,357	1,343,068	63,852,854	2,700,628
-	24,336,793	4,393,699	51,812,765	19,907,168
-	-	-	-	62,558
-	3,939	12,445	77,404	29,271
437,233	-	12,097	3,927,107	-
-	-	-	4,069	-
-	-	-	2,068,840	-
-	115,669	3,892,715	31,676,154	65,343
-	40,594,706	3,245,414	104,220,297	872,580
-	64,580	41,570,711	96,533,765	1,608,618
28,660,287	7,170,659	74,930,191	583,057,941	313,341
25,200	2,828,931	24,199,166	107,197,350	8,566,017
<u>(2,962,456)</u>	<u>(7,877,555)</u>	<u>(71,251,128)</u>	<u>(307,507,738)</u>	<u>(8,153,293)</u>
<u>25,723,031</u>	<u>42,896,990</u>	<u>76,587,069</u>	<u>615,177,769</u>	<u>3,272,606</u>
<u>27,349,996</u>	<u>91,313,079</u>	<u>82,348,378</u>	<u>736,920,808</u>	<u>25,972,231</u>
<u>33,429,772</u>	<u>92,817,840</u>	<u>85,208,427</u>	<u>795,128,725</u>	<u>29,960,367</u>

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2003**

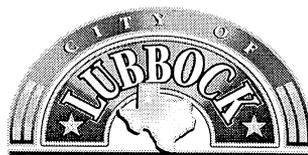
LIABILITIES	Business-type Activities-Enterprise Funds			
	Electric	Water	Sewer	Solid Waste
Current liabilities:				
Accounts payable	\$ 6,640,390	\$ 902,884	\$ 306,749	\$ 513,921
Accrued expenses	634,009	139,636	76,668	129,100
Accrued interest payable	675,467	741,710	278,771	54,063
Accrued insurance claims	-	-	-	-
Due to other funds	4,644,865	-	-	-
Customer deposits	325,119	-	-	5,972
Lease payable	-	-	264,065	377,270
Rebatable arbitrage	119,152	-	-	-
Bonds payable	4,473,470	4,853,534	3,952,982	322,733
Total current liabilities	<u>17,512,472</u>	<u>6,637,764</u>	<u>4,879,235</u>	<u>1,403,059</u>
Noncurrent liabilities:				
Compensated absences	1,912,602	620,409	328,312	216,845
Deferred revenue	-	-	-	-
Accrued insurance claims	-	-	-	-
Advances from other funds	-	-	-	-
Landfill closure and post closure care	-	-	-	2,690,001
Contracts/leases payable	-	-	567,591	732,297
Bonds payable	47,841,009	111,531,265	44,046,544	8,512,570
Total noncurrent liabilities	<u>49,753,611</u>	<u>112,151,674</u>	<u>44,942,447</u>	<u>12,151,713</u>
Total liabilities	<u>67,266,083</u>	<u>118,789,438</u>	<u>49,821,682</u>	<u>13,554,772</u>
NET ASSETS				
Invested in capital assets, net of related debt	81,251,357	119,079,304	64,878,356	20,081,133
Restricted for:				
Capital projects	4,924,628	10,357,621	-	6,472,603
Debt service	-	-	-	-
Other purposes	-	-	-	-
Unrestricted	<u>2,367,047</u>	<u>15,550,805</u>	<u>4,285,791</u>	<u>4,992,066</u>
Total net assets	<u>\$ 88,543,032</u>	<u>\$ 144,987,730</u>	<u>\$ 69,164,147</u>	<u>\$ 31,545,802</u>

See accompanying notes to basic financial statements.

Business-type Activities-Enterprise Funds

<u>West Texas Municipal Power Agency (WTMPA)</u>	<u>Stormwater</u>	<u>Total Nonmajor Enterprise Funds</u>	<u>Total Proprietary Funds</u>	<u>Internal Service Funds</u>
\$ 4,471,852	\$ 66,185	\$ 129,140	\$ 13,031,121	\$ 965,560
-	506,969	145,903	1,632,285	131,659
138,091	-	8,777	1,896,879	-
-	-	-	-	4,220,897
-	-	1,355,681	6,000,546	-
-	-	-	331,091	-
-	-	-	641,335	-
-	-	-	119,152	-
<u>1,525,000</u>	<u>575,000</u>	<u>440,000</u>	<u>16,142,718</u>	<u>-</u>
<u>6,134,943</u>	<u>1,148,154</u>	<u>2,079,501</u>	<u>39,795,127</u>	<u>5,318,116</u>
-	66,905	217,932	3,363,005	469,692
-	-	23,622	23,622	-
-	-	-	-	4,500,000
-	-	1,036,740	1,036,740	-
-	-	-	2,690,001	-
-	-	-	1,299,888	-
<u>21,062,184</u>	<u>73,054,108</u>	<u>3,735,000</u>	<u>309,782,680</u>	<u>-</u>
<u>21,062,184</u>	<u>73,121,013</u>	<u>5,013,294</u>	<u>318,195,936</u>	<u>4,969,692</u>
<u>27,197,127</u>	<u>74,269,167</u>	<u>7,092,795</u>	<u>357,991,063</u>	<u>10,287,808</u>
2,887,831	7,009,547	73,952,317	369,139,845	3,272,606
-	10,670,485	4,196,519	36,621,856	-
1,189,732	-	-	1,189,732	-
-	-	-	-	11,006,443
<u>2,155,082</u>	<u>868,641</u>	<u>(33,204)</u>	<u>30,186,229</u>	<u>5,393,510</u>
<u>6,232,645</u>	<u>18,548,673</u>	<u>\$ 78,115,632</u>	<u>\$ 437,137,662</u>	<u>\$ 19,672,559</u>

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CITY OF LUBBOCK, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2003

Total net assets - proprietary funds	\$	437,137,662
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Amounts reported for business-type activities in the statement of net assets are different because:

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 portion of 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	10,424,588
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Amounts due from governmental ISF's for amounts overcharged	182,089
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Net assets of business-type activities	\$	<u><u>447,744,339</u></u>
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See accompanying notes to basic financial statements.

**CITY OF LUBBOCK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003**

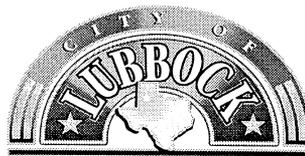
	<u>Business-type Activities-Enterprise Funds</u>			
	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>
OPERATING REVENUES				
Charges for services	\$ 91,721,949	\$ 32,761,250	\$ 17,140,030	\$ 15,045,744
Provision for bad debts	(958,102)	(300,475)	(160,816)	(97,365)
Charges for services (net)	<u>90,763,847</u>	<u>32,460,775</u>	<u>16,979,214</u>	<u>14,948,379</u>
New taps and reconnects	-	310,006	-	-
Effluent water sales	-	-	494,141	-
Commodity sales	-	-	420,848	-
Landing fees	-	-	-	-
Parking	-	-	-	-
Rentals	-	-	-	-
Concessions	-	-	-	-
Miscellaneous	-	-	-	-
Total operating revenues	<u>90,763,847</u>	<u>32,770,781</u>	<u>17,894,203</u>	<u>14,948,379</u>
OPERATING EXPENSES				
Personal services	9,459,693	5,424,239	3,486,160	3,539,967
Supplies	411,032	998,017	649,562	774,739
Maintenance	1,805,187	1,791,818	1,093,605	1,498,910
Purchase of fuel and power	73,100,382	-	-	-
Collection expense	-	1,948,649	385,519	325,163
Other services and charges	4,695,889	5,712,515	3,886,063	4,334,487
Depreciation and amortization	7,623,313	5,960,230	5,358,462	8,838,714
Total operating expenses	<u>97,095,496</u>	<u>21,835,468</u>	<u>14,859,371</u>	<u>19,311,980</u>
Operating income (loss)	<u>(6,331,649)</u>	<u>10,935,313</u>	<u>3,034,832</u>	<u>(4,363,601)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	335,244	861,556	155,337	539,926
Passenger facility charges/Federal grants	-	-	-	-
Disposition of properties	(1,816,487)	1,356	42,027	326,669
Miscellaneous	893,422	474,418	172,136	6,488
Interest expense on bonds	(2,064,241)	(5,739,929)	(2,330,051)	(228,301)
Total nonoperating revenues (expenses)	<u>(2,652,062)</u>	<u>(4,402,599)</u>	<u>(1,960,551)</u>	<u>644,782</u>
Income (loss) before contributions and transfers	(8,983,711)	6,532,714	1,074,281	(3,718,819)
Capital contributions	14,066	1,672,213	2,176,517	-
Transfers in	9,626,309	7,006,579	6,484,121	579,021
Transfers (out)	(55,910)	(10,565,254)	(8,136,423)	(7,734,064)
Change in net assets	600,754	4,646,252	1,598,496	(10,873,862)
Total net assets - beginning of year, as restated (unaudited)	87,942,278	140,341,478	67,565,651	42,419,664
Total net assets - ending	<u>\$ 88,543,032</u>	<u>\$ 144,987,730</u>	<u>\$ 69,164,147</u>	<u>\$ 31,545,802</u>

See accompanying notes to basic financial statements.

Business-type Activities-Enterprise Funds

West Texas Municipal Power Agency (WTMPA)	Stormwater	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 62,234,769	\$ 6,048,460	\$ 2,576,621	\$ 227,528,823	\$ 36,430,944
-	(59,809)	-	(1,576,567)	-
<u>62,234,769</u>	<u>5,988,651</u>	<u>2,576,621</u>	<u>225,952,256</u>	<u>36,430,944</u>
-	-	-	310,006	-
-	-	-	494,141	-
-	-	-	420,848	-
-	-	724,227	724,227	-
-	-	917,088	917,088	-
-	-	1,599,797	1,599,797	-
-	-	1,012,901	1,012,901	-
-	-	133,978	133,978	251,600
<u>62,234,769</u>	<u>5,988,651</u>	<u>6,964,612</u>	<u>231,565,242</u>	<u>36,682,544</u>
289,079	763,793	6,877,077	29,840,008	5,550,256
-	(81,373)	772,404	3,524,381	6,922,357
14,176	132,669	1,158,036	7,494,401	1,652,914
54,456,049	-	-	127,556,431	-
516,598	328,394	-	3,504,323	-
2,011,655	55,010	1,730,865	22,426,484	21,151,535
1,009,020	497,548	5,112,730	34,400,017	875,420
<u>58,296,577</u>	<u>1,696,041</u>	<u>15,651,112</u>	<u>228,746,045</u>	<u>36,152,482</u>
<u>3,938,192</u>	<u>4,292,610</u>	<u>(8,686,500)</u>	<u>2,819,197</u>	<u>530,062</u>
15,698	243,563	65,286	2,216,610	553,423
-	-	5,218,995	5,218,995	-
-	-	(75,741)	(1,522,176)	(56,665)
211,081	429	202,043	1,960,017	141,626
<u>(1,129,607)</u>	<u>(1,620,565)</u>	<u>(30,244)</u>	<u>(13,142,938)</u>	<u>638,384</u>
<u>(902,828)</u>	<u>(1,376,573)</u>	<u>5,380,339</u>	<u>(5,269,492)</u>	<u>638,384</u>
3,035,364	2,916,037	(3,306,161)	(2,450,295)	1,168,446
-	-	4,046,785	7,909,581	208,770
-	2,595,011	1,705,826	27,996,867	1,011,735
-	(2,441,953)	(1,135,365)	(30,068,969)	(2,798,461)
<u>3,035,364</u>	<u>3,069,095</u>	<u>1,311,085</u>	<u>3,387,184</u>	<u>(409,510)</u>
<u>3,197,281</u>	<u>15,479,578</u>	<u>76,804,547</u>	<u>433,750,478</u>	<u>20,082,069</u>
<u>\$ 6,232,645</u>	<u>\$ 18,548,673</u>	<u>\$ 78,115,632</u>	<u>\$ 437,137,662</u>	<u>\$ 19,672,559</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, 2003**

Net change in fund net assets - total enterprise funds	\$	3,387,184
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Amounts reported for business-type activities in the statement of activities are different because:

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.

256,864

Change in net assets of business-type activities

\$	<u><u>3,644,048</u></u>
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See accompanying notes to basic financial statements.

CITY OF LUBBOCK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Business-type Activities-Enterprise Funds			
	Electric	Water	Sewer	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 99,253,084	\$ 31,867,895	\$ 17,848,554	\$ 14,858,171
Payments to suppliers	(84,328,173)	(11,236,196)	(6,584,350)	(6,911,037)
Payments to employees	(9,128,397)	(5,284,603)	(3,396,292)	(3,472,145)
Other receipts (payments)	(923,065)	475,774	214,163	325,967
Net cash provided (used) by operating activities	<u>4,873,449</u>	<u>15,822,870</u>	<u>8,082,075</u>	<u>4,800,956</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in from other funds	9,626,309	7,006,579	6,484,121	579,021
Transfers out to other funds	(55,910)	(10,565,254)	(8,136,423)	(7,734,064)
Short-term interfund borrowings	1,264,865	2,505,810	394,091	-
Advances from (to) other funds	-	2,000,000	-	(1,883,174)
Payments received/(made) on advances (to)/from other funds	(9,485,810)	-	1,605,000	8,000,000
Net cash provided (used) by noncapital and related financing activities	<u>1,349,454</u>	<u>947,135</u>	<u>346,789</u>	<u>(1,038,217)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for gas reserves	(1,800)	-	-	-
Purchases of capital assets	(8,141,442)	(5,408,753)	(6,685,810)	(4,355,952)
Sale of capital assets	28,792	62,600	62,725	336,675
Payments for bond issuance costs	(369,558)	-	-	-
Principal paid on revenue bonds	(12,035,000)	(1,685,000)	-	-
Interest paid on revenue bonds	(2,141,544)	(1,985,713)	-	-
Principal paid on general obligation bonds and other debt	-	(3,572,515)	(3,679,093)	(323,151)
Interest paid on general obligation bonds	-	(3,734,630)	(2,740,238)	(207,557)
Issuance of revenue, and G.O. bonds	22,170,000	9,765,000	680,000	3,590,000
Payment of pro-rata contracts	-	(86,221)	(141,939)	-
Deposits on pro-rata contracts	-	-	4,320	-
Passenger facility charges/capital grants	-	-	-	-
Contributed capital	14,066	844,044	656,451	-
Net cash provided (used) for capital and related financing activities	<u>(476,486)</u>	<u>(5,801,188)</u>	<u>(11,843,584)</u>	<u>(959,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	4,979,045	2,678,330	2,907,024	3,197,739
Purchase of investments	-	(7,512,079)	(1,418,044)	(3,898,458)
Interest earnings on cash and investments	345,326	907,036	168,158	587,435
Net cash provided by (used for) investing activities	<u>5,324,371</u>	<u>(3,926,713)</u>	<u>1,657,138</u>	<u>(113,284)</u>
Net increase (decrease) in cash and cash equivalents	11,070,788	7,042,104	(1,757,582)	2,689,470
Cash and cash equivalents at beginning of year	7,709,545	11,782,927	5,570,296	4,264,325
Cash and cash equivalents at end of year	<u>\$ 18,780,333</u>	<u>\$ 18,825,031</u>	<u>\$ 3,812,714</u>	<u>\$ 6,953,795</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (6,331,649)	\$ 10,935,313	\$ 3,034,832	\$ (4,363,601)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	7,623,313	5,960,230	5,358,462	8,838,714
Other income (expense)	(923,065)	475,774	214,163	325,967
Increase (decrease) in long-term assets/liabilities not requiring cash flow	2,441,003	(920)	55,698	83,575
Change in current assets and liabilities:				
Accounts receivable	3,045,503	(1,203,361)	(206,465)	(187,573)
Inventory	-	(29,245)	-	-
Prepaid expenses	-	-	-	-
Due from other governments	-	(12,645)	-	-
Accounts payable	(1,867,411)	(157,676)	(378,572)	66,166
Due from others	-	-	-	-
Other accrued expenses	560,636	(144,600)	3,957	37,386
Customer deposits	325,119	-	-	322
Net cash provided (used) by operating activities	<u>4,873,449</u>	<u>15,822,870</u>	<u>8,082,075</u>	<u>4,800,956</u>
Supplemental cash flow information:				
Noncash capital improvements and other changes	<u>\$ 4,485,632</u>	<u>\$ 828,169</u>	<u>\$ 2,347,402</u>	<u>\$ 1,157,465</u>

See accompanying notes to basic financial statements.

CITY OF LUBBOCK, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Business-type Activities-Enterprise Funds				
	West Texas Municipal Power Agency (WTMPA)	Stormwater	Total Nonmajor Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 63,254,708	\$ 6,004,082	\$ 6,550,954	\$ 239,637,448	\$ 36,716,197
Payments to suppliers	(56,676,602)	(1,508,440)	(4,558,331)	(171,803,129)	(30,139,666)
Payments to employees	-	(744,277)	(6,270,188)	(28,295,902)	(5,447,351)
Other receipts (payments)	-	429	166,161	259,429	94,752
Net cash provided (used) by operating activities	<u>6,578,106</u>	<u>3,751,794</u>	<u>(4,111,404)</u>	<u>39,797,846</u>	<u>1,223,932</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Transfers in from other funds	211,081	2,595,011	1,673,721	28,175,843	1,011,735
Transfers out to other funds	(3,662,377)	(2,441,953)	(1,135,365)	(33,731,346)	(2,798,461)
Short-term interfund borrowings	-	-	308,381	4,473,147	(200,000)
Advances from (to) other funds	-	-	(108,831)	7,995	-
Payments received/(made) on advances (to)/from other funds	-	-	(70,000)	49,190	(90,000)
Net cash provided (used) by noncapital and related financing activities	<u>(3,451,296)</u>	<u>153,058</u>	<u>667,906</u>	<u>(1,025,171)</u>	<u>(2,076,726)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments for gas reserves	-	-	-	(1,800)	-
Purchases of capital assets	-	(16,301,762)	(91,532)	(40,985,251)	(460,500)
Sale of capital assets	-	-	198,846	689,638	194,391
Payments for bond issuance costs	-	(387,992)	-	(757,550)	-
Principal paid on revenue bonds	(1,525,000)	(550,000)	-	(15,795,000)	-
Interest paid on revenue bonds	(1,129,607)	(1,620,565)	-	(6,877,429)	-
Principal paid on general obligation bonds and other debt	-	-	(435,000)	(8,009,759)	-
Interest paid on general obligation bonds	-	-	(54,889)	(6,737,314)	-
Issuance of revenue, and G.O. bonds	-	40,135,000	-	76,340,000	-
Payment of pro-rata contracts	-	-	-	(228,160)	-
Deposits on pro-rata contracts	-	-	-	4,320	-
Passenger facility charges/capital grants	-	-	5,218,995	5,218,995	-
Contributed capital	-	-	91,532	1,606,093	-
Net cash provided (used) for capital and related financing activities	<u>(2,654,607)</u>	<u>21,274,681</u>	<u>4,927,952</u>	<u>4,466,783</u>	<u>(266,109)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investments	-	-	445,607	14,207,745	8,182,084
Purchase of investments	-	(13,310,544)	(1,708,248)	(27,847,373)	(8,208,087)
Interest earnings on cash and investments	15,696	261,266	(357,390)	1,927,527	617,906
Net cash provided by (used for) investing activities	<u>15,696</u>	<u>(13,049,278)</u>	<u>(1,620,031)</u>	<u>(11,712,101)</u>	<u>591,903</u>
Net increase (decrease) in cash and cash equivalents	487,899	12,130,255	(135,577)	31,527,357	(527,000)
Cash and cash equivalents at beginning of year	1,477,951	12,345,123	1,486,329	44,636,496	4,569,124
Cash and cash equivalents at end of year	<u>\$ 1,965,850</u>	<u>\$ 24,475,378</u>	<u>\$ 1,350,752</u>	<u>\$ 76,163,853</u>	<u>\$ 4,042,124</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 3,938,192	\$ 4,292,610	\$ (8,686,500)	\$ 2,819,197	\$ 530,062
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	1,009,020	497,548	5,112,730	34,400,017	875,420
Other income (expense)	(15,279)	429	166,161	244,150	94,752
Increase (decrease) in long-term assets/liabilities not requiring cash flow	-	5,679	6,960	2,591,995	33,548
Change in current assets and liabilities:					
Accounts receivable	1,019,939	(44,378)	(45,743)	2,377,922	33,303
Inventory	-	-	(29,743)	(58,988)	57,975
Prepaid expenses	-	-	15,029	15,029	-
Due from other governments	-	-	(367,915)	(380,560)	-
Accounts payable	619,247	(1,270,403)	(484,581)	(3,473,230)	(322,651)
Due from others	-	-	97,922	97,922	350
Other accrued expenses	6,987	270,309	104,276	838,951	(78,827)
Customer deposits	-	-	-	325,441	-
Net cash provided (used) by operating activities	<u>6,578,106</u>	<u>3,751,794</u>	<u>(4,111,404)</u>	<u>39,797,846</u>	<u>1,223,932</u>
Supplemental cash flow information:					
Noncash capital improvements and other changes	\$ -	\$ -	\$ 3,959,888	\$ 12,778,556	\$ 437,852

See accompanying notes to basic financial statements.

CITY OF LUBBOCK, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2003

		<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$	13,774
Investments, at fair value:		
Pools		11,773
Total assets	\$	<u>25,547</u>
LIABILITIES		
Accounts payable		25,547
Total liabilities	\$	<u>25,547</u>

See accompanying notes to basic financial statements.

CITY OF LUBBOCK
Notes to Basic Financial Statements
September 30, 2003

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Notes to Basic Financial Statements
September 30, 2003

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CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

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 (GAAP) 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* (GASB 34 Edition). The Governmental 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 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 Council-Manager form of 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 201,000. 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 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 as well as a public transportation system.

The basic financial statements (BFS) present the City and its component units and include all activities, organizations and functions for which the City is considered to be financially accountable. The criteria considered in determining activities to be reported within the City's BFS include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

These criteria are based upon and consistent with those set forth in the Codification of Governmental Accounting Standards, section 2100, "*Defining the Financial Reporting Entity.*"

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 units have been included in the City's financial reporting entity within the primary government 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.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY (CONTINUED)

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. There are no separate financial statements available for the URA.

West Texas Municipal Power Agency (WTMPA) Is a legally separate municipal corporation, a political subdivision of Texas and body politic and corporate, formed in 1983, governed by a Board of eight directors who serve without compensation. WTMPA has no employees instead they contract with the City for general operations. WTMPA may engage in the business of generation, transmission, sale and exchange of electric energy to the four participating public entities. Additionally, WTMPA may participate in power pooling and power exchange agreements with other entities. WTMPA had previously been considered and reported as a joint venture since their inception. WTMPA provides electricity to its four member cities with the City having an 85.21% interest in their operations. Each member city appoints two members to WTMPA's board, however an affirmative vote of the "majority in interest" is required to approve the operating budget, approve capital projects, approve debt issuance and any amendments to WTMPA rules and regulations. The City maintains the majority in interest vote based on Kilowatt purchases. Accordingly, the City has a majority voting control of WTMPA's board. Additionally, since the City purchases at least 85% of the electricity brokered, WTMPA provides services almost exclusively to the City and therefore is presented as a blended enterprise fund. Their separate audited financial statements may be obtained through the City.

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.

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.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

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.

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

Administrative Offices

Civic Lubbock, Inc. 1501 6 th Street Lubbock, Texas	Market Lubbock, Inc 1301 Broadway Suite 200 Lubbock, Texas
--	---

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 City Council is not able to impose its will on the entity and there is no financial benefit/burden relationship. The City has no responsibility for debt issued by the Authority.

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 Council is not able to impose its will on the entity and there is no financial benefit/burden relationship.

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 Council is not able to impose its will on the entity and there is no financial benefit/burden relationship.

Lubbock Education Facilities Authority, Inc. (LEFA) is a non-profit corporation and instrumentality of the City of Lubbock, Texas, created pursuant to the Higher Education Authority Act, Chapter 53 Texas Education Code for the purpose of aiding institutions of higher education, secondary school, and primary schools in providing educational facilities and housing facilities and facilities incidental, subordinate or related thereto or appropriate in connection therewith. The Authority is governed by a Board of Directors consisting of seven members appointed by the Lubbock City Council. Bonds issued by LEFA do not constitute indebtedness of the City. The City Council is not able to impose its will on the entity and there is no financial benefit/burden relationship.

Lubbock Firemen's Retirement and Relief Fund (Pension Trust Fund) 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 Pension Trust Fund 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 Pension Trust Fund is limited to matching monthly contributions made by the members. Title to assets is vested in the Pension Trust Fund and not in the City. The State Firemen's Pension Commission is the governing body over the Pension Trust Fund; the City does not significantly influence operations. Their separate audited financial statements may be obtained through the City.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Basic Financial Statements (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 Activities) report information on all of the nonfiduciary activities of the City and its blended component units as a whole. The discretely presented component units are also aggregately presented within these statements. For the most part, the effect of interfund activity has been removed from these statements. The activities of the various internal service funds have been allocated to the governmental and business-type activities on a fund basis based on the predominant users of the services. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business type, are reported in the GWFS using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The GWFS focus more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The Government-Wide Statement of Net Assets reports all financial and capital resources of the City, excluding those reported in the fiduciary fund. 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 invested in capital assets net of related debt or 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.

Reservations or designations of net assets imposed by the City, whether by administrative policy or legislative actions of the City Council that do not otherwise meet the definition of restricted net assets, 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 the fiduciary fund, even though the latter is excluded from the GWFS. The focus of the FFS is on major funds, as defined by GASB Statement No. 34. Although GASB Statement No. 34 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 can elect 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 appropriate FFS.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Our fiduciary FFS includes only an agency fund that uses the accrual basis of accounting. However, because agency funds report only assets and liabilities this fund does not have a measurement focus. 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 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 are eliminated in the consolidation for the GWFS, but are included in the fund columns in the proprietary FFS. For instance, 85.21% of the operations of WTMPA representing transactions between WTMPA and LP&L have been eliminated for the GWFS presentation and for the electric BTA.

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, generally, if they are collected within 45 days of the end of the current fiscal period, with the exception of sales taxes which are considered to be available if they are collected within 60 days of year end. The City considers the grant availability period to be one year for revenue recognition. 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 the liability has matured. 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 convert the FFS into the governmental activities column of the GWFS.

Property taxes, sales taxes, franchise taxes, occupancy taxes, grants, licenses, court fines, 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.

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 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.

Enterprise funds are those through which most of the costs of providing the services are funded through charges for services. The City reports the following major enterprise 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.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 West Texas Municipal Power Agency (WTMPA) Fund accounts for the activities of power generation and power brokering to member cities. Member cities are Lubbock with 85.21% ownership while Tulia, Brownfield, and Floydada make up the remaining 14.79% ownership.

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

Additionally, the City reports the following nonmajor fund types:

Governmental:

Special revenue funds, governmental 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, a governmental fund, is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal and interest (other than those paid by proprietary funds).

Capital projects funds, governmental 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).

Proprietary:

Internal service funds, proprietary 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.).

Enterprise funds, proprietary funds, are used to account for services to outside users on a cost reimbursement basis (i.e. Lubbock International Airport, Citibus, and the golf fund).

Fiduciary:

Agency fund is used to account for assets held by the City as an agent for private organizations.

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.

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. 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.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with GAAP for the general fund. 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 budget comparison statement 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, 2003, the General Fund had no significant amounts of open encumbrances.

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'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.

At the GWFS level property tax revenue is recognized upon levy. In governmental funds 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.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Enterprise Fund Receivable - Within the Electric, Water, Sewer, WTMPA, and Solid Waste Enterprise Funds, services rendered but not billed as of the close of the fiscal year are accrued and this amount is reflected in the accounts receivable balances of each fund. 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 and governmental activities assets are restricted for construction; 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. It is the City's policy to first apply restricted resources and then use unrestricted resources when an expense is incurred for purpose for which both restricted and unrestricted net assets are available.

Mortgage Receivables - Mortgage receivables consists of loans made to Lubbock residents under the City's Community Development loan program. These loans were originally funded primarily through grants received from the US Department of Housing and Urban Development.

Capital Assets and Depreciation - Capital assets, including public domain infrastructure (e.g., streets, bridges, sidewalks and other assets that are immovable and of value only to the City) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. These capital assets are reported in the GWFS and the proprietary FFS. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated assets are recorded at the estimated fair value on the date of donation.

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

Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Infrastructure/Improvements	10-50 years
Buildings	15-50 years
Equipment	3-15 years
Water rights	85 years

Interest Capitalization - Because the City issues general-purpose capital improvement bonds, which are recorded within the proprietary funds, we capitalize interest costs for business type activities and enterprise funds according to the Financial Accounting Standards Board (FASB) Statement No. 34 *Capitalization of Interest Cost* and FASB Statement No. 62 *Capitalization of Interest Costs*. The City of Lubbock capitalized interest of approximately \$893,000, net of interest earned, for the business-type activities and the enterprise funds during the current fiscal year.

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.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. RISK MANAGEMENT

The Risk Management Fund was established to account for liability claims, worker's compensation claims, and premiums for property/casualty insurance 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 which is renewed annually. The policy has a \$10 million annual aggregate limit and is subject to a \$250,000 deductible per claim.

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 \$250,000 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 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 which are accounted for in the Self-Insurance Health Fund. Revenue for the health insurance premiums are generated from each cost center based upon the number of active full-time employees. The City's plan is fully insured under a Minimum Premium Contract. The Minimum Premium contract provides excess coverage of \$150,000 per covered individual annually and an aggregate cap of \$11,386,843. The insurance vendor based on medical trend, claims history, and utilization determines the aggregate deductible. The contract requires an IBNR reserve of approximately \$2 million.

The City also provides full-time employees basic term life insurance and Long Term Disability insurance. Revenues for the life insurance premiums and long term disability premiums are also generated from each cost center based upon the number of active employees. The life insurance policy has a face value of \$10,000 per employee. Long-term disability premiums are a rate per \$100 of annual salary.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. HEALTH INSURANCE (CONTINUED)

Full-time employees may elect to purchase medical and dental insurance for eligible dependents. However, the City subsidizes dependent premiums to reduce the cost to employees. Employees may also elect to participate in several voluntary insurance programs such as a cancer income policy, voluntary life, and personal accident insurance. Voluntary insurance products are fully paid by the employee.

Retiring City of Lubbock employees may elect to retain medical insurance and reduced amount of life insurance on themselves and eligible dependents. The retiree pays a portion of the premium costs, but the City subsidizes retiree premiums about \$851,000 annually. The life insurance is fully paid by the retiree.

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, 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.

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. The 60-day availability period provides for full accrual of sales taxes.

Grant Revenue from federal and state grants is recognized as revenue as soon as all eligibility requirements have been met. The availability period for grants is considered to be one year.

Interfund Transactions are accounted for as revenues, expenditures, expenses, or other financing sources or uses. 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 service 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 and in the FFS for proprietary fund employees when earned. The liability is recorded in the governmental FFS to the extent it is due and payable.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

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 \$851,000 for fiscal 2003. These contributions are included in the amount of insurance expense reflected in the financial activity reported in the Health Insurance Internal Service Fund.

NOTE II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. NET ASSET/FUND BALANCE DEFICITS

The deficit of \$62,358 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 \$12,987 in the Library Special Revenue Fund is the result of cost incurred and recorded in these funds after the award period ended. Because the award period had ended, the federal award funds are no longer available for reimbursement from the federal agency; therefore, other funding sources will be sought. The City is scheduled to review and resolve this issue during the fiscal year 2003-2004.

The deficit of \$177,417 in the Police Special Revenue Fund is the result of cost incurred and recorded in these funds after the award period ended. Because the award period had ended, the federal award funds are no longer available for reimbursement from the federal agency; therefore, other funding sources will be sought. The City is scheduled to review and resolve this issue during the fiscal year 2003-2004.

The deficit of \$5,909 in the Community Improvement Special Revenue Fund is the result short-term borrowings to fund the activities of Market Lubbock, Inc. This amount will be repaid through transfers from the general fund, during the next fiscal year.

The deficit of \$7,210 in the Investment Internal Service Fund is the result of not recovering actual cost with the allocation of interest earnings to this fund.

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. The following are authorized investments for the City and all are authorized and further defined by the Public Funds Investment Act (Chapter 2256) ("PFIA"):

- Obligations of the United States or its agencies and instrumentalities, which have a liquid market with a readily determinable market value.
- Direct obligations of this state or its agencies and instrumentalities
- Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent
- Fully collateralized certificates of deposit issued by a state or national bank doing business in Texas and guaranteed, or insured by the Federal Deposit Insurance Corporation or its successor, secured by

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. POOLED CASH AND INVESTMENTS (CONTINUED)

obligations authorized by this subchapter, or secured in any other manner and amount provided by law for deposits of the investing entity

- Fully collateralized repurchase agreements with a defined termination date; and secured by obligations authorized by the Act; such collateral pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with an independent third party selected and approved by the City. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank doing business in this state. The term of any reverse repurchase agreements may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by the City under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.
- Bankers' acceptances with a stated maturity of 270 days or fewer from the date of its issuance; and liquidated in full at maturity; and eligible for collateral for borrowing from a Federal Reserve Bank; and accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency
- Commercial paper with a stated maturity of 270 days or fewer from the date of its issuance, and rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies
- No-load money market mutual funds regulated by the Securities and Exchange Commission, and with a dollar-weighted average stated maturity of 90 days or fewer, and whose investment objectives include the maintenance of a stable net asset value of \$1 for each share
- AAA-rated, constant dollar, investment pools authorized by the City Council and as further defined by the Act, which invests in eligible securities as authorized by the PFIA. Government Pool investments as of September 30, 2003, were invested in TexPool, TexSTAR and LOGIC.

TexPool. The Comptroller of Public Accounts (the "Comptroller") is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company (the "Trust Company") which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Lehman Brothers Inc. and Federated Investors, Inc. ("Lehman and Federated"), under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Lehman and Federated. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases. As required by the Public Funds Investment Act, the Advisory Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool. TexPool is currently rated AAAM by Standard and Poor's. An explanation of the significance of such rating may be obtained from Standard & Poor's at 1221 Avenue of the Americas, New York, New York 10020.

TexSTAR. Texas Short Term Asset Reserve Program ("TEXSTAR") has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. JPMorgan Fleming Asset Management (USA), Inc. ("JPMFAM") and First Southwest Asset Management, Inc. ("FSAM") serve as co-administrators for TEXSTAR under an agreement with the TEXSTAR board of directors (the "Board"). JPMFAM provides investment services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co. Finally, TEXSTAR is currently rated AAAM by Standard and Poor's. An explanation of the significance of such rating may be obtained from Standard & Poor's at 1221 Avenue of the Americas, New York, New York 10020.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. POOLED CASH AND INVESTMENTS (CONTINUED)

LOGIC. Local Government Investment Cooperative (“LOGIC” or the “Cooperative”) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Portfolios will be managed by Citibank, N.A. acting as a part of Citigroup Asset Management (the “Investment Manager”). Administrator. Day to day administration of the Cooperative will be performed by SWS Capital Corporation, Dallas, Texas, a member of SWS Securities Group, Inc. (the “Administrator”). The Cooperative’s governing body is a five-member Board of Directors (the “Board”) comprised of employees, officers or elected officials of participant Government Entities or individuals who do not have a business relationship with the Cooperative and are qualified to advise it. A maximum of two advisory board members represent the General Manager of the Cooperative. Finally, Class A Units of LOGIC I are currently rated “Aaa/MR1+” by Moody’s Investors Service. An explanation of the significance of such ratings may be obtained from Moody’s Investors Service, 99 Church Street, New York, New York 10005.

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 custodial credit risk assumed by the City at September 30, 2003.

INVESTMENT CATEGORY OF CUSTODIAL 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.

DEPOSIT CATEGORY OF CUSTODIAL 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.

Amounts invested in investment pools and money market funds are not categorized as they do not represent securities that exist in physical form.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. POOLED CASH AND INVESTMENTS (CONTINUED)

The following table is a schedule of the City's pooled cash and investments at September 30, 2003:

Investments	(1)	Category		(3)	Carrying Amount
		(2)			
<u>Primary Government:</u>					
U.S. Treasuries	\$ 4,028,885	\$ -	\$ -	\$ -	\$ 4,028,885
Agency Obligations	11,816,085	-	-	-	11,816,085
Investment Pools	-	-	-	-	95,715,411
Money Market Mutual Fund	-	-	-	-	2,074,444
Primary Government					<u>\$113,634,825</u>
<u>Agency Funds:</u>					
Investment Pools	-	-	-	-	<u>11,773</u>
Agency Funds					<u>11,773</u>
Total Investments					<u>\$113,646,598</u>

Cash and Bank Deposits	(A)	Category		(C)	Bank Balance	Carrying Amount
		(B)				
Primary Government	\$ 95,082,296	\$ -	\$ -	\$ -	\$ 95,082,296	\$ 94,157,684
Agency Funds	13,774				13,774	13,774
Total	<u>\$ 95,096,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,096,070</u>	<u>\$ 94,171,458</u>

Cash and investments are reported in the Statement of Net Assets as:

	Total Primary Government	Total Agency Funds	Total
Cash and Equivalents – Unrestricted	\$ 36,681,084	\$ -	\$ 36,681,084
Cash and Equivalents – Restricted	66,553,482	13,774	66,567,256
Total Cash and Equivalents	<u>103,234,566</u>	<u>13,774</u>	<u>103,248,340</u>
Investments – Unrestricted	32,838,010	-	32,838,010
Investments – Restricted	71,719,933	11,773	71,731,706
Total Investments	<u>104,557,943</u>	<u>11,773</u>	<u>104,569,716</u>
Total Cash and Investments	<u>\$ 207,792,509</u>	<u>\$ 25,547</u>	<u>\$ 207,818,056</u>

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

B. INTERFUND TRANSACTIONS

Interfund balances, specifically the due to and due from other funds, at September 30, 2003 are short-term loans to cover temporary cash deficits in various funds. This occasionally occurs prior to bond sales or grant reimbursements. These outstanding balances are to be repaid within one year.

Interfund balances, specifically advances to and from other funds, at September 30, 2003 are longer-term loans to cover Council directed internal financing of certain projects. The City believes that this type of financing is more cost effective than issuing external debt. As of September 30, 2003 the City has nearly \$3 million loaned in this fashion. These balances are assessed an interest charge and are to be repaid over time through operations and transfers.

Net interfund receivables and payables between governmental activities and business-type activities in the amount \$840,448, are included in the government-wide financial statements at September 30, 2003. The following amounts due to other funds or due from other funds, including advances, are included in the fund financial statements at September 30, 2003 (all amounts in thousands):

	Interfund Receivables				Totals
	Governmental Funds		Proprietary Funds		
	General	Water	Sewer	Solid Waste	
Interfund Payables:					
Governmental Funds:					
Nonmajor Governmental	1,183	-	6	1,032	2,221
Proprietary Funds:					
Electric	1,265	3,380	-	-	4,645
Nonmajor Proprietary	796	560	-	1,037	2,393
Totals	3,244	3,940	6	2,069	9,259

Interfund transfers are primarily used for 1) debt service payments made from the debt service fund, but funded from an operating fund; 2) subsidy transfers from unrestricted general funds; or 3) transfers to move indirect cost allocations, payments in lieu of taxes (PILOT), and franchise fees to the general fund or other funds as appropriate.

In addition to the routine transfers the City had two additional interfund transactions that impacted operations. The first, the general fund transferred nearly \$9.3 million to the electric fund. City Council elected to supplement the operations of the electric fund, which was suffering losses from unusually high natural gas prices. Natural gas is used in the generation of electricity. The Council also waived the payment of indirect costs, PILOT, and franchise fees, for the electric utility, which amounted to nearly \$4.6 million during the prior fiscal year. The second was a transfer from the Solid Waste Fund of \$6 million to the Community Improvement Fund to support the Tyco economic incentive. City Council elected to transfer sufficient funds to retire the advances to other funds during this fiscal year. These funds were slated to be repaid over a six year period with transfers from the General Fund and the Solid Waste Fund on an annual basis.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

B. INTERFUND TRANSACTIONS (CONTINUED)

Net transfers of \$2,553,927 from business-type activities to governmental activities, down from \$15.7 million during the prior year, on the government-wide statement of activities is primarily the result of the City Council's decision to supplement the operations of the electric utility as discussed above and the Solid Waste Fund's transfer to the Community Improvement Fund for the Tyco economic incentive. The following interfund transfers are reflected in the fund financial statements for the year ended September 30, 2003 (all amounts in thousands):

Interfund Transfers In:	Interfund Transfers Out:										
	Governmental Funds					Proprietary Funds					Totals
	General Fund	Nonmajor Gov.	Electric	Water	Sewer	Solid Waste	Storm- water	Nonmajor Enterprise	Internal Service		
Governmental Funds:											
General Fund	-	2,683	-	3,237	1,595	918	96	1,115	703	10,345	
Nonmajor Governmental	2,320	3,431	-	7,276	6,489	6,729	2,346	19	1,647	30,257	
Proprietary Funds:											
Electric	9,276	350	-	-	-	-	-	-	-	9,626	
Water	85	6,922	-	-	-	-	-	-	-	7,007	
Sewer	-	6,484	-	-	-	-	-	-	-	6,484	
Solid Waste	-	579	-	-	-	-	-	-	-	579	
Stormwater	274	2,321	-	-	-	-	-	-	-	2,595	
Nonmajor Enterprise	1,545	159	-	-	-	-	-	-	-	1,704	
Internal Service Funds	55	261	56	52	52	87	-	-	448	1,011	
Totals	13,555	23,190	56	10,565	8,136	7,734	2,442	1,134	2,798	69,609	

C. DEFERRED CHARGES

The total deferred charges of \$3,477,777 in the Electric Enterprise Fund 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 total deferred charges of \$437,233 in the West Texas Municipal Power Agency Fund represents unamortized bond issuance costs related to the bonds issued to build the JRM8 cogeneration facility.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

D. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2003, was as follows:

Primary Government

Governmental activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated:				
Land	\$ 7,505,523	\$ 1,786,659	\$ 1,295,776	\$ 7,996,406
Construction in Progress	<u>35,114,351</u>	<u>16,145,256</u>	<u>15,103,917</u>	<u>36,155,690</u>
Total capital assets, not being depreciated	<u>42,619,874</u>	<u>17,931,915</u>	<u>16,399,693</u>	<u>44,152,096</u>
Capital assets, being depreciated				
Buildings	48,453,889	3,653,019	630,972	51,475,936
Improvements other than buildings	122,747,314	5,119,652	2,124,809	125,742,157
Machinery and equipment	<u>44,467,732</u>	<u>6,712,513</u>	<u>2,284,245</u>	<u>48,896,000</u>
Total capital assets being depreciated	<u>215,668,935</u>	<u>15,485,184</u>	<u>5,040,026</u>	<u>226,114,093</u>
Less accumulated depreciation for:				
Buildings	24,094,828	2,338,073	559,449	25,873,452
Improvements other than buildings	86,107,694	4,641,427	2,106,850	88,642,271
Machinery and equipment	<u>30,801,368</u>	<u>5,412,540</u>	<u>2,198,595</u>	<u>34,015,313</u>
Total accumulated depreciation	<u>141,003,890</u>	<u>12,392,040</u>	<u>4,864,894</u>	<u>148,531,036</u>
Total capital assets, being depreciated, net	<u>74,665,045</u>	<u>3,093,144</u>	<u>175,132</u>	<u>77,583,057</u>
Governmental activities capital assets, net	<u>\$ 117,284,919</u>	<u>\$ 21,025,059</u>	<u>\$ 16,574,825</u>	<u>\$ 121,735,153</u>

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

D. CAPITAL ASSETS (CONTINUED)

Business-type activities	Beginning Balance <u>As restated</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance
Capital Assets, not being depreciated:				
Land	\$ 19,459,252	\$ 12,216,903	\$ --	\$ 31,676,155
Construction in Progress	<u>109,249,489</u>	<u>42,200,954</u>	<u>46,761,236</u>	<u>104,689,207</u>
Total capital assets, not being depreciated	<u>128,708,741</u>	<u>54,417,857</u>	<u>46,761,236</u>	<u>136,365,362</u>
Capital assets, being depreciated				
Buildings	95,208,237	2,987,585	53,439	98,142,383
Improvements other than buildings	532,890,944	24,594,279	2,776,141	554,709,082
Machinery and equipment	<u>126,892,210</u>	<u>14,802,033</u>	<u>3,628,923</u>	<u>138,065,320</u>
Total capital assets being depreciated	<u>754,991,391</u>	<u>42,383,897</u>	<u>6,458,503</u>	<u>790,916,785</u>
Less accumulated depreciation for:				
Buildings	24,245,659	2,418,292	46,141	26,617,810
Improvements other than buildings	207,993,112	19,422,288	2,324,323	225,091,077
Machinery and equipment	<u>48,181,865</u>	<u>13,179,583</u>	<u>3,253,557</u>	<u>58,107,891</u>
Total accumulated depreciation	<u>280,420,636</u>	<u>35,020,163</u>	<u>5,624,021</u>	<u>309,816,778</u>
Total capital assets, being depreciated, net	<u>474,570,755</u>	<u>7,363,734</u>	<u>834,482</u>	<u>481,100,007</u>
Business-type activities capital assets, net	<u>\$ 603,279,496</u>	<u>\$ 61,781,591</u>	<u>\$ 47,595,718</u>	<u>\$ 617,465,369</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:		
General government	\$	309,687
Financial Services		5,279
Human Resources		4,636
Administration/Community Services		3,902,662
Fire		844,871
Police		2,336,093
Streets		3,244,876
Electric		279,381
Internal Service Funds		<u>602,690</u>
Total depreciation expense-governmental activities		11,530,175
Transfers in to accumulated depreciation-governmental activities		<u>861,865</u>
Increase accumulated depreciation-governmental activities	\$	<u>12,392,040</u>

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

D. CAPITAL ASSETS (CONTINUED)

Business-type activities:		
Electric	\$	8,587,072
Water		5,960,230
Sewer		5,358,462
Solid Waste		8,838,714
Airport		2,997,606
Golf		20,711
Transit		2,094,413
Stormwater		497,548
Internal Service Funds		<u>272,727</u>
Total depreciation expense - business-type activities		34,627,483
Transfers in to accumulated depreciation-business type activities		<u>392,680</u>
Increase to accumulated depreciation-business type activities	\$	<u><u>35,020,163</u></u>

Construction Commitments

The government has active construction projects as of September 30, 2003. Public Safety projects include continued work on 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 the East-West freeway and a Curb Ramp Project. Projects in the general facility fund include the renovation of the Health Department building and security upgrades in various City of Lubbock properties.

Electric projects include construction of a new substation that will help provide service reliability to the Lubbock Southwest area. Water projects include construction work at a multiple number of pump stations. Sewer projects include the installation of a sanitary sewer trunk main to serve subdivisions within the annexation area. Airport projects include the construction of a high speed taxiway on the primary air carrier runway to improve traffic inflow. The City of Lubbock has two large active Stormwater projects. The first project provides 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. The second project provides for the construction of a flood relief project for south Lubbock's chain of playa lakes.

Projects	Original Commitments	Spent-to Date	Remaining Commitments
Public Safety	\$ 9,692,902	\$ 7,933,900	\$ 1,759,002
Park Improvements	15,568,082	6,966,208	8,601,874
Street Improvements	23,307,652	11,588,857	11,718,795
Permanent Street Maintenance	1,561,895	1,508,461	53,434
General Capital Projects	632,671	280,464	352,207
General Facilities and System Improvements	11,267,474	7,192,328	4,075,146
Tax Incremental Fund Capital Projects	3,800,000	281,802	3,518,198
Electric	13,104,751	7,753,192	5,351,559
Water	58,539,957	37,132,719	21,407,238
Sewer	13,528,882	12,130,982	1,397,900
Solid Waste	7,726,700	3,363,284	4,363,416
Airport	10,781,384	3,042,228	7,739,156
Transit	203,186	203,186	-
Stormwater	78,774,156	40,594,706	38,179,450
Internal Service Fund	<u>2,146,000</u>	<u>872,580</u>	<u>1,273,420</u>
Total Life-to-Date Activity	\$ <u><u>250,635,692</u></u>	\$ <u><u>140,844,897</u></u>	\$ <u><u>109,790,795</u></u>

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

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 retirement plan.

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 774 administered by TMRS, an agent multiple-employer public employee retirement system.

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 and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not 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 serves as the basis for the rate and the calendar year when the rate goes into effect.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

E. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The actuarial assumptions for the December 31, 2002 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

<u>As of September 30</u>	<u>Annual Pension Cost</u>	<u>Contribution Made</u>
2000	\$ 8,010,122	\$ 8,010,122
2001	8,398,884	8,398,884
2002	8,803,613	8,803,613

TEXAS MUNICIPAL RETIREMENT SYSTEM
THREE-YEAR HISTORICAL SCHEDULE OF ACTUARIAL LIABILITIES
AND FUNDING PROGRESS REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

<u>As of December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>
2000	\$ 160,299,195	\$ 200,713,365	79.9%	\$ 40,414,170
2001	172,510,622	215,584,035	80.0%	43,073,413
2002	181,191,012	228,372,843	79.3%	47,181,831

<u>As of December 31</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % Of Covered Payroll</u>
2000	\$ 54,589,153	74.0%
2001	58,173,019	74.0%
2002	60,285,077	78.3%

The City of Lubbock is one of 774 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, 2002 valuations are contained in the 2002 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

E. RETIREMENT PLANS (CONTINUED)

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. 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 fully vest after 20 years of credited service. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of 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. The LFRRF Plan Effective November 1, 2003 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 68.92% of Final 48-Month Average Salary Plus \$335.05 per month for each year of service in excess of 20 years.

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. LFRRF 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 LFRRF 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.

The costs of administering the plan are financed by LFRRF.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

E. RETIREMENT PLANS (CONTINUED)

Annual Pension Cost

For the fiscal year ending September 30, 2003, the City of Lubbock's Annual Pension Cost (APC) for the Lubbock Fire Fund was equal to \$1,964,788 as described below in item 4 in the table below. Based on the results of the December 31, 2002 actuarial valuation of the Plan Effective November 1, 2003, the Board's actuary found that the fund has an adequate financing arrangement, as described in the paragraph below, based on the fixed level of the firefighter contribution rates and on the assumed level of the City of Lubbock contribution rates. Based on the Plan Effective November 1, 2003, LFRRF's funding policy requires contributions equal to 12.43% 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, 2002 actuarial valuation (most recent) reflecting the Plan Effective November 1, 2003 assumes that the City's contributions will average 18.67% of payroll in the future.

Therefore, based on the December 31, 2002 actuarial valuation of the Plan Effective November 1, 2003, the Annual Required Contributions (ARC) are not actuarially determined but are equal to the City's actual contributions beginning January 1, 2003. Prior to January 1, 2003, the ARC was based on the December 31, 2000 actuarial valuation and was actuarially determined as described below.

The following shows the development of the Net Pension Obligation (NPO) as of September 30, 2003:

1. Annual Required Contributions (ARC)	\$ 1,977,911
2. Interest on NPO	(53,682)
3. Adjustment to ARC	40,559
4. Annual Pension Cost (APC)	\$ 1,964,788
5. Actual City Contributions made	(2,186,719)
6. Increase (Decrease) in NPO/(asset)	(\$ 221,931)
7. NPO/(asset) at October 1, 2002	(660,692)
8. NPO/(asset) at September 30, 2003	(\$ 882,623)

The ARC for the period October 1, 2002 through December 31, 2002 was based on the December 31, 2000 actuarial valuation. 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 market value smoothed by a five-year deferred recognition method, with the actuarial value not more than 120% or less than 80% of the market value of assets. The actuarial assumptions included in an investment return assumption of 8.5% per year (net of 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 was included in the investment return and salary increase assumptions. As of 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). For the ARC, 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.

The ARC beginning January 1, 2003 was based on the December 31, 2002 actuarial valuation. 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 market value smoothed by a five-year deferred recognition method, with the actuarial value not more than 110% or less than 90% of the market value of assets. The actuarial assumptions included an investment return assumption of 8% per year (net of expenses), projected salary increases including promotion and longevity averaging 6% per year over a 25-year career and no postretirement cost-of-living adjustments. An inflation assumption of 4% per year was included in the investment return and salary increase assumptions. The UAAL is amortized with the excess of the assumed total contribution rate over the normal cost rate. The number of years needed to amortize the UAAL is determined using an open, level percentage of payroll method, assuming that the payroll will increase 4% per year, and was 25 years as of December 31, 2002 actuarial valuation based on the plan provisions effective November 1, 2002.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

E. RETIREMENT PLANS (CONTINUED)

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
9/30/01	\$ 1,366,293	143 %	\$ (594,013)
9/30/02	1,379,564	148	(660,692)
9/30/03	1,964,788	111	(882,623)

LUBBOCK FIREMEN'S RELIEF AND RETIREMENT FUND
ANALYSIS OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) /Funding excess (b-a)	Funded Ratio (a/b)	Annual Covered Payroll 5 (c)	UAAL/ Funding Excess as a Percentage of Covered Payroll (b-a)/c)
12/31/98 1,2	\$ 90,364,681	\$ 97,533,314	\$ 7,168,633	92.7%	\$ 10,290,190	69.7%
12/31/00 1,3	119,660,788	114,675,049	(4,985,739)	104.3	12,243,913	(40.7)
12/31/02 1,4	111,261,775	127,850,414	16,588,639	87.0	13,521,366	122.7

- 1 Economic and demographic assumptions were revised.
- 2 Reflects changes in plan benefit provisions effective November 1, 1999.
- 3 Reflects changes in plan benefit provisions effective December 1, 2001.
- 4 Reflects changes in plan benefit provisions effective November 1, 2003.
- 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.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

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, 2003, 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.

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, 2003, \$6,354,645 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 capital 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 \$232,816 was paid to the BRA for maintenance and operating costs in fiscal year 2003.

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. 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 asset, Lake Alan Henry, is recorded as capital assets and is being depreciated over 50 years. The financial activity, along with the related obligation, is accounted for in the Water Enterprise Fund.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

H. LONG-TERM DEBT

GENERAL OBLIGATION BONDS AND CERTIFICATES OF OBLIGATION:

Average Interest Rate	Issue Date	Final Maturity Date	Amount Issued	Balance Outstanding 9-30-03
9.01	05-15-91	02-15-11	1,085,000	425,000
5.50	05-15-92	02-15-04	34,520,000	3,450,000
3.97	05-01-93	02-15-15	14,425,000	8,645,000
5.39	10-01-93	02-15-14	3,625,000	2,005,000
5.39	10-01-93	02-15-14	2,550,000	1,425,000
5.20	10-01-93	02-15-14	1,470,000	825,000
5.14	10-01-93	02-15-14	19,215,000	3,855,000
5.50	05-15-95	02-15-15	4,690,000	2,820,000
5.07	12-15-95	02-15-16	6,505,000	4,230,000
5.07	12-15-95	02-15-16	10,000,000	6,500,000
4.91	01-15-97	02-15-09	17,530,000	10,915,000
4.61	01-01-98	02-15-08	1,330,000	745,000
4.71	01-01-98	02-15-18	10,260,000	7,710,000
4.36	01-15-99	02-15-14	20,835,000	19,090,000
4.58	01-15-99	02-15-19	15,355,000	12,275,000
4.77	04-01-99	02-15-19	6,100,000	4,880,000
4.71	04-01-99	02-15-19	12,300,000	9,920,000
5.37	09-15-99	02-15-20	24,800,000	22,455,000
5.54	03-15-00	02-15-20	7,000,000	6,580,000
4.90	02-01-01	02-15-21	9,100,000	8,730,000
4.81	02-01-01	02-15-21	2,770,000	2,490,000
5.25	06-01-01	02-15-31	35,000,000	34,290,000
4.68	02-15-02	02-15-22	9,400,000	9,380,000
4.71	02-15-02	02-15-22	6,450,000	6,435,000
4.70	02-15-02	02-15-22	1,545,000	1,540,000
4.62	07-01-02	02-15-22	2,605,000	2,530,000
3.18	07-01-02	02-15-10	10,810,000	9,800,000
4.42	07-15-03	02-15-23	11,855,000	11,855,000
4.47	07-15-03	02-15-24	9,765,000	9,765,000
4.48	07-15-03	02-15-24	680,000	680,000
4.47	07-15-03	02-15-24	3,590,000	3,590,000
4.87	07-15-03	02-15-34	40,135,000	40,135,000
4.47	07-15-03	02-15-24	3,795,000	3,795,000
4.60	08-15-03	04-15-23	8,900,000	8,900,000
4.60	08-15-03	04-15-23	13,270,000	13,270,000
Total			<u>\$383,265,000</u>	<u>\$295,935,000 (A)</u>

(A) Excludes net deferred gains and losses on advance refundings, bond issuance costs and discounts of \$3,819,821. Additionally, this amount includes \$226,126,796 of bonds used to finance enterprise fund activities.

At September 30, 2003, and for the year then ended, management of the City believes that it was in compliance with all financial bond covenants on outstanding general obligation bonded debt, certificates of obligation, and water revenue bonded debt.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

H. 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 9-30-03</u>
3.80 to 5.50	6-15-95	4-15-08	\$ 13,560,000	\$ 5,600,000
4.25 to 6.25	1-01-98	4-15-18	9,170,000	6,895,000
4.05 to 5.00	5-01-98	2-15-18	28,910,000	22,810,000
3.10 to 5.00	1-15-99	4-15-19	14,975,000	10,510,000
4.00 to 5.25	7-01-01	4-15-21	9,200,000	8,280,000
Total			<u>\$ 75,815,000</u>	<u>\$ 54,095,000</u> *

* Balance outstanding excludes (\$891,567) 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 9-30-03</u>
3.80 to 5.50%	6-1-95	8-15-21	<u>\$58,170,000</u>	<u>\$47,200,000</u> *

* Balance outstanding excludes (\$4,424,652) discount, bond issuance costs and deferred losses on bonds sold or refunded.

For the fiscal year ending September 30, 2003, the electric fund, Lubbock Power & Light (LP&L) did not generate sufficient income to meet rate covenants as required by the revenue bond covenants. Management believes that this violation does not make the debt callable or materially impact operations as LP&L continues to make scheduled debt service payments. This was due to high natural gas prices and a decision by the City Council not to raise rates in a competitive environment.

LP&L increased the fuel cost adjustment by 13% in December 2002. A decision was made to keep future rate increases to a minimum anticipating both a rate increase by the competition and a decrease in natural gas prices by the end of March 2003. However, gas costs peaked in March at 105% of the previous fiscal year average cost. While gas costs did decline they remained above average levels for the remainder of the fiscal year. Overall, the average gas cost to LP&L for the fiscal year was 61% above the previous fiscal year.

Management changes were made at LP&L in February 2003. In May 2003 electric rates were increased bringing the total increase to an average of twelve and one-half percent greater than the prior year. This decision was made considering that it could impact market share. LP&L lost 5.6% of its customers by the end of the fiscal year.

The City Council chose to support, financially, the operations of LP&L by transferring \$9.3 million from the General Fund, and by forgiving payments in lieu of taxes, franchise fees and indirect costs totaling approximately \$4.8 million. Additionally, City management eliminated approximately 40 positions at LP&L to reduce operating costs. Currently, the City Council has limited transfers from LP&L to the General Fund.

In addition to raising rates and eliminating positions, LP&L negotiated a third purchased power contract in July 2003 to minimize generation. LP&L is currently constructing a fourth interconnect to allow for additional purchased power imports and is negotiating new long-term purchased power contracts.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

H. LONG-TERM DEBT (CONTINUED)

LP&L's competition has raised their retail fuel cost adjustment by over 24% in July 2003 and again by 18% in September 2003. This narrows the rate gap between LP&L and their competition.

The annual requirements to amortize all outstanding debt of the City as of September 30, 2003 are as follows:

Fiscal Year	General Obligation Principal	General Obligation Interest	Total General Obligation	Revenue Principal	Revenue Interest	Total Revenue	Grand Total
2003-04	14,590,000	13,498,373	28,088,373	6,690,000	5,106,010	11,796,010	39,884,383
2004-05	15,505,000	12,837,139	28,342,139	6,265,000	4,784,861	11,049,861	39,392,000
2005-06	15,665,000	12,130,902	27,795,902	6,305,000	4,475,173	10,780,173	38,576,075
2006-07	15,830,000	11,444,101	27,274,101	6,370,000	4,176,228	10,546,228	37,820,329
2007-08	15,380,000	10,771,139	26,151,139	6,115,000	3,869,100	9,984,100	36,135,239
2008-09	15,160,000	10,109,887	25,269,887	5,415,000	3,571,735	8,986,735	34,256,622
2009-10	14,880,000	9,455,080	24,335,080	5,525,000	3,302,790	8,827,790	33,162,870
2010-11	15,190,000	8,792,572	23,982,572	5,655,000	3,028,933	8,683,933	32,666,505
2011-12	14,240,000	8,137,919	22,377,919	5,445,000	2,745,220	8,190,220	30,568,139
2012-13	14,545,000	7,492,443	22,037,443	5,600,000	2,465,000	8,065,000	30,102,443
2013-14	14,870,000	6,825,526	21,695,526	5,770,000	2,175,240	7,945,240	29,640,766
2014-15	12,220,000	6,202,745	18,422,745	5,950,000	1,875,000	7,825,000	26,247,745
2015-16	11,670,000	5,636,756	17,306,756	6,135,000	1,563,960	7,698,960	25,005,716
2016-17	11,275,000	5,079,753	16,354,753	6,335,000	1,244,825	7,579,825	23,934,578
2017-18	11,745,000	4,513,462	16,258,462	6,540,000	913,560	7,453,560	23,712,022
2018-19	11,725,000	3,927,546	15,652,546	4,790,000	609,020	5,399,020	21,051,566
2019-20	10,565,000	3,369,151	13,934,151	3,120,000	349,150	3,469,150	17,403,301
2020-21	8,405,000	2,893,350	11,298,350	3,270,000	178,700	3,448,700	14,747,050
2021-22	7,935,000	2,490,623	10,425,623	-	-	-	10,425,623
2022-23	6,640,000	2,133,913	8,773,913	-	-	-	8,773,913
2023-24	4,375,000	1,823,076	6,198,076	-	-	-	6,198,076
2024-25	3,220,000	1,632,714	4,852,714	-	-	-	4,852,714
2025-26	3,395,000	1,463,114	4,858,114	-	-	-	4,858,114
2026-27	3,575,000	1,283,950	4,858,950	-	-	-	4,858,950
2027-28	3,755,000	1,095,068	4,850,068	-	-	-	4,850,068
2028-29	3,955,000	896,385	4,851,385	-	-	-	4,851,385
2029-30	4,170,000	686,998	4,856,998	-	-	-	4,856,998
2030-31	4,390,000	466,390	4,856,390	-	-	-	4,856,390
2031-32	2,240,000	297,250	2,537,250	-	-	-	2,537,250
2032-33	2,350,000	182,500	2,532,500	-	-	-	2,532,500
2033-34	2,475,000	61,875	2,536,875	-	-	-	2,536,875
Total	\$295,935,000	\$157,631,700	\$453,566,700	\$101,295,000	\$46,434,505	\$147,729,505	\$ 601,296,205

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

H. LONG-TERM DEBT (CONTINUED)

The annual requirements on capital leases of the City as of September 30, 2003, including interest payments of \$156,655 are as follows:

Fiscal Year	Governmental Capital Lease Minimum Payment	Business-type Capital Lease Minimum Payment	Total Capital Lease Minimum Payment
2003-04	\$596,168	774,231	1,370,399
2004-05	250,612	721,586	972,198
2005-06	108,262	312,003	420,265
2006-07	84,537	246,956	331,493
Less:			
Interest	(43,101)	(113,553)	(156,655)
Total	<u>\$996,477</u>	<u>1,941,223</u>	<u>2,937,700</u>

Long-term obligations (net of discounts and premiums) for governmental and business-type activities for the year ended September 30, 2003 are as follows:

	Debt Payable 09-30-02			Debt Payable 09-30-03	Due in one year
Governmental activities:	as Restated	Additions	Deletions		
Tax-Supported					
Obligation Bonds	\$ 58,505,346	\$ 15,650,000	\$ 4,347,142	\$ 69,808,204	\$ 4,498,304
Rebatable Arbitrage	282,876	-	159,892	122,984	122,984
Capital Leases	-	2,023,414	1,026,937	996,477	658,835
Compensated Absences	12,317,996	407,953	88,982	12,636,967	5,144,823
Insurance Claim Payable	<u>2,685,925</u>	<u>13,148,048</u>	<u>13,113,076</u>	<u>2,720,897</u>	<u>2,720,897</u>
Total Governmental	<u>73,792,143</u>	<u>31,229,415</u>	<u>18,736,029</u>	<u>86,285,529</u>	<u>13,145,843</u>
Business-type activities:					
Self-Supported					
Obligation Bonds	164,122,724	76,340,000	10,516,107	229,946,617	9,495,194
Revenue Bonds	110,535,112	-	14,556,331	95,978,781	6,647,525
Capital Leases	-	3,303,139	1,361,916	1,941,223	641,335
Rebatable Arbitrage	-	254,151	134,999	119,152	119,152
Closure/Post Closure	2,552,923	137,078	-	2,690,001	0
Compensated Absences	3,752,397	205,268	262,423	3,695,242	1,944,033
Insurance Claim Payable	<u>6,000,000</u>	<u>4,561,925</u>	<u>4,561,925</u>	<u>6,000,000</u>	<u>1,500,000</u>
Total Business-type	<u>286,963,156</u>	<u>84,801,561</u>	<u>31,393,701</u>	<u>340,371,016</u>	<u>20,347,239</u>

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

H. LONG-TERM DEBT (CONTINUED)

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

Long-term debt – Governmental	\$ 89,564,632	
Long-term debt – Business Type	337,091,913	
Interest	<u>204,066,205</u>	
Total amount of debt		\$ 630,722,750
Net gains/losses, discounts, etc.	1,496,398	
Less: Rebatable arbitrage	(242,136)	
Less: Capital Leases	(2,937,700)	
Less: Insurance claims payable	(8,720,897)	
Less: Compensated absences	(16,332,209)	
Less: Closure/Post Closure	<u>(2,690,001)</u>	<u>(29,426,545)</u>
Total future debt requirements		<u>\$ 601,296,205</u>

Payments on bonds payable and arbitrage payable for governmental activities will be made in the Debt Service Fund. Accrued compensated absences that pertain to governmental activities will be liquidated by the General Fund and Special Revenue funds. The Risk Management Internal Service Fund will liquidate insurance claims payable that pertain to governmental activities. Payments for the capital leases that pertain to the governmental activities will be liquidated by the general fund.

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 had not submitted a capital improvement plan to voters since 1993, when voters in the City approved a \$28,690,000 capital improvement plan. In July 2003, the City issued \$11,855,000 General Obligation Bonds, Series 2003. This issuance was the fourth and final 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, \$4,250,000; Streets \$5,365,000; Drainage \$1,135,000 and Traffic Control \$1,135,000.

In July 2003, the City issued \$3,795,000 Tax and Increment Revenue Certificates of Obligation, Series 2003 (North Overton Tax Increment Financing Reinvestment Zone). Proceeds from the sale of the Tax Increment Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) the construction of public works in North Overton Tax Increment Financing Reinvestment Zone, City of Lubbock, to wit: water and sewer improvements and extensions and street improvements, including sidewalks, street lighting, landscaping, street furniture and utility relocations and (ii) professional services rendered in connection with such projects and the financing thereof, including the costs associated with the issuance of the Tax Increment Certificates.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

H. LONG-TERM DEBT (CONTINUED)

In July 2003, the City issued \$9,765,000 Tax and Waterworks System Surplus Revenue Certificates of Obligation, Series 2003. Proceeds from the sale of the Waterworks Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) improvements and extensions to the City's Waterworks System, including recreational improvements to Lake Alan Henry Reservoir and (ii) professional services rendered in connection with such projects and the financing thereof, including the costs associated with the issuance of the Waterworks Certificates.

In July 2003, the City issued \$680,000 Tax and Sewer System Surplus Revenue Certificates of Obligation, Series 2003. Proceeds from the sale of the Sewer Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) improvements and extensions to the City's Sewer System and (ii) professional services rendered in connection with such projects and the financing thereof, including the costs associated with the issuance of the Sewer Certificates.

In July 2003, the City issued \$3,590,000 Tax and Solid Waste System Surplus Revenue Certificates of Obligation, Series 2003. Proceeds from the sale of the Solid Waste Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) excavation and lining of a cell at the City's landfill and (ii) professional services rendered in connection with such project and the financing thereof, including the costs associated with the issuance of the Solid Waste Certificates.

In July 2003, the City issued \$40,135,000 Tax and Municipal Drainage Utility System Surplus Revenue Certificates of Obligation, Series 2003. Proceeds from the sale of the Drainage Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) drainage improvements, including the acquisition, construction and repair of structures, equipment and facilities for the City's Municipal Drainage Utility System and (ii) professional services rendered in connection with such projects and the financing thereof, including the costs associated with the issuance of the Drainage Certificates.

In August 2003, the City issued \$13,270,000 Tax and Electric Light and Power System Surplus Revenue Certificates of Obligation, Series 2003. Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred (i) to construct, improve, renovate, enlarge or equip property, buildings, structures, facilities or related infrastructure for the City's Electric Light and Power System and (ii) professional services rendered in connection with such projects and the financing thereof, including the costs associated with the issuance of the Certificates.

On August 28, 2003, the City issued \$8,900,000 Tax and Electric Light and Power System Surplus Revenue Refunding Bonds, Series 2003. Proceeds from the sale of the Bonds was used (i) to refund a portion of the City's outstanding debt to lower the debt service requirements on such obligations and (ii) to pay the costs associated with the issuance of the Bonds.

I. ADVANCED REFUNDING

DEFEASED DEBT

On August 28, 2003, the City of Lubbock issued Tax & Electric Light & Power System Surplus Revenue Refunding Bonds, Series 2003 ("Refunding Bonds") with a par value of \$8,900,000 and a net interest cost of 4.601%. These bonds were issued for a current refunding of Electric Light & Power System Revenue Bonds, Series 2002 ("Refunded Bonds") with a net interest cost of 4.75% and a par value of \$8,500,000. The Refunded Bonds mature on April 15, 2013, and are fully callable on October 15, 2003.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

I. ADVANCED REFUNDING (CONTINUED)

The Refunding Bonds were issued at a net discount of \$96,115. After paying issuance costs of \$98,000, the net proceeds were \$8,705,885. The net proceeds from the issuance of the Refunding Bonds were deposited in a trust clearing account pursuant with JPMorgan Chase Bank, Dallas Texas in an amount necessary to accomplish the discharge and final payment of the Refunded Bonds on their scheduled redemption date. The current refunding defeased the Refunded Bonds and the Refunded Bonds were removed from the City's basic financial statements.

The Refunded Bonds were sold to three local banks to provide interim financing to make improvements to the City Electric Light and Power System, and at the time of their issuance, the City understood such Refunded Bonds would refinance within a year of their issuance. The refunding of the Refunded Bonds is being undertaken pursuant to such understanding and restructure such indebtedness

As a result of the current refunding, the City increased its total debt service requirements by \$2,533,592, which resulted in an economic loss of \$61,742 and an accounting loss of \$205,885.

PRIOR YEARS' DEBT DEFEASANCE

In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of September 30, 2003, the amount of defeased debt outstanding but removed from the Basic Financial Statements amounted to \$15,545,000.

J. CONDUIT DEBT

CONDUIT DEBT OBLIGATIONS

The City has issued Housing Finance Corporation Bonds, Health Facilities Development Corporation Bonds and Education Facilities Authority Bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of September 30, 2003, there were 3 series of Lubbock Housing Finance Corporation Bonds with an aggregate principal amount payable of \$13,000,000. The bonds were issued in 2002. As of September 30, 2003, there were 7 series of Lubbock Health Facilities Development Corporation Bonds with an aggregate principal amount payable of \$304,600,000. The bonds were issued between 1993 and 2002. Also as of September 30, 2003, there was 1 series of Lubbock Education Facilities Authority Inc. Bonds with an aggregate principal amount payable of \$11,000,000. The bonds were issued in 1999.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

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:

	2003	2002
Worker's Compensation and Liability Reserves		
at beginning of fiscal year	\$ 6,000,000	\$ 6,000,000
Claims Expenses	4,561,925	3,368,160
Claims Payments	<u>(4,561,925)</u>	<u>(3,368,160)</u>
Worker's Compensation and Liability Reserves		
at end of fiscal year	6,000,000	6,000,000
Medical and Dental Claims Liability		
at beginning of fiscal year	2,685,925	3,264,865
Claims Expenses	13,148,048	11,584,290
Claims Payments	<u>(13,113,076)</u>	<u>(12,163,230)</u>
Medical and Dental Claims Liability		
at end of fiscal year	2,720,897	2,685,925
Total Self-Insurance Liability at end of fiscal year	\$ <u>8,720,897</u>	\$ <u>8,685,925</u>
Total Assets to pay claims at end of fiscal year	\$ <u>19,741,497</u>	\$ <u>19,450,532</u>
Accrued insurance claims payable from restricted assets-current	\$ 4,220,897	\$ 4,185,925
Accrued insurance claims-non-current	<u>4,500,000</u>	<u>4,500,000</u>
Total accrued insurance claims	\$ <u>8,720,897</u>	\$ <u>8,685,925</u>

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 \$2,690,001 included in landfill closure and postclosure care liability at September 30, 2003, 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 paid. Over 92 percent of the estimated capacity of Landfill 69 has been used to date, with \$745,813 remaining to be recognized over the remaining closure period, which is estimated at 4 years. Approximately 1.9 percent of the estimated capacity of Landfill 2252 has been used to date, with \$22,610,253 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.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

L. LANDFILL CLOSURE AND POSTCLOSURE CARE COST (CONTINUED)

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.

M. RESTATEMENTS (UNAUDITED)

The net assets of the City's governmental activities, business-type activities, discretely presented component units, Water Fund, Sewer Fund, WTMPA Fund, Electric Fund, and the nonmajor enterprise funds and the fund balances of the General Fund and the nonmajor governmental funds as previously reported, as of September 30, 2002, have been restated to give effect to the following:

1. **Community Improvement Fund:** In fiscal year 2002, the City, through the Community Improvement Fund, made a \$10 million payment to Market Lubbock, Inc. for the purpose of providing economic development incentives to a local business. Such payment was originally treated as an advance to Market Lubbock and was recorded as a receivable in the Community Improvement Fund as required by the previous auditor. However, as there was no expectation that Market Lubbock, Inc. would repay the amount, the payment should have been recorded as an expense/expenditure in the period made.
2. **Water and Sewer Funds:** The City collects a fee from customers upon their connection to the City's water and sewer systems. Through a contract with the City, the customer paying the original connection fee is entitled to receive a pro rata portion of the fee from others that may utilize the connection. The City had erroneously recorded a liability for the maximum potential payout of these connection fees, as it was their interpretation that the repayment of the connection fees was the City's obligation, as opposed to being the obligation of those subsequently utilizing the connection. Accordingly, liabilities of \$837,311 in the Water Fund, \$721,709 in the Sewer Fund, and \$1,559,020 in the business-type activities, at September 30, 2002, should not have been recorded.
3. **Electric Fund:** In 2002, the City's electric fund recorded a receivable of \$4,485,632 from WTMPA for reimbursement of certain operating costs that the City believed it incurred on behalf of WTMPA. However, this receivable was not documented and WTMPA had no intention to fund these costs. Accordingly, this receivable should not have been recorded at September 30, 2002.
4. **Golf Fund:** At September 30, 2002, the City's general fund had a \$2,014,105 receivable due from the Golf Fund. However, the operations of the Golf Fund had essentially ceased by September 30, 2002, and it was apparent that the Golf Fund was not in a position to repay this amount to the General Fund. As such, an allowance against this receivable should have been recorded at September 30, 2002.
5. **Transit Fund:** The City contracts with City Transit Management Co., Inc. dba Citibus, a legally separate entity, to operate the City-owned transportation system. Previously, Citibus had been presented as a discretely presented component unit of the City including the assets, liabilities, and operations related to the transportation system. However, Citibus should have been considered a vendor of the City providing management services over the transportation system, rather than a component unit. Additionally, as the City owns the assets related to the transportation system, such assets, as well as the related liabilities and operations, should have been recorded in an enterprise fund within the City's primary government. Accordingly, as of September 30, 2002, the assets, liabilities, and operations have been recorded in a newly established nonmajor enterprise fund, the Transit Fund, and the business-type activities and removed from the discretely presented component units.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUND

M. RESTATEMENTS (UNAUDITED) (CONTINUED)

6. **West Texas Municipal Power Agency (WTMPA):** WTMPA is a legally separate municipal corporation that had been considered a joint venture by the City for financial reporting purposes and therefore included only in the notes to the Financial Statements. However, as the City holds “majority voting interest” in approving the budgets, capital projects, debt issuances and changes to the rules and regulations of WTMPA, and transactions with the City approximate 85% of WTMPA’s electricity sales, WTMPA should have been reported as a blended component unit of the City. Accordingly, as of September 30, 2002, WTMPA has been recorded as a major enterprise fund and included in the business-type activities.

7. **Lubbock Firefighter’s Relief and Retirement Fund Pension Contributions:** The accumulated contributions made by the City to the Lubbock Firefighter’s Relief and Retirement Fund Pension Plan have exceeded the City’s actuarially required contributions. The amount of such excess should have been reported as a net pension asset in the the statement of net assets of the governmental activities, rather than being recorded as a reduction of net assets.

A table depicting these changes to the fund level statements follows (all amounts are expressed in thousands):

	Non-Major					Non-Major	
	General	Governmental	Water	Sewer	WTMPA	Electric	Enterprise
	Fund	Funds	Fund	Fund	Fund	Fund	Funds
Fund Balance/Net assets as previously reported	\$ 18,612	\$ 46,833	\$ 139,504	\$ 66,844	\$ -	\$ 92,428	\$ 62,498
1. Community Improvement Fund		(10,000)					
2. Water and Sewer Fund			837	722			
3. Electric Fund						(4,486)	
4. Golf Fund	(2,014)						2,014
5. Transit Fund							12,292
6. West Texas Municipal Power Agency					3,197		
Beginning fund balance/Net assets as restated	\$ 16,598	\$ 36,833	\$ 140,341	\$ 67,566	\$ 3,197	\$ 87,942	\$ 76,804

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUND

M. RESTATEMENTS (UNAUDITED) (CONTINUED)

A table depicting these changes to the government-wide financial statements follows (all amounts are expressed in thousands):

	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Units
Beginning fund balance/Net assets as originally reported	\$ 121,495	\$ 429,524	\$ 551,018	\$ 13,143
1. Community Improvement Fund	(10,000)	-	(10,000)	-
2. Water and Sewer Fund	-	1,559	1,559	-
3. Electric Fund	-	(4,486)	(4,486)	-
4. Golf Fund	(2,014)	2,014	-	-
5. Transit Fund	-	12,292	12,292	(13,235)
6. West Texas Municipal Power Agency	-	3,197	3,197	-
7. Lubbock Firefighter's Relief & Retirement Fund's Pension Contribution	661	-	661	-
Beginning Net assets as restated	<u>\$ 110,142</u>	<u>\$ 444,100</u>	<u>\$ 554,241</u>	<u>\$ (92)</u>

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUND

M. RESTATEMENTS (UNAUDITED) (CONTINUED)

In addition to the impact on the net assets discussed above, the restatements related to reflecting WTMPA and Citibus (Transit Fund) as enterprise funds also impacted the capital assets and revenue bonds payable of the business-type activities reported as of September 30, 2002 as noted below (all amounts are expressed in thousands)

	As previously Reported	Effect of Restatements	Beginning Balance as restated
Capital Assets not being depreciated:			
Land	\$ 19,141	318	19,459
Construction in Progress	109,057	192	109,249
Total capital assets not being depreciated	<u>128,198</u>	<u>510</u>	<u>128,708</u>
Capital Assets being depreciated:			
Buildings	89,769	5,439	95,208
Improvements other than buildings	499,985	32,906	532,891
Machinery and equipment	80,255	46,637	126,892
Total capital assets being depreciated	<u>670,009</u>	<u>84,982</u>	<u>754,991</u>
Less accumulated depreciation for:			
Buildings	22,799	1,446	24,245
Improvements other than buildings	194,831	13,162	207,993
Machinery and equipment	35,588	12,594	48,182
Total accumulated depreciation	<u>253,218</u>	<u>27,202</u>	<u>280,420</u>
Total capital assets being depreciated (net)	416,791	57,780	474,571
Business-type activities capital assets (net)	<u>\$ 544,989</u>	<u>58,290</u>	<u>603,279</u>
Revenue bonds	<u>\$ 86,200</u>	<u>24,335</u>	<u>110,535</u>

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUND

N. DISAGREGATION OF ACCOUNTS

The following is a summary of Accounts Receivable:

		<u>Accounts Receivable</u>					<u>September 30</u>
		<u>Court</u>	<u>Property</u>			<u>September 30</u>	
		<u>Fines</u>	<u>TxDOT</u>	<u>Damage</u>	<u>Paving</u>	<u>Miscellaneous</u>	<u>2003</u>
Governmental							
General Fund	\$	2,799,023	\$ 832,431	\$ 440,258	\$ 260,601	\$ 352,183	\$ 4,684,496
	\$	<u>2,799,023</u>	<u>\$ 832,431</u>	<u>\$ 440,258</u>	<u>\$ 260,601</u>	<u>\$ 352,183</u>	<u>\$ 4,684,496</u>
							<u>September 30</u>
		<u>Grants</u>					<u>2003</u>
Governmental							
Non-Major	\$	2,120,554					\$ 2,120,554
	\$	<u>2,120,554</u>					<u>\$ 2,120,554</u>
							<u>September 30</u>
		<u>General</u>	<u>From</u>	<u>Credit</u>			<u>September 30</u>
		<u>Consumer</u>	<u>Others</u>	<u>Card</u>	<u>Miscellaneous</u>	<u>2003</u>	
Business-Type							
Electric		14,188,212	-	-	270		14,188,482
Water		5,136,482	452	-	354		5,137,288
Sewer		2,612,856	51,969	-	18,750		2,683,574
Solid Waste		1,628,778	-	-	25,007		1,653,785
Stormwater		824,561	-	-	-		824,561
WTMPA		5,820,256	-	-	-		5,820,256
Non-Major		965,999	544,831	2,498	16,407		1,529,736
	\$	<u>31,177,144</u>	<u>\$ 597,251</u>	<u>\$ 2,498</u>	<u>\$ 60,788</u>		<u>\$ 31,837,682</u>

The following is a summary of the Allowance for Doubtful Accounts for all funds:

		<u>Allowance for Doubtful Accounts</u>		
		<u>Accounts</u>	<u>Taxes</u>	<u>September 30</u>
		<u>2003</u>		
Governmental				
General Fund	\$	186,710	\$ 1,127,141	\$ 1,313,851
Business-Type				
Electric		721,098	-	721,098
Water		245,982	-	245,982
Sewer		141,400	-	141,400
Solid Waste		65,650	-	65,650
Stormwater		90,672	-	90,672
WTMPA		516,598	-	516,598
Non-Major		8,331	-	8,331
	\$	<u>1,976,441</u>	<u>\$ 1,127,141</u>	<u>\$ 3,103,582</u>

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUND

N. DISAGREGATION OF ACCOUNTS (CONTINUED)

The following is a summary of Accounts Payable:

	Accounts Payable				September 30 2003
	Vouchers	Accounts	Investments	Miscellaneous	
Governmental					
General Fund	\$ 453,662	\$ 933,762	\$ -	\$ 100,929	\$ 1,488,353
Non-Major	1,884,528	2,867,740	15,673	64,182	4,832,122
Business-Type					
Electric	356,241	6,222,802	24,960	36,388	6,640,390
Water	515,395	287,331	2,105	98,054	902,884
Sewer	164,274	19,361	4,558	118,555	306,749
Solid Waste	29,455	483,447	-	1,018	513,921
Stormwater	545	65,060	-	580	66,185
WTMPA	-	4,471,852	-	-	4,471,852
Non-Major	10,869	109,867	1,738	6,666	129,140
	<u>\$ 3,414,969</u>	<u>\$ 15,461,222</u>	<u>\$ 49,034</u>	<u>\$ 426,371</u>	<u>\$ 19,351,597</u>

O. DISAGREGATION OF ACCOUNTS - GOVERNMENT-WIDE

	Receivable, net				September 30 2003
	Accounts Receivable	Interest Receivable	Taxes Receivable	Internal Service Funds Receivables	
Governmental					
Activities	\$ 6,618,340	\$ 63,113	\$ 6,837,534	\$ 82,276	\$ 13,601,263
Business-Type					
Activities	30,047,950	114,477	-	17,520	30,179,947
	<u>\$ 36,666,290</u>	<u>\$ 177,590</u>	<u>\$ 6,837,534</u>	<u>\$ 99,796</u>	<u>\$ 43,781,210</u>

	Accounts Payable		
	Accounts Payable	Internal Service Funds Payables	September 30 2003
Governmental			
Activities	\$ 6,320,475	\$ 543,388	\$ 6,863,863
Business-Type			
Activities	13,031,121	422,171	13,453,292
	<u>\$ 19,351,596</u>	<u>\$ 965,559</u>	<u>\$ 20,317,155</u>

P. FUND CLOSURES

In fiscal year 2003, during revised budget, management decided to streamline the accounting process and closed the following funds: Civic Center Renovations, Municipal Arts (BHC), Visitor Information, Inbound Tourism, Arts/Related Items, Tourism Reserve, Special Projects, Excess Tax and Golf.

Q. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is necessary to provide useful information.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE III. DETAIL NOTES ON ALL ACTIVITIES AND FUND

**Q. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(CONTINUED)**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets”. The details of this \$1,891,383 is as follows:

Transfer of land from General Fund (Parks) to the Airport Fund for the creation of a greenbelt.	(1,091,849)
Immediate expense on Governmental CIP closures	(319,713)
Governmental assets retired this fiscal year	(266,223)
Golf Fund capital assets transferred to Parks as a result of closing the fund.	55,750
Assets obtained from a grant entitled CN2C from the Telecommunications Infrastructure Fund Board were transferred to our Information Technology Fund.	(269,348)
Totals	(1,891,383)

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 significant by management.

B. LITIGATION

The City is currently involved in a lawsuit surrounding payroll issues which could have an impact on the financial position if the City is found liable.

FACTS: Plaintiffs are numerous firefighters employed by the City of Lubbock. They are claiming that the City of Lubbock did not properly pay its firefighters for "move-up" pay pursuant to the Civil Service Act. Pursuant to the Civil Service Act firefighters can move-up and perform temporary duties in higher classifications. When they perform these duties they are entitled to the pay of the higher classification. While the City has paid them this higher pay, the plaintiffs assert they are also entitled to the "seniority pay" which they've earned at the lower classification. Their basis for this assertion is that the statute says that they are entitled to the base pay of the higher classification plus any "longevity or seniority pay".

The City has defended the action, on the merits, under their interpretation, a temporary person in a higher classification would be making more money than a person with many years of experience in the job. Further, if the person is permanently promoted to the higher classification, the firefighter would be making the same money that we pay on a temporary basis; not the higher amount they are asserting.

Both sides filed Motions for Summary Judgment in the trial court and the court ruled in favor of the plaintiffs. Subsequent to the court's ruling a new opinion was issued from the Corpus Christi Court of Appeals which stated that municipalities were immune from suit regarding lawsuits for back wages that pertained to municipal ordinances. The City of Lubbock then filed a Motion for New Trial citing this new case and asserting that the same logic applied to a suit for back wages under the Civil Service Act. The court declined the Motion for New Trial contending that this should be an issue decided by the appellate court.

CITY OF LUBBOCK, TEXAS
Notes to Basic Financial Statements
September 30, 2003

NOTE IV. CONTINGENT LIABILITIES

B. LITIGATION (CONTINUED)

Since the trial court's ruling in this case, a trial court in Houston has rendered its opinion that city's are immune from suit in this type of action and ruled in favor of the City of Baytown. The Baytown suit was exactly the same as the one in this case. The parties, in the present case, argued the case to the court of appeals on December 8, 2003. We are still awaiting a decision.

LIABILITY: The City believes that liability is possible in this case on both the immunity issue and the issue on the merits.

DAMAGES: The trial court rendered judgment against the City in the amount of \$688,000 for damages through July 2002 which included prejudgment interest. Damages continue to accrue. While we are not sure of the rate we are estimating that it would be about \$50,000 per year. This case will very likely go to the Texas Supreme Court. If this happens this case won't be decided for 2-3 years.

The City is involved in additional 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 additional lawsuits will not have a materially adverse effect on the City's financial position as of September 30, 2003.

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, 2003. In the opinion of management, the ultimate liability will not have a materially adverse effect on the City's financial position.

NOTE V. SUBSEQUENT EVENTS

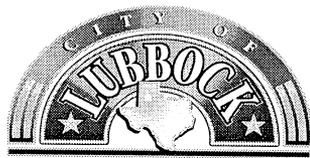
A. VOTER APPROVED SALES TAX INCREASE

During a special election on November 4, 2003, City voters approved a 1/8 of one percent sales tax increase for the purpose of promotion and development of new and expanded business enterprises. Additionally, on the same day, approved a 1/4 of one percent sales tax increase for the purpose of reducing the property tax rate. The 3/8 of one percent sales and use tax increase will take affect on October 1, 2004.

B. WEST TEXAS MUNICIPAL POWER AGENCY

In fiscal year 1998, the West Texas Municipal Power Agency (WTMPA) issued \$28.91 million of WTMPA Revenue Bonds, Series 1998 maturing through February of 2018. These bonds were secured by the net revenues of certain power sales contracts with the City and three other participating cities. 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 were 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. During December 2003 the City negotiated a deal with WTMPA and the other member cities to take over the operations, maintenance and capital improvements of a 40 megawatt combustion turbine generator known as J. Robert Massengale generation Unit No. 8 (JRM8), which is the underlying asset secured by the debt issuance. As part of this agreement the City has agreed to make the debt service payments until the bonds have been fully paid. WTMPA and the member cities have agreed to transfer title of JRM8 when at the time the bonds have been fully paid, additionally all claims for monetary debts owed to the City have been forgiven. See NOTE III (M) Restatements (Unaudited) for information about the monetary amount forgiven. At September 30, 2003 the bonds have a book value of \$22.81 million and a weighted average coupon rate of 4.71%.

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CITY OF LUBBOCK, TEXAS

COMBINING
FUND STATEMENTS AND
SCHEDULES

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, 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. Fund will be closed.

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. Fund will be closed.

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. Fund will be closed.

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. Fund will be closed.

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. Fund will be closed.

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. Fund will be closed.

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.

(Continued)

Special Revenue Funds (Continued)

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.

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, 2003

Special Revenue

	Special Revenue				
	Civic Center Renovation	Municipal Arts	Visitor Information Center	Inbound Tourism and Travel	Arts and Related Items
ASSETS					
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Mortgages receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from others	-	-	-	-	-
Investment in property	-	-	-	-	-
Advances to other governments	-	-	-	-	-
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Reserved for:					
Special revenue funds-grants	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue

<u>Special Projects</u>	<u>Tourism Reserve</u>	<u>Criminal Investigation</u>	<u>Economic Development Incentive</u>	<u>Hotel/Motel Tax</u>	<u>Excess Sales Tax</u>
\$ -	\$ -	\$ 239,002	\$ 228,123	\$ 119,148	\$ -
-	-	220,618	210,576	109,982	-
-	-	-	78,086	-	-
-	-	-	-	-	-
-	-	440	1,170	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	12,727	706,323	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>460,060</u>	<u>530,682</u>	<u>935,453</u>	<u>-</u>
-	-	98,838	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	73,546	-	-
<u>-</u>	<u>-</u>	<u>98,838</u>	<u>73,546</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>361,222</u>	<u>457,136</u>	<u>935,453</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>361,222</u>	<u>457,136</u>	<u>935,453</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,060</u>	<u>\$ 530,682</u>	<u>\$ 935,453</u>	<u>\$ -</u>

CITY OF LUBBOCK, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2003

Special Revenue

	<u>Community Improvement</u>	<u>Information Technology Improvements</u>	<u>Community Development</u>	<u>Urban Renewal Agency (URA)</u>	<u>Community Services</u>
ASSETS					
Pooled cash and cash equivalents	\$ -	\$ 154,303	\$ 305,568	\$ -	\$ 609
Investments	-	142,433	282,062	-	563
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	1,585,313	-	269,144
Interest receivable	-	-	-	-	-
Mortgages receivable	-	-	-	5,863,642	-
Due from other governments	-	-	-	-	-
Due from others	-	-	-	-	-
Investment in property	-	-	-	225,568	-
Advances to other governments	-	-	-	-	-
Total assets	<u>-</u>	<u>296,736</u>	<u>2,172,943</u>	<u>6,089,210</u>	<u>270,316</u>
LIABILITIES					
Accounts payable	-	257	2,172,149	-	25,129
Due to other funds	5,909	-	-	-	56,500
Accrued liabilities	-	-	54	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>5,909</u>	<u>257</u>	<u>2,172,203</u>	<u>-</u>	<u>81,629</u>
FUND BALANCES					
Reserved for:					
Special revenue funds-grants	-	-	-	6,089,210	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Unreserved	<u>(5,909)</u>	<u>296,479</u>	<u>740</u>	<u>-</u>	<u>188,687</u>
Total fund balances	<u>(5,909)</u>	<u>296,479</u>	<u>740</u>	<u>6,089,210</u>	<u>188,687</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 296,736</u>	<u>\$ 2,172,943</u>	<u>\$ 6,089,210</u>	<u>\$ 270,316</u>

Special Revenue					Debt Service
Health	Library	Police	Other Grants	Total Special Revenue Funds	Debt Service Fund
\$ 75,224	\$ 820	\$ 79,377	\$ 546	\$ 1,202,720	\$ 1,070,716
69,438	-	73,271	504	1,109,447	988,354
-	-	-	-	78,086	490,066
-	152,455	92,115	21,527	2,120,554	-
-	-	793	-	2,403	78
-	-	-	-	5,863,642	-
104,248	-	78,509	107,960	290,717	-
-	-	-	-	719,050	-
-	-	-	-	225,568	-
-	-	-	-	-	-
<u>248,910</u>	<u>153,275</u>	<u>324,065</u>	<u>130,537</u>	<u>11,612,187</u>	<u>2,549,214</u>
1,823	27,881	9,752	22,196	2,358,025	88,158
-	137,050	-	77,583	277,042	-
1,018	-	-	29,607	30,679	-
-	-	-	-	-	-
-	1,331	491,730	-	566,607	467,166
<u>2,841</u>	<u>166,262</u>	<u>501,482</u>	<u>129,386</u>	<u>3,232,353</u>	<u>555,324</u>
-	-	-	-	6,089,210	-
-	-	-	-	-	1,993,890
-	-	-	-	-	-
<u>246,069</u>	<u>(12,987)</u>	<u>(177,417)</u>	<u>1,151</u>	<u>2,290,624</u>	<u>-</u>
<u>246,069</u>	<u>(12,987)</u>	<u>(177,417)</u>	<u>1,151</u>	<u>8,379,834</u>	<u>1,993,890</u>
<u>\$ 248,910</u>	<u>\$ 153,275</u>	<u>\$ 324,065</u>	<u>\$ 130,537</u>	<u>\$ 11,612,187</u>	<u>\$ 2,549,214</u>

CITY OF LUBBOCK, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2003

Capital Projects

	<u>Public Safety</u>	<u>Park Improvements</u>	<u>Street Improvements</u>	<u>Permanent Street Maintenance</u>	<u>General Capital Projects</u>
ASSETS					
Pooled cash and cash equivalents	\$ 1,011,743	\$ 4,639,757	\$ 9,279,801	\$ 42,514	\$ 451,605
Investments	933,917	4,282,852	8,565,970	39,244	416,866
Taxes receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	1,189	631	2,385	1,010	1,100
Mortgages receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from others	-	-	-	-	-
Investment in property	-	-	-	-	-
Advances to other governments	-	-	-	-	-
Total assets	<u>1,946,849</u>	<u>8,923,240</u>	<u>17,848,156</u>	<u>82,768</u>	<u>869,571</u>
LIABILITIES					
Accounts payable	144,244	64,635	1,893,597	-	20,088
Due to other funds	-	-	-	-	-
Accrued liabilities	-	-	-	24,562	-
Advances from other funds	1,032,100	-	-	-	911,841
Deferred revenue	-	-	2,380,152	-	-
Total liabilities	<u>1,176,344</u>	<u>64,635</u>	<u>4,273,749</u>	<u>24,562</u>	<u>931,929</u>
FUND BALANCES					
Reserved for:					
Special revenue funds-grants	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	770,505	8,858,605	13,574,407	58,206	-
Unreserved	-	-	-	-	(62,358)
Total fund balances	<u>770,505</u>	<u>8,858,605</u>	<u>13,574,407</u>	<u>58,206</u>	<u>(62,358)</u>
Total liabilities and fund balances	<u>\$ 1,946,849</u>	<u>\$ 8,923,240</u>	<u>\$ 17,848,156</u>	<u>\$ 82,768</u>	<u>\$ 869,571</u>

Capital Projects			Total Nonmajor Governmental Funds
General Facilities and System Imp.	Tif Capital Projects	Total Capital Project Funds	
\$ 2,096,959	\$ 1,853,672	\$ 19,376,051	\$ 21,649,487
1,935,655	1,711,082	17,885,586	19,983,387
-	-	-	568,152
-	-	-	2,120,554
5,795	-	12,110	14,591
-	-	-	5,863,642
-	-	-	290,717
-	-	-	719,050
-	-	-	225,568
-	-	-	-
<u>4,038,409</u>	<u>3,564,754</u>	<u>37,273,747</u>	<u>51,435,148</u>
161,411	101,964	2,385,939	4,832,122
-	-	-	277,042
-	-	24,562	55,241
-	-	1,943,941	1,943,941
-	-	2,380,152	3,413,925
<u>161,411</u>	<u>101,964</u>	<u>6,734,594</u>	<u>10,522,271</u>
-	-	-	6,089,210
-	-	-	1,993,890
3,876,998	3,462,790	30,601,511	30,601,511
-	-	-	-
-	-	(62,358)	2,228,266
<u>3,876,998</u>	<u>3,462,790</u>	<u>30,539,153</u>	<u>40,912,877</u>
\$ <u>4,038,409</u>	\$ <u>3,564,754</u>	\$ <u>37,273,747</u>	\$ <u>51,435,148</u>

CITY OF LUBBOCK, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

Special Revenue

	Civic Center Renovation	Municipal Arts	Visitor Information Center	Inbound Tourism and Travel	Arts and Related Items
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel and motel taxes	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	708	664	2,827	127	1,201
Miscellaneous	-	-	-	-	-
Total revenues	<u>708</u>	<u>664</u>	<u>2,827</u>	<u>127</u>	<u>1,201</u>
EXPENDITURES					
Current:					
General government	39,808	-	88,432	-	143,069
Public works	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>39,808</u>	<u>-</u>	<u>88,432</u>	<u>-</u>	<u>143,069</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,100)</u>	<u>664</u>	<u>(85,605)</u>	<u>127</u>	<u>(141,868)</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Capital Leases					
Transfers in	566,186	120,851	60,728	22,660	120,851
Transfers out	(689,964)	(123,179)	(197,731)	(31,988)	(62,329)
Total other financing sources (uses)	<u>(123,778)</u>	<u>(2,328)</u>	<u>(137,003)</u>	<u>(9,328)</u>	<u>58,522</u>
Net change in fund balances	<u>(162,878)</u>	<u>(1,664)</u>	<u>(222,608)</u>	<u>(9,201)</u>	<u>(83,346)</u>
Fund balances-beginning of year, as restated (unaudited)	<u>162,878</u>	<u>1,664</u>	<u>222,608</u>	<u>9,201</u>	<u>83,346</u>
Fund balances-end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue

<u>Special Projects</u>	<u>Tourism Reserve</u>	<u>Criminal Investigation</u>	<u>Economic Development Incentive</u>	<u>Hotel/Motel Tax</u>	<u>Excess Sales Tax</u>	<u>Community Improvement</u>
\$ -	\$ -	\$ -	\$ 2,190,016	\$ -	\$ -	\$ -
-	-	-	-	2,862,719	-	-
-	-	-	-	-	-	-
4,171	68	3,695	3,730	-	23,589	263,125
-	-	80,637	-	-	-	2,920
<u>4,171</u>	<u>68</u>	<u>84,332</u>	<u>2,193,746</u>	<u>2,862,719</u>	<u>23,589</u>	<u>276,045</u>
-	54	116,300	2,043,049	1,498,946	-	827,474
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>54</u>	<u>116,300</u>	<u>2,043,049</u>	<u>1,498,946</u>	<u>-</u>	<u>827,474</u>
<u>4,171</u>	<u>14</u>	<u>(31,968)</u>	<u>150,697</u>	<u>1,363,773</u>	<u>23,589</u>	<u>(551,429)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	75,532	-	-	823,668	-	6,480,011
<u>(376,367)</u>	<u>(56,609)</u>	<u>-</u>	<u>(105,000)</u>	<u>(1,254,370)</u>	<u>(1,781,111)</u>	<u>(125,000)</u>
<u>(376,367)</u>	<u>18,923</u>	<u>-</u>	<u>(105,000)</u>	<u>(430,702)</u>	<u>(1,781,111)</u>	<u>6,355,011</u>
<u>(372,196)</u>	<u>18,937</u>	<u>(31,968)</u>	<u>45,697</u>	<u>933,071</u>	<u>(1,757,522)</u>	<u>5,803,582</u>
<u>372,196</u>	<u>(18,937)</u>	<u>393,190</u>	<u>411,439</u>	<u>2,382</u>	<u>1,757,522</u>	<u>(5,809,491)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>361,222</u>	\$ <u>457,136</u>	\$ <u>935,453</u>	\$ <u>-</u>	\$ <u>(5,909)</u>

CITY OF LUBBOCK, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Information Technology Improvements	Community Development	Urban Renewal Agency (URA)	Community Services	Health
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel and motel taxes	-	-	-	-	-
Intergovernmental revenue	-	6,569,988	-	635,375	723,946
Charges for services	-	-	-	-	-
Interest	1,086	-	-	-	-
Miscellaneous	555,179	701,015	-	-	287,221
Total revenues	<u>556,265</u>	<u>7,271,003</u>	<u>-</u>	<u>635,375</u>	<u>1,011,167</u>
EXPENDITURES					
Current:					
General government	53,084	4,845,750	27,914	439,281	815,567
Public works	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	-	18,186	-	-	91,188
Total expenditures	<u>53,084</u>	<u>4,863,936</u>	<u>27,914</u>	<u>439,281</u>	<u>906,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>503,181</u>	<u>2,407,067</u>	<u>(27,914)</u>	<u>196,094</u>	<u>104,412</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Capital Leases					
Transfers in	300,000	-	-	-	-
Transfers out	(577,800)	-	-	-	(180,000)
Total other financing sources (uses)	<u>(277,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180,000)</u>
Net change in fund balances	225,381	2,407,067	(27,914)	196,094	(75,588)
Fund balances-beginning of year, as restated (unaudited)	71,098	(2,406,327)	6,117,124	(7,407)	321,657
Fund balances-end of year	<u>\$ 296,479</u>	<u>\$ 740</u>	<u>\$ 6,089,210</u>	<u>\$ 188,687</u>	<u>\$ 246,069</u>

Special Revenue				Debt Service
Library	Police	Other Grants	Total Special Revenue Funds	Debt Service Fund
\$ -	\$ -	\$ -	\$ 2,190,016	\$ 7,881,961
-	-	-	2,862,719	-
1,183,036	1,124,326	1,551,643	11,788,314	-
-	-	-	263,125	-
-	-	-	44,786	39,767
50,000	341,203	178,706	2,203,961	-
<u>1,233,036</u>	<u>1,465,529</u>	<u>1,730,349</u>	<u>19,352,921</u>	<u>7,921,728</u>
801,379	1,041,881	1,650,479	14,432,467	18,176
-	-	-	-	-
-	-	-	-	4,347,143
-	-	-	-	3,259,565
262,249	25,977	62,627	460,227	-
<u>1,063,628</u>	<u>1,067,858</u>	<u>1,713,106</u>	<u>14,892,694</u>	<u>7,624,884</u>
<u>169,408</u>	<u>397,671</u>	<u>17,243</u>	<u>4,460,227</u>	<u>296,844</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	8,570,487	16,329,922
-	-	-	(5,561,448)	(16,329,922)
-	-	-	3,009,039	-
<u>169,408</u>	<u>397,671</u>	<u>17,243</u>	<u>7,469,266</u>	<u>296,844</u>
(182,395)	(575,088)	(16,092)	910,568	1,697,046
<u>\$(12,987)</u>	<u>\$(177,417)</u>	<u>\$ 1,151</u>	<u>\$ 8,379,834</u>	<u>\$ 1,993,890</u>

CITY OF LUBBOCK, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

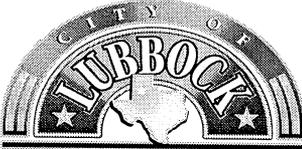
Capital Projects

	Public Safety	Park Improvements	Street Improvements	Permanent Street Maintenance	General Capital Projects
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel and motel taxes	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	160,811	-	-
Interest	31,560	100,696	224,243	4,829	7,193
Miscellaneous	229,999	117,482	116,735	-	-
Total revenues	<u>261,559</u>	<u>218,178</u>	<u>501,789</u>	<u>4,829</u>	<u>7,193</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public works	129,439	118,373	7,728,084	-	190,868
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	2,040,453	3,776,889	3,769,735	1,649,546	143,747
Total expenditures	<u>2,169,892</u>	<u>3,895,262</u>	<u>11,497,819</u>	<u>1,649,546</u>	<u>334,615</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,908,333)</u>	<u>(3,677,084)</u>	<u>(10,996,030)</u>	<u>(1,644,717)</u>	<u>(327,422)</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	4,377,080	7,477,920	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Capital Leases					
Transfers in	770,695	212,636	-	1,480,000	853,294
Transfers out	-	(10,775)	(987,000)	-	(216,383)
Total other financing sources (uses)	<u>770,695</u>	<u>4,578,941</u>	<u>6,490,920</u>	<u>1,480,000</u>	<u>636,911</u>
Net change in fund balances	<u>(1,137,638)</u>	<u>901,857</u>	<u>(4,505,110)</u>	<u>(164,717)</u>	<u>309,489</u>
Fund balances-beginning of year, as restated (unaudited)	<u>1,908,143</u>	<u>7,956,748</u>	<u>18,079,517</u>	<u>222,923</u>	<u>(371,847)</u>
Fund balances-end of year	<u>\$ 770,505</u>	<u>\$ 8,858,605</u>	<u>\$ 13,574,407</u>	<u>\$ 58,206</u>	<u>\$ (62,358)</u>

Capital Projects

General Facilities and System Imp.		TIF Capital Projects	Total Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	10,071,977
-	-	-	-	2,862,719
-	-	-	-	11,788,314
172,218	-	333,029	-	596,154
65,527	6,086	440,134	-	524,687
-	-	464,216	-	2,668,177
<u>237,745</u>	<u>6,086</u>	<u>1,237,379</u>	<u>-</u>	<u>28,512,028</u>
-	-	-	-	14,450,643
1,500,009	130,875	9,797,648	-	9,797,648
-	-	-	-	4,347,143
-	-	-	-	3,259,565
5,196,008	281,804	16,858,182	-	17,318,409
<u>6,696,017</u>	<u>412,679</u>	<u>26,655,830</u>	<u>-</u>	<u>49,173,408</u>
<u>(6,458,272)</u>	<u>(406,593)</u>	<u>(25,418,451)</u>	<u>-</u>	<u>(20,661,380)</u>
-	3,795,000	15,650,000	-	15,650,000
-	-	-	-	-
2,023,414	-	2,023,414	-	2,023,414
1,965,736	74,383	5,356,744	-	30,257,153
(83,404)	-	(1,297,562)	-	(23,188,932)
<u>3,905,746</u>	<u>3,869,383</u>	<u>21,732,596</u>	<u>-</u>	<u>24,741,635</u>
<u>(2,552,526)</u>	<u>3,462,790</u>	<u>(3,685,855)</u>	<u>-</u>	<u>4,080,255</u>
6,429,524	-	34,225,008	-	36,832,622
\$ <u>3,876,998</u>	\$ <u>3,462,790</u>	\$ <u>30,539,153</u>	\$ <u>-</u>	\$ <u>40,912,877</u>

Intentionally Left Blank



Non-Major Enterprise 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.

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

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

Transit Fund – To account for the City-owned transportation system.

CITY OF LUBBOCK, TEXAS
STATEMENT OF NET ASSETS
OTHER NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2003

ASSETS	Business-type Activities-Enterprise Funds			Total Nonmajor Enterprise Funds
	Airport	Golf	Transit	
Current assets:				
Pooled cash and cash equivalents	\$ 7,684	\$ -	\$ -	\$ 7,684
Investments	7,093	-	-	7,093
Receivables, net	1,115,385	-	406,020	1,521,405
Interest receivable	1,462	-	-	1,462
Due from others	-	-	896,772	896,772
Due from other funds	-	-	-	-
Inventories	14,441	-	411,192	425,633
Total current assets	<u>1,146,065</u>	<u>-</u>	<u>1,713,984</u>	<u>2,860,049</u>
Noncurrent assets:				
Restricted cash and cash equivalents	1,343,068	-	-	1,343,068
Restricted investments	4,393,699	-	-	4,393,699
Receivables, net	-	-	-	-
Interest receivable	12,445	-	-	12,445
Deferred charges	-	-	12,097	12,097
Other assets	-	-	-	-
Advances to other funds	-	-	-	-
Capital assets:				
Land	3,574,176	-	318,539	3,892,715
Construction in progress	3,042,228	-	203,186	3,245,414
Buildings	36,131,973	-	5,438,738	41,570,711
Improvements other than buildings	74,930,191	-	-	74,930,191
Machinery and equipment	6,665,097	-	17,534,069	24,199,166
Less accumulated depreciation	<u>(57,572,873)</u>	<u>-</u>	<u>(13,678,255)</u>	<u>(71,251,128)</u>
Total capital assets	<u>66,770,792</u>	<u>-</u>	<u>9,816,277</u>	<u>76,587,069</u>
Total noncurrent assets	<u>72,520,004</u>	<u>-</u>	<u>9,828,374</u>	<u>82,348,378</u>
Total assets	<u>73,666,069</u>	<u>-</u>	<u>11,542,358</u>	<u>85,208,427</u>

CITY OF LUBBOCK, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2003

LIABILITIES	Business-type Activities-Enterprise Funds			Total Nonmajor Enterprise Funds
	Airport	Golf	Transit	
Current liabilities:				
Accounts payable	\$ 70,521	\$ -	\$ 58,619	\$ 129,140
Accrued expenses	45,903	-	100,000	145,903
Accrued interest payable	8,777	-	-	8,777
Due to other funds	560,000	-	795,681	1,355,681
Bonds payable	440,000	-	-	440,000
Total current liabilities	<u>1,125,201</u>	<u>-</u>	<u>954,300</u>	<u>2,079,501</u>
Noncurrent liabilities:				
Compensated absences	217,932	-	-	217,932
Deferred revenue	23,622	-	-	23,622
Advances from other funds	1,036,740	-	-	1,036,740
Bonds payable	3,735,000	-	-	3,735,000
Total noncurrent liabilities	<u>5,013,294</u>	<u>-</u>	<u>-</u>	<u>5,013,294</u>
Total liabilities	<u>6,138,495</u>	<u>-</u>	<u>954,300</u>	<u>7,092,795</u>
NET ASSETS				
Invested in capital assets, net of related debt	64,136,040	-	9,816,277	73,952,317
Restricted for capital	4,196,519	-	-	4,196,519
Unrestricted	(804,985)	-	771,781	(33,204)
Total net assets	<u>\$ 67,527,574</u>	<u>\$ -</u>	<u>\$ 10,588,058</u>	<u>\$ 78,115,632</u>

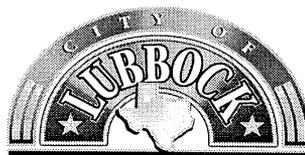
CITY OF LUBBOCK
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
OTHER NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Business-type Activities-Enterprise Funds			Total Nonmajor Enterprise Funds
	Airport	Golf	Transit	
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ 2,576,621	\$ 2,576,621
New taps and reconnects	-	-	-	-
Effluent water sales	-	-	-	-
Commodity sales	-	-	-	-
Landing fees	724,227	-	-	724,227
Parking	917,088	-	-	917,088
Rentals	1,599,797	-	-	1,599,797
Concessions	1,012,901	-	-	1,012,901
Miscellaneous	-	-	133,978	133,978
Total operating revenues	<u>4,254,013</u>	<u>-</u>	<u>2,710,599</u>	<u>6,964,612</u>
OPERATING EXPENSES				
Personal services	1,456,906	-	5,420,171	6,877,077
Supplies	116,707	-	655,697	772,404
Maintenance	383,880	-	774,156	1,158,036
Uncollectible accounts	-	-	-	-
Purchase of fuel and power	-	-	-	-
Collection expense	-	-	-	-
Other services and charges	1,512,211	-	218,654	1,730,865
Depreciation and amortization	2,997,606	20,711	2,094,413	5,112,730
Total operating expenses	<u>6,467,310</u>	<u>20,711</u>	<u>9,163,091</u>	<u>15,651,112</u>
Operating income (loss)	<u>(2,213,297)</u>	<u>(20,711)</u>	<u>(6,452,492)</u>	<u>(8,686,500)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest	66,905	-	(1,619)	65,286
Passenger facility charges/Federal Grants	1,351,358	-	3,867,637	5,218,995
Disposition of properties	1,178	(37,060)	(39,859)	(75,741)
Miscellaneous	202,043	-	-	202,043
Interest on bonds	(30,244)	-	-	(30,244)
Total nonoperating revenues (expenses)	<u>1,591,240</u>	<u>(37,060)</u>	<u>3,826,159</u>	<u>5,380,339</u>
Income (loss) before contributions and transfers	(622,057)	(57,771)	(2,626,333)	(3,306,161)
Capital contributions/(distributions)	3,955,253	-	91,532	4,046,785
Transfers in	874,932	-	830,894	1,705,826
Transfers (out)	(1,088,555)	(46,810)	-	(1,135,365)
Change in net assets	<u>3,119,573</u>	<u>(104,581)</u>	<u>(1,703,907)</u>	<u>1,311,085</u>
Total net assets - beginning of year, as restated (unaudited)	64,408,001	104,581	12,291,965	76,804,547
Total net assets - ending	<u>\$ 67,527,574</u>	<u>-</u>	<u>\$ 10,588,058</u>	<u>\$ 78,115,632</u>

CITY OF LUBBOCK, TEXAS
STATEMENT OF CASH FLOWS
OTHER NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Business-type Activities-Enterprise Funds			Total Nonmajor Enterprise Funds
	Airport	Golf	Transit	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,263,053	\$ -	\$ 2,287,901	\$ 6,550,954
Payments to suppliers	(2,487,592)	-	(2,070,739)	(4,558,331)
Payments to employees	(1,456,906)	-	(4,813,282)	(6,270,188)
Other receipts (payments)	203,221	(37,060)	-	166,161
Net cash provided (used) by operating activities	<u>521,776</u>	<u>(37,060)</u>	<u>(4,596,120)</u>	<u>(4,111,404)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in from other funds	874,932	-	798,789	1,673,721
Transfers out to other funds	(1,088,555)	(46,810)	-	(1,135,365)
Short-term interfund borrowings	310,000	-	(1,619)	308,381
Advances from (to) other funds	(108,831)	-	-	(108,831)
Payments received/(made) on advances (to)/from other funds	-	-	(70,000)	(70,000)
Net cash provided (used) by noncapital and related financing activities	<u>(12,454)</u>	<u>(46,810)</u>	<u>727,170</u>	<u>667,906</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for gas reserves	-	-	-	-
Purchases of capital assets	-	-	(91,532)	(91,532)
Sale of capital assets	160,473	37,060	1,313	198,846
Payments for bond issuance costs	-	-	-	-
Principal paid on revenue bonds	-	-	-	-
Interest paid on revenue bonds	-	-	-	-
Principal paid on general obligation bonds and other debt	(435,000)	-	-	(435,000)
Interest paid on general obligation bonds	(54,889)	-	-	(54,889)
Issuance of revenue, and G.O. bonds	-	-	-	-
Payment of pro-rata contracts	-	-	-	-
Deposits on pro-rata contracts	-	-	-	-
Passenger facility charges/capital grants	1,351,358	-	3,867,637	5,218,995
Contributed capital	-	-	91,532	91,532
Net cash provided (used) for capital and related financing activities	<u>1,021,942</u>	<u>37,060</u>	<u>3,868,950</u>	<u>4,927,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	424,469	21,138	-	445,607
Purchase of investments	(1,708,248)	-	-	(1,708,248)
Interest earnings on cash and investments	(357,390)	-	-	(357,390)
Net cash provided by (used for) investing activities	<u>(1,641,169)</u>	<u>21,138</u>	<u>-</u>	<u>(1,620,031)</u>
Net increase (decrease) in cash and cash equivalents	(109,905)	(25,672)	-	(135,577)
Cash and cash equivalents at beginning of year	1,460,657	25,672	-	1,486,329
Cash and cash equivalents at end of year	<u>\$ 1,350,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,350,752</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (2,213,297)	\$ (20,711)	\$ (6,452,492)	\$ (8,686,500)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,997,606	20,711	2,094,413	5,112,730
Other income (expense)	203,221	(37,060)	-	166,161
Increase (decrease) in long-term assets/liabilities not requiring cash flow	6,960	-	-	6,960
Change in current assets and liabilities:				
Accounts receivable	9,040	-	(54,783)	(45,743)
Inventory	14,441	-	(44,184)	(29,743)
Prepaid expenses	-	-	15,029	15,029
Due from other governments	-	-	(367,915)	(367,915)
Accounts payable	(500,471)	-	15,890	(484,581)
Due from others	-	-	97,922	97,922
Other accrued expenses	4,276	-	100,000	104,276
Customer deposits	-	-	-	-
Net cash provided (used) by operating activities	<u>521,776</u>	<u>(37,060)</u>	<u>(4,596,120)</u>	<u>(4,111,404)</u>
Supplemental cash flow information:				
Noncash capital improvements and other changes	\$ 3,959,888	\$ -	\$ -	\$ 3,959,888

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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, 2003

Assets	Business-type Activities				
	Fleet Maintenance Fund	Central Warehouse Fund	Management Information Fund	Risk Management Fund	Total Business-Type Activities
Current assets:					
Pooled cash and cash equivalents	\$ 181,939	\$ 189,127	\$ 289,971	\$ -	\$ 661,037
Investments	167,944	174,579	267,666	-	610,189
Accounts receivable	-	-	-	-	-
Due from others	-	-	-	-	-
Interest receivable	293	761	1,677	-	2,731
Inventory, at average cost	319,118	1,057,117	-	-	1,376,235
Total current assets	669,294	1,421,584	559,314	-	2,650,192
Restricted assets:					
Capital projects:					
Pooled cash and cash equivalents	56,764	-	644,585	-	701,349
Facilities/system improvements:					
Pooled cash and cash equivalents	-	-	-	-	-
Self-insurance - health:					
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	-
Self-insurance - risk management:					
Investments	-	-	-	11,614,538	11,614,538
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	14,789	14,789
Total restricted assets	56,764	-	644,585	11,629,327	12,330,676
Capital assets:					
Land	-	-	-	-	-
Buildings	1,469,765	138,853	-	-	1,608,618
Improvements other than buildings	-	-	313,341	-	313,341
Machinery and equipment	626,297	74,495	1,489,664	17,227	2,207,683
Construction in progress	42,870	-	426,041	-	468,911
Total property, plant, and equipment	2,138,932	213,348	2,229,046	17,227	4,598,553
Less accumulated depreciation	(931,439)	(213,348)	(1,164,252)	(1,914)	(2,310,953)
Total capital assets	1,207,493	-	1,064,794	15,313	2,287,600
Total assets	\$ 1,933,551	\$ 1,421,584	\$ 2,268,693	\$ 11,644,640	\$ 17,268,468

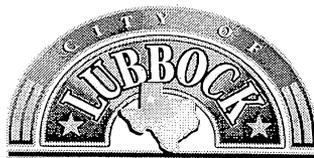
Governmental Activities

Print Shop & Office Store Fund	Radio Shop Fund	Custodial Services Fund	Building Services Fund	Switchboard Operations Fund	Communi- cations Fund	Environmental Compliance Fund
\$ 63,268	\$ 276,773	\$ 51,182	\$ 219,689	\$ -	\$ -	29,796
58,402	255,482	47,464	202,789	-	-	27,504
-	-	-	-	-	-	-
1,611	-	-	-	-	-	-
375	2,807	237	821	-	-	808
-	22,304	-	-	-	-	-
<u>123,656</u>	<u>557,366</u>	<u>98,883</u>	<u>423,299</u>	<u>-</u>	<u>-</u>	<u>58,108</u>
-	1,445,412	-	-	-	-	553,867
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>1,445,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,867</u>
-	65,343	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
354,244	5,413,902	-	151,781	-	-	432,839
-	403,669	-	-	-	-	-
<u>354,244</u>	<u>5,882,914</u>	<u>-</u>	<u>151,781</u>	<u>-</u>	<u>-</u>	<u>432,839</u>
<u>(102,948)</u>	<u>(5,228,008)</u>	<u>-</u>	<u>(76,364)</u>	<u>-</u>	<u>-</u>	<u>(432,839)</u>
<u>251,296</u>	<u>654,906</u>	<u>-</u>	<u>75,417</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 374,952</u>	<u>\$ 2,657,684</u>	<u>\$ 98,883</u>	<u>\$ 498,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611,975</u>

CITY OF LUBBOCK, TEXAS
 COMBINING STATEMENT OF NET ASSETS-INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2003

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	\$ -	\$ 14,802	\$ 24,949	\$ 680,459	\$ 1,341,496
Investments	-	13,663	23,030	628,334	1,238,523
Accounts receivable	-	-	-	-	-
Due from others	-	-	-	1,611	1,611
Interest receivable	-	-	188	5,236	7,967
Inventory, at average cost	-	-	-	22,304	1,398,539
Total current assets	-	28,465	48,167	1,337,944	3,988,136
Restricted assets:					
Capital projects:					
Pooled cash and cash equivalents	-	-	-	1,999,279	2,700,628
Facilities/system improvements:					
Pooled cash and cash equivalents	-	-	-	-	-
Self-insurance - health:					
Investments	8,292,630	-	-	8,292,630	8,292,630
Accounts receivable	62,558	-	-	62,558	62,558
Interest receivable	14,482	-	-	14,482	14,482
Self-insurance - risk management:					
Investments	-	-	-	-	11,614,538
Accounts receivable	-	-	-	-	-
Interest receivable	-	-	-	-	14,789
Total restricted assets	8,369,670	-	-	10,368,949	22,699,625
Capital assets:					
Land	-	-	-	65,343	65,343
Buildings	-	-	-	-	1,608,618
Improvements other than buildings	-	-	-	-	313,341
Machinery and equipment	5,568	-	-	6,358,334	8,566,017
Construction in progress	-	-	-	403,669	872,580
Total property, plant, and equipment	5,568	-	-	6,827,346	11,425,899
Less accumulated depreciation	(2,181)	-	-	(5,842,340)	(8,153,293)
Total capital assets	3,387	-	-	985,006	3,272,606
Total assets	\$ 8,373,057	\$ 28,465	\$ 48,167	\$ 12,691,899	\$ 29,960,367

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CITY OF LUBBOCK, TEXAS
 COMBINING STATEMENT OF NET ASSETS-INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2003

Liabilities and Fund Equity	Business-type Activities				
	Fleet Maintenance Fund	Central Warehouse Fund	Management Information Fund	Risk Management Fund	Total Business-Type Activities
Current liabilities:					
Accounts payable	\$ 177,492	\$ -	\$ 205,473	-	\$ 382,965
Due to other funds	-	-	-	-	-
Accrued liabilities	32,809	2,938	47,030	-	82,777
Total current liabilities	210,301	2,938	252,503	-	465,742
Liabilities (payable from restricted assets):					
Self-insurance - health:					
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Health claims payable	-	-	-	-	-
Self-insurance - risk management:					
Accounts payable	-	-	-	39,207	39,207
Accrued liabilities	-	-	-	6,695	6,695
Accrued insurance claims	-	-	-	1,500,000	1,500,000
Capital projects:					
Accounts payable	-	-	-	-	-
Total liabilities (payable from restricted assets)	-	-	-	1,545,902	1,545,902
Long-term liabilities:					
Accrued insurance claims	-	-	-	4,500,000	4,500,000
Accrued vacation and sick leave	147,369	17,902	161,331	5,635	332,237
Total long-term liabilities	147,369	17,902	161,331	4,505,635	4,832,237
Total liabilities	357,670	20,840	413,834	6,051,537	6,843,881
Net Assets:					
Invested in capital assets, net of related debt	1,207,493	-	1,064,794	15,313	2,287,600
Restricted for insurance claims	-	-	-	5,577,790	5,577,790
Unrestricted	368,388	1,400,744	790,065	-	2,559,197
Total net assets	\$ 1,575,881	\$ 1,400,744	\$ 1,854,859	5,593,103	\$ 10,424,587

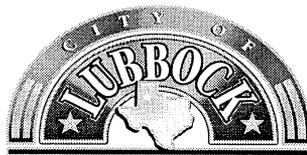
Governmental Activities

Print Shop & Office Store Fund	Radio Shop Fund	Custodial Services Fund	Building Services Fund	Switchboard Operations Fund	Communi- cations Fund	Environmental Compliance Fund
\$ 55,095	\$ 34,446	\$ 44,584	\$ 172,194	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
9,247	5,490	-	15,451	-	-	4,223
<u>64,342</u>	<u>39,936</u>	<u>44,584</u>	<u>187,645</u>	<u>-</u>	<u>-</u>	<u>4,223</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	626	-	-	-	-	300
-	626	-	-	-	-	300
-	-	-	-	-	-	-
35,240	10,867	2,073	36,019	-	-	39,956
35,240	10,867	2,073	36,019	-	-	39,956
99,582	51,429	46,657	223,664	-	-	44,479
251,296	654,906	-	75,417	-	-	-
-	-	-	-	-	-	-
24,074	1,951,349	52,226	199,635	-	-	567,496
<u>\$ 275,370</u>	<u>\$ 2,606,255</u>	<u>\$ 52,226</u>	<u>\$ 275,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 567,496</u>

CITY OF LUBBOCK, TEXAS
 COMBINING STATEMENT OF NET ASSETS-INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2003

Liabilities and Fund Equity	Governmental Activities				Grand Total Internal Service Funds
	Self- Insurance Health Fund	Invest- ment Pool Fund	Legis- lation Fund	Total Governmental Activities	
Current liabilities:					
Accounts payable	\$ -	\$ 28,053	\$ 783	\$ 335,155	\$ 718,120
Due to other funds	-	-	-	-	-
Accrued liabilities	-	2,844	641	37,896	120,673
Total current liabilities	-	30,897	1,424	373,051	838,793
Liabilities (payable from restricted assets):					
Self-insurance - health:					
Accounts payable	207,307	-	-	207,307	207,307
Accrued liabilities	4,291	-	-	4,291	4,291
Health claims payable	2,720,897	-	-	2,720,897	2,720,897
Self-insurance - risk management:					
Accounts payable	-	-	-	-	39,207
Accrued liabilities	-	-	-	-	6,695
Accrued insurance claims	-	-	-	-	1,500,000
Capital projects:					
Accounts payable	-	-	-	926	926
Total liabilities (payable from restricted assets)	2,932,495	-	-	2,933,421	4,479,323
Long-term liabilities:					
Accrued insurance claims	-	-	-	-	4,500,000
Accrued vacation and sick leave	8,522	4,778	-	137,455	469,692
Total long-term liabilities	8,522	4,778	-	137,455	4,969,692
Total liabilities	2,941,017	35,675	1,424	3,443,927	10,287,808
Net Assets:					
Invested in capital assets, net of related debt	3,387	-	-	985,006	3,272,606
Restricted for insurance claims	5,428,653	-	-	5,428,653	11,006,443
Unrestricted	-	(7,210)	46,743	2,834,313	5,393,510
Total net assets	\$ 5,432,040	\$ (7,210)	\$ 46,743	\$ 9,247,972	\$ 19,672,559

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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, 2003

	Business-type Activities				
	Fleet Maintenance Fund	Central Warehouse Fund	Management Information Fund	Risk Management Fund	Total Business-Type Activities
Operating revenues:					
Charges for services	\$ 5,249,594	\$ 3,059,394	\$ 5,159,955	5,782,803	\$ 19,251,746
Administrative charges	<u>251,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,600</u>
Total operating revenue	<u>5,501,194</u>	<u>3,059,394</u>	<u>5,159,955</u>	<u>5,782,803</u>	<u>19,503,346</u>
Operating expenses:					
Personal services	1,458,950	152,892	2,067,100	302,595	3,981,537
Insurance	-	-	-	4,561,925	4,561,925
Supplies	58,353	5,352	22,938	3,053	89,696
Materials	3,679,235	2,781,722	-	-	6,460,957
Maintenance	91,820	12,648	1,242,787	4,460	1,351,715
Other services and charges	160,433	11,676	1,241,944	224,452	1,638,505
Depreciation	<u>121,133</u>	<u>-</u>	<u>149,680</u>	<u>1,914</u>	<u>272,727</u>
Total operating expenses	<u>5,569,924</u>	<u>2,964,290</u>	<u>4,724,449</u>	<u>5,098,399</u>	<u>18,357,062</u>
Total operating income (loss)	<u>(68,730)</u>	<u>95,104</u>	<u>435,506</u>	<u>684,404</u>	<u>1,146,284</u>
Nonoperating revenues (expenses):					
Interest earnings	3,765	7,545	10,013	98,521	119,844
Disposition of properties	(28,573)	-	(14,023)	-	(42,596)
Junk sales	5,331	-	5,201	-	10,532
Building rent	-	-	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>54</u>	<u>54</u>
Total nonoperating revenues (expenses)	<u>(19,477)</u>	<u>7,545</u>	<u>1,191</u>	<u>98,575</u>	<u>87,834</u>
Income (loss) before contributions and operating transfers	(88,207)	102,649	436,697	782,979	1,234,118
Capital contributions(reductions)	-	-	258,736	-	258,736
Operating transfers in	-	-	483,175	-	483,175
Operating transfers out	<u>-</u>	<u>(415,000)</u>	<u>(500,000)</u>	<u>(50,000)</u>	<u>(965,000)</u>
Change in net assets	(88,207)	(312,351)	678,608	732,979	1,011,029
Net assets - beginning of year	<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>
Net assets - end of year	<u>\$ 1,575,881</u>	<u>\$ 1,400,744</u>	<u>\$ 1,854,859</u>	<u>\$ 5,593,103</u>	<u>\$ 10,424,587</u>

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
\$ 415,182	\$ 1,690,171	\$ 7,308	\$ 1,993,128	\$ -	\$ -	\$ 240,531
-	-	-	-	-	-	-
<u>415,182</u>	<u>1,690,171</u>	<u>7,308</u>	<u>1,993,128</u>	<u>-</u>	<u>-</u>	<u>240,531</u>
174,471	183,883	-	622,342	-	-	184,804
-	-	-	-	-	-	-
348	8,221	-	22,384	-	-	4,795
140,589	181,646	-	-	-	-	-
44,049	111,665	-	130,316	-	-	3,012
79,278	54,893	-	1,185,523	-	-	18,120
34,896	418,730	-	1,761	-	-	144,280
<u>473,631</u>	<u>959,038</u>	<u>-</u>	<u>1,962,326</u>	<u>-</u>	<u>-</u>	<u>355,011</u>
<u>(58,449)</u>	<u>731,133</u>	<u>7,308</u>	<u>30,802</u>	<u>-</u>	<u>-</u>	<u>(114,480)</u>
4,615	22,813	1,362	7,846	2,810	(2,283)	5,849
-	(27,093)	-	(22,900)	-	25,094	-
2,506	-	-	-	-	-	-
-	-	-	13,795	-	-	-
-	-	-	-	-	127,777	-
<u>7,121</u>	<u>(4,280)</u>	<u>1,362</u>	<u>(1,259)</u>	<u>2,810</u>	<u>150,588</u>	<u>5,849</u>
(51,328)	726,853	8,670	29,543	2,810	150,588	(108,631)
-	-	-	-	-	(49,966)	-
-	10,775	-	-	-	215,000	-
<u>(300,000)</u>	<u>(915,000)</u>	<u>-</u>	<u>(381,850)</u>	<u>(233,175)</u>	<u>(3,436)</u>	<u>-</u>
(351,328)	(177,372)	8,670	(352,307)	(230,365)	312,186	(108,631)
<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>
<u>\$ 275,370</u>	<u>\$ 2,606,255</u>	<u>\$ 52,226</u>	<u>\$ 275,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 567,496</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, 2003

	Governmental Activities				Grand Total Internal Service Funds
	Self- Insurance Health Fund	Invest- ment Pool Fund	Legis- lation Fund	Total Governmental Activities	
Operating revenues:					
Charges for services	\$ 12,832,878	\$ -	\$ -	\$ 17,179,198	\$ 36,430,944
Administrative charges	-	-	-	-	251,600
Total operating revenue	12,832,878	-	-	17,179,198	36,682,544
Operating expenses:					
Personal services	210,712	98,159	94,348	1,568,719	5,550,256
Insurance	13,148,048	-	-	13,148,048	17,709,973
Supplies	5,465	7,932	324	49,469	139,165
Materials	-	-	-	322,235	6,783,192
Maintenance	9,853	831	1,473	301,199	1,652,914
Other services and charges	73,636	193,998	197,609	1,803,057	3,441,562
Depreciation	1,848	1,178	-	602,693	875,420
Total operating expenses	13,449,562	302,098	293,754	17,795,420	36,152,482
Total operating income (loss)	(616,684)	(302,098)	(293,754)	(616,222)	530,062
Nonoperating revenues (expenses):					
Interest earnings	91,341	297,073	2,153	433,579	553,423
Disposition of properties	-	(2,208)	-	(27,107)	(69,703)
Junk sales	-	-	-	2,506	13,038
Building rent	-	-	-	13,795	13,795
Miscellaneous	-	-	-	127,777	127,831
Total nonoperating revenues (expenses)	91,341	294,865	2,153	550,550	638,384
Income (loss) before contributions and operating transfers	(525,343)	(7,233)	(291,601)	(65,672)	1,168,446
Capital contributions(reductions)	-	-	-	(49,966)	208,770
Operating transfers in	-	-	302,785	528,560	1,011,735
Operating transfers out	-	-	-	(1,833,461)	(2,798,461)
Change in net assets	(525,343)	(7,233)	11,184	(1,420,539)	(409,510)
Net assets - beginning of year (restated)	5,957,383	23	35,559	10,668,511	20,082,069
Net assets - end of year	\$ 5,432,040	\$ (7,210)	\$ 46,743	\$ 9,247,972	\$ 19,672,559

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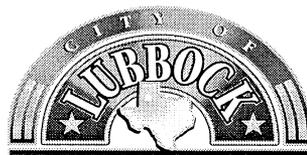
CITY OF LUBBOCK, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	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
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers	\$ 5,501,194	\$ 3,059,394	\$ 5,159,955	\$ 5,833,603	\$ 19,554,146	\$ 415,532	\$ 1,690,171
Payments to suppliers	(4,149,279)	(2,783,457)	(2,608,417)	(4,786,817)	(14,327,970)	(238,829)	(387,411)
Payments to employees	(1,458,950)	(152,892)	(2,067,100)	(302,595)	(3,981,537)	(174,471)	(183,883)
Other receipts (payments)	(23,242)	-	969	54	(22,219)	2,506	(27,093)
Net cash provided by (used for) operating activities	<u>(130,277)</u>	<u>123,045</u>	<u>485,407</u>	<u>744,245</u>	<u>1,222,420</u>	<u>4,738</u>	<u>1,091,784</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:							
Transfers in from other funds	-	-	483,175	-	483,175	-	10,775
Transfers out to other funds	-	(415,000)	(500,000)	(50,000)	(965,000)	(300,000)	(915,000)
Short-term interfund borrowings	-	-	-	-	-	-	-
Payments on advances from other funds	-	-	-	-	-	-	-
Net cash provided by (used for) noncapital and related financing activities	<u>-</u>	<u>(415,000)</u>	<u>(16,825)</u>	<u>(50,000)</u>	<u>(481,825)</u>	<u>(300,000)</u>	<u>(904,225)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchase of property, plant and equipment	(32,830)	-	(30,012)	-	(62,842)	-	(330,465)
Sale of property, plant and equipment	30,821	-	-	-	30,821	-	138,030
Contributed capital	-	-	-	(17,227)	(17,227)	-	-
Net cash provided by (used for) capital and related financing activities	<u>(2,009)</u>	<u>-</u>	<u>(30,012)</u>	<u>(17,227)</u>	<u>(49,248)</u>	<u>-</u>	<u>(192,435)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Proceeds from sales and maturities of investments	110,830	203,742	(12,030)	3,706,787	4,009,329	161,590	(72,243)
Purchase of investments	(65,191)	(67,766)	(103,899)	(4,508,396)	(4,745,252)	(22,670)	(99,170)
Interest earned on cash investments	5,054	8,672	14,031	124,591	152,348	5,845	26,811
Net cash provided by (used for) investing activities	<u>50,693</u>	<u>144,648</u>	<u>(101,898)</u>	<u>(677,018)</u>	<u>(583,575)</u>	<u>144,765</u>	<u>(144,602)</u>
Net increase (decrease) in pooled cash and cash equivalents	(81,593)	(147,307)	336,672	-	107,772	(150,497)	(149,478)
Pooled cash and cash equivalents at beginning of year	320,296	336,434	597,884	-	1,254,614	213,765	1,871,663
Pooled cash and cash equivalents at end of year	<u>\$ 238,703</u>	<u>\$ 189,127</u>	<u>\$ 934,556</u>	<u>\$ -</u>	<u>\$ 1,362,386</u>	<u>\$ 63,268</u>	<u>\$ 1,722,185</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	\$ (68,730)	\$ 95,104	\$ 435,506	\$ 684,404	\$ 1,146,284	\$ (58,449)	\$ 731,133
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation, amortization and accretion	121,133	-	149,680	1,914	272,727	34,896	418,730
Other income (expense)	(23,242)	-	969	54	(22,219)	2,506	(27,093)
Increase (decrease) in long-term assets/liabilities not requiring cash flow	25,213	599	(42,374)	1,215	(15,347)	16,931	(688)
Change in current assets and liabilities:							
Accounts receivable	-	-	-	50,800	50,800	-	-
Inventory	(17,510)	77,760	-	-	60,250	-	(2,275)
Prepaid expenses	-	-	-	-	-	-	-
Accounts payable	(171,975)	(50,151)	(64,563)	4,449	(282,240)	2,530	(30,159)
Other accrued expenses	4,834	(267)	6,189	1,409	12,165	5,974	2,136
Due from others	-	-	-	-	-	350	-
Net cash provided by (used for) operating activities	<u>\$ (130,277)</u>	<u>\$ 123,045</u>	<u>\$ 485,407</u>	<u>\$ 744,245</u>	<u>\$ 1,222,420</u>	<u>\$ 4,738</u>	<u>\$ 1,091,784</u>
Supplemental cash flow information:							
Noncash capital improvements and other changes	<u>\$ 412,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,825</u>	<u>\$ -</u>	<u>\$ -</u>

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
\$ 7,308	\$ 1,993,538	\$ -	\$ -	\$ 240,531	\$ 12,814,971	\$ -	\$ -	\$ 17,162,051	\$ 36,716,197
(45,557)	(1,283,664)	-	(229,875)	(53,694)	(13,178,204)	(215,312)	(179,150)	(15,811,696)	(30,139,666)
-	(622,342)	-	102,905	(184,804)	(210,712)	(94,348)	(98,159)	(1,465,814)	(5,447,351)
-	(9,105)	-	152,871	-	-	-	(2,208)	116,971	94,752
<u>(38,249)</u>	<u>78,427</u>	<u>-</u>	<u>25,901</u>	<u>2,033</u>	<u>(573,945)</u>	<u>(309,660)</u>	<u>(279,517)</u>	<u>1,512</u>	<u>1,223,932</u>
-	-	-	215,000	-	-	302,785	-	528,560	1,011,735
-	(381,850)	(233,175)	(3,436)	-	-	-	-	(1,833,461)	(2,798,461)
-	-	-	(200,000)	-	-	-	-	(200,000)	(200,000)
-	-	-	-	-	-	-	(90,000)	(90,000)	(90,000)
-	(381,850)	(233,175)	11,564	-	-	302,785	(90,000)	(1,594,901)	(2,076,726)
-	-	-	-	-	-	-	-	(330,465)	(393,307)
-	22,900	-	-	-	432	-	2,208	163,570	194,391
-	-	-	(49,966)	-	-	-	-	(49,966)	(67,193)
-	22,900	-	(49,966)	-	432	-	2,208	(216,861)	(266,109)
35,682	208,837	110,162	2,706	(3,269)	3,679,248	11,026	39,017	4,172,756	8,182,084
(18,424)	(78,716)	-	-	(10,676)	(3,218,936)	(8,940)	(5,304)	(3,462,836)	(8,208,087)
2,057	9,439	3,670	(2,283)	7,216	113,201	2,529	297,073	465,558	617,906
<u>19,315</u>	<u>139,560</u>	<u>113,832</u>	<u>423</u>	<u>(6,729)</u>	<u>573,513</u>	<u>4,615</u>	<u>330,786</u>	<u>1,175,478</u>	<u>591,903</u>
(18,934)	(140,963)	(119,343)	(12,078)	(4,696)	-	(2,260)	(36,523)	(634,772)	(527,000)
<u>70,116</u>	<u>360,652</u>	<u>119,343</u>	<u>12,078</u>	<u>588,359</u>	<u>-</u>	<u>27,209</u>	<u>51,325</u>	<u>3,314,510</u>	<u>4,569,124</u>
<u>\$ 51,182</u>	<u>\$ 219,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,663</u>	<u>\$ -</u>	<u>\$ 24,949</u>	<u>\$ 14,802</u>	<u>\$ 2,679,738</u>	<u>\$ 4,042,124</u>
\$ 7,308	\$ 30,802	\$ -	\$ -	\$ (114,480)	\$ (616,684)	\$ (293,754)	\$ (302,098)	\$ (616,222)	\$ 530,062
-	1,761	-	-	144,280	1,848	-	1,178	602,693	875,420
-	(9,105)	-	152,871	-	-	-	(2,208)	116,971	94,752
-	(4,159)	-	-	983	35,033	-	795	48,895	33,548
-	410	-	-	-	(17,907)	-	-	(17,497)	33,303
-	-	-	-	-	-	-	-	(2,275)	57,975
(45,557)	54,805	-	(24,065)	(28,966)	22,982	(13,746)	21,765	(40,411)	(322,651)
-	3,913	-	(102,905)	216	783	(2,160)	1,051	(90,992)	(78,827)
-	-	-	-	-	-	-	-	350	350
<u>(38,249)</u>	<u>78,427</u>	<u>-</u>	<u>25,901</u>	<u>2,033</u>	<u>(573,945)</u>	<u>(309,660)</u>	<u>(279,517)</u>	<u>1,512</u>	<u>1,223,932</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,027</u>	<u>\$ 437,852</u>

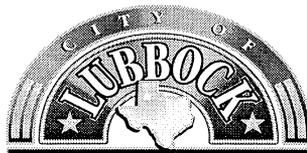
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CITY OF LUBBOCK, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Agency Fund	<u>Balance 10/1/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2003</u>
Pooled cash and cash equivalents	\$ 3,647	\$ 12,816	\$ 2,689	\$ 13,774
Investments	2,426	11,830	2,483	11,773
Total assets	<u>\$ 6,073</u>	<u>\$ 24,646</u>	<u>\$ 5,172</u>	<u>\$ 25,547</u>
Accounts payable	\$ 6,073	\$ 24,646	\$ 5,172	\$ 25,547
Total liabilities	<u>\$ 6,073</u>	<u>\$ 24,646</u>	<u>\$ 5,172</u>	<u>\$ 25,547</u>

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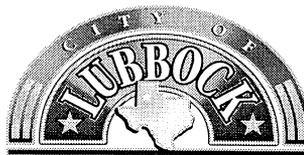
Non-Major Component Units

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.

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.

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CITY OF LUBBOCK, TEXAS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
SEPTEMBER 30, 2003

ASSETS	<u>Civic Lubbock, Inc.</u>	<u>Market Lubbock, Inc.</u>	<u>Total Nonmajor Component Units</u>
Pooled cash and cash equivalents	\$ 745,432	\$ 252,441	\$ 997,873
Investments	-	1,055,546	1,055,546
Receivables, net	48,573	73,572	122,145
Inventories	81,777	21,660	103,437
Restricted assets:			
Cash and cash equivalents	100,000	-	100,000
Incentives advances	201,280	10,000,080	10,201,360
Investments	-	255,411	255,411
Prepaid expenses	27,556	-	27,556
Capital assets:			
Non-depreciable	366,333	308,425	674,758
Depreciable	171,900	115,597	287,497
Deferred charges	-	627,805	627,805
Total assets	<u>1,742,851</u>	<u>12,710,537</u>	<u>14,453,388</u>

LIABILITIES

Accounts payable	60,354	275,214	335,568
Due to others	499,188	-	499,188
Due to other governments	94,124	136,430	230,554
Accrued expenses	28,555	16,736	45,291
Deferred revenue	19,543	10,200,383	10,219,926
Noncurrent liabilities:			
Due within one year:			
Contracts payable	12,816	2,387,562	2,400,378
Due in more than one year:			
Contracts payable	315,789	2,354,218	2,670,007
Total Liabilities	<u>1,030,369</u>	<u>15,370,543</u>	<u>16,400,912</u>

NET ASSETS

Invested in capital assets, net of related debt	408,229	424,022	832,251
Restricted for:			
Other purposes	100,000	255,411	355,411
Unrestricted (deficit)	204,253	(3,339,439)	(3,135,186)
Total net assets	<u>\$ 712,482</u>	<u>\$ (2,660,006)</u>	<u>\$ (1,947,524)</u>

CITY OF LUBBOCK, TEXAS
 COMBINING STATEMENT OF ACTIVITIES
 NONMAJOR COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2003

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
					<u>Civic Lubbock, Inc.</u>	<u>Market Lubbock, Inc.</u>	<u>Total</u>
Civic Lubbock, Inc.							
General government	\$ 1,652,376	\$ 1,650,653	\$ -	\$ -	\$ (1,723)	\$ -	\$ (1,723)
Market Lubbock, Inc.							
General government	5,877,647	23,335	3,992,578	-	-	(1,861,734)	(1,861,734)
Total nonmajor component units	<u>\$ 7,530,023</u>	<u>\$ 1,673,988</u>	<u>\$ 3,992,578</u>	<u>\$ -</u>	<u>(1,723)</u>	<u>(1,861,734)</u>	<u>(1,863,457)</u>
General revenues:							
Unrestricted investment earnings					7,707	-	7,707
Miscellaneous					-	-	-
Total general revenues, special items and transfers					<u>7,707</u>	<u>-</u>	<u>7,707</u>
Change in net assets					5,984	(1,861,734)	(1,855,750)
Net assets - beginning of year					<u>706,498</u>	<u>(798,272)</u>	<u>(91,774)</u>
Net assets - end of year					<u>\$ 712,482</u>	<u>\$ (2,660,006)</u>	<u>\$ (1,947,524)</u>

CITY OF LUBBOCK, TEXAS

Schedule of Governmental Capital Assets

Year Ended September 30, 2003

Governmental fund capital assets:

Land	\$	7,996,406
Buildings		51,475,936
Improvements other than Buildings		125,742,157
Machinery and Equipment		48,896,000
Construction in Progress		<u>36,155,690</u>
Total capital assets	\$	<u><u>270,266,189</u></u>

Investment in governmental funds capital assets by source:

Capital Projects Fund Expenditures	\$	178,486,669
General Fund Expenditures		54,754,752
Community Development Expenditures		22,725,114
Federal Revenue Sharing Fund Expenditures		9,437,142
Contributions and Transfers		2,832,214
Investments prior to October 1, 1956		<u>2,030,298</u>
Total investments in capital assets	\$	<u><u>270,266,189</u></u>

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

Year Ended September 30, 2003

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
General Government:					
City Council	\$ -	\$ 150,063	\$ 65,472	\$ -	215,535
City Manager	-	93,789	-	7,355	101,144
City Secretary	-	-	-	119,530	119,530
City Attorney	-	353,068	445,783	148,524	947,375
General Multipurpose	241,853	415,369	94,699	7,820,221	8,572,142
Support Services - Business Dev.	-	-	-	9,000	9,000
Total General Government	<u>241,853</u>	<u>1,012,289</u>	<u>605,954</u>	<u>8,104,630</u>	<u>9,964,726</u>
Financial Services:					
Accounting and Reporting	-	79,186	-	-	79,186
Purchasing	-	-	-	-	-
Municipal Court	-	14,246	-	28,071	42,317
Total Financial Services	<u>-</u>	<u>93,432</u>	<u>-</u>	<u>28,071</u>	<u>121,503</u>
Management Services:					
Budget and Research	-	18,957	-	-	18,957
Personnel	-	69,535	-	-	69,535
Public Information	-	42,414	-	342,580	384,994
Community Services	162,000	2,618,200	-	237,268	3,017,468
Emergency Services	-	366,346	-	223,476	589,822
Building Maintenance	281,133	7,785,244	767,523	131,808	8,965,708
Total Management Services	<u>443,133</u>	<u>10,900,696</u>	<u>767,523</u>	<u>935,132</u>	<u>13,046,484</u>
Development Services:					
Planning	-	-	-	789,037	789,037
Zoning and Environment	-	-	-	170,498	170,498
Community Development	311,212	209,907	468,073	-	989,192
Neighborhood Redevelopment	-	232,265	468,048	142,208	842,521
Building Inspection	-	-	-	109,946	109,946
Traffic Engineering	-	185,089	1,176,533	1,623,497	2,985,119
Streets - Paved	242,387	463,307	96,783,809	1,996,619	99,486,122
Streets - Unpaved	-	-	14,440	1,348,535	1,362,975
Public Service Engineering	158,904	-	108,947	309,733	577,584
Total Development Services	<u>\$ 712,503</u>	<u>\$ 1,090,568</u>	<u>\$ 99,019,850</u>	<u>\$ 6,490,073</u>	<u>\$ 107,312,994</u>

(continued)

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

Year Ended September 30, 2003

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
Public Safety and Services:					
Parks and Recreation	\$ 1,074,199	\$ 4,894,161	\$ 7,936,287	\$ 3,746,969	\$ 17,651,616
Cemetery	14,097	45,588	22,251	271,618	353,554
Swimming Pools	87,292	379,857	-	-	467,149
Civic Center/Auditorium/Coliseum	1,238,454	18,433,183	2,559,238	5,691,850	27,922,725
Canyon Lakes	3,472,689	16,494	3,379,678	-	6,868,861
Library	12,866	4,184,071	5,289,924	3,408,382	12,895,243
Fire	146,045	6,119,995	242,263	6,913,571	13,421,874
Health	-	1,547,034	14,806	931,271	2,493,111
Animal Shelter	21,925	1,395,807	-	183,930	1,601,662
Police	531,349	1,362,761	826,915	11,080,926	13,801,951
Street Lights	-	-	5,077,468	1,109,578	6,187,046
Total Public Safety and Services	<u>6,598,916</u>	<u>38,378,951</u>	<u>25,348,830</u>	<u>33,338,095</u>	<u>103,664,792</u>
Total allocated to functions	<u>\$ 7,996,406</u>	<u>\$ 51,475,936</u>	<u>\$ 125,742,157</u>	<u>\$ 48,896,000</u>	<u>\$ 234,110,499</u>
Construction in Progress					36,155,690
Total Capital Assets					<u>\$ 270,266,189</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, 2003

Function and Activity	Governmental Funds Capital Assets 10-1-02	Additions*	Deletions*	Governmental Funds Capital Assets 9-30-03
General Government:				
City Council	\$ 215,535	\$ -	\$ -	\$ 215,535
City Manager	98,820	2,324	-	101,144
City Secretary	125,650	-	6,120	119,530
City Attorney	952,625	-	5,250	947,375
General Multipurpose	8,820,180	109,551	357,589	8,572,142
Support Services - Business Dev.	9,000	-	-	9,000
Total General Government	<u>10,221,810</u>	<u>111,875</u>	<u>368,959</u>	<u>9,964,726</u>
Financial Services:				
Accounting and Reporting	79,186	-	-	79,186
Purchasing	10,401	-	10,401	-
Municipal Court	83,944	-	41,627	42,317
Total Financial Services	<u>173,531</u>	<u>-</u>	<u>52,028</u>	<u>121,503</u>
Management Services:				
Budget and Research	18,957	-	-	18,957
Personnel	69,535	-	-	69,535
Public Information	357,186	40,582	12,774	384,994
Community Services	2,959,518	59,284	1,334	3,017,468
Emergency Services	543,388	46,434	-	589,822
Building Maintenance	9,723,656	23,992	781,940	8,965,708
Total Management Services	<u>13,672,240</u>	<u>170,292</u>	<u>796,048</u>	<u>13,046,484</u>
Development Services:				
Planning	117,826	671,211	-	789,037
Zoning and Environment	236,379	28,823	94,704	170,498
Community Development	2,923,900	-	1,934,708	989,192
Neighborhood Redevelopment	849,579	18,186	25,244	842,521
Building Inspection	78,248	65,100	33,402	109,946
Traffic Engineering	2,827,791	193,108	35,780	2,985,119
Streets - Paved	98,039,478	1,559,112	112,468	99,486,122
Streets - Unpaved	1,356,954	113,819	107,798	1,362,975
Street Cleaning	-	-	-	-
Storm Sewer	-	-	-	-
Public Service Engineering	461,261	138,700	22,377	577,584
Total Development Services	<u>\$ 106,891,416</u>	<u>\$ 2,788,059</u>	<u>\$ 2,366,481</u>	<u>\$ 107,312,994</u>

(continued)

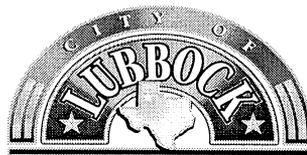
CITY OF LUBBOCK, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

Year Ended September 30, 2003

Function and Activity	Governmental Funds Capital Assets 10-1-02	Additions*	Deletions*	Governmental Funds Capital Assets 9-30-03
Public Safety and Services:				
Parks and Recreation	\$ 14,162,992	\$ 4,679,074	\$ 1,190,450	\$ 17,651,616
Cemetery	331,113	43,467	21,026	353,554
Swimming Pools	467,149	-	-	467,149
Civic Center/Auditorium/Coliseum	25,985,472	1,973,866	36,613	27,922,725
Canyon Lakes	6,868,861	-	-	6,868,861
Library	12,614,514	308,241	27,512	12,895,243
Fire	13,097,285	361,085	36,496	13,421,874
Health	2,437,785	127,985	72,659	2,493,111
Animal Shelter	1,583,089	161,756	143,183	1,601,662
Police	9,384,537	5,611,366	1,193,952	13,801,951
Street Lights	5,282,664	934,777	30,395	6,187,046
Total Public Safety and Services	<u>92,215,461</u>	<u>14,201,617</u>	<u>2,752,286</u>	<u>103,664,792</u>
Construction in Progress	<u>35,114,351</u>	<u>16,145,256</u>	<u>15,103,917</u>	<u>36,155,690</u>
Total Capital Assets	<u>\$ 258,288,809</u>	<u>\$ 33,417,099</u>	<u>\$ 21,439,719</u>	<u>\$ 270,266,189</u>

*Includes Transfers

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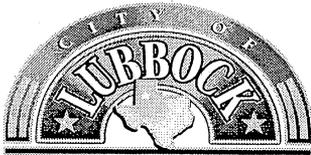
CITY OF LUBBOCK, TEXAS

STATISTICAL
SECTION

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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CITY OF LUBBOCK, TEXAS

TABLE A - Government-wide Expenditures by Function *

Fiscal Year	Function									
	Administration/ Community Services	Governmental Electric	Financial Services	Fire	General Government	Human Resources	Police	Streets	Public Works	Interest on Long-term Debt
2002	22,483,279	2,584,532	1,908,224	19,324,738	21,938,702	883,198	29,715,174	5,939,768	4,322,357	3,381,762
2003	21,793,053	2,372,936	1,964,729	20,207,240	21,008,713	786,231	31,429,080	9,826,857	9,856,148	3,345,931

Fiscal Year	Function								
	Electric**	Water	Sewer	Solid Waste	Stormwater	Transit**	Airport	Golf	Total
2002	89,803,676	26,760,680	17,766,514	14,105,518	3,749,298	8,931,527	7,024,286	61,192	\$ 280,684,425
2003	105,216,078	27,461,215	17,247,936	19,558,444	3,315,261	9,163,091	6,478,728	20,711	\$ 311,052,382

* Second year of GASB 34 implementation. Additional information will be provided as it becomes available.

** As described in the notes to the financial statements, note III (M) of this report the City has made significant changes to the reporting entity. For fiscal year 2003 both WTMPA and Citibus have been reported as business type activities.

Note: The 2002 balances have been adjusted to reflect the changes in the reporting entity and the changes in function/programs to provide better comparisons between the years.

CITY OF LUBBOCK, TEXAS

TABLE B - Government-wide Revenue by Function*

Fiscal Year**	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Franchise Fees	Grants and Contributions Not Restricted To Specific Programs	Investment Earnings	Miscellaneous	Total
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
2003	192,424,285	16,004,738	9,260,939	75,106,847	6,612,822	258,736	3,580,476	2,989,669	306,238,512

* Second year of implementation. Additional information will be provided as it becomes available.

** As described in the notes to the financial statements, note III (M) of this report the City has made significant changes to the reporting entity. For fiscal year 2003 both WTMPA and Citibus have been reported as business type activities.

CITY OF LUBBOCK, TEXAS

TABLE C - General Government Expenditures by Function ⁽¹⁾

Last Five Fiscal Years ⁽²⁾

Fiscal year	Admin/Community Services	Electric	Financial Services	Fire	General Government	Human Resources	Police
1999	16,322,595	1,759,509	1,762,225	15,742,866	5,250,714	870,172	23,478,729
2000	17,293,247	1,923,584	1,919,299	17,183,526	5,255,236	871,596	25,561,261
2001	18,314,255	2,146,212	1,833,933	17,903,118	5,772,031	913,250	28,139,047
2002	17,997,152	2,168,620	1,958,051	18,632,109	5,596,868	895,311	28,905,651
2003	17,837,076	2,078,277	1,969,413	19,511,797	5,717,151	780,529	30,321,182

Fiscal year	Streets	Non-Departmental ⁽³⁾	Capital Outlay	Total General Fund	Special Revenue Fund	Debt Service Fund ⁽⁴⁾	Total Governmental Funds
1999	7,631,495	926,201	-	73,744,506	4,495,736	9,642,546	87,882,788
2000	8,004,402	606,843	-	78,618,994	4,529,238	7,738,784	90,887,016
2001	7,443,017	1,716,167	-	84,181,030	5,044,166	7,757,392	96,982,588
2002	6,510,394	1,497,485	480,749	84,642,390	7,516,999	7,503,477	99,662,866
2003	6,610,394	175,499	378,059	85,379,377	4,810,216	7,606,708	97,796,301

Notes:

- (1) Includes General, Special Revenue, and Debt Service Funds.
- (2) Includes five year data due to numerous reorganizations in the past several years. Information for years prior to 1999 is not readily available. Additional information will be provided as it becomes available. Prior years have been restated to reflect current organization.
- (3) As described in NOTE III (M) Prior Period Adjustments & Restatement of Beginning Fund Balance/Retained Earnings, the decrease in Non-Departmental expenditures was impacted by significant changes in the reporting entity and prior period adjustments.
- (4) Includes paying agent fees.

CITY OF LUBBOCK, TEXAS

TABLE D - Revenues and Other Financing Sources (Uses)⁽¹⁾ Last Ten Fiscal Years

Fiscal year	Taxes ⁽²⁾ and Fees	Licenses and Permits	Inter-governmental	Charges for services	Fines	Interest earnings ⁽³⁾	Contributions and miscellaneous	Other financing sources(uses)	Total
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
2003	81,682,453	1,875,118	348,787	5,541,745	3,672,509	810,443	4,200,523	13,518,137	111,649,715

Notes:

- (1) Includes General, Special Revenue, and Debt Service Funds.
- (2) See schedule of Tax Revenues by Source (Table E).
- (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 ⁽¹⁾	Sales tax revenues	Hotel and motel tax revenues ⁽¹⁾	Other tax revenues ⁽²⁾	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
2003	42,303,280	29,092,032	2,862,719	848,816	75,106,847

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
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%
2003	42,275,272	41,112,173	97.2%	648,481	41,760,654	98.8%	2,433,252	5.8%

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	
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%
2003	6,272,520,622	6,549,915,885	1,312,595,182	1,376,481,654	\$ 341,281,735	7,585,115,804	7,926,397,539	95.7%

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			Lubbock		High Plains	Lubbock		Total
	General Fund	Economic Development	Interest & Sinking Fund	Total City of Lubbock (COL)	Independent School District (LISD)	Underground Water District (High Plains)	County Hospital District (Hospital)		
1994	\$ 0.42	\$ 0.02	\$ 0.20	\$ 0.64	\$ 1.47	\$ 0.17	\$ 0.01	\$ 0.11	\$ 2.40
1995	0.43	0.03	0.18	0.64	1.48	0.17	0.01	0.11	2.41
1996	0.40	0.03	0.16	0.59	1.47	0.17	0.01	0.10	2.34
1997	0.38	0.03	0.18	0.59	1.48	0.17	0.01	0.10	2.35
1998	0.40	0.03	0.15	0.58	1.57	0.17	0.01	0.10	2.43
1999	0.42	0.03	0.13	0.58	1.57	0.19	0.01	0.10	2.45
2000	0.43	0.03	0.12	0.58	1.59	0.19	0.01	0.10	2.47
2001	0.43	0.03	0.11	0.57	1.61	0.19	0.01	0.10	2.48
2002	0.43	0.03	0.11	0.57	1.61	0.19	0.01	0.10	2.48
2003	0.43	0.03	0.11	0.57	1.61	0.26	0.01	0.11	2.55

Source: Lubbock Central Appraisal District

CITY OF LUBBOCK, TEXAS

TABLE I - Principal Taxpayers

September 30, 2003

Name of Taxpayer	Type of Business	2003 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Macerich Lubbock LTD Partnership	Regional Shopping Mall	\$ 114,600,000	1.44%
Southwestern Bell Telephone Co.	Telephone Utility	68,156,367	0.86%
Southwestern Public Service	Electric Utility	56,725,001	0.71%
Walmart Supercenter	Retail	35,300,834	0.44%
Pyco Industries	Cottonseed Oil Mill	25,365,610	0.32%
X Fab Texas, Inc	Electronic Mfg	24,145,223	0.30%
Energas	Natural Gas Utility	23,581,455	0.30%
United Super Markets	Retail Grocery	21,752,445	0.27%
McLane Food Services	Food Wholesale	19,038,705	0.24%
Farmers Co-Op Compress	Cotton Warehouse Storage	18,193,121	0.23%
		\$ 406,858,761	5.12%

Source: Lubbock Central Appraisal District

Table J - Special Assessment Billings and Collections

Last Ten Fiscal Years

Fiscal year	Assessments billed	Assessments collected
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
2003	-	12,242

CITY OF LUBBOCK, TEXAS

Table K - Computation of Legal Debt Margin

September 30, 2003

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 ⁽¹⁾	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
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	56,808,301	0.82%	281.23
2003	204,737	7,342,345	295,935,000	1,993,891	226,126,796	67,814,313	0.92%	331.23

*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 ⁽¹⁾	Total general expenditures ⁽²⁾	Percentage of debt service to total general expenditures	
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	13,078,639	11,571,963	24,650,601	108,544,982	22.7%	
2003	13,324,682	11,120,130	24,444,812	108,882,052	22.5%	

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 09/30/2003	Percentage applicable to City of Lubbock	Amount applicable to City of Lubbock
City of Lubbock	\$ 295,935,000 ⁽¹⁾	100.00%	\$ 295,935,000
Subtotal Directs	\$ 295,935,000		\$ 295,935,000
Lubbock County	79,935,000	82.94%	66,298,089
Lubbock Independent School District	74,034,219	98.91%	73,227,246
Lubbock- Cooper Independent School District	14,399,555	15.30%	2,203,132
Frenship Independent School District	30,169,125	64.44%	19,440,984
Idalou Independent School District	1,439,998	1.10%	15,840
Subtotal Overlapping	199,977,897		161,185,291
Total	\$ 495,912,897		\$ 457,120,291

⁽¹⁾ 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 ⁽¹⁾	Direct operating expenses ⁽²⁾	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
2003	103,399,717	100,864,068	2,535,649	3,535,000	1,900,354	5,435,354	0.47

WATER BONDS:

Fiscal year	Net revenue ⁽¹⁾	Direct operating expenses ⁽²⁾	Net revenue available for debt service	Debt service requirements			Coverage
				Principal	Interest	Total	
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
2003	34,408,586	16,175,713	18,232,873	1,610,000	2,652,210	4,262,210	4.28

AIRPORT BONDS:

Fiscal year	Gross revenue ⁽³⁾	Direct operating expenses ⁽²⁾	Net revenue available for debt service	Debt service requirements			Coverage
				Principal	Interest	Total	
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
2003	5,875,497	3,469,704	2,405,793	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 ⁽¹⁾	Per capita income ⁽²⁾	Education level in years of		School enrollment ⁽²⁾	Unemployment rate ⁽⁴⁾
			Median age ⁽¹⁾	formal schooling completed ⁽¹⁾		
1994	190,038	14,795	29.0	12.4	30,414	4.0%
1995	191,020	15,091	29.0	12.4	30,442	4.5%
1996	193,064	15,468	30.0	12.4	30,154	4.4%
1997	195,367	15,885	30.0	12.4	29,918	4.4%
1998	196,679	14,237	31.0	12.4	30,082	3.6%
1999	197,117	16,890	31.0	12.6	29,397	2.9%
2000 ⁽³⁾	199,445	16,890	31.0	12.6	29,150	2.6%
2001	201,097	17,312	29.7	12.4	29,020	2.6%
2002	202,000	17,658	30.0	12.4	28,898	2.7%
2003	204,737	18,011	30.3	12.4	28,879	3.4%

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 ⁽¹⁾		Residential construction ⁽¹⁾		Bank Deposits ⁽²⁾ (in billions)
	Number of units	Value	Number of units	Value	
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
2003	2,879	319,882,024	1,537	229,263,669	3.60

Sources:

- (1) For 1994 - 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.
- (2) 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).

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				
	2003	2002	2001	2000	1999
Miles of streets:					
Paved	965	947	946	945	919
Unpaved	76	79	79	77	70
Number of street lights	14,343	14,157	14,157	14,093	14,105
Fire protection:					
Number of stations	14	14	14	14	14
Number of fire fighters and officers	260	260	251	251	251
Police protection:					
Number of stations	1	1	1	1	1
Number of police officers and other personnel	310	310	308	310	321
Municipal employees:					
Full-time equivalents	1,700	1,980	1,943	1,935	1,907
Education:					
Colleges (enrollment):					
Texas Tech University	27,569	25,178	24,558	22,078	22,040
Lubbock Christian University	1,851	1,823	1,617	1,406	1,400
South Plains College	3,665	3,809	3,967	3,596	2,811
Wayland Baptist University	715	691	550	550	380
Public schools (number of):					
High schools	4	4	4	4	4
Junior high schools	9	9	9	10	10
Elementary schools	36	36	36	38	40
Private schools	10	10	10	10	10
Building permits issued (annualized)	7,044	8,113	3,081	3,270	1,421
Recreation and culture:					
Number of parks and playgrounds	125	125	125	117	115
Number of recreation centers	18	18	18	18	18
Number of golf courses	9	8	8	8	7
Number of swimming pools	11	11	11	10	10
Number of auditoriums/coliseums	2	2	2	2	2
Number of amphitheaters	1	1	1	0	0
Number of civic centers	1	1	1	1	1
Number of libraries (excl. education)	4	4	4	4	4
Number of volumes	363,853	341,214	334,744	323,374	323,835
News media:					
Number of daily newspapers	1	1	1	1	1
Number of radio stations	30	28	21	21	21
Number of television stations	10	10	10	10	9

CITY OF LUBBOCK, TEXAS

TABLE R - Miscellaneous Statistics Con't

Last Five Fiscal Years

	2003	2002	2001	2000	1999
Medical facilities:					
Number of hospitals	6	4	4	4	5
Number of beds	1,845	1,817	1,535	1,518	1,861
Number of clinics	102	102	102	125	82
Number of medical schools	1	1	1	1	1
Number of nursing schools	3	3	3	3	3
Churches:					
Number of churches all denominations	310	305	305	271	271
Banks:					
Number of national banks	8	8	8	8	8
Number of state banks	8	9	9	8	8
Number of savings banks	0	0	0	0	0
Municipal electric system:					
Number of meters	62,325	65,135	62,196	58,431	57,411
Average daily consumption (kwh)	3,836,652	3,731,289	3,532,489	3,387,493	3,206,647
Number of sub-stations	13	12	12	12	11
Number of steam turbines	6	6	6	6	6
Number of diesel engines	2	2	2	2	2
Number of gas turbine engines	5	5	5	5	4
Miles of distribution lines	998	969	948	928	913
Miles of transmission lines	80	79	79	79	78
Municipal water system:					
Number of meters	72,207	71,444	70,148	69,232	68,449
Average daily consumption (gal)	38,119,321	38,350,000	39,510,000	37,500,000	36,983,000
Miles of distribution lines	1,323	1,264	1,250	1,211	1,198
Number of fire hydrants	4,121	3,882	3,826	3,600	3,534
Number of water wells (active)	146	248	248	251	251
Acres of water rights	99,352	99,152	99,152	99,152	99,152
Number of gallons allocated annually by Canadian River Municipal Water Authority (in millions of gallons)	14,000	12,438	12,438	11,194	11,193
Municipal sewer system:					
Miles of sanitary sewer lines	901	877	848	834	816
Miles of storm sewer lines	60	69	59	46	46
Municipal solid waste system (# of records billed):					
Number of residential customers	59,674	58,792	55,112	55,172	54,135
Number of commercial customers	2,914	2,943	2,931	2,931	2,684
Municipal airport:					
Number of airline passengers enplaned (annual projection)	510,319	536,670	565,000	585,000	574,780
Daily average of airplane departures and landings	264	247	275	360	258
Number of major airlines	4	4	4	4	4
Number of scheduled daily flights	70	60	65	68	68